



**HESS CORPORATION**

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**Supplemental Earnings Information**

***Second Quarter 2011***

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



\$ Millions, Except per Share Data

	2Q 2011	2Q 2010	1Q 2011
<b><u>Net Income (Loss) Attributable to Hess Corporation (U.S. GAAP)</u></b>			
Exploration and Production	\$ 747	\$ 488	\$ 979
Marketing and Refining	(39)	(19)	39
Corporate	(42)	(42)	(28)
Interest Expense	(59)	(52)	(61)
Net Income Attributable to Hess Corporation	<u>\$ 607</u>	<u>\$ 375</u>	<u>\$ 929</u>
Net Income Per Share (Diluted)	<u>\$ 1.78</u>	<u>\$ 1.15</u>	<u>\$ 2.74</u>
<b><u>Items Affecting Comparability - Income (Expense)</u></b>			
Exploration and Production	\$ -	\$ -	\$ 310
Marketing and Refining	-	-	-
Corporate	-	-	-
Total Items Affecting Comparability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 310</u>
<b><u>Adjusted Earnings (Loss) (a)</u></b>			
Exploration and Production	\$ 747	\$ 488	\$ 669
Marketing and Refining	(39)	(19)	39
Corporate	(42)	(42)	(28)
Interest Expense	(59)	(52)	(61)
Adjusted Earnings	<u>\$ 607</u>	<u>\$ 375</u>	<u>\$ 619</u>
Adjusted Earnings Per Share (Diluted)	<u>\$ 1.78</u>	<u>\$ 1.15</u>	<u>\$ 1.82</u>
Weighted Average Number of Shares (Diluted)	<u>340.4</u>	<u>327.5</u>	<u>339.2</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

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(Amounts are after income taxes)

## 2Q 2011

- None Reported.

## 2Q 2010

- None Reported.

## 1Q 2011

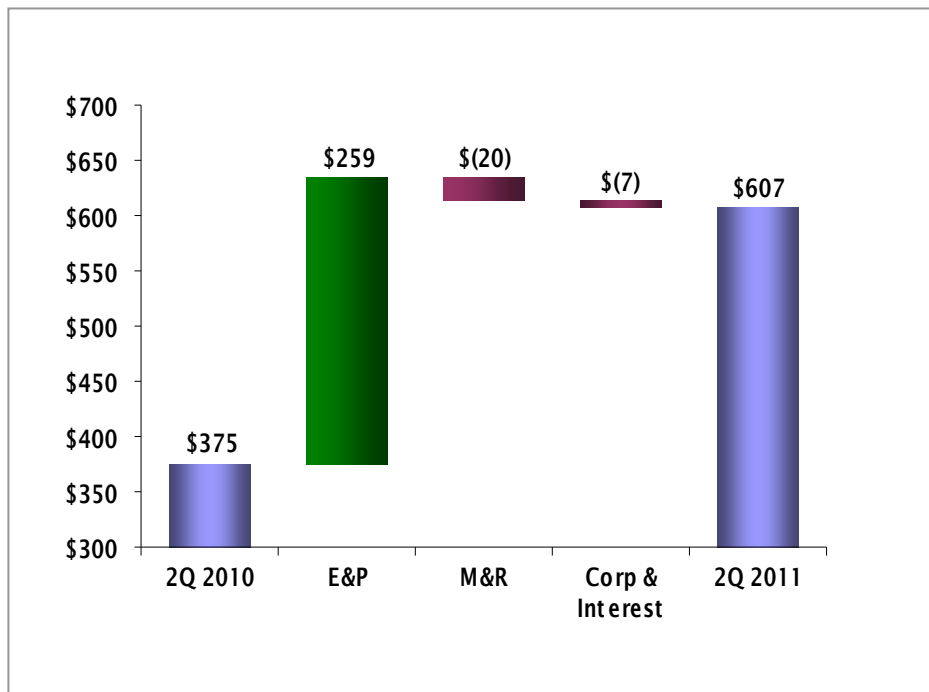
- **Exploration and Production** – Earnings include a gain of \$310 million related to the sale of the Corporation's interests in certain natural gas producing assets in the United Kingdom North Sea.



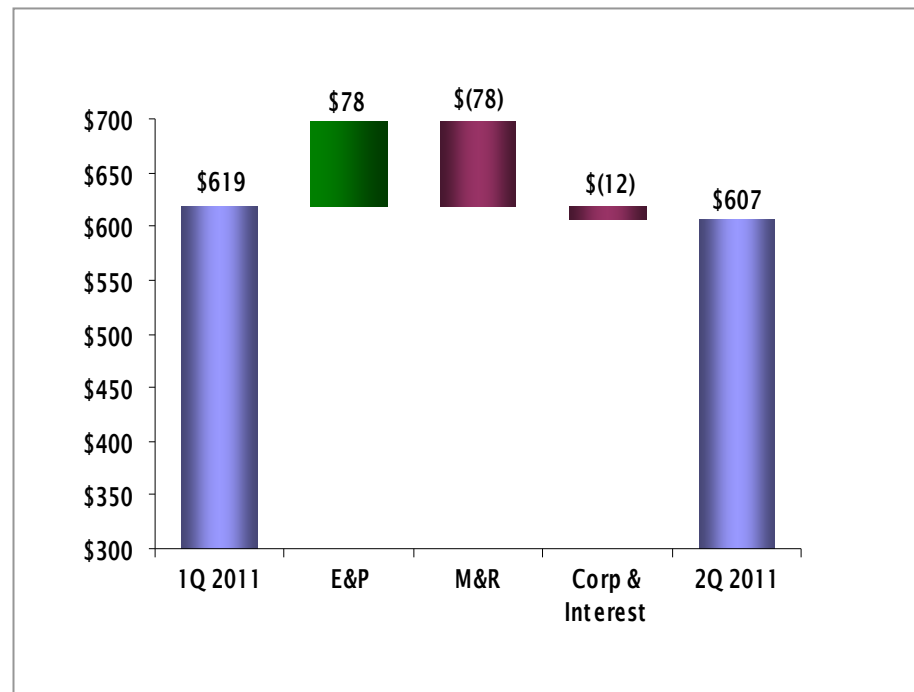
# Consolidated Adjusted Earnings

\$ Millions

### 2Q 2011 vs. 2Q 2010



### 2Q 2011 vs. 1Q 2011



# Analysis of Consolidated Adjusted Earnings

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## 2Q 2011 vs. 2Q 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, and lower sales volumes.
- **Marketing and Refining** – The decrease in earnings is primarily due to higher losses from refining and trading, partially offset by higher marketing earnings. Refining results for the second quarter of 2011 include income of approximately \$14 million from the Corporation's share of LIFO liquidations at HOVENSA.

## 2Q 2011 vs. 1Q 2011

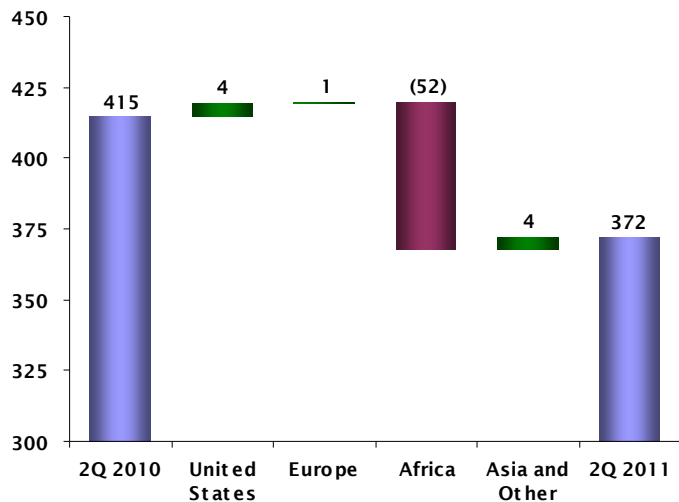
- **Exploration and Production** – The increase in earnings is primarily due to higher selling prices and lower exploration expenses, partially offset by lower sales volumes and higher operating costs.
- **Marketing and Refining** – The decrease in earnings is due to lower marketing earnings, principally reflecting seasonally lower margins and sales volumes in energy marketing, coupled with higher losses incurred from trading activities. Refining results include income of approximately \$14 million for the second quarter of 2011 and \$40 million for the first quarter of 2011 from the Corporation's share of LIFO liquidations at HOVENSA.



# Worldwide Oil & Gas Production

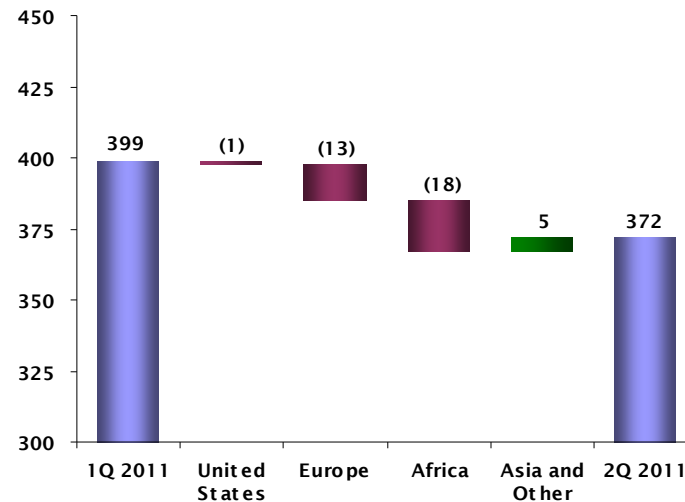
MBOEPD

## 2Q 2011 vs. 2Q 2010



	<u>2Q 2011</u>	<u>2Q 2010</u>	<u>Incr. / (Decr.)</u>
United States	106	102	4
Europe	108	107	1
Africa	66	118	(52)
Asia and Other	92	88	4
<b>Total</b>	<u>372</u>	<u>415</u>	<u>(43)</u>

## 2Q 2011 vs. 1Q 2011

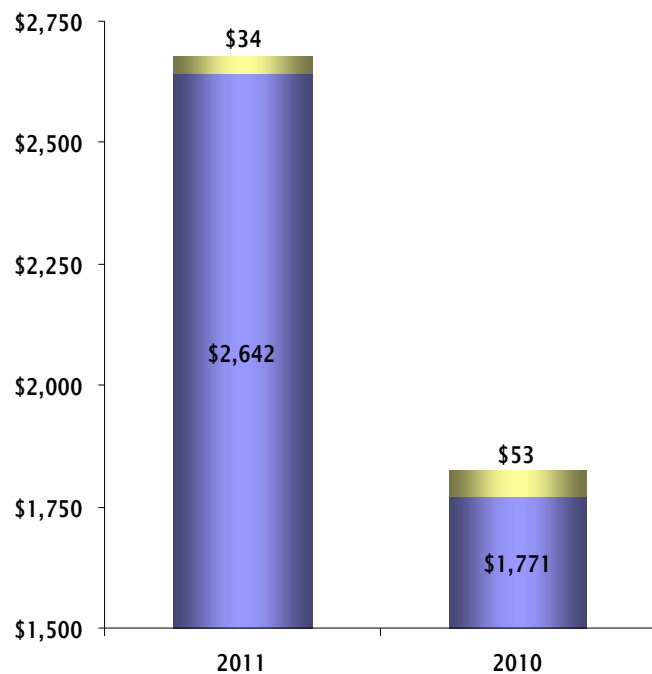


	<u>2Q 2011</u>	<u>1Q 2011</u>	<u>Incr. / (Decr.)</u>
United States	106	107	(1)
Europe	108	121	(13)
Africa	66	84	(18)
Asia and Other	92	87	5
<b>Total</b>	<u>372</u>	<u>399</u>	<u>(27)</u>



# Capital and Exploratory Expenditures

\$ Millions



E&P  MR&C

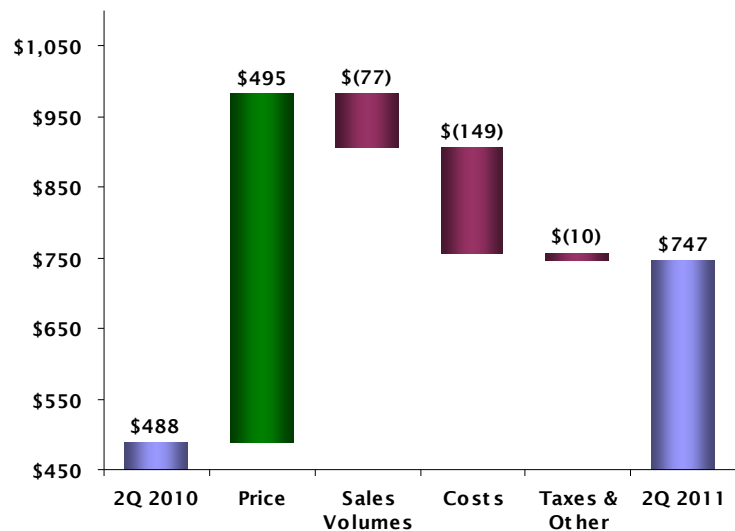
	Six Months Ended June 30,	
	2011	2010
Exploration & Production		
United States	\$ 1,333	\$ 736
International	1,309	1,035
Total E&P	<u>2,642</u>	<u>1,771</u>
Marketing, Refining & Corporate	34	53
Total Capital & Exploratory Expenditures	<u><u>\$ 2,676</u></u>	<u><u>\$ 1,824</u></u>
Exploration Expenses Included Above		
United States	\$ 98	\$ 62
International	121	73
Total Exploration Expenses	<u><u>\$ 219</u></u>	<u><u>\$ 135</u></u>



# Exploration and Production Adjusted Earnings

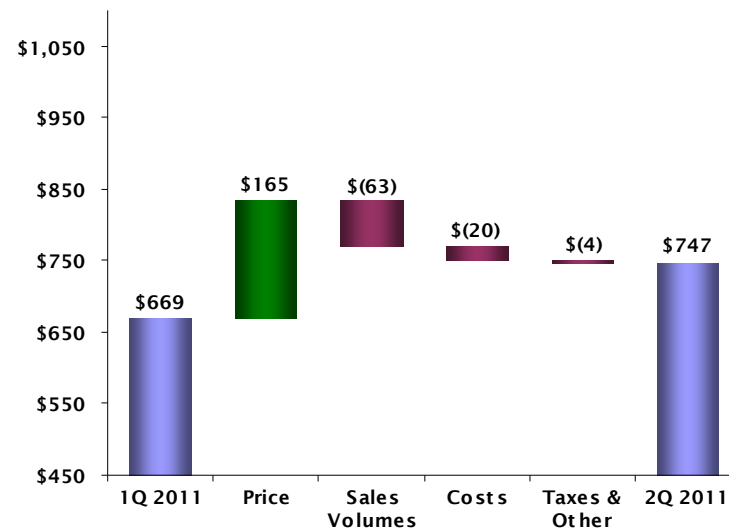
\$ Millions

## 2Q 2011 vs. 2Q 2010



	<u>2Q 2011</u>	<u>2Q 2010</u>	<u>Incr. / (Decr.)</u>
United States	\$ 203	\$ 129	\$ 74
International	544	359	185
<b>Total</b>	<u>\$ 747</u>	<u>\$ 488</u>	<u>\$ 259</u>

## 2Q 2011 vs. 1Q 2011



	<u>2Q 2011</u>	<u>1Q 2011</u>	<u>Incr. / (Decr.)</u>
United States	\$ 203	\$ 187	\$ 16
International	544	482	62
<b>Total</b>	<u>\$ 747</u>	<u>\$ 669</u>	<u>\$ 78</u>

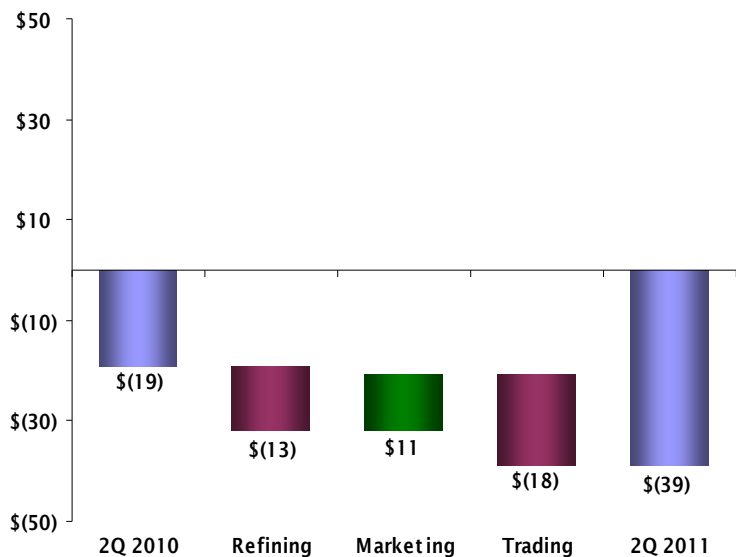




# Marketing and Refining Adjusted Earnings

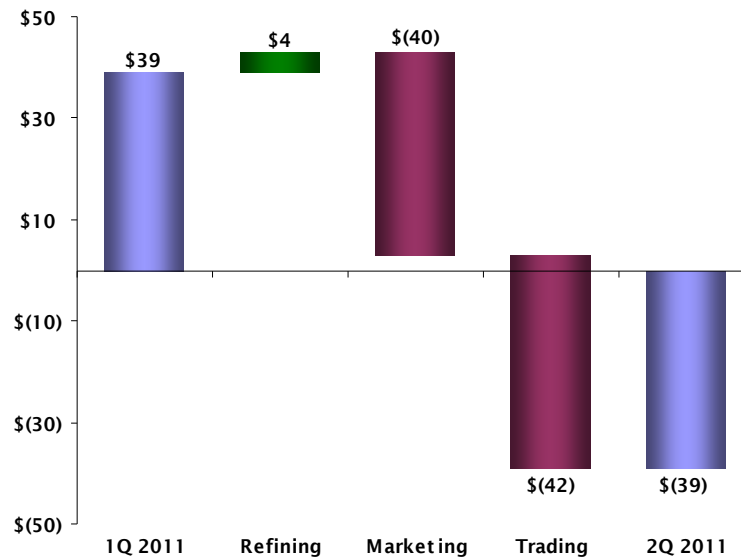
\$ Millions: Income (Loss)

## 2Q 2011 vs. 2Q 2010



	<u>2Q 2011</u>	<u>2Q 2010</u>	<u>Incr. / (Decr.)</u>
Refining	\$ (44)	\$ (31)	\$ (13)
Marketing	28	17	11
Trading	(23)	(5)	(18)
<b>Total</b>	<b><u>\$(39)</u></b>	<b><u>\$(19)</u></b>	<b><u>\$(20)</u></b>

## 2Q 2011 vs. 1Q 2011



	<u>2Q 2011</u>	<u>1Q 2011</u>	<u>Incr. / (Decr.)</u>
Refining	\$ (44)	\$ (48)	\$ 4
Marketing	28	68	(40)
Trading	(23)	19	(42)
<b>Total</b>	<b><u>\$(39)</u></b>	<b><u>\$39</u></b>	<b><u>\$(78)</u></b>