



**HESS CORPORATION**

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**Supplemental Earnings Information**

***First Quarter 2011***

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



\$ Millions, Except per Share Data

	1Q 2011	1Q 2010	4Q 2010
<b><u>Net Income (Loss) Attributable to Hess Corporation (U.S. GAAP)</u></b>			
Exploration and Production	\$ 979	\$ 551	\$ 420
Marketing and Refining	39	87	(261)
Corporate	(28)	(48)	(43)
Interest Expense	(61)	(52)	(58)
Net Income Attributable to Hess Corporation	<u>\$ 929</u>	<u>\$ 538</u>	<u>\$ 58</u>
Net Income Per Share (Diluted)	<u>\$ 2.74</u>	<u>\$ 1.65</u>	<u>\$ .18</u>
<b><u>Items Affecting Comparability - Income (Expense)</u></b>			
Exploration and Production	\$ 310	\$ 58	\$ (51)
Marketing and Refining	-	-	(289)
Corporate	-	(7)	-
Total Items Affecting Comparability	<u>\$ 310</u>	<u>\$ 51</u>	<u>\$ (340)</u>
<b><u>Adjusted Earnings (Loss) (a)</u></b>			
Exploration and Production	\$ 669	\$ 493	\$ 471
Marketing and Refining	39	87	28
Corporate	(28)	(41)	(43)
Interest Expense	(61)	(52)	(58)
Adjusted Earnings	<u>\$ 619</u>	<u>\$ 487</u>	<u>\$ 398</u>
Adjusted Earnings Per Share (Diluted)	<u>\$ 1.82</u>	<u>\$ 1.49</u>	<u>\$ 1.20</u>
Weighted Average Number of Shares (Diluted)	<u>339.2</u>	<u>327.0</u>	<u>330.5</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)

## 1Q 2011

- **Exploration and Production** – Earnings include a gain of \$310 million related to the sale of the Corporation's interests in certain natural gas producing assets in the United Kingdom North Sea.

## 1Q 2010

- **Exploration and Production** – Earnings include a gain of \$58 million related to the sale of the Corporation's interest in the Jambi Merang natural gas development project in Indonesia.
- **Corporate** – Expenses include a charge of \$7 million related to the repurchase of the remaining \$116 million bonds that were scheduled to mature in 2011.

## 4Q 2010

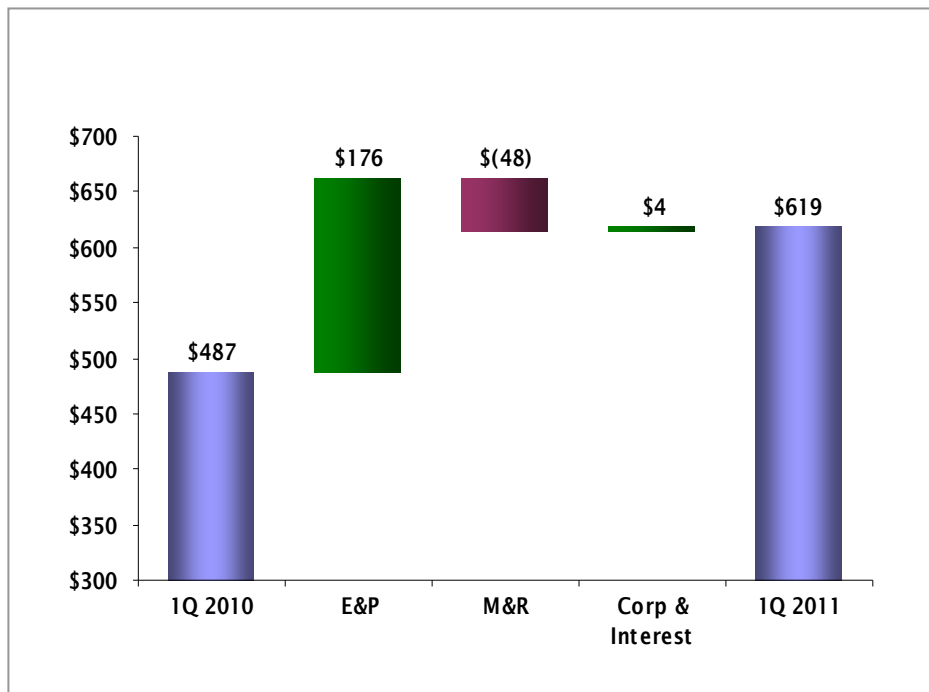
- **Exploration and Production** – Earnings include a charge of \$51 million related to dry hole costs associated with the Azulão exploration well located offshore Brazil, which was drilled in 2009.
- **Marketing and Refining** – Results include a charge of \$289 million to reduce the carrying value of the Corporation's equity investment in HOVENSA L.L.C.



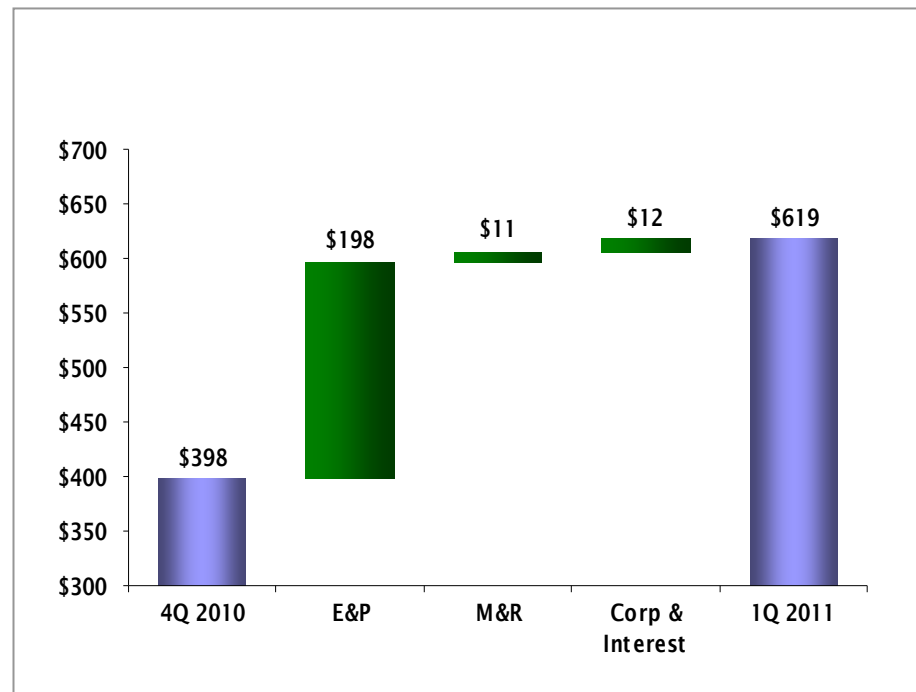
# Consolidated Adjusted Earnings

\$ Millions

### 1Q 2011 vs. 1Q 2010



### 1Q 2011 vs. 4Q 2010



# Analysis of Consolidated Adjusted Earnings

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## 1Q 2011 vs. 1Q 2010

- **Exploration and Production** – The increase in earnings is primarily due to higher selling prices, partially offset by higher costs, principally production and exploration expenses.
- **Marketing and Refining** – The decrease in earnings is primarily due to lower marketing earnings.

## 1Q 2011 vs. 4Q 2010

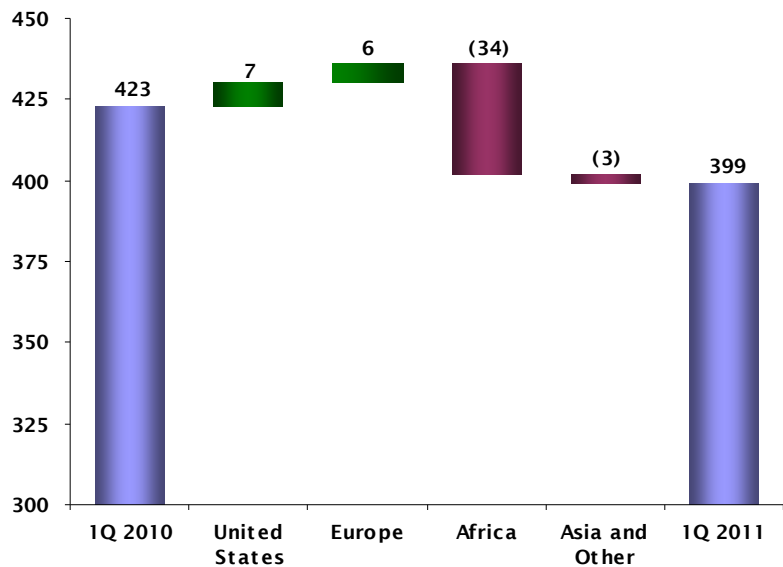
- **Exploration and Production** – The increase in earnings is primarily due to higher selling prices and lower depreciation, depletion and amortization expenses, partially offset by higher exploration expenses.
- **Marketing and Refining** – The increase in earnings is primarily due to higher marketing earnings and improved trading results, partially offset by higher losses in refining.



# Worldwide Oil & Gas Production

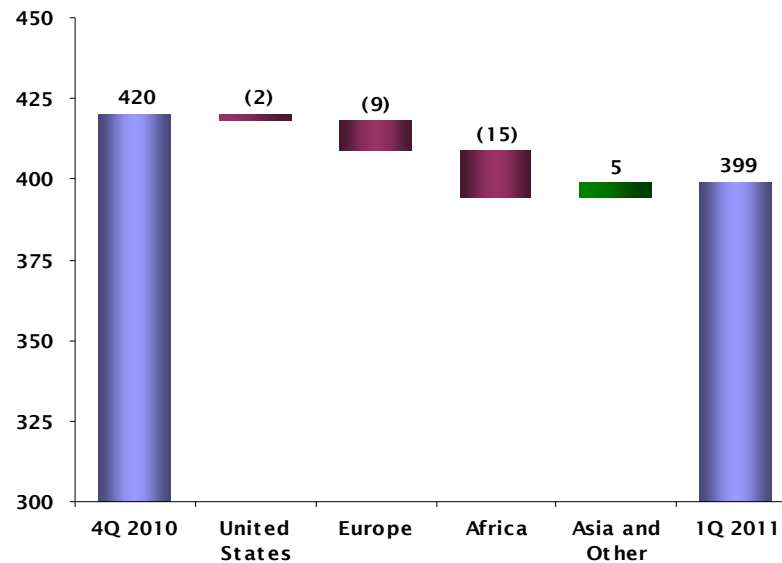
MBOEPD

## 1Q 2011 vs. 1Q 2010



	<u>1Q 2011</u>	<u>1Q 2010</u>	<u>Incr. / (Decr.)</u>
United States	107	100	7
Europe	121	115	6
Africa	84	118	(34)
Asia and Other	87	90	(3)
<b>Total</b>	<u>399</u>	<u>423</u>	<u>(24)</u>

## 1Q 2011 vs. 4Q 2010

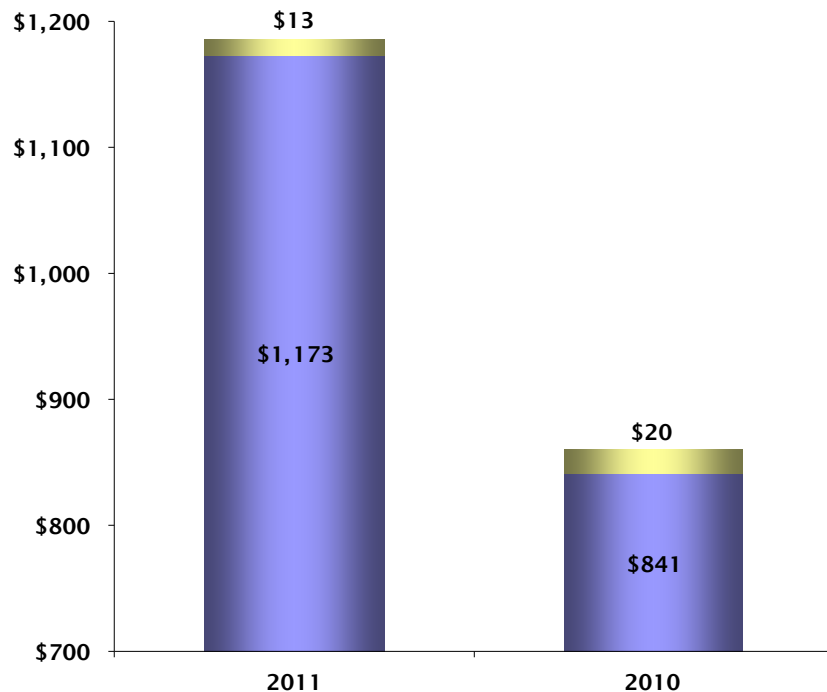


	<u>1Q 2011</u>	<u>4Q 2010</u>	<u>Incr. / (Decr.)</u>
United States	107	109	(2)
Europe	121	130	(9)
Africa	84	99	(15)
Asia and Other	87	82	5
<b>Total</b>	<u>399</u>	<u>420</u>	<u>(21)</u>



# Capital and Exploratory Expenditures

\$ Millions



E&P  MR&C

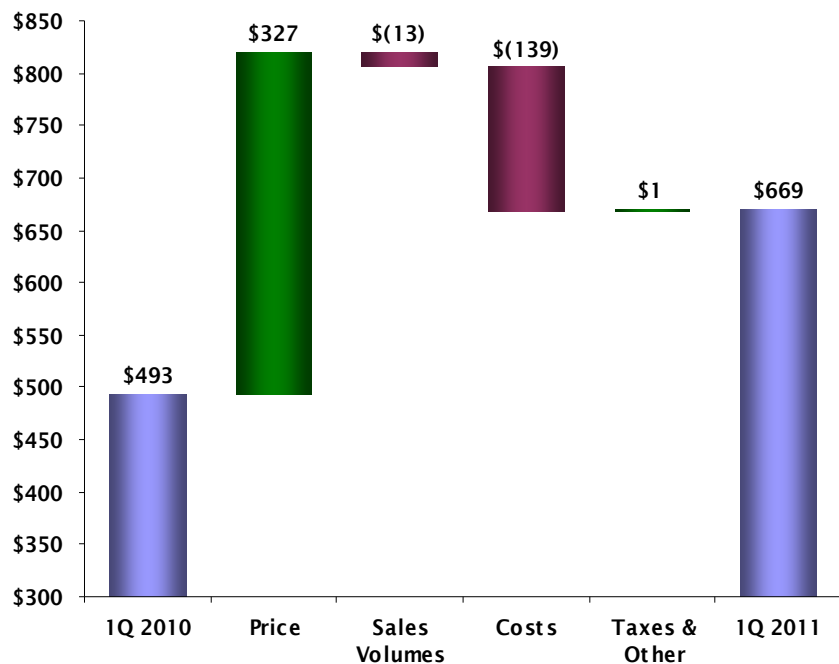
	Three Months Ended March 31,	
	2011	2010
Exploration & Production		
United States	\$ 540	\$ 337
International	633	504
Total E&P	<u>1,173</u>	<u>841</u>
Marketing, Refining & Corporate	13	20
Total Capital & Exploratory Expenditures	<u>\$ 1,186</u>	<u>\$ 861</u>
Exploration Expenses Included Above		
United States	\$ 42	\$ 41
International	62	32
Total Exploration Expenses	<u>\$ 104</u>	<u>\$ 73</u>



# Exploration and Production Adjusted Earnings

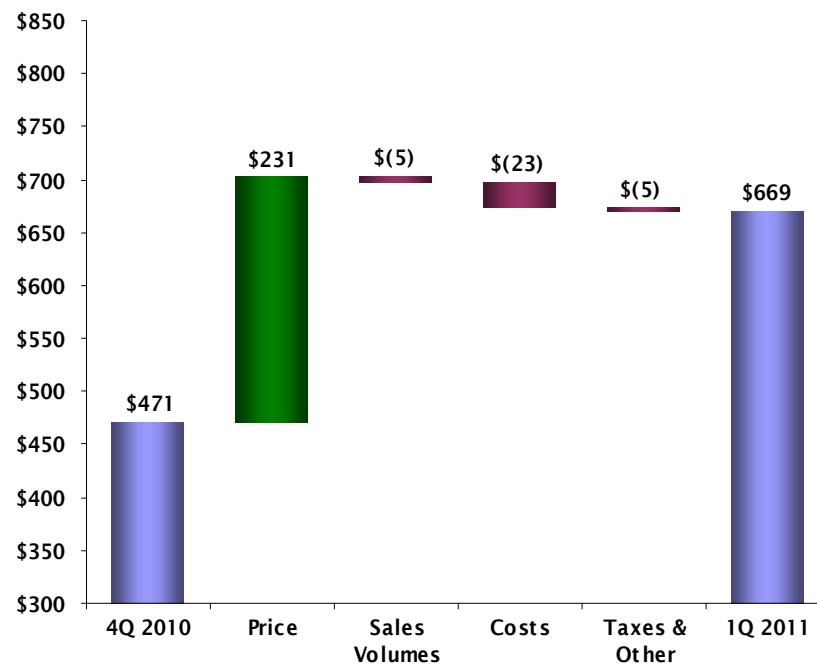
\$ Millions

## 1Q 2011 vs. 1Q 2010



	<u>1Q 2011</u>	<u>1Q 2010</u>	<u>Incr. / (Decr.)</u>
United States	\$ 187	\$ 138	\$ 49
International	482	355	127
<b>Total</b>	<u>\$ 669</u>	<u>\$ 493</u>	<u>\$ 176</u>

## 1Q 2011 vs. 4Q 2010



	<u>1Q 2011</u>	<u>4Q 2010</u>	<u>Incr. / (Decr.)</u>
United States	\$ 187	\$ 98	\$ 89
International	482	373	109
<b>Total</b>	<u>\$ 669</u>	<u>\$ 471</u>	<u>\$ 198</u>

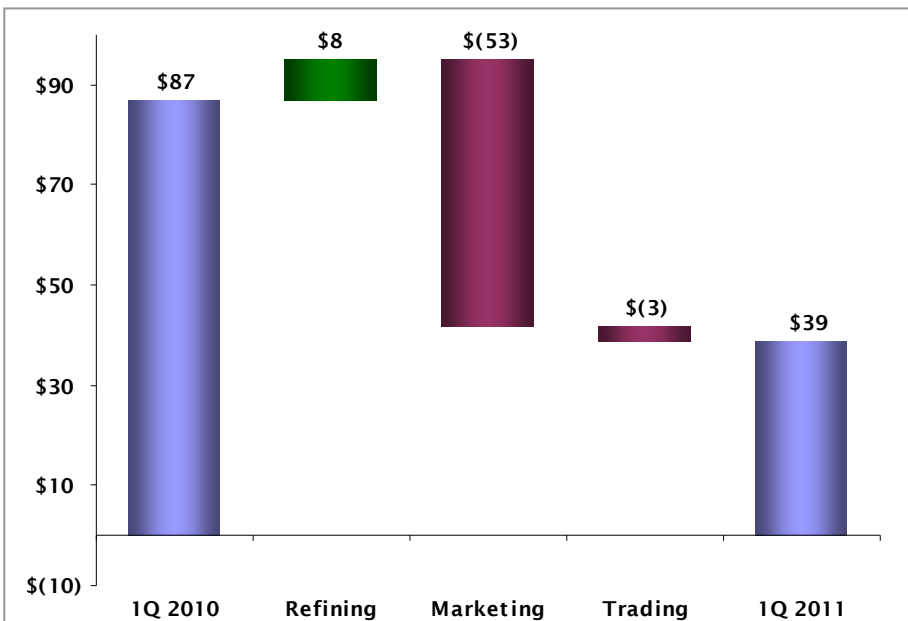




# Marketing and Refining Adjusted Earnings

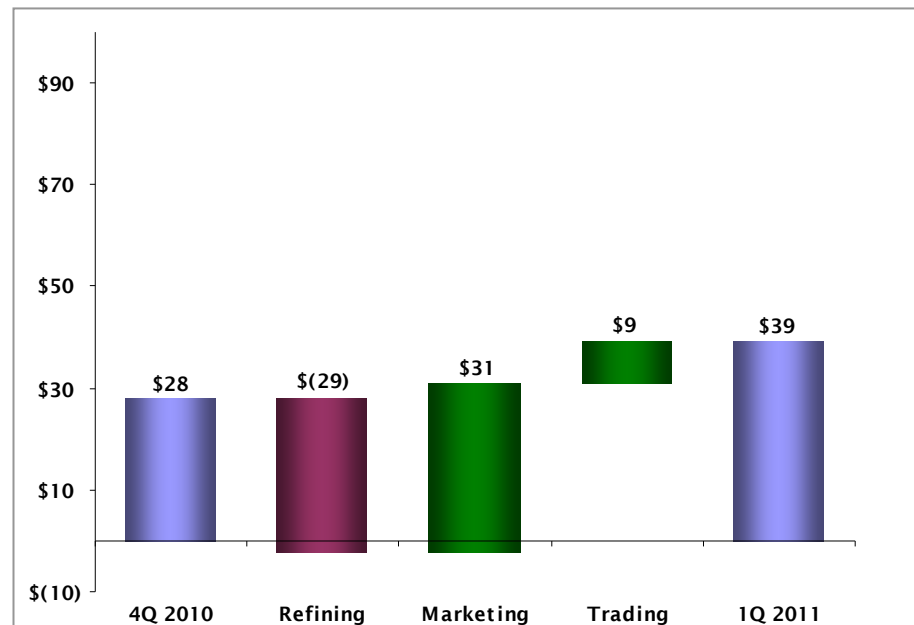
\$ Millions: Income (Loss)

### 1Q 2011 vs. 1Q 2010



	<u>1Q 2011</u>	<u>1Q 2010</u>	<u>Incr. / (Decr.)</u>
Refining	\$ (48)	\$ (56)	\$ 8
Marketing	68	121	(53)
Trading	19	22	(3)
<b>Total</b>	<u>\$ 39</u>	<u>\$ 87</u>	<u>\$ (48)</u>

### 1Q 2011 vs. 4Q 2010



	<u>1Q 2011</u>	<u>4Q 2010</u>	<u>Incr. / (Decr.)</u>
Refining	\$ (48)	\$ (19)	\$ (29)
Marketing	68	37	31
Trading	19	10	9
<b>Total</b>	<u>\$ 39</u>	<u>\$ 28</u>	<u>\$ 11</u>