

# Supplemental Earnings Information



First Quarter 2014



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# OPERATING RESULTS

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



In millions, except per share data

	1Q 2014	1Q 2013	4Q 2013
<b><u>Net Income (Loss) Attributable to Hess Corporation (U.S. GAAP)</u></b>			
Exploration and Production	\$ 508	\$ 1,286	\$ 1,029
Corporate	(38)	(42)	(54)
Interest	(51)	(67)	(61)
Downstream Businesses	(33)	99	1,011
Net income attributable to Hess Corporation	\$ 386	\$ 1,276	\$ 1,925
Net income per share (diluted)	\$ 1.20	\$ 3.72	\$ 5.76
<b><u>Items Affecting Comparability of Earnings - Income (Expense)</u></b>			
Exploration and Production	\$ (6)	\$ 588	\$ 593
Corporate	(8)	(11)	(7)
Downstream Businesses	(46)	30	1,020
Total items affecting comparability of earnings between periods	\$ (60)	\$ 607	\$ 1,606

(Continued)

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



In millions, except per share data

	1Q 2014	1Q 2013	4Q 2013
<b><u>Adjusted Earnings (Losses)*</u></b>			
Exploration and Production	\$ 514	\$ 698	\$ 436
Corporate	(30)	(31)	(47)
Interest	(51)	(67)	(61)
Downstream Businesses	13	69	(9)
Adjusted earnings attributable to Hess Corporation	\$ 446	\$ 669	\$ 319
Adjusted earnings per share (diluted)	\$ 1.38	\$ 1.95	\$ 0.96
Weighted average number of shares (diluted)	322.6	342.6	334.3

\* The Corporation has used a non-GAAP financial measure in this supplemental earnings information. "Adjusted Earnings" presented throughout this supplemental information is defined as reported net income attributable to Hess Corporation excluding 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.

(Concluded)

# Items Affecting Comparability Between Periods



(Amounts are after income taxes)

## 1Q 2014

- **Exploration and Production** – Earnings include a charge of \$6 million for employee severance.
  
- **Corporate** – Results include charges of \$8 million for severance and other exit costs.
  
- **Downstream Businesses** – Earnings include:
  - A gain of \$24 million resulting from the required remeasurement of the Corporation's original 44 percent investment in WilcoHess at fair value following acquisition of the remaining interest in the venture.
  - Income of \$16 million resulting from the liquidation of last-in, first-out (LIFO) inventories.
  - A charge of \$52 million to reduce the carrying value of the Corporation's joint venture interest in the Bayonne Energy Center (Hess 50 percent) to estimated fair value.
  - Charges totaling \$34 million for exit costs, severance and other charges.

(Continued)

# Items Affecting Comparability Between Periods



(Amounts are after income taxes)

## 1Q 2013

- **Exploration and Production** – Earnings include:
  - Gains of \$360 million from the sale of the Corporation’s interests in the Azeri-Chirag-Guneshli fields in the Caspian Sea, offshore Azerbaijan, and \$323 million from the sale of the Beryl fields and associated assets in the United Kingdom North Sea.
  - A charge of \$67 million for employee severance costs.
  - An income tax charge of \$28 million relating to a planned divestiture.
  
- **Corporate** – Results include a charge of \$11 million for employee severance costs.
  
- **Downstream Businesses** – Earnings include:
  - Income of \$137 million related to the liquidation of LIFO inventories as a result of the shutdown of refining operations at the Port Reading facility.
  - A charge of \$64 million for accelerated depreciation and other shutdown costs related to Port Reading.
  - A charge of \$43 million for employee severance costs.

(Continued)

# Items Affecting Comparability Between Periods



(Amounts are after income taxes)

## 4Q 2013

- **Exploration and Production** – Earnings include:
  - Net income of \$156 million associated with the divestiture of the Corporation's Indonesian assets.
  - Income of \$674 million to record an additional deferred tax asset as a result of enacted changes to the hydrocarbon income tax law in Denmark.
  - A charge of \$163 million to write off previously capitalized exploration wells in offshore Area 54 due to continued civil unrest in Libya.
  - A charge of \$23 million to write off Marcellus leasehold costs.
  - Charges of \$51 million for employee severance, income taxes and other exit related costs, which include closure of the London office in the quarter.
  
- **Corporate** – Results include charges of \$7 million for severance and other exit costs.
  
- **Downstream Businesses** – Earnings include:
  - A gain of \$464 million from the sale of the energy marketing business.
  - A gain of \$531 million from the sale of the terminals network.
  - Income of \$134 million resulting from the liquidation of LIFO inventories.
  - Charges totaling \$109 million for severance, exit related costs and other charges.

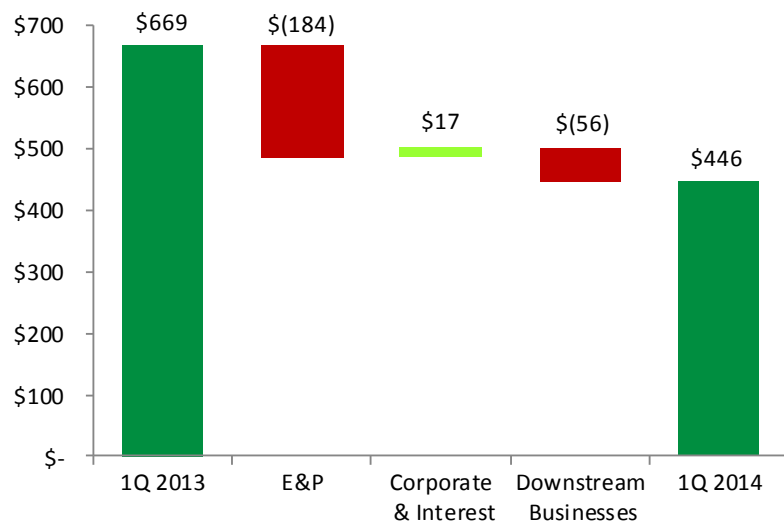
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# Consolidated Adjusted Earnings

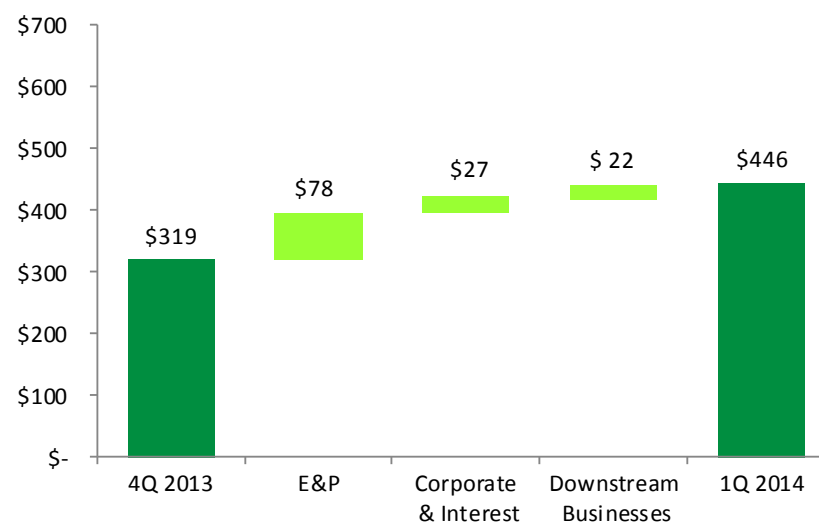


\$ Millions

**1Q 2014 vs. 1Q 2013**



**1Q 2014 vs. 4Q 2013**



	1Q 2014	1Q 2013	Incr. / (Decr.)
Exploration and Production	\$ 514	\$ 698	\$ (184)
Corporate and Interest	(81)	(98)	17
Downstream Businesses	13	69	(56)
Adjusted earnings attributable to Hess Corporation	<u>\$ 446</u>	<u>\$ 669</u>	<u>\$ (223)</u>

	1Q 2014	4Q 2013	Incr. / (Decr.)
Exploration and Production	\$ 514	\$ 436	\$ 78
Corporate and Interest	(81)	(108)	27
Downstream Businesses	13	(9)	22
Adjusted earnings attributable to Hess Corporation	<u>\$ 446</u>	<u>\$ 319</u>	<u>\$ 127</u>



# Analysis of Consolidated Adjusted Earnings



## 1Q 2014 vs. 1Q 2013

- **Exploration and Production** – The decrease in earnings was primarily due to lower sales volumes, which reflect asset sales and the shut in of Libyan production, partially offset by lower operating and exploration costs.
- **Corporate and Interest** – The decrease in expenses was primarily due to lower interest expenses.
- **Downstream Businesses** – The decrease in earnings was primarily the result of the divestiture of certain downstream businesses and the wind down of operations.

## 1Q 2014 vs. 4Q 2013

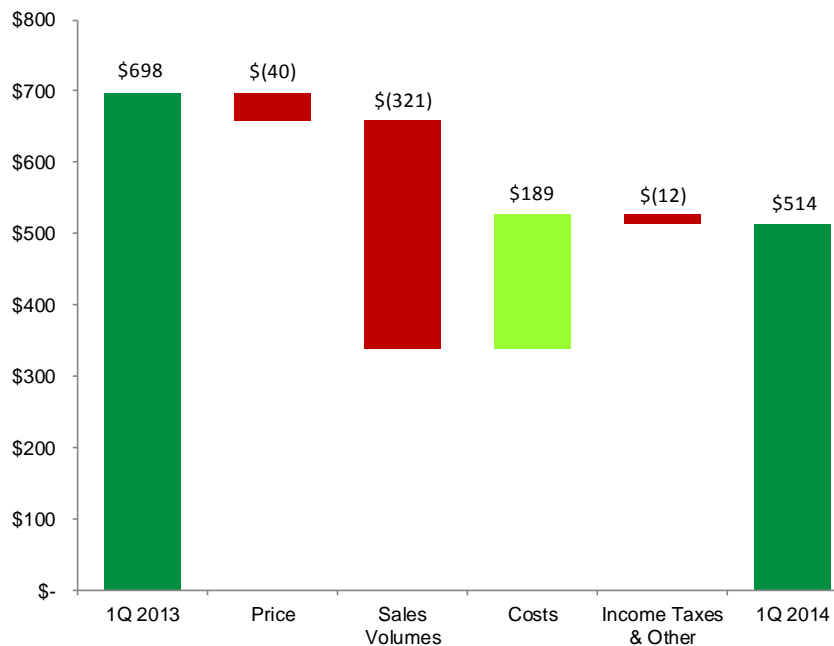
- **Exploration and Production** – The increase in earnings was primarily due to higher realized selling prices and lower operating and exploration costs.
- **Corporate and Interest** – The decrease in expenses was primarily due to lower Corporate costs and lower interest expenses.
- **Downstream Businesses** – The increase in earnings was primarily due to improved trading results.

# Exploration and Production Adjusted Earnings

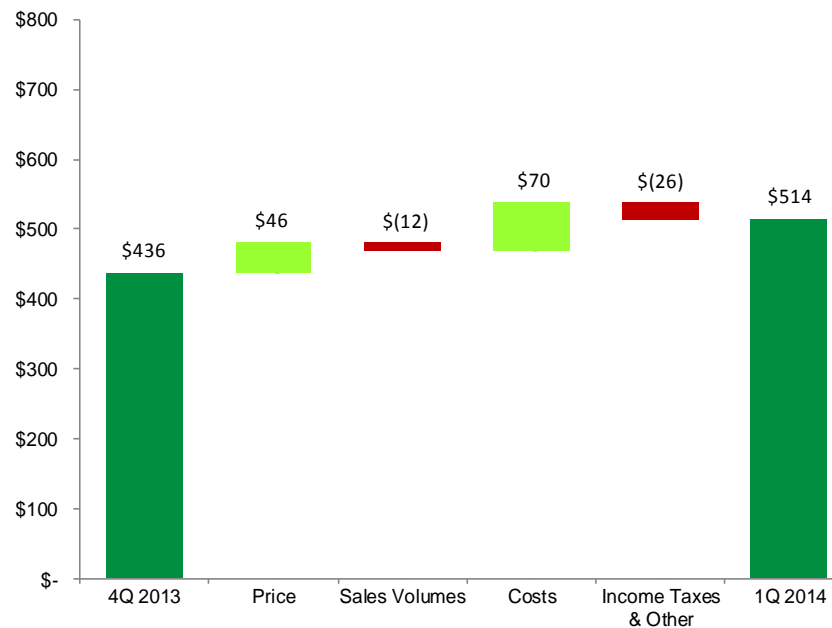


\$ Millions

**1Q 2014 vs. 1Q 2013**



**1Q 2014 vs. 4Q 2013**



	1Q 2014	1Q 2013	Incr. / (Decr.)
United States	\$ 240	\$ 205	\$ 35
International	274	493	(219)
<b>Total</b>	<b>\$ 514</b>	<b>\$ 698</b>	<b>\$ (184)</b>

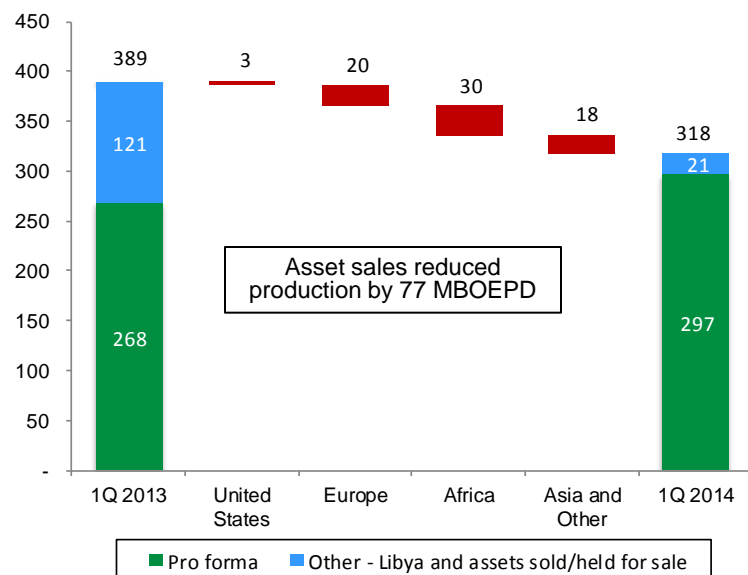
	1Q 2014	4Q 2013	Incr. / (Decr.)
United States	\$ 240	\$ 141	\$ 99
International	274	295	(21)
<b>Total</b>	<b>\$ 514</b>	<b>\$ 436</b>	<b>\$ 78</b>

# Worldwide Oil & Gas Production

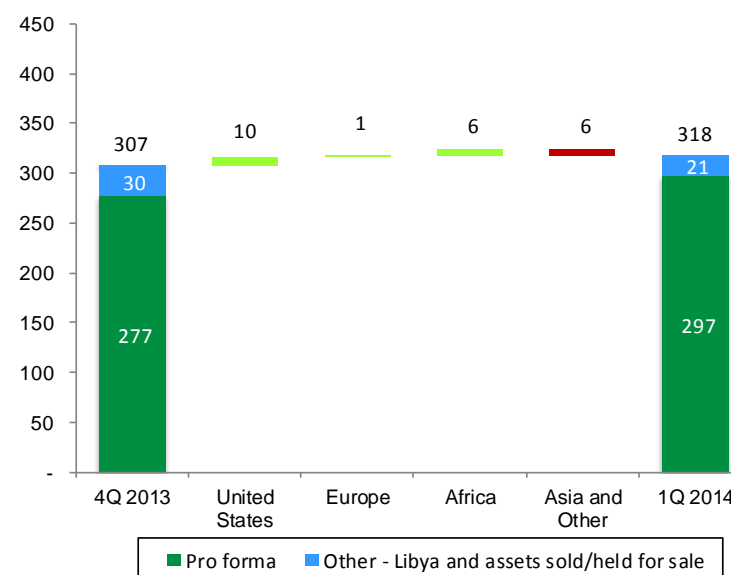


MBOEPD

**1Q 2014 vs. 1Q 2013**



**1Q 2014 vs. 4Q 2013**



	1Q 2014	1Q 2013	Incr. / (Decr.)
<b>United States</b>			
Bakken	63	65	(2)
Other Onshore	15	21	(6)
<b>Total Onshore</b>	<b>78</b>	<b>86</b>	<b>(8)</b>
Offshore	71	66	5
<b>Total United States</b>	<b>149</b>	<b>152</b>	<b>(3)</b>
<b>Europe</b>	<b>47</b>	<b>67</b>	<b>(20)</b>
<b>Africa</b>	<b>48</b>	<b>78</b>	<b>(30)</b>
<b>Asia and other</b>	<b>74</b>	<b>92</b>	<b>(18)</b>
<b>Total</b>	<b>318</b>	<b>389</b>	<b>(71)</b>

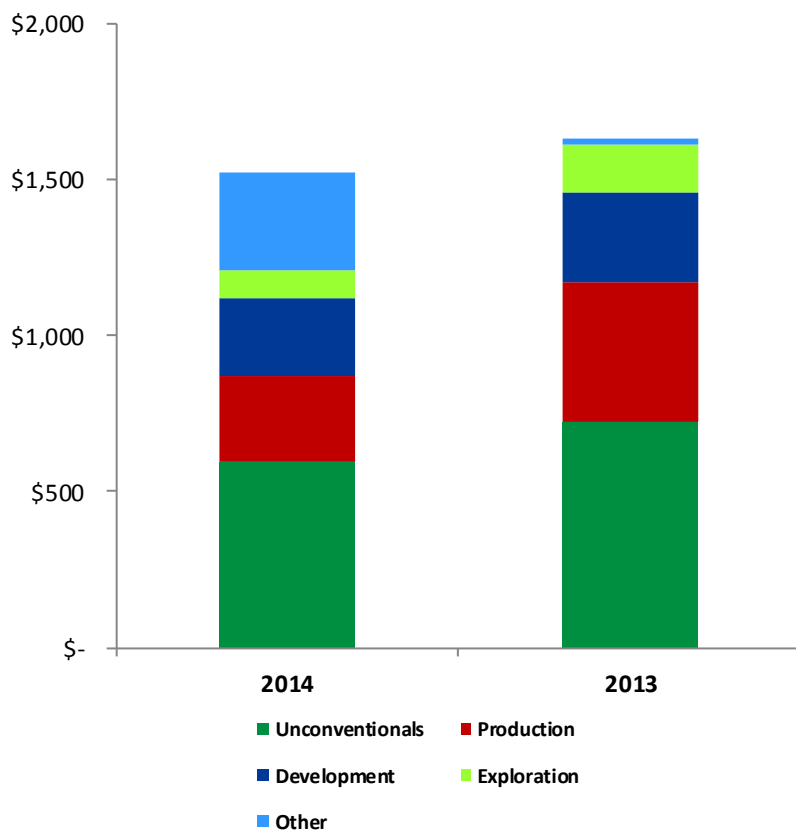
	1Q 2014	4Q 2013	Incr. / (Decr.)
<b>United States</b>			
Bakken	63	68	(5)
Other Onshore	15	16	(1)
<b>Total Onshore</b>	<b>78</b>	<b>84</b>	<b>(6)</b>
Offshore	71	55	16
<b>Total United States</b>	<b>149</b>	<b>139</b>	<b>10</b>
<b>Europe</b>	<b>47</b>	<b>46</b>	<b>1</b>
<b>Africa</b>	<b>48</b>	<b>42</b>	<b>6</b>
<b>Asia and other</b>	<b>74</b>	<b>80</b>	<b>(6)</b>
<b>Total</b>	<b>318</b>	<b>307</b>	<b>11</b>

**2014 pro forma guidance of 305 – 315, up from 2013 actual pro forma of 270**

# Capital and Exploratory Expenditures – 1Q 2014 and 2013



\$ Millions



## Exploration and Production

	Three Months Ended March 31,	
	2014	2013
<b>United States</b>		
Bakken	\$ 451	\$ 535
Other Onshore	155	176
Total Onshore	<u>606</u>	<u>711</u>
Offshore	162	228
Total United States	<u>768</u>	<u>939</u>
Europe	145	219
Africa	100	229
Asia and Other	195	226
<b>Total Exploration and Production</b>	<u>1,208</u>	<u>1,613</u>
<b>Other</b>	<u>314</u> *	<u>18</u>
<b>Total Capital and Exploratory Expenditures</b>	<u>\$ 1,522</u>	<u>\$ 1,631</u>
<b>Total exploration expenses charged to income included above</b>	<u>\$ 78</u>	<u>\$ 110</u>

\* Includes \$290 related to the Corporation's acquisition of its partners' 56 percent interest in WilcoHess, a retail gasoline joint venture.



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# **2013 - 2014 PRO FORMA EXPLORATION AND PRODUCTION RESULTS**

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## 2013 - 2014 Pro forma Financial Information



### Basis of Presentation:

The summarized actual and pro forma adjusted earnings for the Exploration and Production (E&P) segment contained herein exclude hedging results and items affecting comparability of earnings between periods. In addition, the pro forma adjusted earnings assume the sale of the Corporation's interests in the ACG, Beryl and Eagle Ford fields and its properties in Russia, Indonesia and Thailand effective January 1, 2013. Due to ongoing civil unrest in Libya which commenced in August 2013 and caused production operations to be shut in, pro forma adjusted earnings for the quarter ended March 31, 2013 have also been adjusted to exclude the results of Libyan operations so that all periods presented are comparable. These measures of adjusted earnings are not, and should not be viewed as, a substitute for U.S. GAAP net income.

### Definitions:

- Cash Costs – Operating costs and expenses, production and severance taxes, and E&P general and administrative expenses.
- Cash Margin – Net revenue less cash costs and current income taxes.

# Exploration and Production Pro forma – 1Q 2014



	Three Months Ended March 31, 2014			
	Actual	Pro Forma	Actual	Pro Forma
	(\$ Millions)		(\$/BOE)	
<b>Net revenue</b>	\$ 2,274	\$ 2,172	\$ 79.46	\$ 80.89
<b>Costs and expenses</b>				
Cash costs	604	595	21.11	22.17
Depreciation, depletion & amortization	721	720	25.19	26.82
Production costs	1,325	1,315	46.30	48.99
Exploration expense	116	114	4.05	4.24
Total costs and expenses	1,441	1,429	50.35	53.23
<b>Adjusted earnings before taxes</b>	833	743	29.11	27.66
Current income tax provision	130	48	4.53	1.77
Deferred income tax provision	194	222	6.79	8.29
<b>Adjusted earnings</b>	<u>\$ 509</u>	<u>\$ 473</u>	<u>\$ 17.79</u>	<u>\$ 17.60</u>
<b>Effective Tax Rate</b>	<u>39%</u>	<u>36%</u>		
<b>Effective Tax Rate excluding Libya</b>	<u>39%</u>			
<b>Production (MBOEPD)</b>	<u>318</u>	<u>297</u>		
<b>Capital and exploratory expenditures</b>	<u>\$ 1,208</u>	<u>\$ 1,194</u>		
<b>Cash Margin</b>	<u>\$ 1,540</u>	<u>\$ 1,529</u>	<u>\$ 53.82</u>	<u>\$ 56.95</u>

Note – See basis of presentation and definitions on Page 13.

# Exploration and Production Pro forma – 4Q 2013



	Three Months Ended December 31, 2013			
	Actual	Pro Forma	Actual	Pro Forma
	(\$ Millions)		(\$/BOE)	
<b>Net revenue</b>	\$ 2,279	\$ 2,109	\$ 80.80	\$ 82.53
<b>Costs and expenses</b>				
Cash costs	711	647	25.19	25.31
Depreciation, depletion & amortization	693	691	24.58	27.04
Production costs	1,404	1,338	49.77	52.35
Exploration expense	158	151	5.58	5.90
Total costs and expenses	1,562	1,489	55.35	58.25
<b>Adjusted earnings before taxes</b>	717	620	25.45	24.28
Current income tax provision/(benefit)	57	(4)	2.03	(0.15)
Deferred income tax provision	212	217	7.53	8.49
<b>Adjusted earnings</b>	<u>\$ 448</u>	<u>\$ 407</u>	<u>\$ 15.89</u>	<u>\$ 15.94</u>
<b>Effective Tax Rate</b>	<u>38%</u>	<u>34%</u>		
<b>Effective Tax Rate excluding Libya</b>	<u>38%</u>			
<b>Production (MBOEPD)</b>	<u>307</u>	<u>277</u>		
<b>Capital and exploratory expenditures</b>	<u>\$ 1,476</u>	<u>\$ 1,436</u>		
<b>Cash Margin</b>	<u>\$ 1,511</u>	<u>\$ 1,466</u>	<u>\$ 53.58</u>	<u>\$ 57.37</u>

Note – See basis of presentation and definitions on Page 13.



# Exploration and Production Pro forma – 1Q 2013



	Three Months Ended March 31, 2013			
	Actual	Pro Forma	Actual	Pro Forma
	(\$ Millions)		(\$/BOE)	
<b>Net revenue</b>	\$ 2,817	\$ 1,937	\$ 80.37	\$ 80.24
<b>Costs and expenses</b>				
Cash costs	743	545	21.20	22.56
Depreciation, depletion & amortization	676	586	19.28	24.28
Production costs	1,419	1,131	40.48	46.84
Exploration expense	205	180	5.84	7.45
Total costs and expenses	1,624	1,311	46.32	54.29
<b>Adjusted earnings before taxes</b>	1,193	626	34.05	25.95
Current income tax provision	321	59	9.15	2.43
Deferred income tax provision	181	56	5.18	2.33
<b>Adjusted earnings</b>	<u>\$ 691</u>	<u>\$ 511</u>	<u>\$ 19.72</u>	<u>\$ 21.19</u>
<b>Effective Tax Rate</b>	<u>42%</u>	<u>18%</u>		
<b>Effective Tax Rate excluding Libya</b>	<u>24%</u>			
<b>Production (MBOEPD)</b>	<u>389</u>	<u>268</u>		
<b>Capital and exploratory expenditures</b>	<u>\$ 1,613</u>	<u>\$ 1,394</u>		
<b>Cash Margin</b>	<u>\$ 1,753</u>	<u>\$ 1,333</u>	<u>\$ 50.02</u>	<u>\$ 55.25</u>

Note – See basis of presentation and definitions on Page 13.



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# BAKKEN OPERATIONAL DATA

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# Bakken Production - 2014



## Net Production by Product

		2014				
		YTD Avg	4Q	3Q	2Q	1Q
Oil	MBBLPD	58				58
NGL	MBBLPD	2				2
Gas	MMCFPD	15				15
Total	MBOEPD*	63				63

## Net Production by Operatorship

		2014				
		YTD Avg	4Q	3Q	2Q	1Q
Operated	MBOEPD	54				54
Outside Operated	MBOEPD	9				9
Total	MBOEPD	63				63

% Outside Operated 14% 14%

**2014 Bakken Production Guidance 80 - 90 MBOEPD**

\* Includes natural gas production converted on the basis of relative energy content (six mcf equals one barrel).

# Bakken Production - 2013



## Net Production by Product

		2013				
		FY Avg	4Q	3Q	2Q	1Q
Oil	MBBLPD	55	57	57	52	53
NGL	MBBLPD	6	5	7	6	6
Gas	MMCFPD	38	33	44	39	34
Total	MBOEPD*	67	68	71	64	65

## Net Production by Operatorship

		2013				
		FY Avg	4Q	3Q	2Q	1Q
Operated	MBOEPD	59	59	63	56	58
Outside Operated	MBOEPD	8	9	8	8	7
Total	MBOEPD	67	68	71	64	65

% Outside Operated	12%	13%	12%	12%	11%
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**2013 Bakken Production Guidance 64 - 70 MBOEPD**

\* Includes natural gas production converted on the basis of relative energy content (six mcf equals one barrel).

# Bakken Operational Well Statistics - 2014



## Hess Operated Wells

		2014				
		YTD Avg	4Q	3Q	2Q	1Q
<b>Rig Count</b>						
Drilling	No. Rigs	17				17
Drilling Days	Spud-to-Spud	23				23

		2014				
		YTD	4Q	3Q	2Q	1Q
<b>No. of Wells</b>						
Drilled	by Qtr	46				46
Completion	by Qtr	42				42
On Production	by Qtr	30				30
On Production - Other	Cum. to date adj. *	22				22
On Production	Cum. to date	774				774

<b>Well Performance</b>						
Average Frac Stage	by Qtr	33				33
Average 30-day IPs	Gross BOPD	880				880

## Outside Operated Wells

		2014				
		YTD	4Q	3Q	2Q	1Q
<b>No. of Wells</b>						
On Production	by Qtr	33				33
On Production - Other	Cum. to date adj. *	(30)				(30)
On Production	Cum. to date	762				762

\* Reflects changes arising from the impact of swaps, acquisitions, divestitures and other working interest adjustments.

# Bakken Operational Well Statistics - 2013



## Hess Operated Wells

		2013				
		FY Avg	4Q	3Q	2Q	1Q
<b>Rig Count</b>						
Drilling	No. Rigs	14	14	14	14	15
Drilling Days	Spud-to-Spud	26	26	24	27	26

		2013				
		FY	4Q	3Q	2Q	1Q
<b>No. of Wells</b>						
Drilled	by Qtr	195	49	52	45	49
Completion	by Qtr	181	56	39	49	37
On Production	by Qtr	168	46	50	42	30
On Production	Cum. to date	722	722	676	626	584

## Well Performance

Average Frac Stage	by Qtr	29	31	30	27	29
Average 30-day IPs	Gross BOPD	806	892	743	797	793

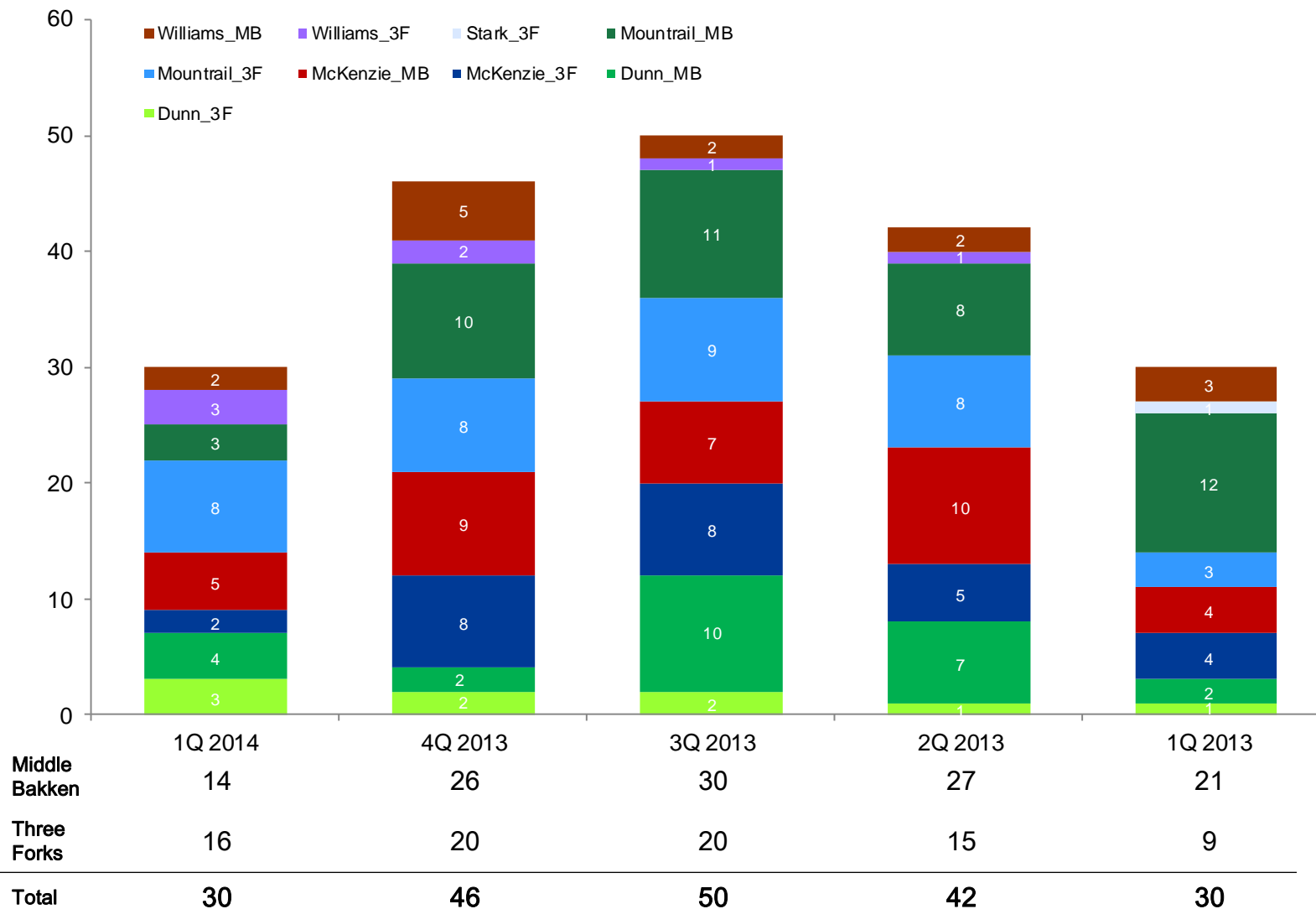
## Outside Operated Wells

		2013				
		FY	4Q	3Q	2Q	1Q
<b>No. of Wells</b>						
On Production	by Qtr	162	42	54	37	29
On Production	Cum. to date	759	759	717	663	626

# Hess Operated Bakken Wells Brought on Production by County and Formation



## Bakken Wells



# Bakken Well Costs, Working Interest and Acreage - 2014



## Average Well Cost - Hess Operated

		2014				
		YTD	4Q	3Q	2Q	1Q
Drilling	\$MMWell	\$ 4.7				\$ 4.7
Completion	\$MMWell	2.8				2.8
Total	\$MMWell	\$ 7.5				\$ 7.5

## Average Working Interest of New Wells Spud each Quarter

		2014				
		YTD	4Q	3Q	2Q	1Q
Hess Operated	%	74%				74%
Outside Operated	%	12%				12%

## Net Acreage Position

		2014			
		4Q	Q3	2Q	1Q
Total Acreage	'000 acres				644



# Bakken Well Costs, Working Interest and Acreage - 2013



## Average Well Cost - Hess Operated

		2013				
		FY	4Q	3Q	2Q	1Q
Drilling	\$MMWell	\$ 4.9	\$ 4.8	\$ 4.8	\$ 5.1	\$ 4.8
Completion	\$MMWell	3.2	2.8	3.0	3.3	3.8
Total	\$MMWell	\$ 8.1	\$ 7.6	\$ 7.8	\$ 8.4	\$ 8.6

## Average Working Interest of New Wells Spud each Quarter

		2013				
		FY	4Q	3Q	2Q	1Q
Hess Operated	%	80%	74%	78%	83%	84%
Outside Operated	%	12%	12%	11%	12%	12%

## Net Acreage Position

		2013			
		4Q	Q3	2Q	1Q
Total Acreage	'000 acres	645	648	645	665



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# UTICA OPERATIONAL DATA

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# Utica JV Operational Well Statistics - 2014



Rig Count					
2014					
	YTD Avg	4Q	3Q	2Q	1Q
<b>Horizontal JV Rig Count - No. of Rigs</b>					
Drilling - Hess Op	3				3
Drilling - Consol Op	1				1
Drilling - Total Utica JV	4	-	-	-	4

Well Count <sup>1</sup>						
2014						
	ITD <sup>2</sup>	YTD	4Q	3Q	2Q	1Q
<b>No. of JV Wells</b>						
Drilled - Hess Op	23	6				6
Drilled - Consol Op	19	2				2
Drilled - Total Utica JV	42	8	-	-	-	8

**Notes:**

1. Well counts exclude Hess 100% and 3rd party wells.
2. Inception to date (ITD), includes wells drilled prior to 2014.

# Utica Operational Well Statistics - 2013



## Rig Count

	2013				
	FY Avg	4Q	3Q	2Q	1Q
<b>Rig Count - No. of Rigs</b>					
Drilling - Hess Op	2	2	2	2	2
Drilling - Consol Op	1	-	1	1	1
Drilling - Total Utica JV	3	2	3	3	3
Drilling - Hess 100%	1	1	1	1	1
Drilling - Total Utica	4	3	4	4	4

## Well Count

	2013					
	ITD *	FY	4Q	3Q	2Q	1Q
<b>No. of Wells</b>						
Drilled - Hess Op	17	15	8	2	4	1
Drilled - Consol Op	17	9	-	3	4	2
Drilled - Total JV	34	24	8	5	8	3
Drilled - Hess 100%	7	5	-	2	2	1
Drilled - Total Utica	41	29	8	7	10	4

\* Inception to date (ITD), includes wells drilled prior to 2013.

# Utica JV Net Revenue Interest & Net Acreage - 2014



## Joint Venture Average Net Revenue Interest

	2014				
	YTD Avg	4Q	3Q	2Q	1Q
JV Average Net Revenue Interest	95%				95%

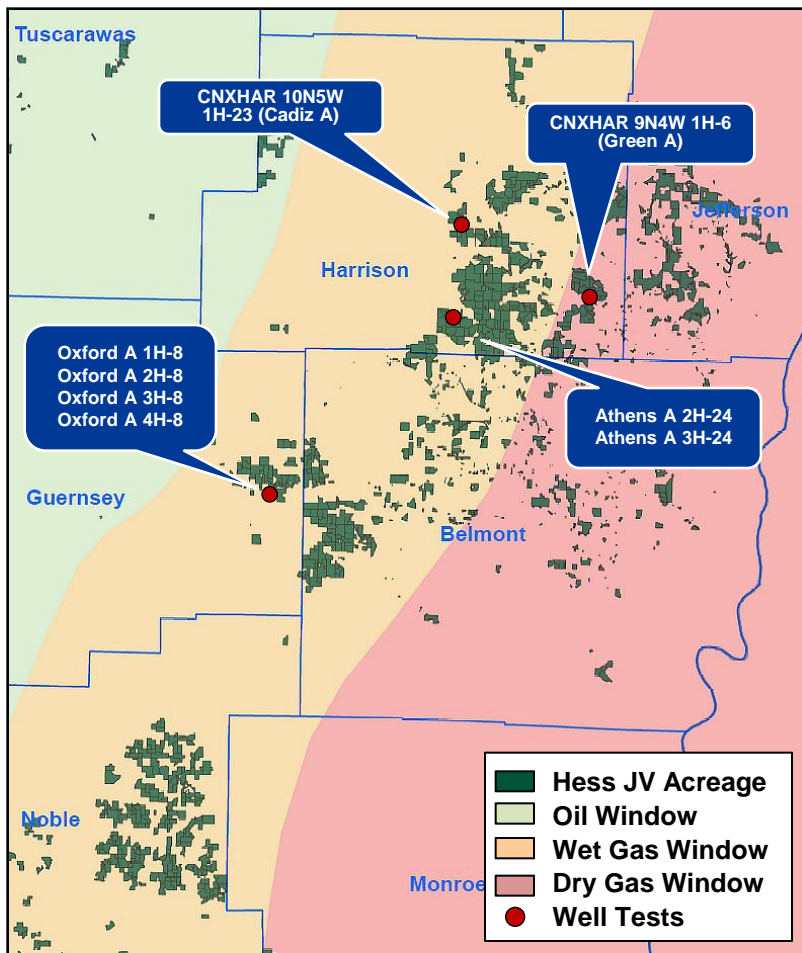
## Joint Venture Net Acreage Position - '000 acres

	2014			
	4Q	3Q	2Q	1Q
JV Net Acreage *				43

\* Excludes approximately 30k net Joint Venture acreage to be jointly marketed with Consol.

Note: In the first quarter of 2014, the Corporation reached an agreement to sell 74k net acres of its 100% owned acreage position. A portion of the transaction closed in 1Q 2014; the remainder is expected to close in the second half of 2014.

# Utica JV Well Test Results – 2013 & 2014



Well No	County	Well Test Results
<b>2014 1Q</b>		
Oxford A 1H-8	Guernsey	1,390 boe/d, 69% Liquids
<b>2013 Full Year</b>		
Athens A 2H-24	Harrison	2,489 boe/d, 48% Liquids
Athens A 3H-24	Harrison	2,111 boe/d, 49% Liquids
CNXHAR 10N5W 1H-23 (Cadiz A)	Harrison	2,251 boe/d, 57% Liquids
CNXHAR 9N4W 1H-6 (Green A)	Harrison	1,432 boe/d, 20% Liquids
Oxford A 2H-8	Guernsey	1,421 boe/d, 66% Liquids
Oxford A 3H-8	Guernsey	1,211 boe/d, 65% Liquids
Oxford A 4H-8	Guernsey	1,819 boe/d, 67% Liquids