HESS CORPORATION

# *Second Quarter 2021 Conference Call Remarks*

**Jay Wilson – Vice President, Investor Relations**

Good morning, everyone, and thank you for participating in our second quarter earnings conference call. Our earnings release was issued this morning and appears on our website, www.hess.com.

Today's conference call contains projections and other forward-looking statements within the meaning of the Federal Securities laws. These statements are subject to known and unknown risks and uncertainties that may cause actual results to differ from those expressed or implied in such statements. These risks include those set forth in the Risk Factors section of Hess' annual and quarterly reports filed with the SEC.

Also, on today's conference call, we may discuss certain non-GAAP financial measures. A reconciliation of the differences between these non-GAAP financial measures and the most directly comparable GAAP financial measures can be found in the supplemental information provided on our website.

On the line with me today are John Hess, Chief Executive Officer; Greg Hill, Chief Operating Officer; and John Rielly, Chief Financial Officer. In case there are audio issues, we will be posting transcripts of each speakers prepared remarks on www.hess.com following the presentation. I'll now turn the call over to John Hess.

**John Hess – Chief Executive Officer**

Thank you Jay. Welcome to our second quarter conference call. Today, I will review our continued progress in executing our strategy and our longstanding commitment to sustainability. Greg Hill will then discuss our operations, and John Rielly will cover our financial results.

Our strategy is to grow our resource base, have a low cost of supply and sustain cash flow growth. Executing this strategy has positioned our company to deliver industry leading cash flow growth over the next decade and has made our portfolio increasingly resilient in a low oil price environment.

Our strategy aligns with the world's growing need for affordable, reliable and cleaner energy that is necessary for human prosperity and global economic development. We recognize that climate change is the greatest scientific challenge of the 21st century and support the aim of the Paris Agreement and a global ambition to achieve net zero emissions by 2050. The world faces a dual challenge of needing 20 percent more energy by 2040 and reaching net zero carbon emissions by 2050. In the International Energy Agency's rigorous Sustainable Development Scenario, which assumes that all the pledges of the Paris Agreement are met, oil and gas will be 46 percent of the energy mix in 2040 compared with approximately 53 percent today. In the IEA's newest Net Zero Scenario, oil and gas will still be 29 percent of the energy mix in 2040. In either scenario, oil and gas will be needed for decades to come and will require significantly more investment over the next 10 years on an annual basis than the $300 billion spent last year.

The key for our company is to have a low cost of supply. By investing only in high return, low cost opportunities – the best rocks for the best returns – we have built a differentiated and focused portfolio that is balanced between short cycle and long cycle assets. Guyana is our growth engine and the Bakken, Gulf of Mexico and Southeast Asia are our cash engines. Guyana is positioned to become a significant cash engine in the coming years as multiple phases of low cost oil developments come online, which we expect will drive our portfolio breakeven Brent oil price below $40 per barrel by the middle of the decade.

Based on the most recent third party estimates, our cash flow is estimated to grow at a compound annual growth rate of 42 percent between 2020 and 2023, which is 75 percent above our peers and puts us in the top 5 percent of the S&P 500. With a line of sight for up to 10 FPSOs to develop the discovered resources in Guyana, this industry leading cash flow growth rate is expected to continue through the end of the decade. Investors want durability and growth in cash flow – we have both.

We are pleased to announce today that in July, we paid down $500 million of our $1 billion term loan maturing in March 2023. Depending upon market conditions, we plan to repay the remaining $500 million in 2022. This debt reduction combined with the start up of Liza Phase 2 early next year is expected to drive our debt to EBITDAX ratio under 2 next year. Once this debt is paid off and our portfolio generates increasing free cash flow, we plan to return the majority to our shareholders – first through dividend increases and then opportunistic share repurchases.

In addition, we announced this morning that Hess Midstream will buy back $750 million of its Class B units from its sponsors, Hess Corporation and Global Infrastructure Partners, to be completed in the third quarter. We expect to receive approximately $375 million in proceeds and our ownership in Hess Midstream on a consolidated basis will be approximately 45 percent, compared with 46 percent prior to the transaction.

On April 30th, we completed the sale of our Little Knife and Murphy Creek nonstrategic acreage interests in the Bakken for a total consideration of $312 million, effective March 1st, 2021. This acreage -- most of which we were not planning to drill before 2026 -- was located in the southernmost portion of our Bakken position and was not connected to Hess Midstream infrastructure. The midstream transaction and the sale of the Little Knife and Murphy Creek acreage bring material value forward and further strengthen our cash and liquidity position.

The Bakken remains a core part of our portfolio and our largest operated asset. We have a large inventory of future drilling locations that generate attractive financial returns at $50 per barrel WTI. In February, when WTI oil prices moved above $50 per barrel, we added a second rig. Given the continued strength in oil prices, we are now planning to add a third rig in the Bakken in September, which is expected to strengthen free cash flow generation in the years ahead.

Key to our long term strategy is Guyana, with its low cost of supply and industry leading financial returns. We have an active exploration and appraisal program this year on the Stabroek Block, where Hess has a 30 percent interest and ExxonMobil is the operator. We see the potential for at least six FPSOs on the block by 2027 and up to 10 FPSOs to develop the discovered resources on the block – and we continue to see multibillion barrels of future exploration potential remaining. Earlier today we announced a significant new oil discovery at Whiptail. The Whiptail-1 well encountered 246 feet of net pay and the Whiptail-2 well, which is located 3 miles northeast of Whiptail-1, encountered 167 feet of net pay – both in high quality oil bearing sandstone reservoirs. Drilling continues at both wells to test deeper targets. The Whiptail discovery could form the basis for a future oil development in the southeast area of Stabroek Block and will add to the previous recoverable resource estimate of approximately 9 billion barrels of oil equivalent.

In June, we also announced a discovery at the Longtail-3 well, which encountered approximately 230 feet of net pay including newly identified, high quality hydrocarbon bearing reservoirs below the original Longtail-1 discovery intervals. In addition, the successful Mako-2 well together with the Uaru-2 well which encountered approximately 120 feet of high quality oil bearing sandstone reservoir will potentially underpin a fifth oil development in the area east of the Liza complex.

In terms of Guyana developments, the Liza Unity FPSO, with a gross capacity of 220 thousand barrels of oil per day, is expected to sail from Singapore to Guyana in late August and the Liza-2 development is on track to achieve first oil in early 2022. Our third oil development on the Stabroek Block at the Payara Field is expected to achieve first oil in 2024, also with a gross capacity of 220 thousand barrels of oil per day. Engineering work for a fourth development on the Stabroek Block at Yellowtail is underway with preliminary plans for gross capacity in the range of 220 thousand to 250 thousand barrels of oil per day and anticipated startup in 2025, pending government approvals and project sanctioning.

Our three sanctioned oil developments have a Brent breakeven oil price of between $25 and $35 per barrel, and – according to recent data from Wood Mackenzie – our Guyana developments are the highest margin, lowest carbon intensity oil and gas assets globally.

Last week, we announced publication of our 24th annual sustainability report, which details our environmental, social and governance – or ESG – strategy and performance. In 2020, we significantly surpassed our five year emissions reduction targets – reducing Scope 1 and 2 operated greenhouse gas emissions intensity by 46 percent and flaring intensity by 59 percent, compared to 2014 levels.

Our five year operated emissions reduction targets for 2025, which are detailed in the sustainability report, exceed the 22 percent reduction in carbon intensity by 2030 in the International Energy Agency's (IEA) Sustainable Development Scenario, which is consistent with the Paris Agreement's ambition to hold the rise in the global average temperature to well below 2°C. We are also contributing to groundbreaking research being done by the Salk Institute to develop plants with larger root systems that are capable of absorbing and storing potentially billions of tons of carbon per year from the atmosphere.

We continue to be recognized as an industry leader for the quality of our ESG performance and disclosure. In May, Hess was named to the 100 Best Corporate Citizens list for the 14th consecutive year based on an independent assessment by ISS-ESG – and we were the only oil and gas company to earn a place on the 2021 list.

In summary, oil and gas are going to be needed for decades to come. By continuing to successfully execute our strategy and achieve strong operational performance, our company is uniquely positioned to deliver industry leading cash flow growth over the next decade. As our term loan is paid off and our portfolio generates increasing free cash flow, the majority will be returned to our shareholders – first through dividend increases and then opportunistic share repurchases.

I will now turn the call over to Greg Hill for an operational update.

**Greg Hill – Chief Operating Officer**

Thanks, John. In the second quarter, we continued to deliver strong operational performance. Companywide net production averaged 307 thousand barrels of oil equivalent per day excluding Libya, above our guidance of 290 thousand to 295 thousand barrels of oil equivalent per day – driven by good performance across the portfolio.

In the third quarter, we expect companywide net production to average approximately 265 thousand barrels of oil equivalent per day, excluding Libya, which reflects the Tioga gas plant turnaround in the Bakken and planned maintenance in the Gulf of Mexico and Southeast Asia. For full year 2021 we now forecast net production to average approximately 295 thousand barrels of oil equivalent per day, excluding Libya, compared to our previous forecast of between 290 thousand and 295 thousand barrels of oil equivalent per day.

Turning to the Bakken, second quarter net production averaged 159 thousand barrels of oil equivalent per day. This was above our guidance of approximately 155 thousand barrels of oil equivalent per day, primarily reflecting increased gas capture which has allowed us to drive flaring to under 5 percent - well below the state's 9 percent limit.

For the third quarter, we expect Bakken net production to average approximately 145 thousand barrels of oil equivalent per day, which reflects the planned 45-day maintenance turnaround and expansion tie-in at the Tioga Gas Plant.

For the full year 2021, we maintain our Bakken net production forecast of 155 thousand to 160 thousand barrels of oil equivalent per day.

In the second quarter, we drilled 17 wells and brought 9 new wells online. In the third quarter, we expect to drill approximately 15 wells and to bring approximately 20 new wells online, and for the full year 2021, we now expect to drill approximately 65 wells and to bring approximately 50 new wells online.

In terms of drilling and completion costs, although we have experienced some cost inflation, we are confident we can offset the increases through technology and Lean Manufacturing efficiency gains and are therefore maintaining our full-year average forecast of $5.8 million per well in 2021.

We have been operating two rigs since February, but given the improvement in oil prices and our robust inventory of high return drilling locations, we plan to add a third rig in September. Moving to a three rig program will allow us to grow cash flow and production, better optimize our in-basin infrastructure and drive further reductions in our unit cash costs.

Now moving to the offshore. In the deepwater Gulf of Mexico, second quarter net production averaged 52 thousand barrels of oil equivalent per day, compared to our guidance of approximately 50 thousand barrels of oil equivalent per day. In the third quarter, we forecast Gulf of Mexico net production to average between 35 thousand and 40 thousand barrels of oil equivalent per day, reflecting planned maintenance downtime as well as some hurricane contingency.

For the full year 2021, our forecast for Gulf of Mexico net production remains approximately 45 thousand barrels of oil equivalent per day.

In Southeast Asia, net production in the second quarter was 66 thousand barrels of oil equivalent per day, above our guidance of approximately 60 thousand barrels of oil equivalent per day. Third quarter net production is forecast to average between 50 thousand and 55 thousand barrels of oil equivalent per day, reflecting planned maintenance at North Malay Basin and the JDA as well as Phase 3 installation work at North Malay Basin. Full year 2021 net production is forecast to average approximately 60 thousand barrels of oil equivalent per day.

Now turning to Guyana. In the second quarter, gross production from Liza Phase 1 averaged 101 thousand barrels of oil per day – or 26 thousand barrels of oil per day, net to Hess. The repaired flash gas compression system has been installed on the Liza Destiny FPSO and is under test. The Operator is evaluating test data to optimize performance and is safely managing production in the range of 120 thousand to 125 thousand barrels of oil per day. Replacement of the flash gas compression system with a modified design and production optimization work are planned for the fourth quarter which will result in higher production capacity and reliability.

Net production from Liza Phase 1 is forecast to average approximately 30 thousand barrels of oil per day in the third quarter and for the full year 2021.

The Liza Phase 2 development will utilize the 220 thousand barrels of oil per day Unity FPSO, which is scheduled to sail away from Singapore at the end of August and first oil remains on track for early 2022.

Turning to our third development at Payara, the Prosperity FPSO hull is complete and will enter the Keppel Yard in Singapore following sail away of the Liza Unity. Topsides fabrication has commenced at Dyna-Mac and development drilling began in June. The overall project is approximately 45% completed. The Prosperity will have a gross production capacity of 220 thousand barrels of oil per day and is on track to achieve first oil in 2024.

As for our fourth development at Yellowtail, the joint venture anticipates submitting the plan of development to the Government of Guyana in the fourth quarter, with first oil targeted for 2025, pending government approvals and project sanctioning.

During the second quarter, the Mako-2 appraisal well on the Stabroek Block confirmed the quality, thickness and areal extent of the reservoir. When integrated with the previously announced discovery at Uaru-2, the data supports a potential fifth development in the area east of the Liza complex.

As John mentioned, this morning we announced a discovery at Whiptail, located approximately 4 miles southeast of Uaru-1. Drilling continues at both wells to test deeper targets.

In terms of other drilling activity in the second half of 2021, after Whiptail-2, the Noble Don Taylor will drill the Pinktail-1 exploration well, located 5 miles southeast of Yellowtail-1, followed by the Tripletail-2 appraisal well, located 5 miles south of Tripletail-1. The Noble Tom Madden will spud the Cataback-1 exploration well, located 4.5 miles southeast of the Turbot-1 discovery, in early August. In the fourth quarter, we will drill our first dedicated test of the deep potential at the Fangtooth prospect, located 9 miles northwest of Liza-1.

In the third quarter, the Noble Sam Croft will drill the Turbot-2 appraisal well, then transition to development drilling operations for the remainder of the year. The Stena Carron will conduct a series of appraisal drill stem tests at Uaru-1, then Mako-2 and then Longtail-2.

In closing, we continue to deliver strong operational performance across our portfolio. Our offshore assets are generating strong free cash flow. The Bakken is on a capital efficient growth trajectory and Guyana keeps getting bigger and better – all of which positions us to deliver industry leading returns, material free cash flow generation and significant shareholder value.

I will now turn the call over to John Rielly.

**John Rielly – Chief Financial Officer**

Thanks Greg. In my remarks today, I will compare results from the second quarter of 2021 to the first quarter of 2021.

*Consolidated Results of Operations*

Adjusted net income was $74 million in the second quarter of 2021 compared to net income of $252 million in the first quarter of 2021.

*Exploration and Production*

E&P adjusted net income was $122 million in the second quarter of 2021 compared to net income of $308 million in the previous quarter. The changes in the after-tax components of adjusted E&P results between the second quarter and first quarter of 2021 were as follows:

| | Increase (Decrease) In Results | |
|---|---|---|
| Lower sales volumes reduced earnings by | $ | (126) |
| Higher cash costs reduced earnings by | | (48) |
| Higher exploration expenses reduced earnings by | | (10) |
| All other items reduced earnings by | | (2) |
| For an overall decrease in second quarter earnings of | $ | (186) |

Second quarter sales volumes were lower primarily due to Guyana having two one-million barrel liftings of oil compared with three one-million barrel liftings in the first quarter and first quarter sales volumes included nonrecurring sales of two VLCC cargos totaling 4.2 million barrels of Bakken crude oil which contributed approximately $70 million of net income. In the second quarter, our E&P sales volumes were underlifted compared with production by approximately 785,000 barrels, which reduced our after-tax results by approximately $18 million. Cash costs for the second quarter came in at the lower end of guidance and reflect higher planned maintenance and workover activity than the first quarter.

In June 2021, the U.S. Bankruptcy Court approved the bankruptcy plan for Fieldwood Energy which includes transferring abandonment obligations of Fieldwood to predecessors in title of certain of its assets, who are jointly and severally liable for the obligations. As a result of the bankruptcy, Hess as one of the predecessors in title in seven shallow water West Delta 79/86 leases held by Fieldwood is responsible for the abandonment of the facilities on the leases. Second quarter E&P results include an after-tax charge of $147 million representing the estimated gross abandonment obligation for West Delta 79/86 without taking into account potential recoveries from other previous owners. Within the next nine months, we expect to receive an order from the regulator requiring us, along with other predecessors in title, to decommission the facilities. The timing of these decommissioning activities will be discussed and agreed upon with the regulator and we anticipate the costs will be incurred over the next several years.

*Midstream Activities*

The Midstream segment had net income of $76 million in the second quarter of 2021 compared to $75 million in the prior quarter. Midstream EBITDA, before noncontrolling interests, amounted to $229 million in the second quarter of 2021 compared to $225 million in the previous quarter.

*Financial Position – Cash and Liquidity*

At quarter end, excluding Midstream, cash and cash equivalents were $2.42 billion, which includes receipt of net proceeds of $297 million from the sale of our Little Knife and Murphy Creek acreage in the Bakken. Total liquidity was $6.1 billion including available committed credit facilities, while debt and finance lease obligations totaled $6.6 billion. Our fully undrawn $3.5 billion revolving credit facility is committed through May 2024 and we have no material near-term debt maturities aside from the $1.0 billion term loan which matures in March 2023. In July, we repaid $500 million of the term loan. Earlier today, Hess Midstream announced an agreement to repurchase approximately 31 million Class B units of Hess Midstream held by GIP and us for approximately $750 million. We expect to receive net proceeds of approximately $375 million from the sale in the third quarter. In addition, we expect to receive proceeds in the third quarter from the sale of our interests in Denmark for total consideration of $150 million with an effective date of January 1, 2021.

In the second quarter of 2021, net cash provided by operating activities before changes in working capital was $659 million compared with $815 million in the first quarter primarily due to lower sales volumes. In the second quarter, net cash provided by operating activities after changes in working capital was $785 million compared with $591 million in the first quarter. Changes in operating assets and liabilities during the second quarter of 2021 increased cash flow from operating activities by $126 million primarily driven by an increase in payables that we expect to reverse in the third quarter.

*Third Quarter and Full Year Guidance*

<u>Exploration and Production</u>

Our E&P cash costs were $11.63 per barrel of oil equivalent, including Libya and $12.16 per barrel of oil equivalent, excluding Libya in the second quarter of 2021. We project E&P cash costs, excluding Libya, to be in the range of $13.00 to $14.00 per barrel of oil equivalent for the third quarter, which reflects the impact of lower production volumes resulting from the Tioga gas plant planned shutdown. Full year cash costs guidance of $11.00 to $12.00 per barrel of oil equivalent remains unchanged. DD&A expense was $11.55 per barrel of oil equivalent, including Libya and $12.13 per barrel of oil equivalent, excluding Libya in the second quarter. DD&A expense, excluding Libya, is forecast to be in the range of $12.00 to $13.00 per barrel of oil equivalent for the third quarter and full year guidance of $12.00 to $13.00 per barrel of oil equivalent remains unchanged. This results in projected total E&P unit operating costs, excluding Libya, to be in the range of $25.00 to $27.00 per barrel of oil equivalent for the third quarter and $23.00 to $25.00 per barrel of oil equivalent for the full year of 2021.

Exploration expenses, excluding dry hole costs, are expected to be in the range of $40 million to $45 million in the third quarter and full year guidance is expected to be in the range of $160 million to $170 million, which is down from previous guidance of $170 million to $180 million. The midstream tariff is projected to be in the range of $265 million to $275 million for the third quarter and full year guidance is projected to be in the range of $1,080 million to $1,100 million, which is down from the previous guidance of $1,090 million to $1,115 million.

E&P income tax expense, excluding Libya, is expected to be in the range of $35 million to $40 million for the third quarter and full year guidance is expected to be in the range of $125 million to $135 million, which is updated from the previous guidance of $105 million to $115 million reflecting higher commodity prices.

We expect non-cash option premium amortization will be approximately $65 million for the third quarter and full year guidance of approximately $245 million remains unchanged.

During the third quarter, we expect to sell three one-million barrel cargos of oil from Guyana.

Our E&P capital and exploratory expenditures are expected to be approximately $575 million in the third quarter. Full year guidance, which now includes increasing drilling rigs in the Bakken to three from two in September, remains unchanged from prior guidance at approximately $1.9 billion.

Midstream

We anticipate net income attributable to Hess from the Midstream segment to be in the range of $50 million to $60 million for the third quarter and full year guidance is projected to be in the range of $275 million to $285 million, which is down from the previous guidance of $280 million to $290 million.

Corporate and Interest

Corporate expenses are estimated to be in the range of $30 million to $35 million for the third quarter and full year guidance of $130 million to $140 million remains unchanged. Interest expense is estimated to be in the range of $95 million to $100 million for the third quarter and approximately $380 million for the full year, which is at the lower end of our previous guidance of $380 million to $390 million, reflecting the $500 million reduction in the term loan.

This concludes my remarks. We will be happy to answer any questions. I will now turn the call over to the operator.

## Forward-looking Statements

This script and accompanying release contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Words such as "anticipate," "estimate," "expect," "forecast," "guidance," "could," "may," "should," "would," "believe," "intend," "project," "plan," "predict," "will," "target" and similar expressions identify forward-looking statements, which are not historical in nature. Our forward-looking statements may include, without limitation: our future financial and operational results; our business strategy; estimates of our crude oil and natural gas reserves and levels of production; benchmark prices of crude oil, natural gas liquid (NGL) and natural gas and our associated realized price differentials; our projected budget and capital and exploratory expenditures; expected timing and completion of our development projects, proposed asset sale and the Midstream Class B unit repurchase; and future economic and market conditions in the oil and gas industry.

Forward-looking statements are based on our current understanding, assessments, estimates and projections of relevant factors and reasonable assumptions about the future. Forward-looking statements are subject to certain known and unknown risks and uncertainties that could cause actual results to differ materially from our historical experience and our current projections or expectations of future results expressed or implied by these forward-looking statements. The following important factors could cause actual results to differ materially from those in our forward-looking statements: fluctuations in market prices of crude oil, NGL and natural gas and competition in the oil and gas exploration and production industry, including as a result of the global COVID-19 pandemic; reduced demand for our products, including due to the global COVID-19 pandemic or the outbreak of any other public health threat, or due to the impact of competing or alternative energy products and political conditions and events; potential failures or delays in increasing oil and gas reserves, including as a result of unsuccessful exploration activity, drilling risks and unforeseen reservoir conditions, and in achieving expected production levels; changes in tax, property, contract and other laws, regulations and governmental actions applicable to our business, including legislative and regulatory initiatives regarding environmental concerns, such as measures to limit greenhouse gas emissions and flaring as well as fracking bans; disruption or interruption of our operations due to catastrophic events, such as accidents, severe weather, geological events, shortages of skilled labor, cyber-attacks or health measures related to the COVID-19 pandemic; the ability of our contractual counterparties to satisfy their obligations to us, including the operation of joint ventures under which we may not control; the ability to satisfy the closing conditions of the proposed asset sale and the Midstream Class B unit repurchase; unexpected changes in technical requirements for constructing, modifying or operating exploration and production facilities and/or the inability to timely obtain or maintain necessary permits; availability and costs of employees and other personnel, drilling rigs, equipment, supplies and other required services; any limitations on our access to capital or increase in our cost of capital, including as a result of weakness in the oil and gas industry or negative outcomes within commodity and financial markets; liability resulting from litigation, including heightened risks associated with being a general partner of Hess Midstream LP; and other factors described in *Item 1A—Risk Factors* in our Annual Report on Form 10-K and any additional risks described in our other filings with the Securities and Exchange Commission (SEC).

As and when made, we believe that our forward-looking statements are reasonable. However, given these risks and uncertainties, caution should be taken not to place undue reliance on any such forward-looking statements since such statements speak only as of the date when made and there can be no assurance that such forward-looking statements will occur and actual results may differ materially from those contained in any forward-looking statement we make. Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether because of new information, future events or otherwise.

## Non-GAAP financial measures

The Corporation has used non-GAAP financial measures in this script and accompanying release. "Adjusted net income (loss)" presented in this script and accompanying release is defined as reported net income (loss) attributable to Hess Corporation excluding items identified as affecting comparability of earnings between periods. "Net cash provided by (used in) operating activities before changes in operating assets and liabilities" presented in this script and accompanying release is defined as Net cash provided by (used in) operating activities excluding changes in operating assets and liabilities. 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. Management believes that net cash provided by (used in) operating activities before changes in operating assets and liabilities demonstrates the Corporation's ability to internally fund capital expenditures, pay dividends and service debt.  These measures are not, and should not be viewed as, a substitute for U.S. GAAP net income (loss) or net cash provided by (used in) operating activities.  A reconciliation of reported net income (loss) attributable to Hess Corporation (U.S. GAAP) to adjusted net income (loss), and a reconciliation of net cash provided by (used in) operating activities (U.S. GAAP) to net cash provided by (used in) operating activities before changes in operating assets and liabilities are provided in the accompanying release.

**Cautionary Note to Investors**

We use certain terms in this script and accompanying release relating to resources other than proved reserves, such as unproved reserves or resources.  Investors are urged to consider closely the oil and gas disclosures in Hess Corporation's Form 10-K, File No. 1-1204, available from Hess Corporation, 1185 Avenue of the Americas, New York, New York 10036 c/o Corporate Secretary and on our website at www.hess.com.  You can also obtain this form from the SEC on the EDGAR system.