



**HESS CORPORATION**

---

**Supplemental Earnings Information**

***Third Quarter 2010***

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



\$ Millions, Except per Share Data

	3Q 2010	3Q 2009	2Q 2010
<b><u>Net Income (Loss) Attributable to Hess Corporation (U.S. GAAP)</u></b>			
Exploration and Production	\$ 1,277	\$ 397	\$ 488
Marketing and Refining	(38)	38	(19)
Corporate	(26)	(33)	(42)
Interest Expense	(59)	(61)	(52)
Net Income Attributable to Hess Corporation	<u>\$ 1,154</u>	<u>\$ 341</u>	<u>\$ 375</u>
Net Income Per Share (Diluted)	<u>\$ 3.52</u>	<u>\$ 1.05</u>	<u>\$ 1.15</u>
<b><u>Items Affecting Comparability</u></b>			
Exploration and Production	\$ 725	\$ 89	\$ -
Marketing and Refining	-	12	-
Corporate	-	-	-
Total Items Affecting Comparability	<u>\$ 725</u>	<u>\$ 101</u>	<u>\$ -</u>
<b><u>Adjusted Earnings (Loss) (a)</u></b>			
Exploration and Production	\$ 552	\$ 308	\$ 488
Marketing and Refining	(38)	26	(19)
Corporate	(26)	(33)	(42)
Interest Expense	(59)	(61)	(52)
Adjusted Earnings	<u>\$ 429</u>	<u>\$ 240</u>	<u>\$ 375</u>
Adjusted Earnings Per Share (Diluted)	<u>\$ 1.31</u>	<u>\$ .74</u>	<u>\$ 1.15</u>
Weighted Average Number of Shares (Diluted)	<u>327.6</u>	<u>326.0</u>	<u>327.5</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 2010

- **Exploration and Production** – Earnings include an after-tax 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. The earnings also include 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.

## 3Q 2009

- **Exploration and Production** – Earnings include after-tax income of \$89 million related to the resolution of a royalty dispute on production from certain leases subject to the U.S. Deep Water Royalty Relief Act.
- **Marketing and Refining** – Earnings include a tax benefit of \$12 million due to an income tax adjustment relating to refining operations.

## 2Q 2010

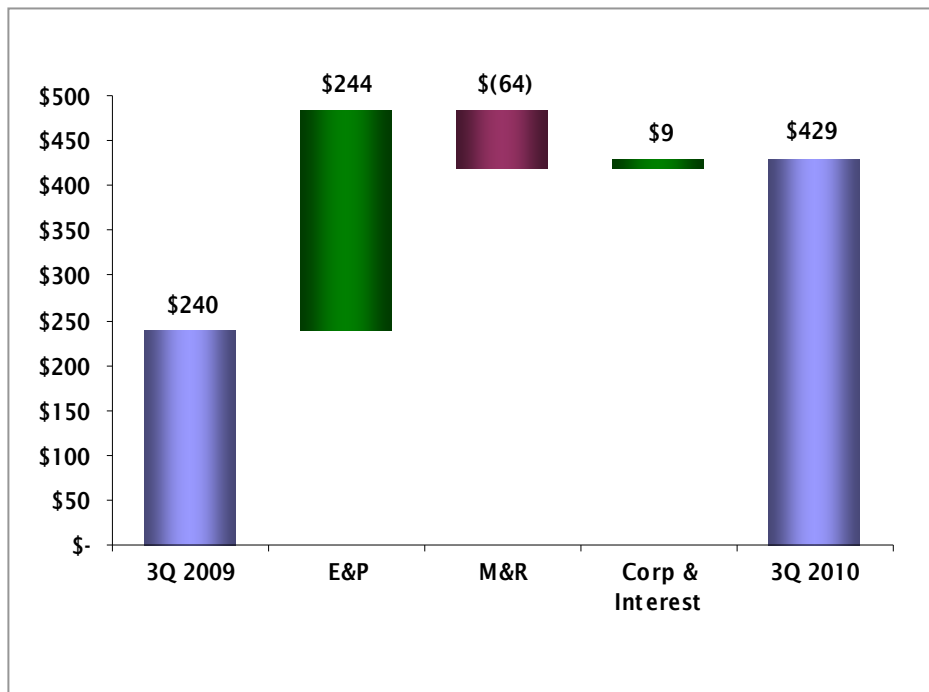
- **None Reported.**



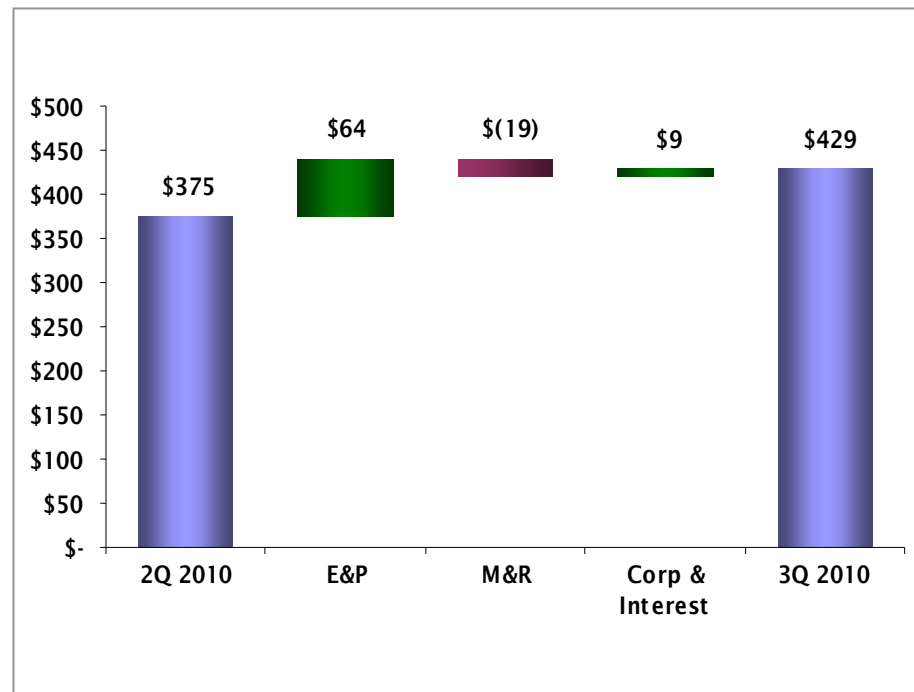
# Consolidated Adjusted Earnings

\$ Millions

### 3Q 2010 vs. 3Q 2009



### 3Q 2010 vs. 2Q 2010



# Analysis of Consolidated Adjusted Earnings

---

## 3Q 2010 vs. 3Q 2009

- **Exploration and Production** – The increase in earnings is primarily due to increases in realized selling prices, higher sales volumes and lower depreciation expenses, partially offset by higher cash operating costs and exploration expenses
- **Marketing and Refining** – Losses from refining operations, due to lower margins, and trading activities were partially offset by increased income from energy marketing operations.

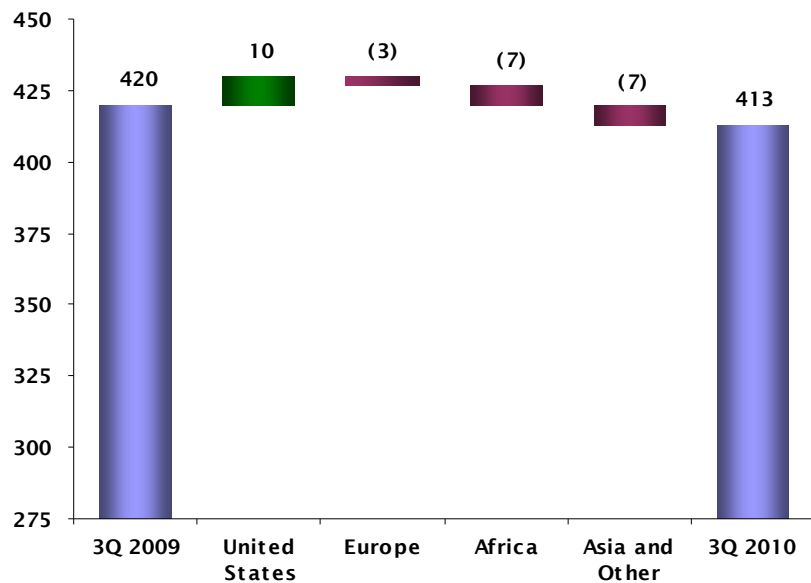
## 3Q 2010 vs. 2Q 2010

- **Exploration and Production** – The increase in earnings principally reflects higher sales volumes, partially offset by higher cash operating costs, depreciation and exploration expenses.
- **Marketing and Refining** – Losses from refining operations, due to lower margins, and trading activities were partially offset by increased income from energy marketing operations. During the second quarter, the Port Reading refining facility was shutdown for a scheduled turnaround. The after-tax expenses recorded in the second quarter for the turnaround were \$27 million.

# Worldwide Oil & Gas Production

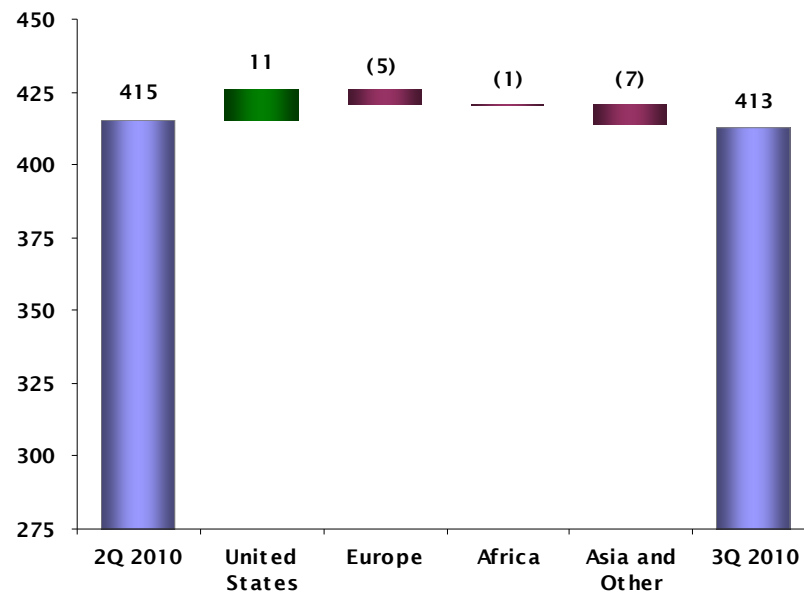
MBOEPD

### 3Q 2010 vs. 3Q 2009



	<u>3Q 2010</u>	<u>3Q 2009</u>	<u>Incr. / (Decr.)</u>
United States	113	103	10
Europe	102	105	(3)
Africa	117	124	(7)
Asia and Other	81	88	(7)
<b>Total</b>	<u>413</u>	<u>420</u>	<u>(7)</u>

### 3Q 2010 vs. 2Q 2010

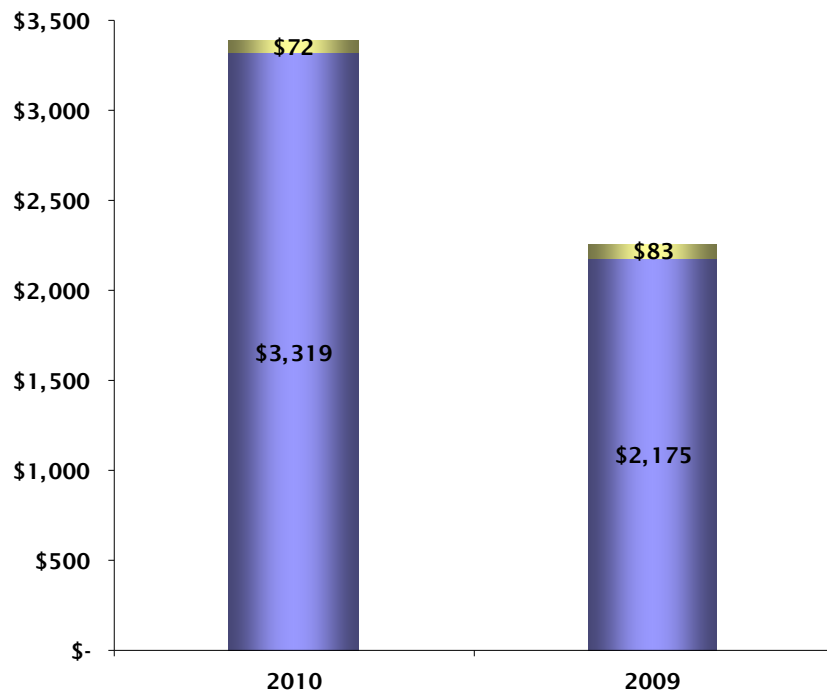


	<u>3Q 2010</u>	<u>2Q 2010</u>	<u>Incr. / (Decr.)</u>
United States	113	102	11
Europe	102	107	(5)
Africa	117	118	(1)
Asia and Other	81	88	(7)
<b>Total</b>	<u>413</u>	<u>415</u>	<u>(2)</u>



# Capital and Exploratory Expenditures

\$ Millions



E&P ■ MR&C ■

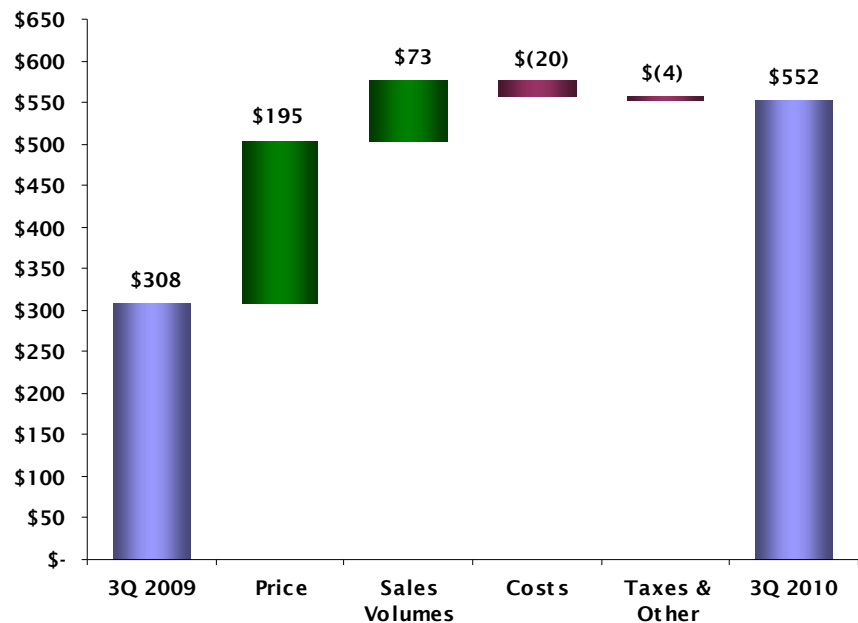
	<b>Nine months ended September 30,</b>	
	<b>2010</b>	<b>2009</b>
Exploration & Production		
United States	\$ 1,115	\$ 813
International	2,204	1,362
Total E&P	<u>3,319</u>	<u>2,175</u>
Marketing, Refining & Corporate	72	83
Total Capital & Exploratory Expenditures	<u><u>\$ 3,391</u></u>	<u><u>\$ 2,258</u></u>
Exploration Expenses Included Above		
United States	\$ 108	\$ 127
International	132	138
Total Exploration Expenses	<u><u>\$ 240</u></u>	<u><u>\$ 265</u></u>



# Exploration and Production Adjusted Earnings

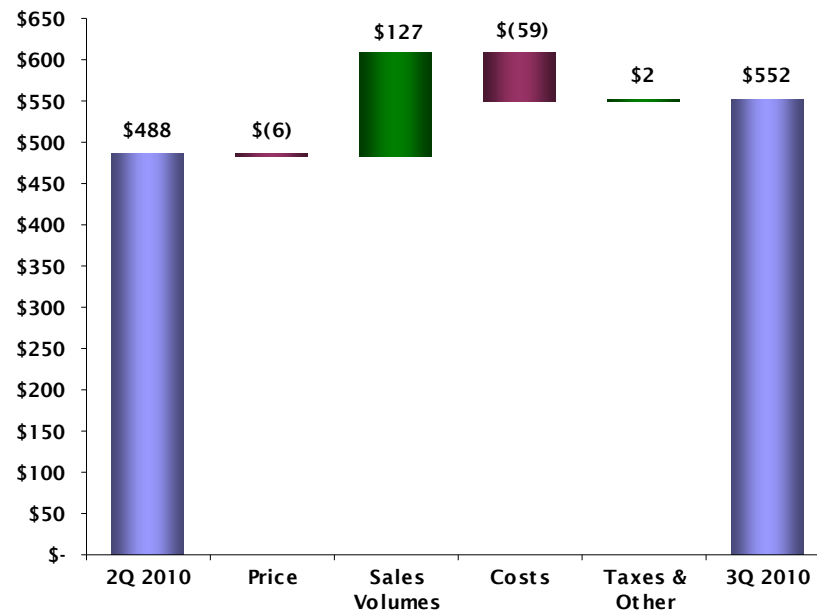
\$ Millions

### 3Q 2010 vs. 3Q 2009



	<u>3Q 2010</u>	<u>3Q 2009</u>	<u>Incr. / (Decr.)</u>
United States	\$ 118	\$ 73	\$ 45
International	434	235	199
<b>Total</b>	<u>\$ 552</u>	<u>\$ 308</u>	<u>\$ 244</u>

### 3Q 2010 vs. 2Q 2010



	<u>3Q 2010</u>	<u>2Q 2010</u>	<u>Incr. / (Decr.)</u>
United States	\$ 118	\$ 129	\$ (11)
International	434	359	75
<b>Total</b>	<u>\$ 552</u>	<u>\$ 488</u>	<u>\$ 64</u>

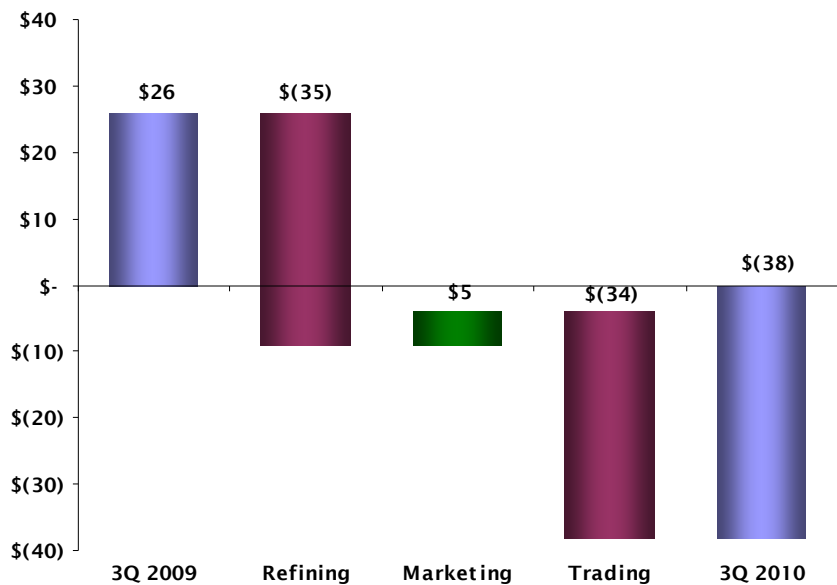




# Marketing and Refining Adjusted Earnings

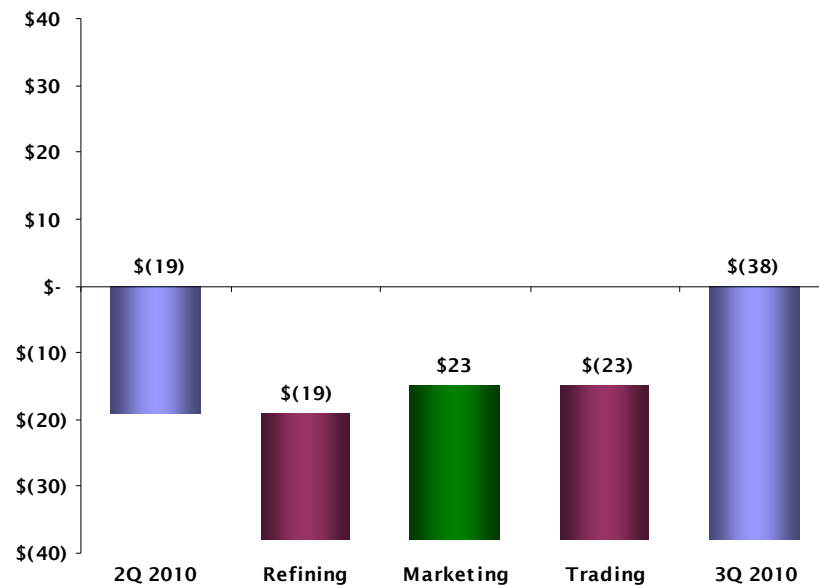
\$ Millions: Income (Loss)

### 3Q 2010 vs. 3Q 2009



	<u>3Q 2010</u>	<u>3Q 2009</u>	<u>Incr. / (Decr.)</u>
Refining	\$ (50)	\$ (15)	\$ (35)
Marketing	40	35	5
Trading	(28)	6	(34)
<b>Total</b>	<u><u>\$ (38)</u></u>	<u><u>\$ 26</u></u>	<u><u>\$ (64)</u></u>

### 3Q 2010 vs. 2Q 2010



	<u>3Q 2010</u>	<u>2Q 2010</u>	<u>Incr. / (Decr.)</u>
Refining	\$ (50)	\$ (31)	\$ (19)
Marketing	40	17	23
Trading	(28)	(5)	(23)
<b>Total</b>	<u><u>\$ (38)</u></u>	<u><u>\$ (19)</u></u>	<u><u>\$ (19)</u></u>