



**HESS CORPORATION**

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**Supplemental Earnings Information**

*First Quarter 2012*

# Reported Net Income, Items Affecting Comparability and Adjusted Earnings by Operating Activity



\$ Millions, Except per Share Data

	1Q 2012	1Q 2011	4Q 2011
<b><u>Net Income (Loss) Attributable to Hess Corporation (U.S. GAAP)</u></b>			
Exploration and Production	\$ 635	\$ 979	\$ 527
Marketing and Refining	11	39	(561)
Corporate	(38)	(28)	(40)
Interest Expense	(63)	(61)	(57)
Net Income (Loss) Attributable to Hess Corporation	<u>\$ 545</u>	<u>\$ 929</u>	<u>\$ (131)</u>
Net Income (Loss) Per Share (Diluted)	<u>\$ 1.60</u>	<u>\$ 2.74</u>	<u>\$ (.39) (b)</u>
<b><u>Items Affecting Comparability - Income (Expense)</u></b>			
Exploration and Production	\$ 36	\$ 310	\$ -
Marketing and Refining	-	-	(525)
Corporate	-	-	-
Total Items Affecting Comparability	<u>\$ 36</u>	<u>\$ 310</u>	<u>\$ (525)</u>
<b><u>Adjusted Earnings (Loss) (a)</u></b>			
Exploration and Production	\$ 599	\$ 669	\$ 527
Marketing and Refining	11	39	(36)
Corporate	(38)	(28)	(40)
Interest Expense	(63)	(61)	(57)
Adjusted Earnings	<u>\$ 509</u>	<u>\$ 619</u>	<u>\$ 394</u>
Adjusted Earnings Per Share (Diluted)	<u>\$ 1.50</u>	<u>\$ 1.82</u>	<u>\$ 1.16</u>
Weighted Average Number of Shares (Diluted)	<u>340.3</u>	<u>339.2</u>	<u>340.1</u>

(a) "Adjusted Earnings," presented throughout this supplemental earnings information, is defined as reported net income attributable to Hess Corporation excluding discontinued operations, cumulative effect of changes in accounting principles, and items identified as affecting comparability of earnings between periods. We believe that investors' understanding of our performance is enhanced by disclosing this measure. This measure is not, and should not be viewed as, a substitute for U.S. GAAP net income.

(b) Weighted average basic shares of 337.5 million were used to calculate diluted U.S. GAAP earnings per share for 4Q 2011.



## Items Affecting Comparability Between Periods

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(Amounts are after income taxes)

### 1Q 2012

- **Exploration and Production**– Earnings include a gain of \$36 million related to the sale of the Corporation’s interest in the Snohvit Field, offshore Norway.

### 1Q 2011

- **Exploration and Production** – Earnings include a gain of \$310 million related to the sale of the Corporation’s interests in certain natural gas producing assets in the United Kingdom North Sea.

### 4Q 2011

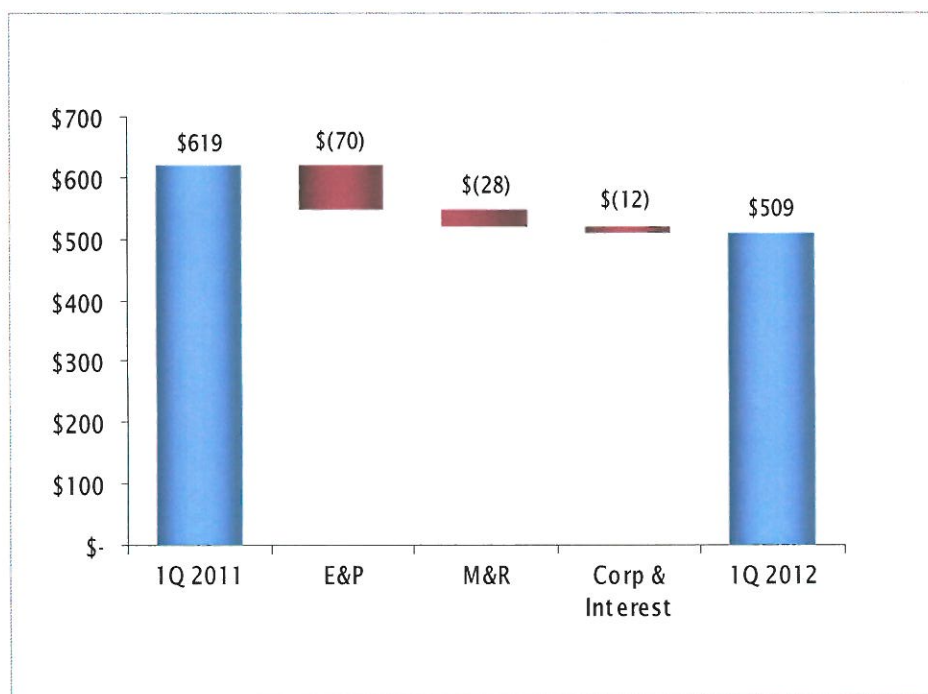
- **Marketing and Refining** – Results include a charge of \$525 million related to the Corporation’s equity investment in HOVENSA L.L.C. (HOVENSA) and the shutdown of its refinery in St. Croix, U.S. Virgin Islands.



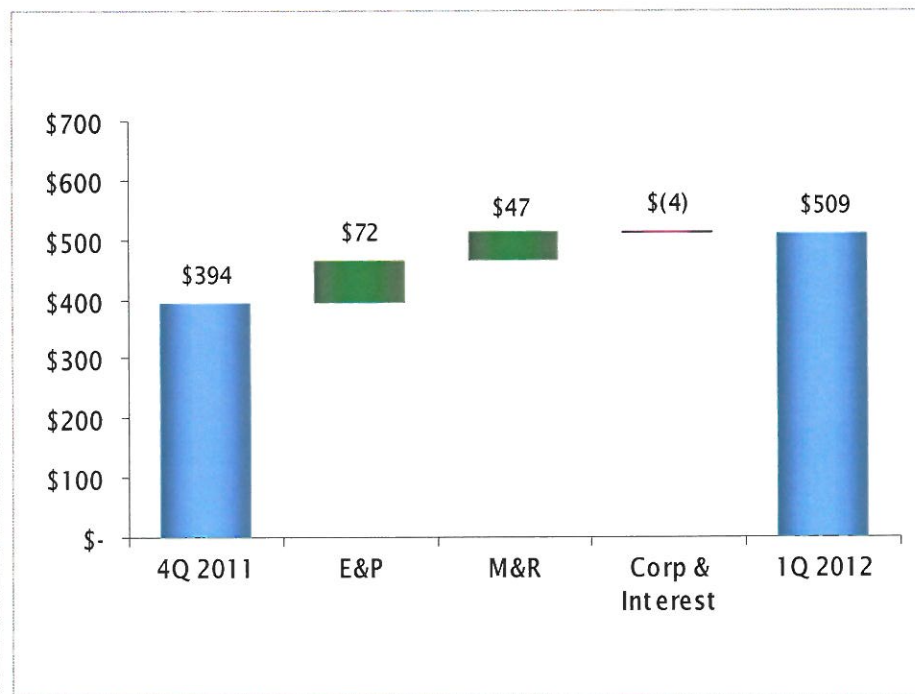
# Consolidated Adjusted Earnings

\$ Millions

### 1Q 2012 vs. 1Q 2011



### 1Q 2012 vs. 4Q 2011





## Analysis of Consolidated Adjusted Earnings

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### 1Q 2012 vs. 1Q 2011

- **Exploration and Production** – The decrease in earnings is primarily due to lower sales volumes and higher costs, partially offset by higher selling prices.
- **Marketing and Refining** – The decrease in earnings is primarily due to lower marketing earnings, reflecting the impact of the mild winter on energy marketing operations, and losses from trading activities, partially offset by reduced refining losses.

### 1Q 2012 vs. 4Q 2011

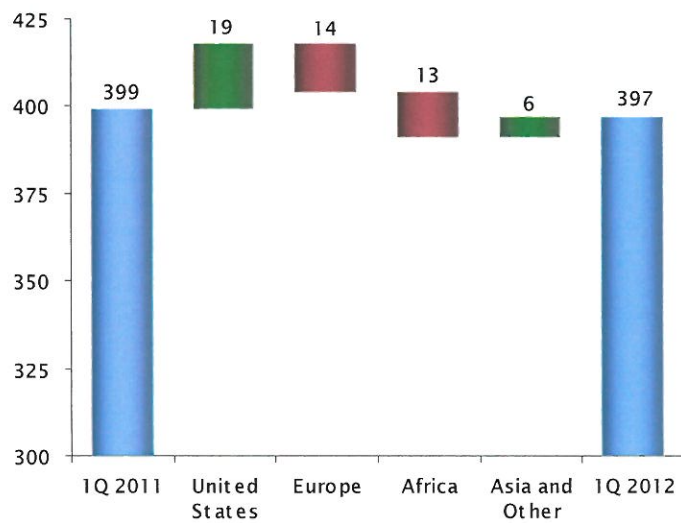
- **Exploration and Production** – The increase in earnings is primarily due to higher realized selling prices and lower exploration expenses, partially offset by lower sales volumes and higher cash operating costs.
- **Marketing and Refining** – The increase in earnings is primarily due to reduced refining losses following the shutdown of HOVENSA's refinery and improved trading results, partially offset by a decrease in marketing earnings due to lower margins and volumes in retail operations.



# Worldwide Oil & Gas Production

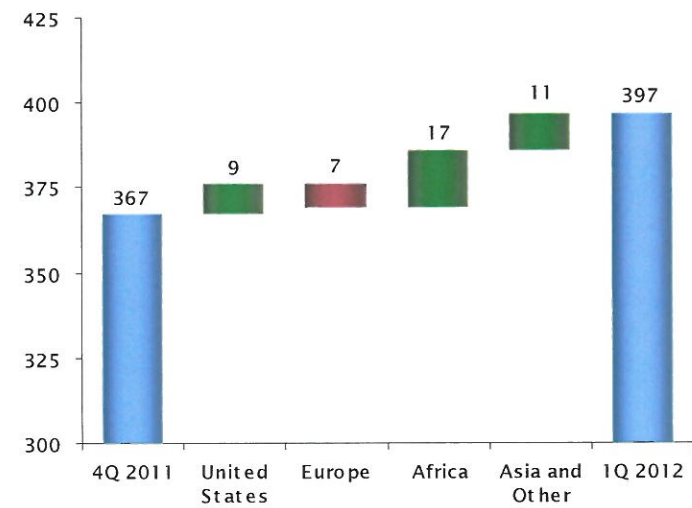
MBOEPD

## 1Q 2012 vs. 1Q 2011



	1Q 2012	1Q 2011	Incr. / (Decr.)
United States	126	107	19
Europe	107	121	(14)
Africa	71	84	(13)
Asia and Other	93	87	6
<b>Total</b>	<b>397</b>	<b>399</b>	<b>(2)</b>

## 1Q 2012 vs. 4Q 2011



	1Q 2012	4Q 2011	Incr. / (Decr.)
United States	126	117	9
Europe	107	114	(7)
Africa	71	54	17
Asia and Other	93	82	11
<b>Total</b>	<b>397</b>	<b>367</b>	<b>30</b>



# Capital and Exploratory Expenditures

\$ Millions



E&P ■ MR&C ■

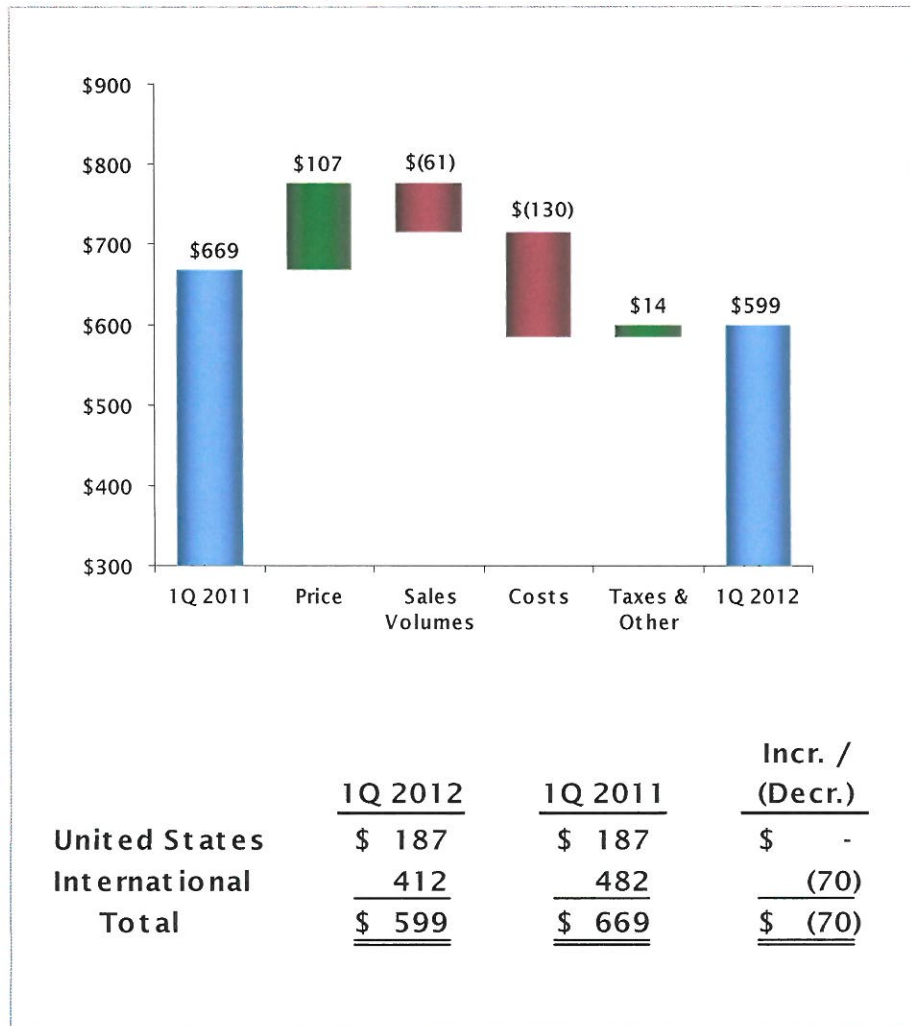
	Three Months Ended March 31,	
	2012	2011
Exploration & Production		
United States	\$ 1,241	\$ 540
International	722	633
Total E&P	<u>1,963</u>	<u>1,173</u>
Marketing, Refining & Corporate	23	13
Total Capital & Exploratory Expenditures	<u>\$ 1,986</u>	<u>\$ 1,186</u>
Exploration Expenses Included Above		
United States	\$ 37	\$ 42
International	71	62
Total Exploration Expenses	<u>\$ 108</u>	<u>\$ 104</u>



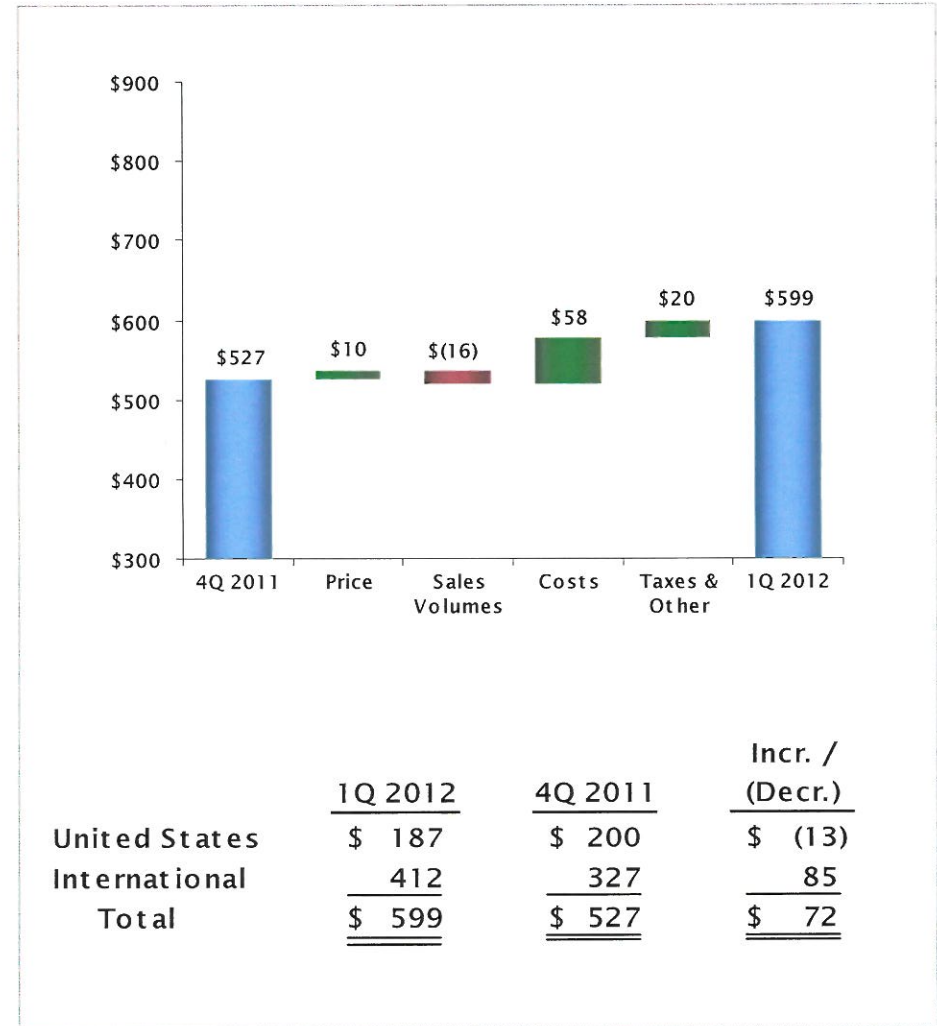
# Exploration and Production Adjusted Earnings

\$ Millions

### 1Q 2012 vs. 1Q 2011



### 1Q 2012 vs. 4Q 2011



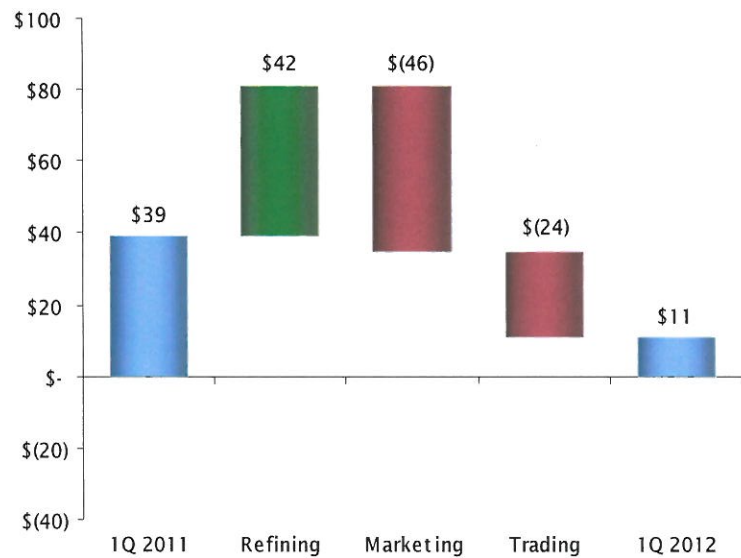




# Marketing and Refining Adjusted Earnings

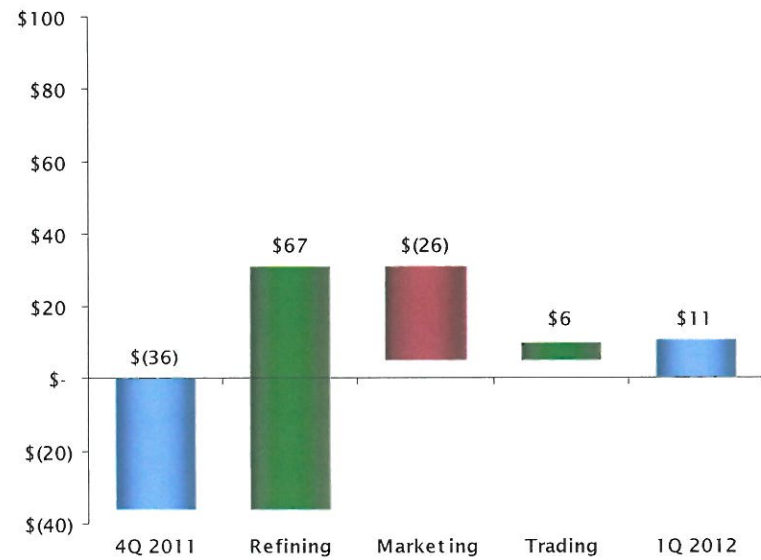
\$ Millions: Income (Loss)

### 1Q 2012 vs. 1Q 2011



	<u>1Q 2012</u>	<u>1Q 2011</u>	<u>Incr. / (Decr.)</u>
Marketing	\$ 22	\$ 68	\$ (46)
Refining	(6)	(48)	42
Trading	(5)	19	(24)
<b>Total</b>	<b><u>\$ 11</u></b>	<b><u>\$ 39</u></b>	<b><u>\$ (28)</u></b>

### 1Q 2012 vs. 4Q 2011



	<u>1Q 2012</u>	<u>4Q 2011</u>	<u>Incr. / (Decr.)</u>
Marketing	\$ 22	\$ 48	\$ (26)
Refining	(6)	(73)	67
Trading	(5)	(11)	6
<b>Total</b>	<b><u>\$ 11</u></b>	<b><u>\$ (36)</u></b>	<b><u>\$ 47</u></b>