

# Supplemental Earnings Information



Third Quarter 2017



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# OPERATING RESULTS

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# Reported Net Income (Loss), Items Affecting Comparability & Adjusted Net Income (Loss) by Operating Activity



\$ In Millions, Except Per Share Data

	3Q 2017	3Q 2016	2Q 2017
<b><u>Net Income (Loss) Attributable to Hess Corporation (U.S. GAAP)</u></b>			
Exploration and Production	\$ (474)	\$ (234)	\$ (354)
Midstream	(12)	13	16
Corporate and Other	(66)	(69)	(35)
Interest	(72)	(49)	(76)
Net income (loss) attributable to Hess Corporation	\$ (624)	\$ (339)	\$ (449)
Net income (loss) per common share (diluted)*	\$ (2.02)	\$ (1.12)	\$ (1.46)
<b><u>Items Affecting Comparability of Earnings - Income (Expense)</u></b>			
Exploration and Production	\$ (236)	\$ 51	\$ -
Midstream	(34)	-	-
Corporate and Other	(30)	(50)	-
Total items affecting comparability of earnings between periods	\$ (300)	\$ 1	\$ -

\* Calculated as net income (loss) attributable to Hess Corporation less preferred stock dividends, divided by weighted average number of diluted shares.

# Reported Net Income (Loss), Items Affecting Comparability & Adjusted Net Income (Loss) by Operating Activity (Cont'd)



\$ In Millions, Except Per Share Data

	3Q 2017	3Q 2016	2Q 2017
<b><u>Adjusted Net Income (Loss)*</u></b>			
Exploration and Production	\$ (238)	\$ (285)	\$ (354)
Midstream	22	13	16
Corporate and Other	(36)	(19)	(35)
Interest	(72)	(49)	(76)
Adjusted net income (loss) attributable to Hess Corporation	<u>\$ (324)</u>	<u>\$ (340)</u>	<u>\$ (449)</u>
Adjusted net income (loss) per common share (diluted)**	<u>\$ (1.07)</u>	<u>\$ (1.12)</u>	<u>\$ (1.46)</u>
Weighted average number of common shares outstanding (diluted) [in millions]	<u>314.5</u>	<u>313.2</u>	<u>314.4</u>

\* The Corporation has used a non-GAAP financial measure in this supplemental earnings information. "Adjusted Net Income (Loss)" presented throughout this supplemental information is defined as reported net income (loss) attributable to Hess Corporation excluding items identified as affecting comparability of earnings between periods. Management uses adjusted net income (loss) to evaluate the Corporation's operating performance and believes that investors' understanding of our performance is enhanced by disclosing this measure, which excludes certain items that management believes are not directly related to ongoing operations and are not indicative of future business trends and operations. This measure is not, and should not be viewed as, a substitute for U.S. GAAP net income (loss).

\*\* Calculated as adjusted net income (loss) attributable to Hess Corporation less preferred stock dividends, divided by weighted average number of diluted shares.

# Items Affecting Comparability of Earnings Between Periods



(Amounts, After Income Taxes)

## 3Q 2017

- **Exploration and Production** – Results include:
  - A gain of \$314 million related to the sale of enhanced oil recovery assets in the Permian Basin.
  - A noncash charge of \$550 million to impair the carrying value of the Corporation's assets in Norway as a result of the expected sale.
- **Midstream** – A loss of \$34 million related to the sale of Permian Midstream assets that were wholly-owned by the Corporation.
- **Corporate and Other** – A charge of \$30 million in connection with vacated office space.

## 3Q 2016

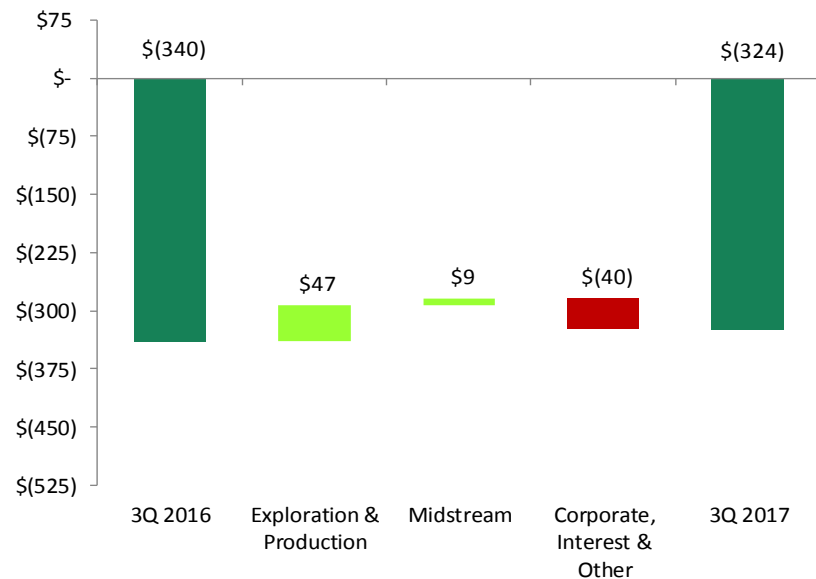
- **Exploration and Production** – A tax benefit of \$51 million related to the resolution of certain international tax matters.
- **Midstream** – None.
- **Corporate and Other** – A charge of \$50 million for the premium paid to repurchase 65 percent of the principal amount of the Corporation's 8.125% notes, due 2019.

# Consolidated Adjusted Net Income (Loss)

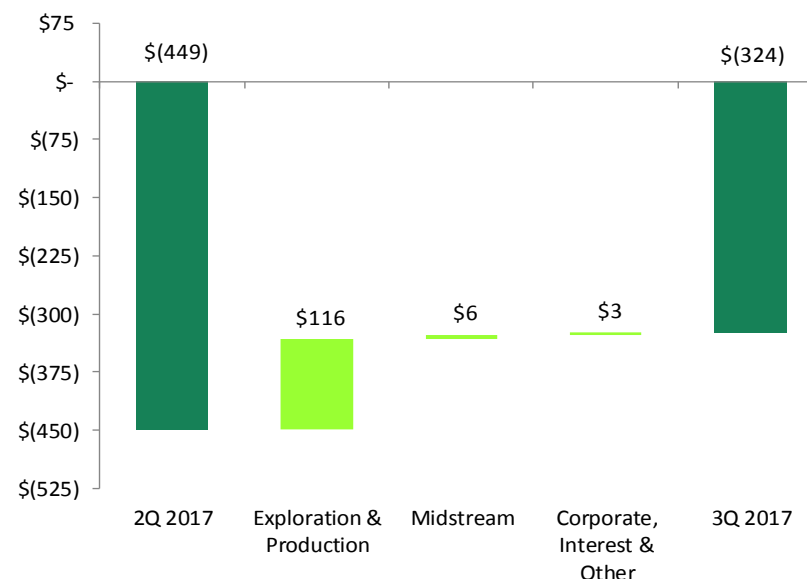


\$ In Millions

**3Q 2017 vs. 3Q 2016**



**3Q 2017 vs. 2Q 2017**



	3Q 2017	3Q 2016	Incr. / (Decr.)
Exploration and Production	\$ (238)	\$ (285)	\$ 47
Midstream	22	13	9
Corporate, Interest and Other	(108)	(68)	(40)
Adjusted net income (loss) attributable to Hess Corporation	<u>\$ (324)</u>	<u>\$ (340)</u>	<u>\$ 16</u>

	3Q 2017	2Q 2017	Incr. / (Decr.)
Exploration and Production	\$ (238)	\$ (354)	\$ 116
Midstream	22	16	6
Corporate, Interest and Other	(108)	(111)	3
Adjusted net income (loss) attributable to Hess Corporation	<u>\$ (324)</u>	<u>\$ (449)</u>	<u>\$ 125</u>

# Analysis of Consolidated Adjusted Net Income (Loss)



## 3Q 2017 vs. 3Q 2016

- **Exploration and Production** – The improved results reflect higher realized crude oil selling prices, and lower operating costs, depreciation, depletion and amortization, and exploration expenses. Third quarter 2017 results were adversely impacted by lower tax benefits compared to the prior-year quarter following a required change in deferred tax accounting.
- **Midstream** – The increase in earnings was primarily due to higher tariff rates, throughput volumes and shortfall fees related to minimum volume commitments.
- **Corporate, Interest and Other** – The increase in corporate and other costs was primarily due to a pension settlement charge and a lower effective tax rate in 2017.

## 3Q 2017 vs. 2Q 2017

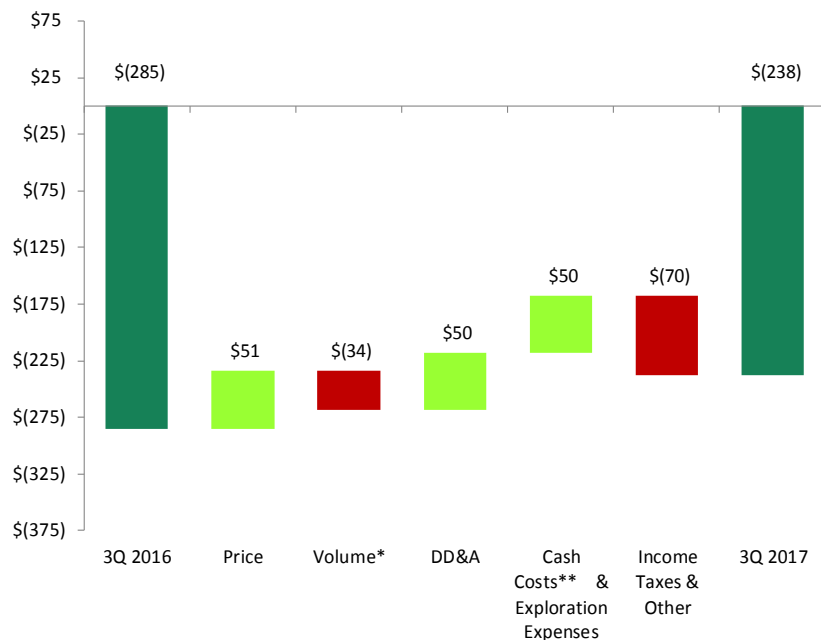
- **Exploration and Production** – The improved results reflect higher realized crude oil selling prices, and lower operating costs, depreciation, depletion and amortization, and exploration expenses.
- **Midstream** – The increase in earnings was primarily due to a non-recurring charge of \$3 million related to the Permian Midstream business in the second quarter of 2017.
- **Corporate, Interest and Other** – No significant changes.

# Exploration and Production – Adjusted Net Income (Loss)

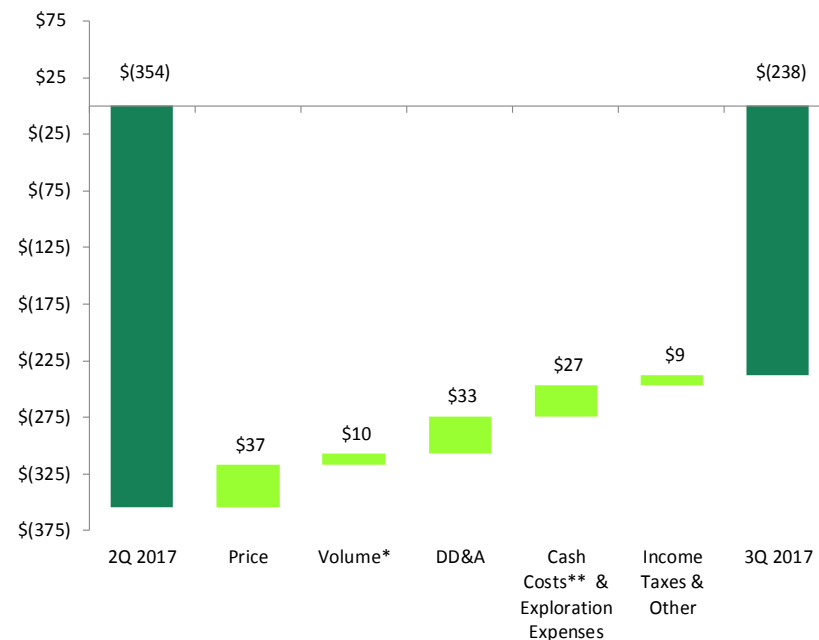


\$ In Millions

**3Q 2017 vs. 3Q 2016**



**3Q 2017 vs. 2Q 2017**



	3Q 2017	3Q 2016	Incr. / (Decr.)
United States	\$ (249)	\$ (234)	\$ (15)
International	11	(51)	62
Total	<u>\$ (238)</u>	<u>\$ (285)</u>	<u>\$ 47</u>

	3Q 2017	2Q 2017	Incr. / (Decr.)
United States	\$ (249)	\$ (340)	\$ 91
International	11	(14)	25
Total	<u>\$ (238)</u>	<u>\$ (354)</u>	<u>\$ 116</u>

\* Includes associated Cost of products sold.

\*\* Cash costs include Operating costs and expenses, Production and severance taxes, E&P general and administrative expenses, and Midstream tariffs.

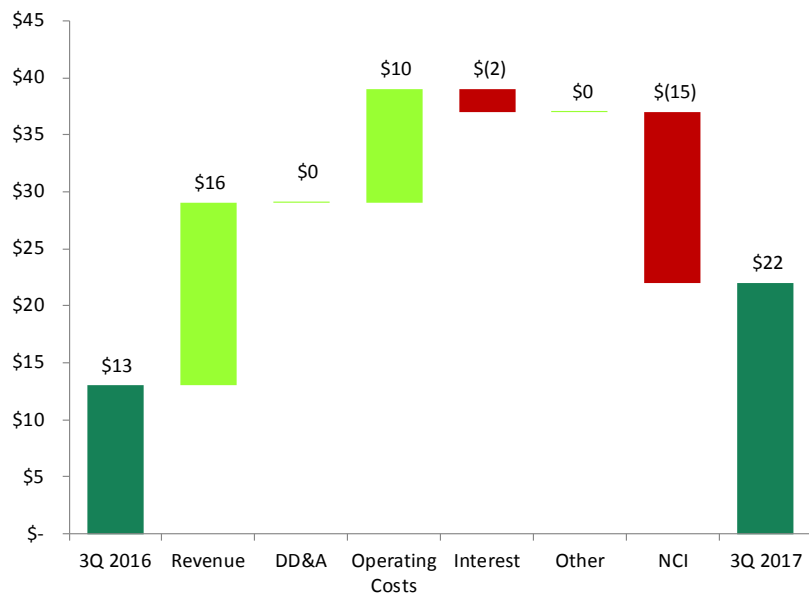


# Midstream – Adjusted Net Income

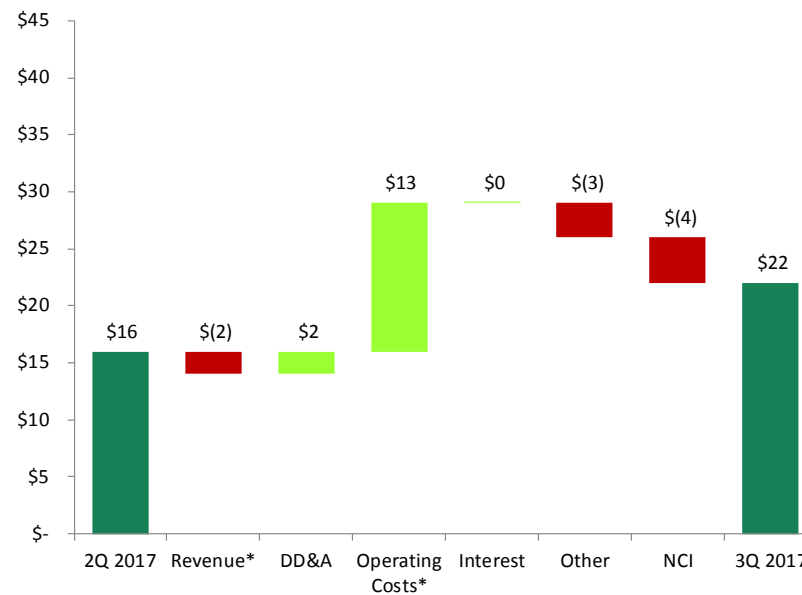


\$ In Millions

**3Q 2017 vs. 3Q 2016**



**3Q 2017 vs. 2Q 2017**



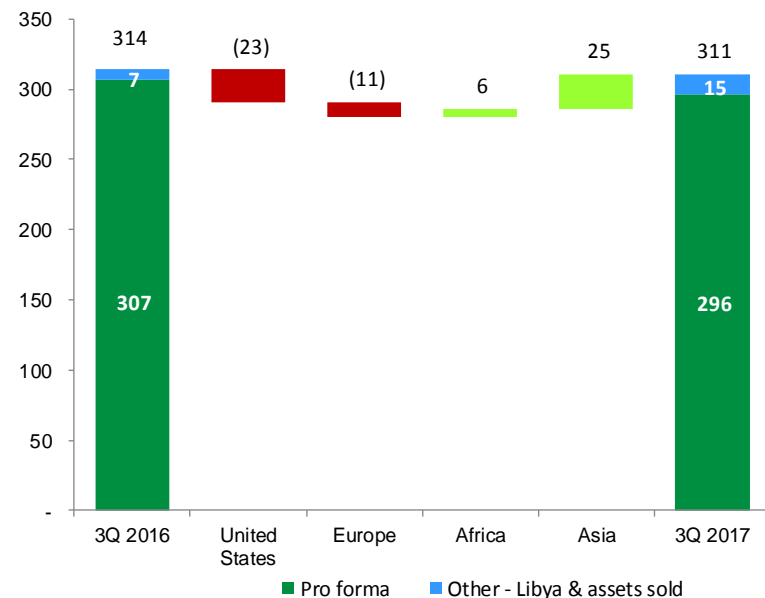
\* Permian Midstream revenues and operating costs were down \$9 million and \$13 million, respectively, in Q3 due to its sale on August 1, 2017.

# Worldwide Oil & Gas Production

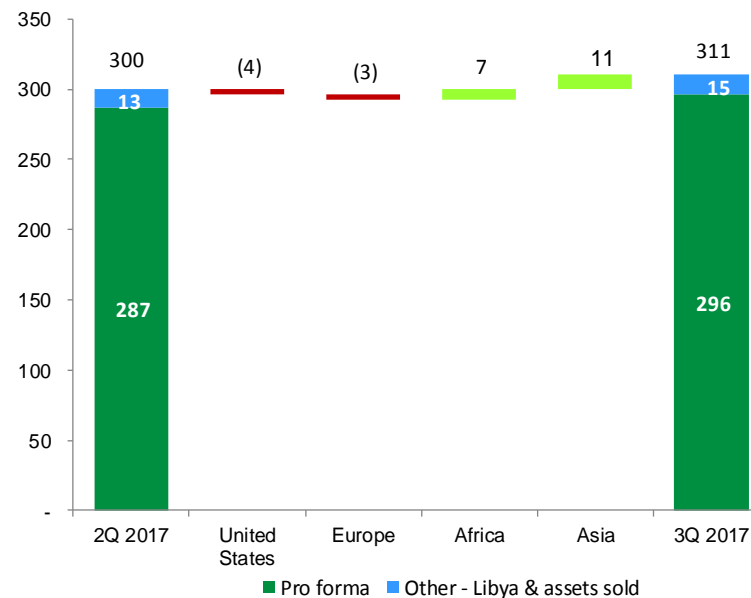


In MBOEPD

**3Q 2017 vs. 3Q 2016**



**3Q 2017 vs. 2Q 2017**



	3Q 2017	3Q 2016	Incr. / (Decr.)
<b>United States</b>			
Bakken	103	107	(4)
Other Onshore	26	43	(17)
Total Onshore	129	150	(21)
Offshore	59	61	(2)
<b>Total United States</b>	188	211	(23)
<b>Europe</b>	31	42	(11)
<b>Africa</b>	39	33	6
<b>Asia</b>	53	28	25
<b>Total</b>	311	314	(3)

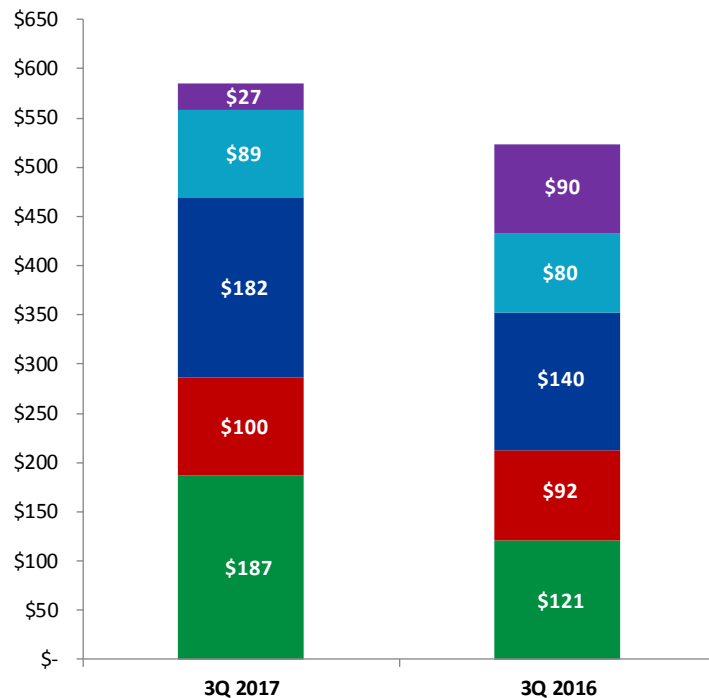
	3Q 2017	2Q 2017	Incr. / (Decr.)
<b>United States</b>			
Bakken	103	108	(5)
Other Onshore	26	33	(7)
Total Onshore	129	141	(12)
Offshore	59	51	8
<b>Total United States</b>	188	192	(4)
<b>Europe</b>	31	34	(3)
<b>Africa</b>	39	32	7
<b>Asia</b>	53	42	11
<b>Total</b>	311	300	11

# Capital and Exploratory Expenditures



\$ In Millions

## 3Q 2017 vs. 3Q 2016



■ Midstream     ■ Exploration     ■ Development  
■ Production     ■ Unconventionals

### E&P Capital and Exploratory Expenditures

#### United States

Bakken

Other Onshore

Total Onshore

Offshore

Total United States

Europe

Africa

Asia and Other

E&P Capital and Exploratory Expenditures

Total exploration expenses charged to income included above

Midstream Capital Expenditures

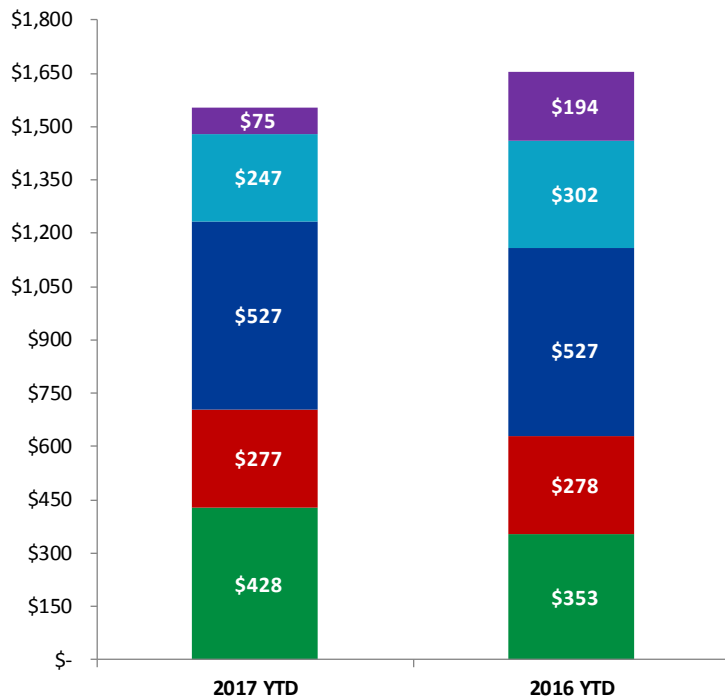
Three Months Ended September 30,		
	2017	2016
E&P Capital and Exploratory Expenditures		
United States		
Bakken	\$ 186	\$ 126
Other Onshore	8	2
Total Onshore	194	128
Offshore	191	191
Total United States	385	319
Europe	34	1
Africa	13	4
Asia and Other	126	109
E&P Capital and Exploratory Expenditures	<u>\$ 558</u>	<u>\$ 433</u>
Total exploration expenses charged to income included above	<u>\$ 32</u>	<u>\$ 52</u>
Midstream Capital Expenditures	<u>\$ 27</u>	<u>\$ 90</u>

# Capital and Exploratory Expenditures (Cont'd)



\$ In Millions

## 3Q 2017 YTD vs. 3Q 2016 YTD



■ Midstream    ■ Exploration    ■ Development  
■ Production    ■ Unconventionals

### E&P Capital and Exploratory Expenditures

	Nine Months Ended September 30,	
	2017	2016
United States		
Bakken	\$ 424	\$ 330
Other Onshore	25	44
Total Onshore	<u>449</u>	<u>374</u>
Offshore	<u>540</u>	<u>564</u>
Total United States	<u>989</u>	<u>938</u>
Europe	91	63
Africa	30	7
Asia and Other	<u>369</u>	<u>452</u>
E&P Capital and Exploratory Expenditures	<u>\$ 1,479</u>	<u>\$ 1,460</u>
Total exploration expenses charged to income included above	<u>\$ 128</u>	<u>\$ 142</u>
Midstream Capital Expenditures	<u>\$ 75</u>	<u>\$ 194</u>



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# FINANCIAL INFORMATION

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# Consolidating Income Statement- 3Q 2017



\$ In Millions, Except Unit Costs Data

	Three Months Ended September 30, 2017				
	Exploration & Production	Midstream	Corporate, Interest & Other	Eliminations	Consolidated Total
	A	B	C	D	A + B + C + D
<b>Revenue and Non-Operating Income</b>					
Sales and other operating revenues	\$ 1,369	\$ 154	\$ -	\$ (153)	\$ 1,370
Gains(losses) on asset sales, net	-	-	1	-	1
Other, net	15	-	7	-	22
Total revenues and non-operating income	1,384	154	8	(153)	1,393
<b>Costs and Expenses</b>					
Cost of products sold (excluding items shown separately below)	373	-	-	(13)	360
Operating costs and expenses	310	42	-	-	352
Production and severance taxes	27	-	-	-	27
Midstream tariffs	140	-	-	(140)	-
Exploration expenses, including dry holes and lease impairment	40	-	-	-	40
General and administrative expenses	55	3	44	-	102
Interest expense	-	7	72	-	79
Depreciation, depletion and amortization	709	29	2	-	740
Total costs and expenses	1,654	81	118	(153)	1,700
Adjusted Income (Loss) Before Income Taxes	(270)	73	(110)	-	(307)
Provision (benefit) for income taxes	(32)	13	(2)	-	(21)
Adjusted Net Income (Loss)	(238)	60	(108)	-	(286)
Less: Net income (loss) attributable to noncontrolling interests	-	38	-	-	38
<b>Adjusted Net Income (Loss) Attributable to Hess Corporation<sup>(1)</sup></b>	<b>\$ (238)</b>	<b>\$ 22</b>	<b>\$ (108)</b>	<b>\$ -</b>	<b>\$ (324)</b>
<b>Items affecting comparability of earnings (after tax)<sup>(1)</sup></b>	<b>(236)</b>	<b>(34)</b>	<b>(30)</b>	<b>-</b>	<b>(300)</b>
<b>Net Income (Loss) Attributable to Hess Corporation<sup>(1)</sup></b>	<b>\$ (474)</b>	<b>\$ (12)</b>	<b>\$ (138)</b>	<b>\$ -</b>	<b>\$ (624)</b>
<b>Exploration &amp; Production Unit Costs (\$/boe)<sup>(2)</sup></b>					
Cash Costs <sup>(3)</sup>	\$ 13.67				
DD&A Costs	24.79				
Production Costs	<u>38.46</u>				
Production Volumes (mmboe) <sup>(4)</sup>	<u>28.6</u>				
<b>Midstream</b>					
EBITDA <sup>(5)</sup>	\$ 109				

(1) - See footnote on page 3 regarding non-GAAP financial measures.

(2) - Unit costs exclude items affecting comparability of earnings.

(3) - Cash costs include Operating costs and expenses, Production and severance taxes, and General and administrative expenses.

(4) - mmboe represents millions of barrels of oil equivalent.

(5) - EBITDA is calculated as net income before income taxes plus interest expense and depreciation, depletion and amortization. Excludes items affecting comparability of earnings.

# Consolidating Income Statement- 3Q 2016



\$ In Millions, Except Unit Costs Data

	Three Months Ended September 30, 2016				
	Exploration & Production	Midstream	Corporate, Interest & Other	Eliminations	Consolidated Total
	A	B	C	D	A + B + C + D
<b>Revenue and Non-Operating Income</b>					
Sales and other operating revenues	\$ 1,175	\$ 136	\$ -	\$ (134)	\$ 1,177
Other, net	7	-	12	-	19
Total revenues and non-operating income	1,182	136	12	(134)	1,196
<b>Costs and Expenses</b>					
Cost of products sold (excluding items shown separately below)	238	-	-	(16)	222
Operating costs and expenses	368	53	-	-	421
Production and severance taxes	27	-	-	-	27
Midstream tariffs	118	-	-	(118)	-
Exploration expenses, including dry holes and lease impairment	78	-	-	-	78
General and administrative expenses	60	5	41	-	106
Interest expense	-	4	80	-	84
Depreciation, depletion and amortization	779	30	2	-	811
Total costs and expenses	1,668	92	123	(134)	1,749
Adjusted Income (Loss) Before Income Taxes	(486)	44	(111)	-	(553)
Provision (benefit) for income taxes	(201)	9	(43)	-	(235)
Adjusted Net Income (Loss)	(285)	35	(68)	-	(318)
Less: Net income (loss) attributable to noncontrolling interests	-	22	-	-	22
<b>Adjusted Net Income (Loss) Attributable to Hess Corporation<sup>(1)</sup></b>	<b>\$ (285)</b>	<b>\$ 13</b>	<b>\$ (68)</b>	<b>\$ -</b>	<b>\$ (340)</b>
<b>Items affecting comparability of earnings (after tax)<sup>(1)</sup></b>	<b>51</b>	<b>-</b>	<b>(50)</b>	<b>-</b>	<b>1</b>
<b>Net Income (Loss) Attributable to Hess Corporation<sup>(1)</sup></b>	<b>\$ (234)</b>	<b>\$ 13</b>	<b>\$ (118)</b>	<b>\$ -</b>	<b>\$ (339)</b>
<b>Exploration &amp; Production Unit Costs (\$/boe)<sup>(2)</sup></b>					
Cash Costs <sup>(3)</sup>	\$ 15.72				
DD&A Costs	26.92				
Production Costs	\$ 42.64				
Production Volumes (mmboe) <sup>(4)</sup>	28.9				
<b>Midstream</b>					
EBITDA <sup>(5)</sup>	\$ 78				

(1) - See footnote on page 3 regarding non-GAAP financial measures.

(2) - Unit costs exclude items affecting comparability of earnings.

(3) - Cash costs include Operating costs and expenses, Production and severance taxes, and General and administrative expenses.

(4) - mmboe represents millions of barrels of oil equivalent.

(5) - EBITDA is calculated as net income before income taxes plus interest expense and depreciation, depletion and amortization. Excludes items affecting comparability of earnings.

# Consolidating Income Statement- 3Q 2017 YTD



\$ In Millions, Except Unit Costs Data

	Nine Months Ended September 30, 2017				
	Exploration & Production	Midstream	Corporate, Interest & Other	Eliminations	Consolidated Total
	A	B	C	D	A + B + C + D
<b>Revenue and Non-Operating Income</b>					
Sales and other operating revenues	\$ 3,857	\$ 460	\$ -	\$ (454)	\$ 3,863
Gains(losses) on asset sales, net	-	-	3	-	3
Other, net	16	-	14	-	30
Total revenues and non-operating income	3,873	460	17	(454)	3,896
<b>Costs and Expenses</b>					
Cost of products sold (excluding items shown separately below)	906	-	-	(55)	851
Operating costs and expenses	936	150	-	-	1,086
Production and severance taxes	88	-	-	-	88
Midstream tariffs	399	-	-	(399)	-
Exploration expenses, including dry holes and lease impairment	151	-	-	-	151
General and administrative expenses	164	11	123	-	298
Interest expense	-	18	227	-	245
Depreciation, depletion and amortization	2,120	93	5	-	2,218
Total costs and expenses	4,764	272	355	(454)	4,937
Adjusted Income (Loss) Before Income Taxes	(891)	188	(338)	-	(1,041)
Provision (benefit) for income taxes	(66)	34	(10)	-	(42)
Adjusted Net Income (Loss)	(825)	154	(328)	-	(999)
Less: Net income (loss) attributable to noncontrolling interests	-	98	-	-	98
<b>Adjusted Net Income (Loss) Attributable to Hess Corporation<sup>(1)</sup></b>	<b>\$ (825)</b>	<b>\$ 56</b>	<b>\$ (328)</b>	<b>\$ -</b>	<b>\$ (1,097)</b>
<b>Items affecting comparability of earnings (after tax)<sup>(1)</sup></b>	<b>(236)</b>	<b>(34)</b>	<b>(30)</b>	<b>-</b>	<b>(300)</b>
<b>Net Income (Loss) Attributable to Hess Corporation<sup>(1)</sup></b>	<b>\$ (1,061)</b>	<b>\$ 22</b>	<b>\$ (358)</b>	<b>\$ -</b>	<b>\$ (1,397)</b>
<b>Exploration &amp; Production Unit Costs (\$/boe)<sup>(2)</sup></b>					
Cash Costs <sup>(3)</sup>	\$ 14.16				
DD&A Costs	25.26				
Production Costs	\$ 39.42				
Production Volumes (mmboe) <sup>(4)</sup>	83.9				
<b>Midstream</b>					
EBITDA <sup>(5)</sup>	\$ 299				

(1) - See footnote on page 3 regarding non-GAAP financial measures.

(2) - Unit costs exclude items affecting comparability of earnings.

(3) - Cash costs include Operating costs and expenses, Production and severance taxes, and General and administrative expenses.

(4) - mmboe represents millions of barrels of oil equivalent.

(5) - EBITDA is calculated as net income before income taxes plus interest expense and depreciation, depletion and amortization. Excludes items affecting comparability of earnings.



# Consolidating Income Statement- 3Q 2016 YTD



\$ In Millions, Except Unit Costs Data

	Nine Months Ended September 30, 2016				
	Exploration & Production	Midstream	Corporate, Interest & Other	Eliminations	Consolidated Total
	A	B	C	D	A + B + C + D
<b>Revenue and Non-Operating Income</b>					
Sales and other operating revenues	\$ 3,368	\$ 404	\$ -	\$ (398)	\$ 3,374
Other, net	27	-	30	-	57
Total revenues and non-operating income	3,395	404	30	(398)	3,431
<b>Costs and Expenses</b>					
Cost of products sold (excluding items shown separately below)	737	-	-	(49)	688
Operating costs and expenses	1,116	160	-	-	1,276
Production and severance taxes	74	-	-	-	74
Midstream tariffs	349	-	-	(349)	-
Exploration expenses, including dry holes and lease impairment	326	-	-	-	326
General and administrative expenses	175	15	120	-	310
Interest expense	-	14	240	-	254
Depreciation, depletion and amortization	2,381	88	7	-	2,476
Total costs and expenses	5,158	277	367	(398)	5,404
Adjusted Income (Loss) Before Income Taxes	(1,763)	127	(337)	-	(1,973)
Provision (benefit) for income taxes	(754)	25	(122)	-	(851)
Adjusted Net Income (Loss)	(1,009)	102	(215)	-	(1,122)
Less: Net income (loss) attributable to noncontrolling interests	-	62	-	-	62
<b>Adjusted Net Income (Loss) Attributable to Hess Corporation<sup>(1)</sup></b>	<b>\$ (1,009)</b>	<b>\$ 40</b>	<b>\$ (215)</b>	<b>\$ -</b>	<b>\$ (1,184)</b>
<b>Items affecting comparability of earnings (after tax)<sup>(1)</sup></b>	<b>(6)</b>	<b>-</b>	<b>(50)</b>	<b>-</b>	<b>(56)</b>
<b>Net Income (Loss) Attributable to Hess Corporation<sup>(1)</sup></b>	<b>\$ (1,015)</b>	<b>\$ 40</b>	<b>\$ (265)</b>	<b>\$ -</b>	<b>\$ (1,240)</b>
<b><u>Exploration &amp; Production Unit Costs (\$/boe)<sup>(2)</sup></u></b>					
Cash Costs <sup>(3)</sup>	\$ 15.30				
DD&A Costs	26.68				
Production Costs	\$ 41.98				
Production Volumes (mmboe) <sup>(4)</sup>	89.2				
<b><u>Midstream</u></b>					
EBITDA <sup>(5)</sup>	\$ 229				

(1) - See footnote on page 3 regarding non-GAAP financial measures.

(2) - Unit costs exclude items affecting comparability of earnings.

(3) - Cash costs include Operating costs and expenses, Production and severance taxes, and General and administrative expenses.

(4) - mmboe represents millions of barrels of oil equivalent.

(5) - EBITDA is calculated as net income before income taxes plus interest expense and depreciation, depletion and amortization. Excludes items affecting comparability of earnings.



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## OTHER INFORMATION

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# 2017 Guidance to Investors



	GUIDANCE <sup>(1)</sup>		ACTUAL		
	Full Year	4Q	3Q	2Q	1Q
<b><u>Production - Thousand Barrels of Oil Equivalent Per Day (MBOEPD)</u></b>					
Total - excluding Libya	~300	290 - 300	299	294	307
Bakken	~105	105 - 110	103	108	99
<b><u>Unit Cost - \$ Per Barrel of Oil Equivalent (\$/BOE)</u></b>					
Cash Costs	\$14.00 - \$15.00	\$13.50 - \$14.50	\$13.67	\$14.68	\$14.15
DD&A	\$24.50 - \$25.50	\$22.50 - \$23.50	\$24.79	\$25.93	\$25.10
Total Production Costs	\$38.50 - \$40.50	\$36.00 - \$38.00	\$38.46	\$40.61	\$39.25
<b>Exploration Expenses, Excluding Dry Hole Costs (\$ Millions)</b>	\$225 - \$235	\$75 - \$85	\$40	\$53	\$58
<b>Midstream Tariff (\$ Millions)</b>	\$535 - \$545	\$135 - \$145	\$140	\$135	\$124
<b>Exploration and Production Effective Tax Rate Benefit (Expense)<sup>(2)</sup></b>	5% - 9%	(16)% - (20)%	18%	8%	13%
<b><u>Other (\$ Millions)</u></b>					
Corporate Expenses	\$130 - \$135	\$30 - \$35	\$36	\$35	\$30
Interest Expenses	\$300 - \$305	\$70 - \$75	\$72	\$76	\$79
<b>Midstream Net Income Attributable to Hess Corporation</b>	\$70 - \$75	\$15 - \$20	\$22	\$16	\$18
<b><u>Capital and Exploratory Expenditures (\$ Millions)</u></b>					
Exploration and Production	\$2,150	\$675	\$558	\$528	\$393
Midstream	\$120	\$45	\$27	\$20	\$28

(1) All guidance excludes any contribution from Libya and "items affecting comparability".

(2) Based on current strip oil prices, the Corporation is forecasting a pre-tax loss for 2017, and as a result, the E&P effective tax rate is expected to be a benefit. In 2017, the Corporation will not be recognizing deferred taxes in the U.S., Denmark (hydrocarbon tax only), and Malaysia which causes the lower effective tax rate.

# Midstream Tariffs: Net Hess Cash Outflow and Midstream Value



## Key Messages:

- Tariff structure has generated \$2.85B cash proceeds<sup>1</sup> and facilitated additional midstream-related cash distributions to Hess
- Net Hess cash outflow for tariffs of \$44mm<sup>2</sup> or \$4.63/BOE in Q3 2017
  - Comparable to \$41mm midstream cash operating expense as reported in HESM consolidated financial statements
  - Tariff structure transfers ongoing midstream capital expenditure to HESM/HIP
- Hess midstream retained value of >\$2.5B<sup>3</sup> exceeds implied value of total tariffs related to Hess net production<sup>4</sup>
  - Significant Midstream EBITDA multiple premium relative to E&P standalone
  - Midstream provides uplift to E&P incremental economics, net of tariffs

***Tariff structure generated \$2.85 B cash proceeds, while >\$2.5 B retained value exceeds implied value of Total Tariffs Related to Hess Net Production***

1) Reflects cash proceeds received to date for HESM IPO and HIP joint venture transactions. 2) Reflects Midstream Segment Revenue less (i) items not attributable to Hess net production and (ii) revenues attributable to Hess's ownership of HIP and HESM. See tariff breakdown provided on next slide. 3) Based on HESM market cap on 9/29/17 and reflects (i) market value of Hess ownership of HESM LP common units (~35%), (ii) HESM GP interest valued at 2% of HESM LP market cap (excluding IDRs) and (iii) implied value of Hess ownership of HIP (50%), which retained 80% economic interest in joint interest assets post-IPO, net of HIP debt. 4) See subsequent page for per boe estimates of total tariffs related to Hess net production and Midstream NAV.

# 3Q 2017:

## Net Hess Cash Outflow and Midstream Value



### Bakken Net Production

	<u>Q3 2017</u>
Bakken Net Production (MBOEPD)	103
Bakken Net Production (MMBOE)	9.5

**Tariff structure generated \$2.85 B cash proceeds, while >\$2.5 B retained value exceeds implied value of Total Tariffs Related to Hess Net Production**

### Midstream Tariffs on Hess Net Production

	<u>\$ Millions</u>	<u>\$/BOE</u>	<u>Description:</u>
Midstream Segment Revenue <sup>(1)</sup>	154		(Source: HES Supplemental Earnings Information)
Less: MVCs	(13)		MVC shortfall fees not part of long term production costs as production expected to grow beyond MVC levels (Source: HESM Earnings Release)
Less: Revenue to Wholly-owned Hess Assets <sup>(2)</sup>	(7)		Midstream 100% consolidated revenues such as Bakken Water Mgmt. (Source: HES / HESM Earnings Release)
Less: Third Party Rail Transportation	(3)		Third party rail transportation costs included in realized price netback (Source: HESM 10Q)
Less: Revenue Recovery from Partners and 3rd parties	(48)		Tariffs recovered from 3 <sup>rd</sup> Party shippers and Royalty/Working Interest owners of Hess-operated acreage
Total Tariffs related to Hess Net Production	83	<b>8.74</b>	Share of tariff payments attributable to Hess net production
Less: Hess-owned share of Hess tariff payments	(39)		Revenue attributable to Hess ~47% ownership of HESM (~35%) and HIP (50%) that remains within Hess; does not affect Bakken well economics <sup>(3)</sup>
Net Hess cash outflow for tariffs	44	<b>4.63</b>	Net outflow of tariff payments attributable to Hess net production
Memo: HESM consolidated cash operating expense	41		HESM consolidated operating expenses funded by HIP and HESM cashflows and capital structure (Source: HESM Earnings Release)

### Midstream Value Illustration

	<u>NAV</u> <u>\$ Millions<sup>(3)</sup></u>	<u>Implied E&amp;P</u> <u>EBITDAX</u> <u>\$ Millions<sup>(4)</sup></u>	<u>Implied</u> <u>\$/BOE<sup>(5)</sup></u>	<u>Description:</u>
Midstream Value to Hess	2,522	90	<b>9.47</b>	Net Asset Value: Hess equity value at ~47% total share of HESM (~35%) and HIP (50%); HESM EV grossed up 100%, excl. HIP debt and GP IDRs Implied E&P EBITDAX: \$90 MM = \$2,522 MM Midstream NAV divided by 7.0x EV/EBITDAX multiple divided by 4 quarters

1) Reflects "Sales and other operating revenues" for the Midstream segment for the quarter ended 9/30/17. 2) Revenue at Hess Midstream Segment less HESM Consolidated Revenue. 3) Based on HESM market cap on 9/29/17 and reflects (i) market value of Hess ownership of HESM LP common units (~35%), (ii) HESM GP interest valued at 2% of HESM LP market cap (excluding IDRs) and (iii) implied value of Hess ownership of HIP (50%), which retained 80% economic interest in joint interest assets post-IPO, net of HIP debt. 4) Midstream NAV converted to Implied E&P EBITDAX required to generate equivalent value assuming 7x LQA EBITDAX. 5) Implied E&P EBITDAX per boe based on Hess Net Production.



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# BAKKEN OPERATIONAL DATA

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# Bakken Production – 2017



## Net Production by Product

		2017				
		YTD Avg	4Q	3Q	2Q	1Q
Oil	MBBLPD	66		63	68	67
NGL	MBBLPD	27		29	29	23
Gas	MMCFPD	61		63	66	53
Total	MBOEPD <sup>(1)</sup>	103		103	108	99

## Net Production by Operatorship

		2017				
		YTD Avg	4Q	3Q	2Q	1Q
Operated	MBOEPD	95		95	100	91
Outside Operated	MBOEPD	8		8	8	8
Total	MBOEPD	103		103	108	99

% Outside Operated	8%	8%	7%	8%
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<sup>(1)</sup> Includes natural gas production converted on the basis of relative energy content (six mcf equals one barrel of oil equivalent).

# Bakken Production – 2016



## Net Production by Product

		2016				
		YTD Avg	4Q	3Q	2Q	1Q
Oil	MBBLPD	68	62	67	69	73
NGL	MBBLPD	27	24	29	27	27
Gas	MMCFPD	61	52	66	59	67
Total	MBOEPD <sup>(1)</sup>	105	95	107	106	111

## Net Production by Operatorship

		2016				
		YTD Avg	4Q	3Q	2Q	1Q
Operated	MBOEPD	95	87	97	97	100
Outside Operated	MBOEPD	10	8	10	9	11
Total	MBOEPD	105	95	107	106	111
% Outside Operated		10%	8%	9%	8%	10%

<sup>(1)</sup> Includes natural gas production converted on the basis of relative energy content (six mcf equals one barrel of oil equivalent).



# Bakken Operational Well Statistics – 2017



Hess Operated Wells						
		2017				
		YTD Avg	4Q	3Q	2Q	1Q
<b>Rig Count</b>						
Drilling	No. Rigs	3		4	4	2
Drilling Days	Spud-to-Spud	15		16	15	15
		2017				
		YTD	4Q	3Q	2Q	1Q
<b>No. of Wells</b>						
Drilled	by Qtr	58		24	23	11
Completion	by Qtr	44		20	14	10
On Production	by Qtr	34		13	13	8
On Production - Other	by Qtr <sup>(1)</sup>	(18)		—	(18)	—
On Production	Cum. to date	1,288		1,288	1,275	1,280
<b>Well Performance</b>						
Average Frac Stage	by Qtr <sup>(2)</sup>	55		60	54	50
Average 90-day IPs	Gross BOPD <sup>(3)</sup>	850		840	1,025	793
Outside Operated Wells						
		2017				
		YTD	4Q	3Q	2Q	1Q
<b>No. of Wells</b>						
On Production	by Qtr	10		7	3	—
On Production - Other	Cum. to date adj. <sup>(1)</sup>	9		8	1	—
On Production	Cum. to date	1,123		1,123	1,108	1,104

<sup>(1)</sup> Reflects changes arising from the impact of swaps, acquisitions, divestitures and other adjustments.

<sup>(2)</sup> Includes higher stage count wells.

<sup>(3)</sup> Based on weighted average of total number of wells.

# Bakken Operational Well Statistics – 2016



Hess Operated Wells						
		2016				
		YTD Avg	4Q	3Q	2Q	1Q
<b>Rig Count</b>						
Drilling	No. Rigs	3	2	3	3	4
Drilling Days	Spud-to-Spud	17	17	16	16	18
		2016				
		YTD	4Q	3Q	2Q	1Q
<b>No. of Wells</b>						
Drilled	by Qtr	71	11	21	20	19
Completion	by Qtr	92	15	26	23	28
On Production	by Qtr	100	21	22	26	31
On Production - Other	by Qtr <sup>(1)</sup>	—	1	(1)	—	—
On Production	Cum. to date	1,272	1,272	1,250	1,229	1,203
<b>Well Performance</b>						
Average Frac Stage	by Qtr	47	50	51	47	41
Average 90-day IPs	Gross BOPD <sup>(2)</sup>	620	811	573	555	618
Outside Operated Wells						
		2016				
		YTD	4Q	3Q	2Q	1Q
<b>No. of Wells</b>						
On Production	by Qtr	7	—	—	7	—
On Production - Other	Cum. to date adj. <sup>(1)</sup>	48	3	5	15	25
On Production	Cum. to date	1,104	1,104	1,101	1,096	1,074

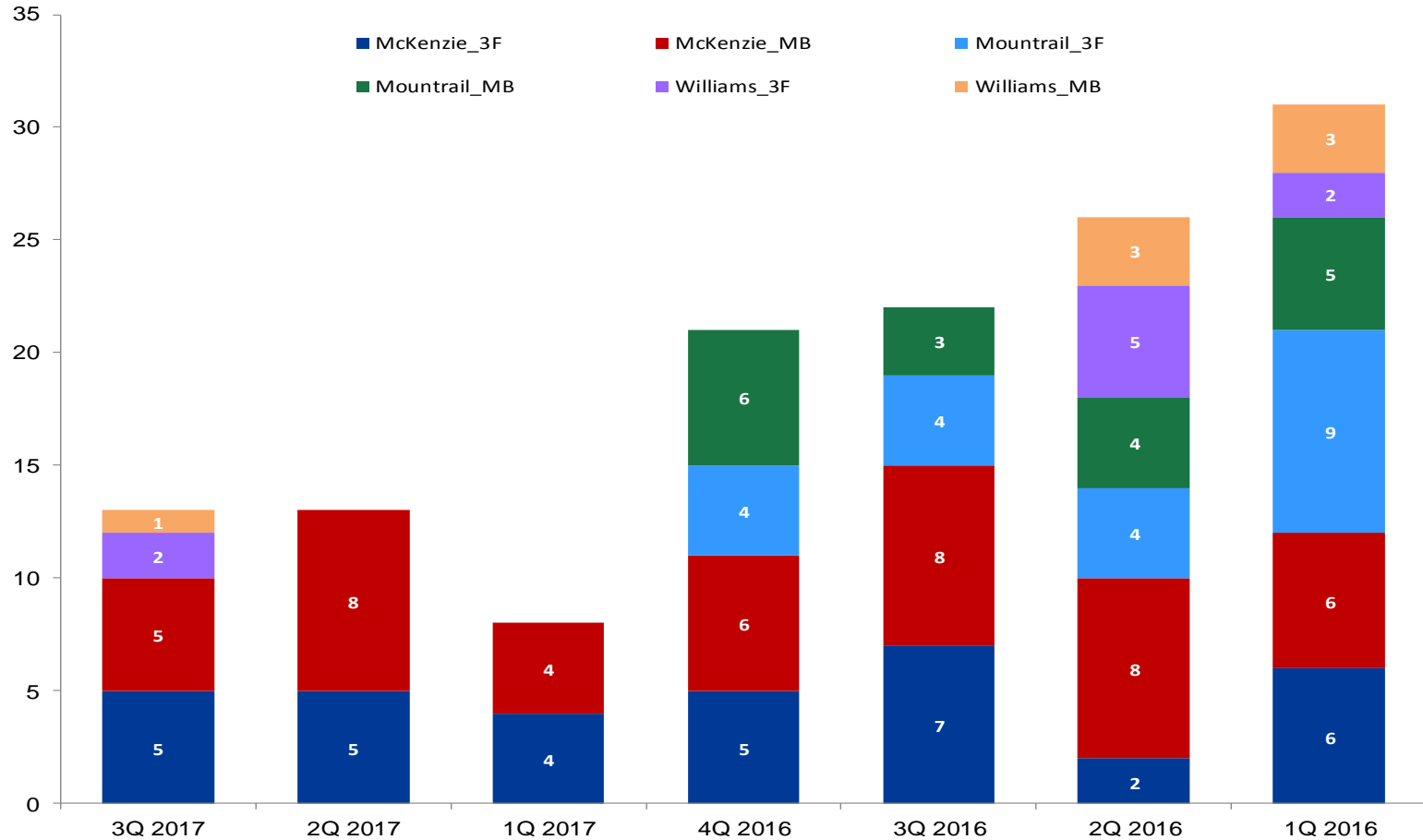
<sup>(1)</sup> Reflects changes arising from the impact of swaps, acquisitions, divestitures and other adjustments.

<sup>(2)</sup> Based on weighted average of total number of wells.

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



## Bakken Wells



<b>Middle Bakken</b>	6	8	4	12	11	15	14
<b>Three Forks</b>	7	5	4	9	11	11	17
<b>Total</b>	<b>13</b>	<b>13</b>	<b>8</b>	<b>21</b>	<b>22</b>	<b>26</b>	<b>31</b>

# Bakken Well Costs, Working Interest and Acreage – 2017



## Average Well Cost - Hess Operated

		2017				
		YTD Avg	4Q	3Q	2Q	1Q
Drilling	\$MM/Well	\$ 2.7		\$ 2.7	\$ 2.7	\$ 2.7
Completion	\$MM/Well	2.7		3.1	1.8	1.8
Total <sup>(1)</sup>	\$MM/Well	\$ 5.4		\$ 5.8	\$ 4.5	\$ 4.5

## Average Working Interest of New Wells Spud Each Quarter

		2017				
		YTD Avg	4Q	3Q	2Q	1Q
Hess Operated	%	79%		74%	77%	83%
Outside Operated	%	10%		10%	10%	10%

## Net Acreage Position

		2017			
		4Q	3Q	2Q	1Q
Total Acreage	'000 acres		554	556	556

<sup>(1)</sup> Q1-Q2 reflect average cost for standard design (50 stages/70k lbs of proppant per stage) and exclude cost of completion pilots.  
Q3 reflects average cost of standard design and completion pilots.

# Bakken Well Costs, Working Interest and Acreage – 2016



## Average Well Cost - Hess Operated

		2016				
		YTD Avg	4Q	3Q	2Q	1Q
Drilling	\$MM/Well	\$ 2.9	\$ 2.7	\$ 2.8	\$ 2.9	\$ 3.1
Completion	\$MM/Well	1.9	1.9	1.9	1.9	2.0
Total <sup>(1)</sup>	\$MM/Well	\$ 4.8	\$ 4.6	\$ 4.7	\$ 4.8	\$ 5.1

## Average Working Interest of New Wells Spud Each Quarter

		2016				
		YTD Avg	4Q	3Q	2Q	1Q
Hess Operated	%	73%	90%	73%	63%	75%
Outside Operated	%	10%	10%	10%	10%	10%

## Net Acreage Position

		2016			
		4Q	3Q	2Q	1Q
Total Acreage	'000 acres	577	577	577	578

<sup>(1)</sup> Average cost for 2016 standard design; excludes average cost of completion pilots.