



**HESS CORPORATION**

---

**Supplemental Earnings Information**

*Second Quarter 2012*

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



\$ Millions, Except per Share Data

	2Q 2012	2Q 2011	1Q 2012
<b><u>Net Income (Loss) Attributable to Hess Corporation (U.S. GAAP)</u></b>			
Exploration and Production	\$ 644	\$ 747	\$ 635
Marketing and Refining	8	(39)	11
Corporate	(39)	(42)	(38)
Interest Expense	(64)	(59)	(63)
<b>Net Income (Loss) Attributable to Hess Corporation</b>	<b><u>\$ 549</u></b>	<b><u>\$ 607</u></b>	<b><u>\$ 545</u></b>
<b>Net Income (Loss) Per Share (Diluted)</b>	<b><u>\$ 1.61</u></b>	<b><u>\$ 1.78</u></b>	<b><u>\$ 1.60</u></b>
<b><u>Items Affecting Comparability - Income (Expense)</u></b>			
Exploration and Production	\$ (36)	\$ -	\$ 36
Marketing and Refining	-	-	-
Corporate	-	-	-
<b>Total Items Affecting Comparability</b>	<b><u>\$ (36)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 36</u></b>
<b><u>Adjusted Earnings (Loss) (a)</u></b>			
Exploration and Production	\$ 680	\$ 747	\$ 599
Marketing and Refining	8	(39)	11
Corporate	(39)	(42)	(38)
Interest Expense	(64)	(59)	(63)
<b>Adjusted Earnings</b>	<b><u>\$ 585</u></b>	<b><u>\$ 607</u></b>	<b><u>\$ 509</u></b>
<b>Adjusted Earnings Per Share (Diluted)</b>	<b><u>\$ 1.72</u></b>	<b><u>\$ 1.78</u></b>	<b><u>\$ 1.50</u></b>
<b>Weighted Average Number of Shares (Diluted)</b>	<b><u>340.4</u></b>	<b><u>340.4</u></b>	<b><u>340.3</u></b>

- (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)

### 2Q 2012

- **Exploration and Production** – Earnings include a charge of \$36 million for certain exploration properties in the Eagle Ford shale in the United States that are expected to be divested in an asset exchange with a joint venture partner.

### 2Q 2011

- None reported.

### 1Q 2012

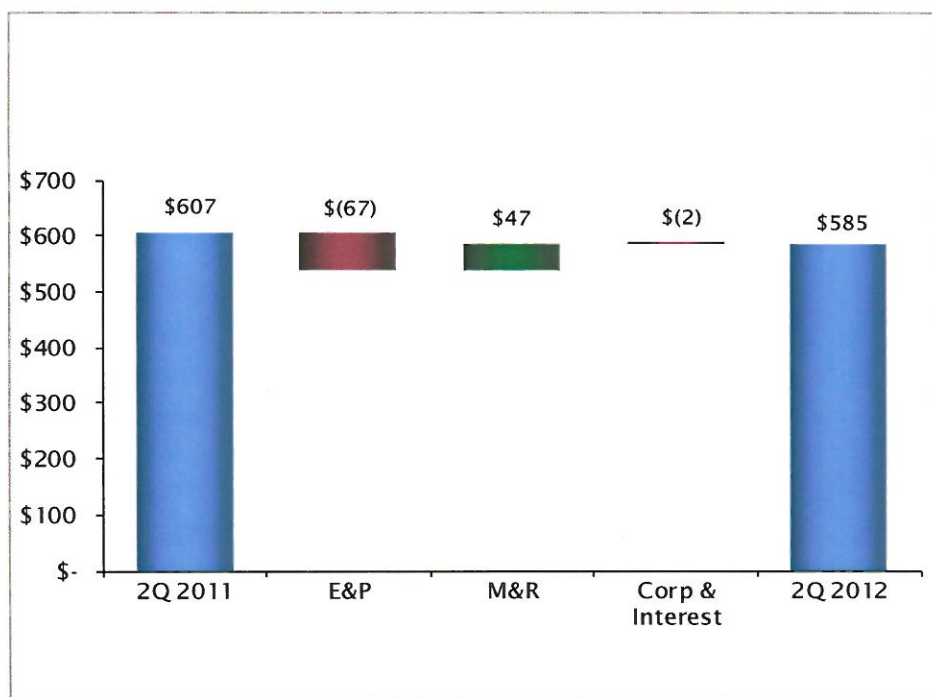
- **Exploration and Production** – Earnings include a gain of \$36 million related to the sale of the Corporation's interest in the Snohvit Field, offshore Norway.



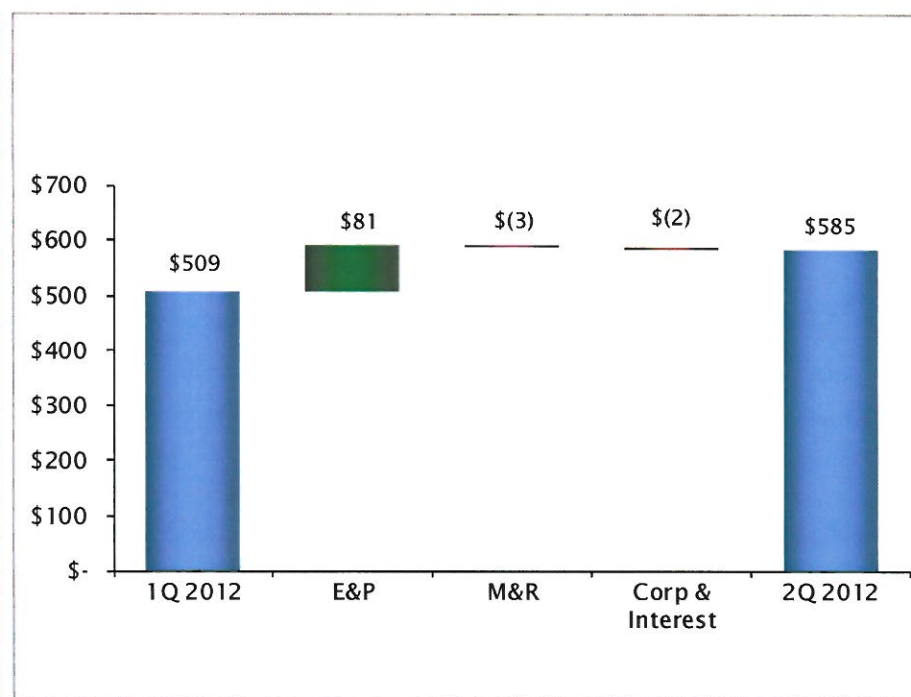
# Consolidated Adjusted Earnings

\$ Millions

### 2Q 2012 vs. 2Q 2011



### 2Q 2012 vs. 1Q 2012





## Analysis of Consolidated Adjusted Earnings

---

### 2Q 2012 vs. 2Q 2011

- **Exploration and Production** – The decrease in earnings is primarily due to lower crude oil selling prices and higher operating costs, partially offset by higher crude oil sales volumes.
- **Marketing and Refining** – The increase in earnings is primarily due to improved refining results as a result of the shutdown of HOVENSA's refinery, partially offset by lower marketing earnings.

### 2Q 2012 vs. 1Q 2012

- **Exploration and Production** – The increase in earnings is primarily due to higher crude oil sales volumes, partially offset by lower realized crude oil selling prices and higher depreciation, depletion and amortization expense.
- **Marketing and Refining** – The decrease in earnings reflects higher trading losses and slightly lower marketing earnings, partially offset by higher refining earnings as a result of improved margins at the Port Reading Refinery.

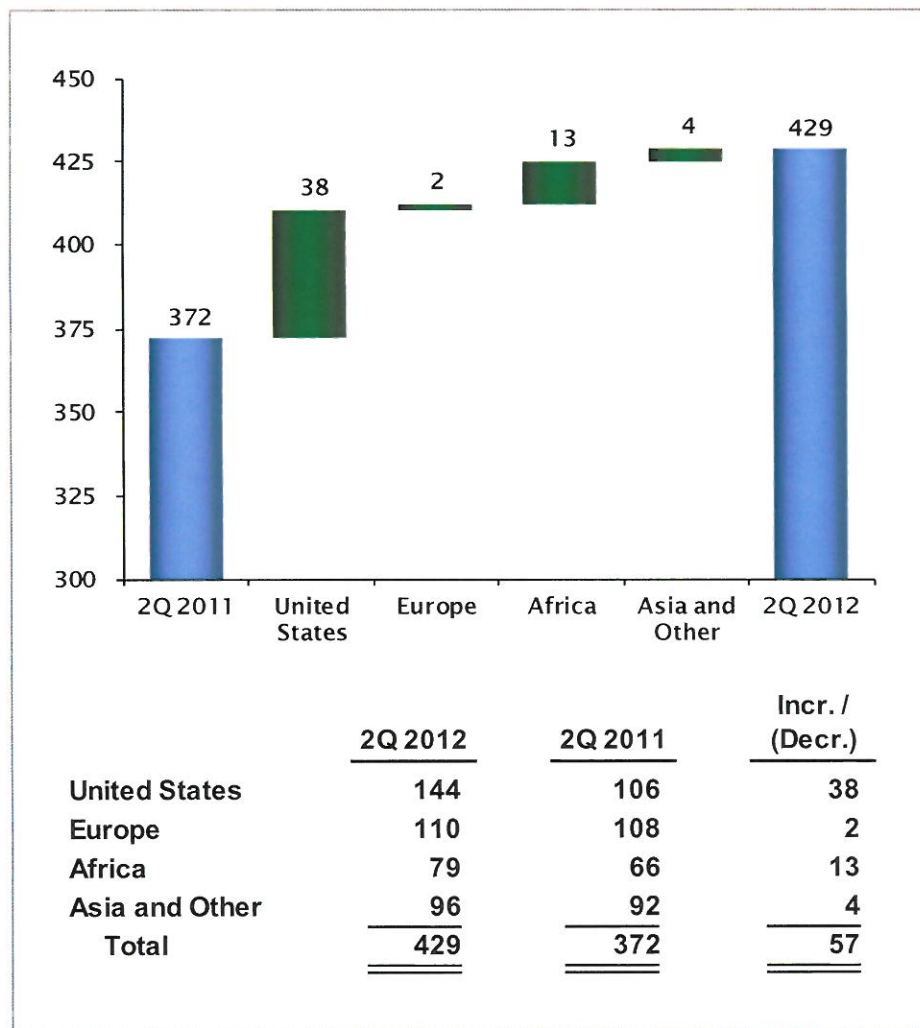




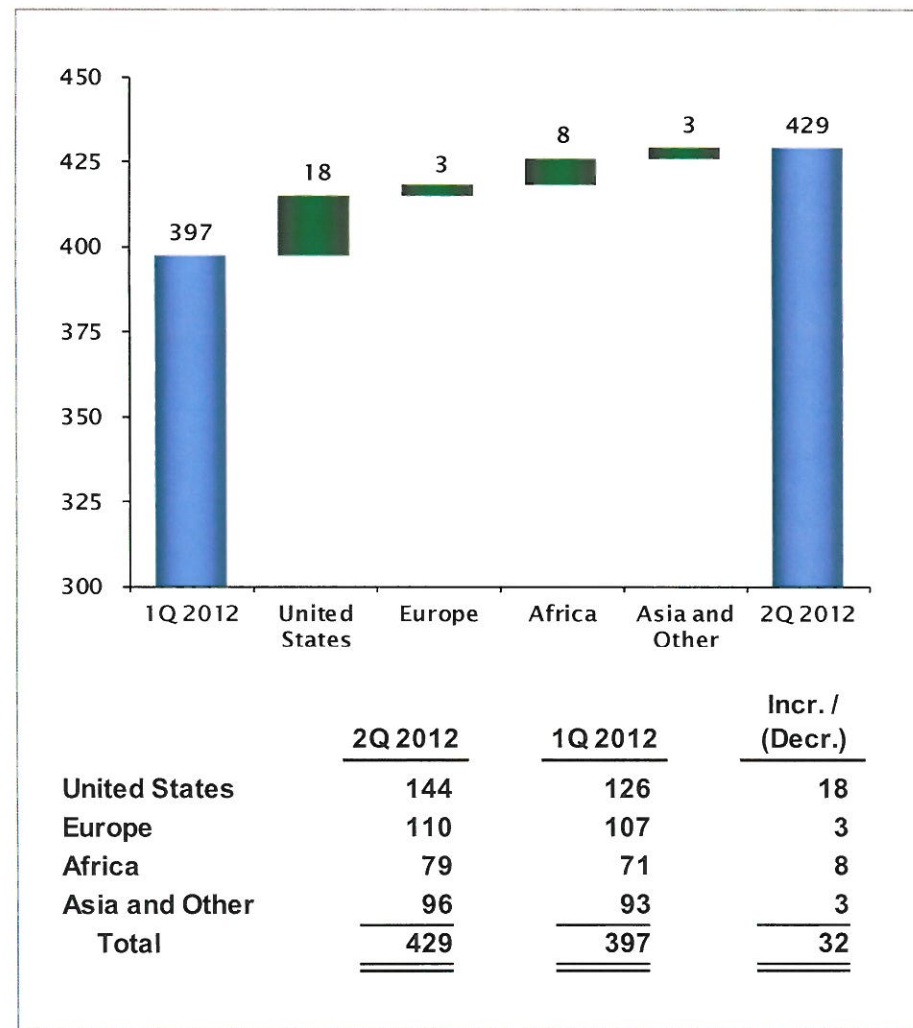
# Worldwide Oil & Gas Production

MBOEPD

## 2Q 2012 vs. 2Q 2011



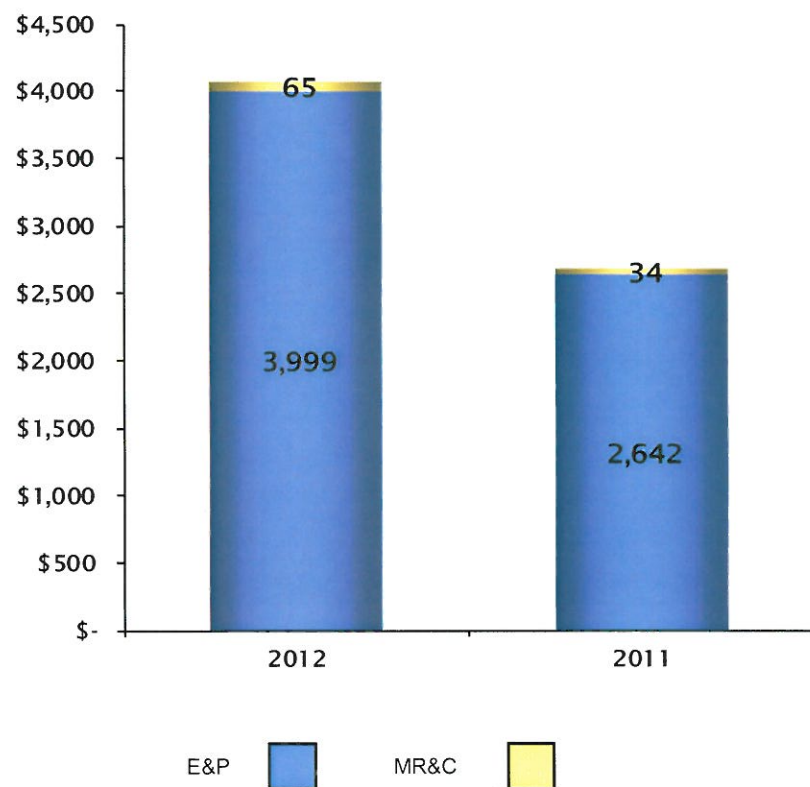
## 2Q 2012 vs. 1Q 2012





# Capital and Exploratory Expenditures

\$ Millions



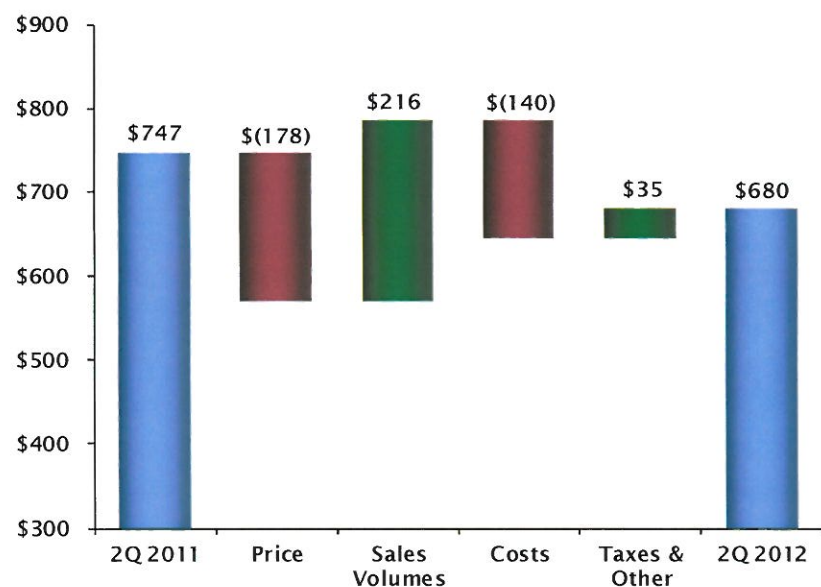
	Six Months Ended June 30,	
	2012	2011
Exploration & Production		
United States	\$ 2,484	\$ 1,333
International	1,515	1,309
Total E&P	<u>3,999</u>	<u>2,642</u>
Marketing, Refining & Corporate	65	34
Total Capital & Exploratory Expenditures	<u>\$ 4,064</u>	<u>\$ 2,676</u>
Exploration Expenses Included Above		
United States	\$ 70	\$ 98
International	138	121
Total Exploration Expenses	<u>\$ 208</u>	<u>\$ 219</u>



# Exploration and Production Adjusted Earnings

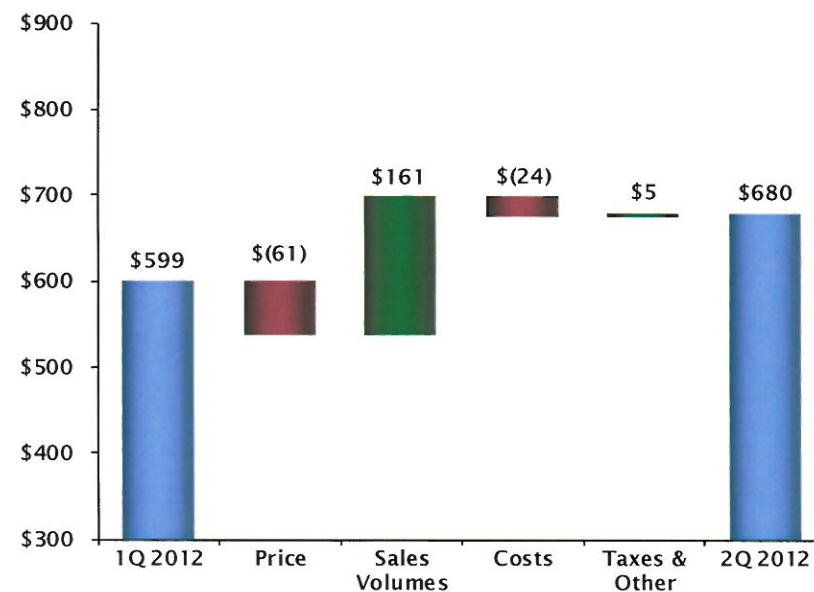
\$ Millions

### 2Q 2012 vs. 2Q 2011



	2Q 2012	2Q 2011	Incr. / (Decr.)
United States	\$ 196	\$ 203	\$ (7)
International	484	544	(60)
<b>Total</b>	<b>\$ 680</b>	<b>\$ 747</b>	<b>\$ (67)</b>

### 2Q 2012 vs. 1Q 2012



	2Q 2012	1Q 2012	Incr. / (Decr.)
United States	\$ 196	\$ 187	\$ 9
International	484	412	72
<b>Total</b>	<b>\$ 680</b>	<b>\$ 599</b>	<b>\$ 81</b>

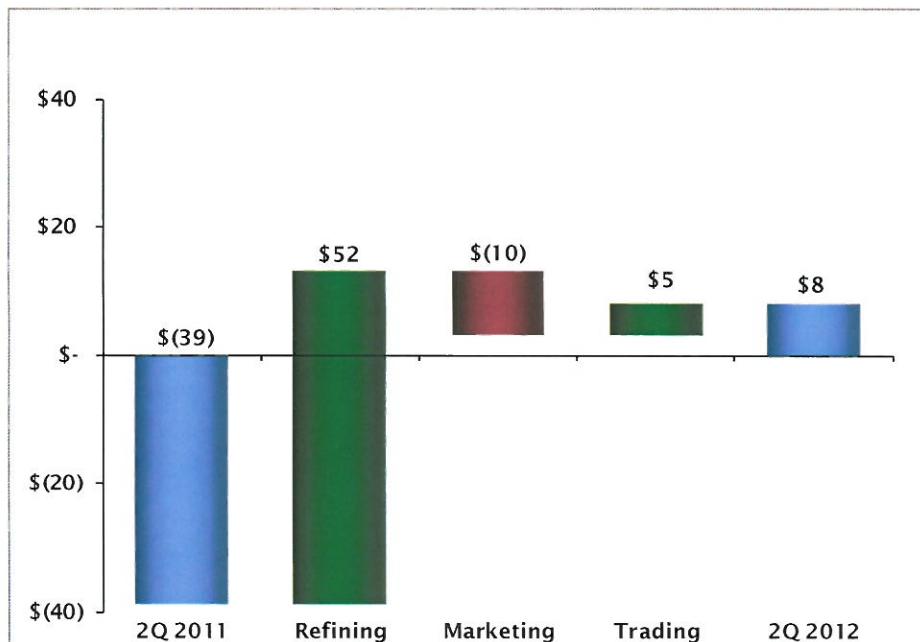




# Marketing and Refining Adjusted Earnings

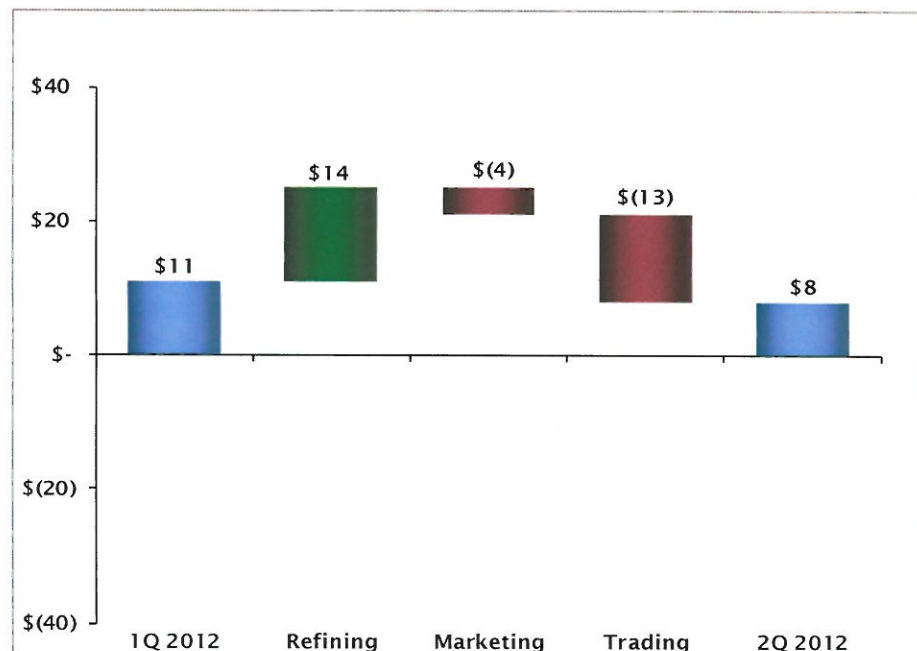
\$ Millions: Income (Loss)

2Q 2012 vs. 2Q 2011



	2Q 2012	2Q 2011	Incr. / (Decr.)
Marketing	\$ 18	\$ 28	\$ (10)
Refining	8	(44)	52
Trading	(18)	(23)	5
<b>Total</b>	<b>\$ 8</b>	<b>\$ (39)</b>	<b>\$ 47</b>

2Q 2012 vs. 1Q 2012



	2Q 2012	1Q 2012	Incr. / (Decr.)
Marketing	\$ 18	\$ 22	\$ (4)
Refining	8	(6)	14
Trading	(18)	(5)	(13)
<b>Total</b>	<b>\$ 8</b>	<b>\$ 11</b>	<b>\$ (3)</b>