



HESS CORPORATION

Supplemental Earnings Information

Third Quarter 2011

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



\$ Millions, Except per Share Data

	<u>3Q 2011</u>	<u>3Q 2010</u>	<u>2Q 2011</u>
<u>Net Income (Loss) Attributable to Hess Corporation (U.S. GAAP)</u>			
Exploration and Production	\$ 422	\$ 1,277	\$ 747
Marketing and Refining	(23)	(38)	(39)
Corporate	(44)	(26)	(42)
Interest Expense	<u>(57)</u>	<u>(59)</u>	<u>(59)</u>
Net Income Attributable to Hess Corporation	<u>\$ 298</u>	<u>\$ 1,154</u>	<u>\$ 607</u>
Net Income Per Share (Diluted)	<u>\$.88</u>	<u>\$ 3.52</u>	<u>\$ 1.78</u>
<u>Items Affecting Comparability - Income (Expense)</u>			
Exploration and Production	\$ (81)	\$ 725	\$ -
Marketing and Refining	-	-	-
Corporate	-	-	-
Total Items Affecting Comparability	<u>\$ (81)</u>	<u>\$ 725</u>	<u>\$ -</u>
<u>Adjusted Earnings (Loss) (a)</u>			
Exploration and Production	\$ 503	\$ 552	\$ 747
Marketing and Refining	(23)	(38)	(39)
Corporate	(44)	(26)	(42)
Interest Expense	<u>(57)</u>	<u>(59)</u>	<u>(59)</u>
Adjusted Earnings	<u>\$ 379</u>	<u>\$ 429</u>	<u>\$ 607</u>
Adjusted Earnings Per Share (Diluted)	<u>\$ 1.11</u>	<u>\$ 1.31</u>	<u>\$ 1.78</u>
Weighted Average Number of Shares (Diluted)	<u>340.2</u>	<u>327.6</u>	<u>340.4</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.



Items Affecting Comparability Between Periods

(Amounts are after income taxes)

3Q 2011

- **Exploration and Production** – Earnings include:
 - Charges of \$140 million for impairments that resulted from increases to the Corporation's abandonment liabilities, primarily for non-producing properties.
 - A charge of \$44 million as a result of the third quarter enactment of an additional 12 percent supplementary tax on petroleum operations in the United Kingdom with an effective date of March 24, 2011. The charge consists of incremental income tax of \$15 million on earnings from the effective date to the end of the second quarter and a charge of \$29 million to increase the United Kingdom deferred tax liability.
 - Gains of \$103 million from the sales of the Corporation's interests in the Snorre Field, offshore Norway, and the Cook Field in the United Kingdom North Sea.

3Q 2010

- **Exploration and Production** – Earnings include:
 - A gain of \$1,072 million related to the exchange of the Corporation's interests in Gabon and the Clair Field in the United Kingdom for a 28.1 percent interest in the Valhall Field and a 25.0 percent interest in the Hod Field, both in Norway.
 - An after-tax charge of \$347 million to fully impair the carrying value of the Corporation's interests in the West Med (Block 1) Concession, located offshore Egypt.

2Q 2011

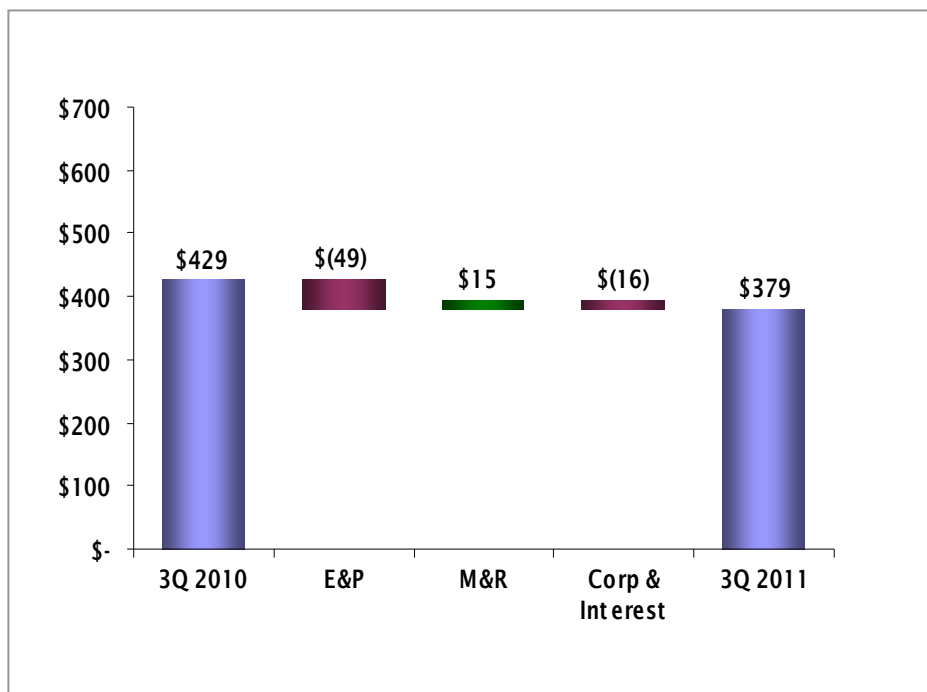
- None Reported.



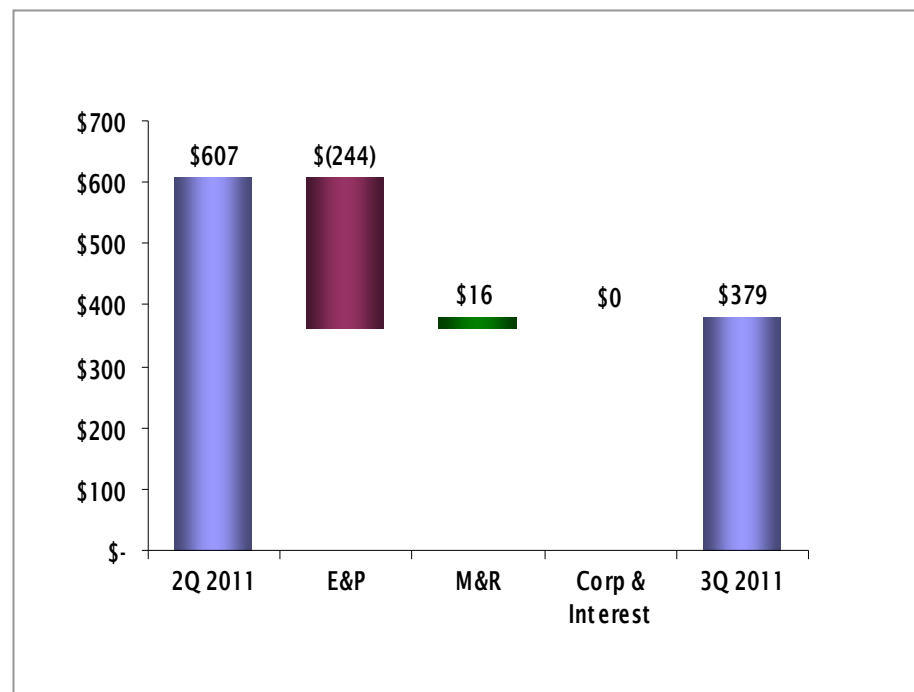
Consolidated Adjusted Earnings

\$ Millions

3Q 2011 vs. 3Q 2010



3Q 2011 vs. 2Q 2011



Analysis of Consolidated Adjusted Earnings

3Q 2011 vs. 3Q 2010

- **Exploration and Production** – The decrease in earnings is primarily due to lower crude oil sales volumes and higher production costs, partially offset by higher crude oil selling prices.
- **Marketing and Refining** – The decrease in losses is primarily due to lower losses incurred from refining operations.

3Q 2011 vs. 2Q 2011

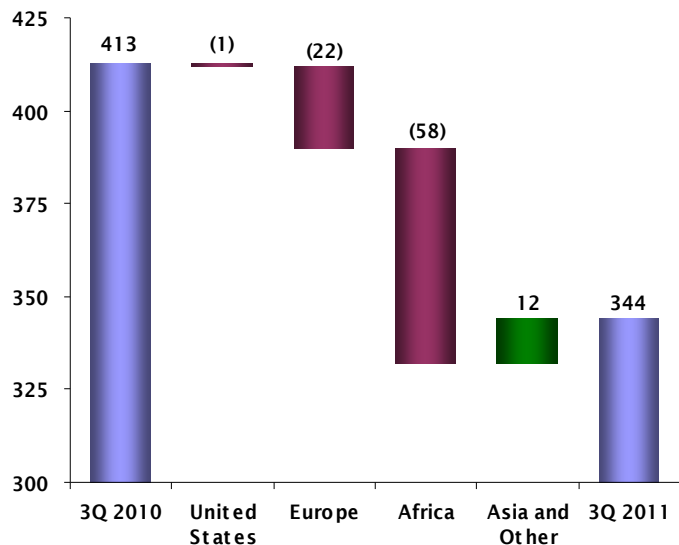
- **Exploration and Production** – The decrease in earnings is primarily due to lower crude oil sales volumes and selling prices and higher operating costs, partially offset by lower exploration expenses.
- **Marketing and Refining** – The decrease in losses is primarily due to higher marketing earnings and lower losses from refining operations, partially offset by higher losses from trading activities. Refining results for the second quarter of 2011 include income of approximately \$14 million from the Corporation's share of LIFO liquidations at HOVENSA.



Worldwide Oil & Gas Production

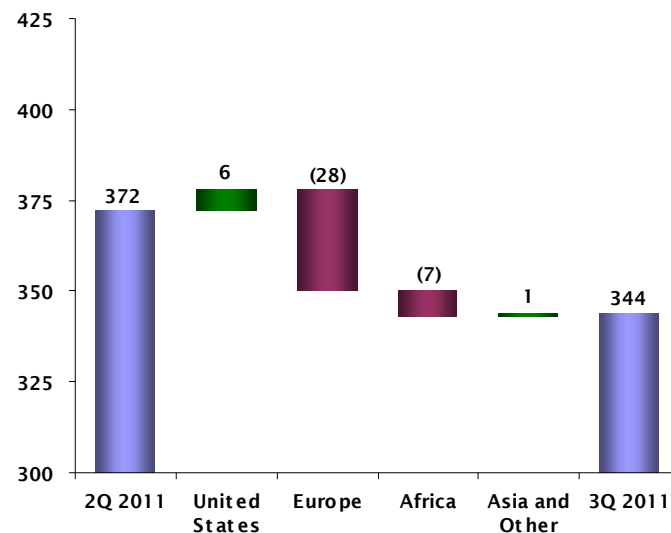
MBOEPD

3Q 2011 vs. 3Q 2010



	<u>3Q 2011</u>	<u>3Q 2010</u>	<u>Incr. / (Decr.)</u>
United States	112	113	(1)
Europe	80	102	(22)
Africa	59	117	(58)
Asia and Other	93	81	12
Total	<u>344</u>	<u>413</u>	<u>(69)</u>

3Q 2011 vs. 2Q 2011

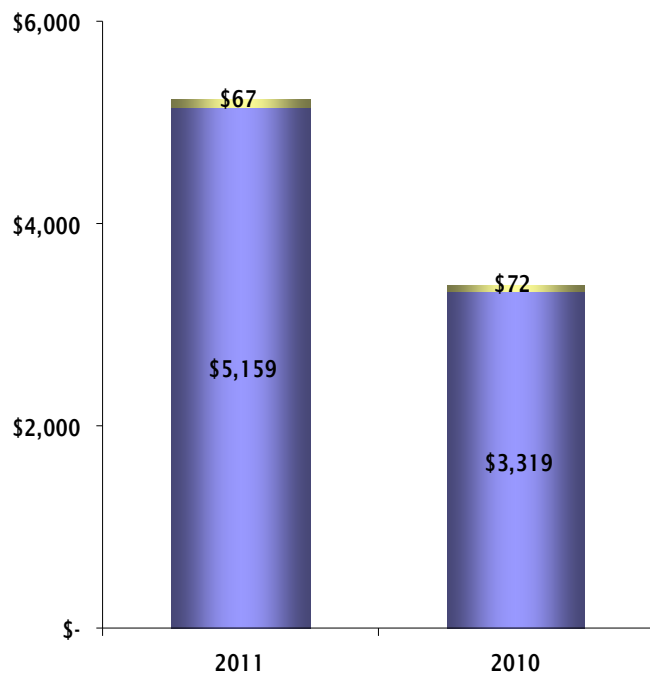


	<u>3Q 2011</u>	<u>2Q 2011</u>	<u>Incr. / (Decr.)</u>
United States	112	106	6
Europe	80	108	(28)
Africa	59	66	(7)
Asia and Other	93	92	1
Total	<u>344</u>	<u>372</u>	<u>(28)</u>



Capital and Exploratory Expenditures

\$ Millions



E&P MR&C

	Nine Months Ended Sept. 30,	
	2011*	2010**
Exploration & Production		
United States	\$ 2,933	\$ 1,115
International	2,226	2,204
Total E&P	5,159	3,319
Marketing, Refining & Corporate	67	72
Total Capital & Exploratory Expenditures	\$ 5,226	\$ 3,391
Exploration Expenses Included Above		
United States	\$ 146	\$ 108
International	189	132
Total Exploration Expenses	\$ 335	\$ 240

* Capital expenditures for the nine months ended September 30, 2011 include \$688 million for acquisitions in the Utica Shale play in Ohio and \$214 million for interests in two blocks in the Kurdistan region of Iraq.

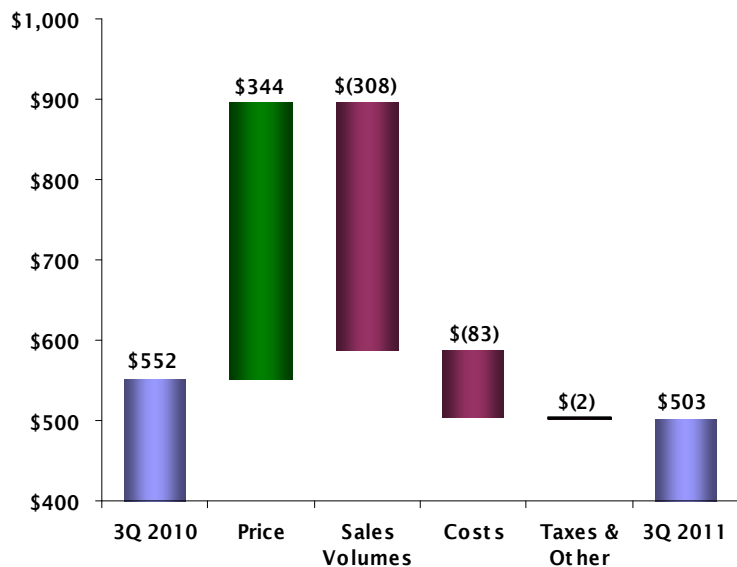
** Capital expenditures for the nine months ended September 30, 2010 include \$507 million for the acquisitions of a 7.9 percent interest in the Valhall Field and a 12.5 percent in the Hod Field, offshore Norway.



Exploration and Production Adjusted Earnings

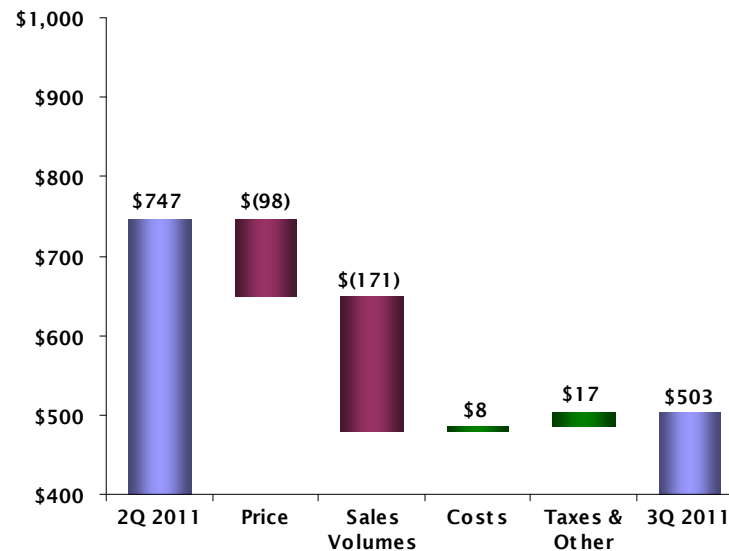
\$ Millions

3Q 2011 vs. 3Q 2010



	<u>3Q 2011</u>	<u>3Q 2010</u>	<u>Incr. / (Decr.)</u>
United States	\$ 173	\$ 118	\$ 55
International	<u>330</u>	<u>434</u>	<u>(104)</u>
Total	<u>\$ 503</u>	<u>\$ 552</u>	<u>\$ (49)</u>

3Q 2011 vs. 2Q 2011



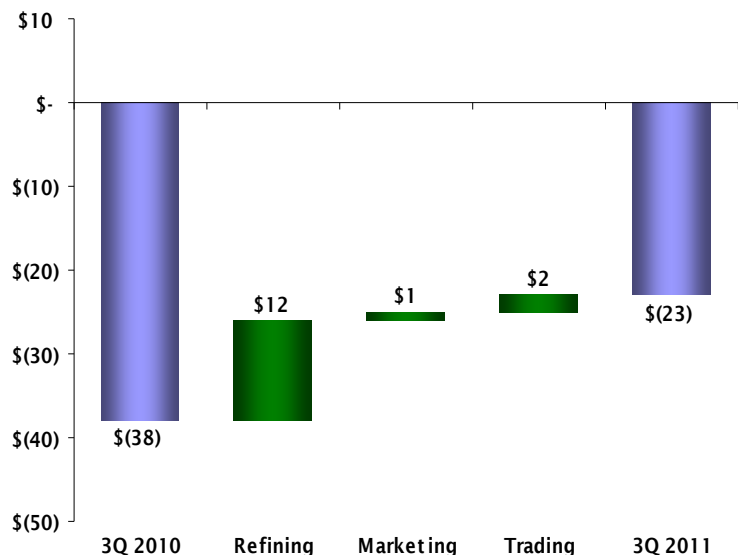
	<u>3Q 2011</u>	<u>2Q 2011</u>	<u>Incr. / (Decr.)</u>
United States	\$ 173	\$ 203	\$ (30)
International	<u>330</u>	<u>544</u>	<u>(214)</u>
Total	<u>\$ 503</u>	<u>\$ 747</u>	<u>\$ (244)</u>



Marketing and Refining Adjusted Earnings

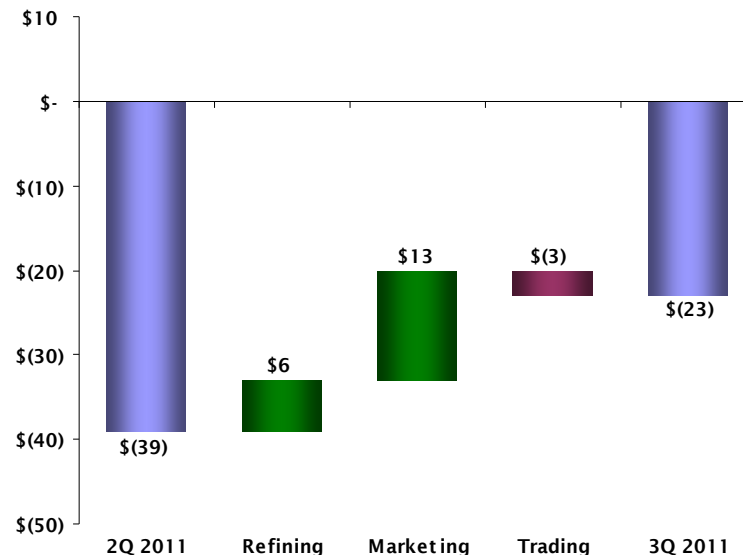
\$ Millions: Income (Loss)

3Q 2011 vs. 3Q 2010



	<u>3Q 2011</u>	<u>3Q 2010</u>	<u>Incr. / (Decr.)</u>
Refining	\$ (38)	\$ (50)	\$ 12
Marketing	41	40	1
Trading	(26)	(28)	2
Total	<u><u>\$ (23)</u></u>	<u><u>\$ (38)</u></u>	<u><u>\$ 15</u></u>

3Q 2011 vs. 2Q 2011



	<u>3Q 2011</u>	<u>2Q 2011</u>	<u>Incr. / (Decr.)</u>
Refining	\$ (38)	\$ (44)	\$ 6
Marketing	41	28	13
Trading	(26)	(23)	(3)
Total	<u><u>\$ (23)</u></u>	<u><u>\$ (39)</u></u>	<u><u>\$ 16</u></u>