



HESS CORPORATION

Supplemental Earnings Information

Fourth Quarter 2010

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



\$ Millions, Except per Share Data

	4Q 2010	4Q 2009	3Q 2010
<u>Net Income (Loss) Attributable to Hess Corporation (U.S. GAAP)</u>			
Exploration and Production	\$ 420	\$ 494	\$ 1,277
Marketing and Refining	(261)	17	(38)
Corporate	(43)	(97)	(26)
Interest Expense	<u>(58)</u>	<u>(56)</u>	<u>(59)</u>
Net Income Attributable to Hess Corporation	<u>\$ 58</u>	<u>\$ 358</u>	<u>\$ 1,154</u>
Net Income Per Share (Diluted)	<u>\$.18</u>	<u>\$ 1.10</u>	<u>\$ 3.52</u>
<u>Items Affecting Comparability - Income (Expense)</u>			
Exploration and Production	\$ (51)	\$ -	\$ 725
Marketing and Refining	(289)	-	-
Corporate	-	(44)	-
Total Items Affecting Comparability	<u>\$ (340)</u>	<u>\$ (44)</u>	<u>\$ 725</u>
<u>Adjusted Earnings (Loss) (a)</u>			
Exploration and Production	\$ 471	\$ 494	\$ 552
Marketing and Refining	28	17	(38)
Corporate	(43)	(53)	(26)
Interest Expense	<u>(58)</u>	<u>(56)</u>	<u>(59)</u>
Adjusted Earnings	<u>\$ 398</u>	<u>\$ 402</u>	<u>\$ 429</u>
Adjusted Earnings Per Share (Diluted)	<u>\$ 1.20</u>	<u>\$ 1.23</u>	<u>\$ 1.31</u>
Weighted Average Number of Shares (Diluted)	<u>330.5</u>	<u>326.4</u>	<u>327.6</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)

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.

4Q 2009

- **Corporate** – Expenses include charges of \$34 million for the repurchase of \$546 million of bonds that were scheduled to mature in 2011 and \$10 million for pension plan settlements related to employee retirements.

3Q 2010

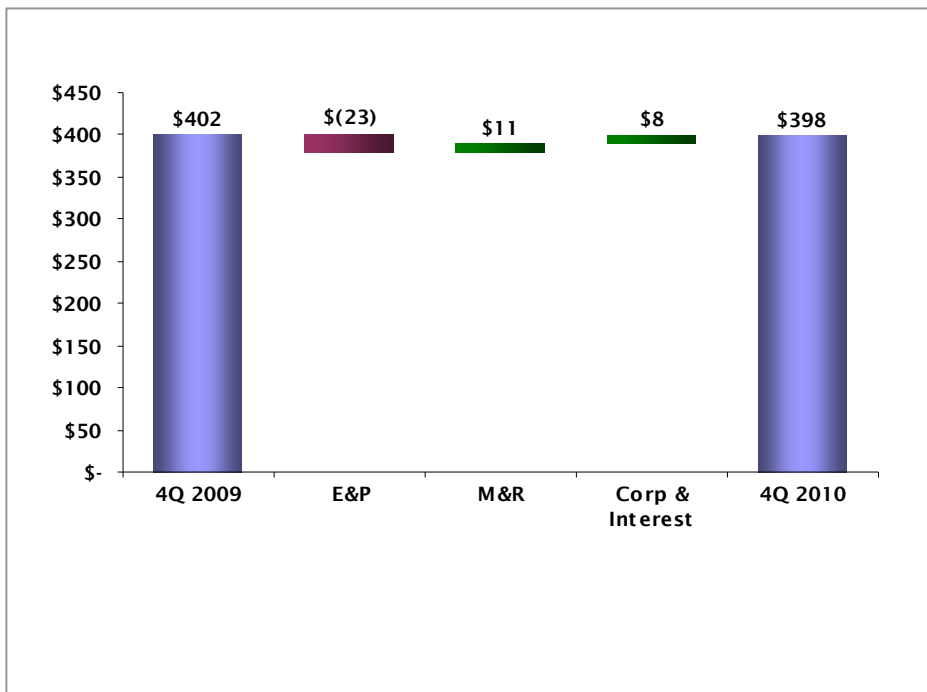
- **Exploration and Production** – Earnings include a gain of \$1,072 million related to the exchange of the Corporation's interests in Gabon and the Clair Field in the United Kingdom for a 28.1 percent interest in the Valhall Field and a 25.0 percent interest in the Hod Field, both in Norway. The earnings also include a 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.



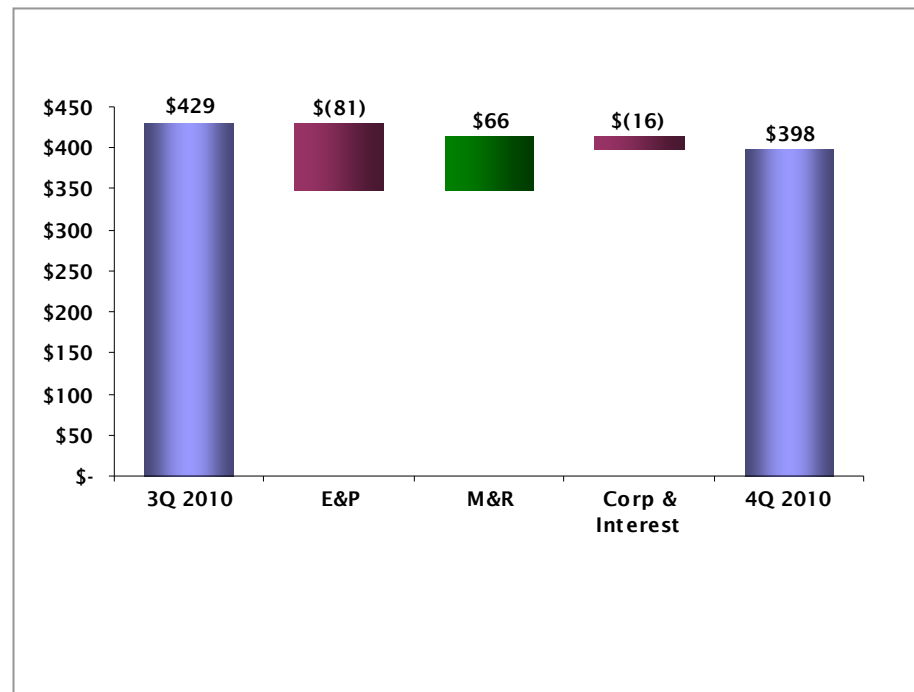
Consolidated Adjusted Earnings

\$ Millions

4Q 2010 vs. 4Q 2009



4Q 2010 vs. 3Q 2010





Analysis of Consolidated Adjusted Earnings

4Q 2010 vs. 4Q 2009

- **Exploration and Production** – The decrease in earnings is primarily due to lower sales volumes and higher costs, principally relating to exploration expenses, partially offset by higher selling prices.
- **Marketing and Refining** – The increase in earnings is primarily due to lower losses in refining, partially offset by lower marketing earnings. Refining results for the fourth quarter of 2010 include income from LIFO inventory liquidations at HOVENSA of approximately \$34 million after income taxes (Corporation's share).

4Q 2010 vs. 3Q 2010

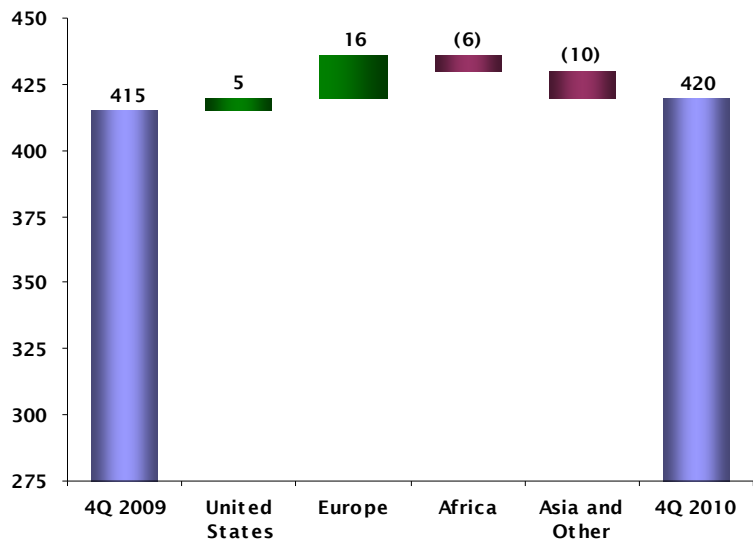
- **Exploration and Production** – The decrease in earnings is primarily due to lower sales volumes and higher costs, partially offset by higher selling prices.
- **Marketing and Refining** – The increase in earnings is primarily due to improved results from trading activities and lower losses in refining, including the impact of LIFO inventory liquidations.



Worldwide Oil & Gas Production

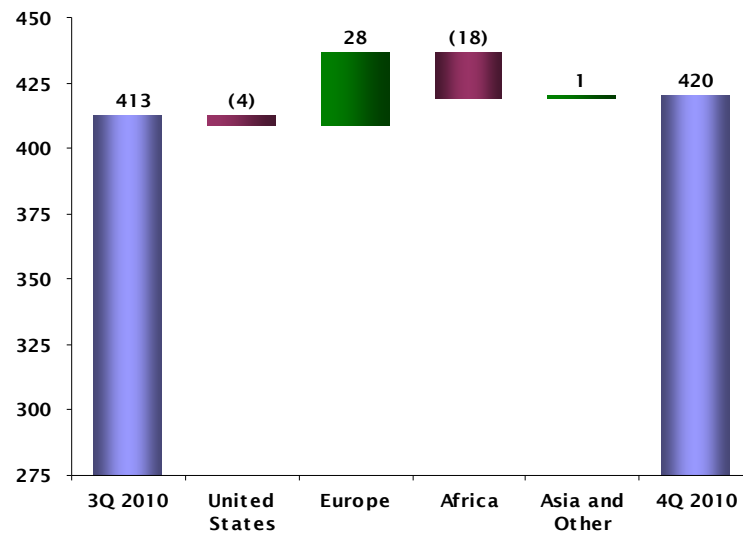
MBOEPD

4Q 2010 vs. 4Q 2009



	<u>4Q 2010</u>	<u>4Q 2009</u>	<u>Incr. / (Decr.)</u>
United States	109	104	5
Europe	130	114	16
Africa	99	105	(6)
Asia and Other	82	92	(10)
Total	<u>420</u>	<u>415</u>	<u>5</u>

4Q 2010 vs. 3Q 2010

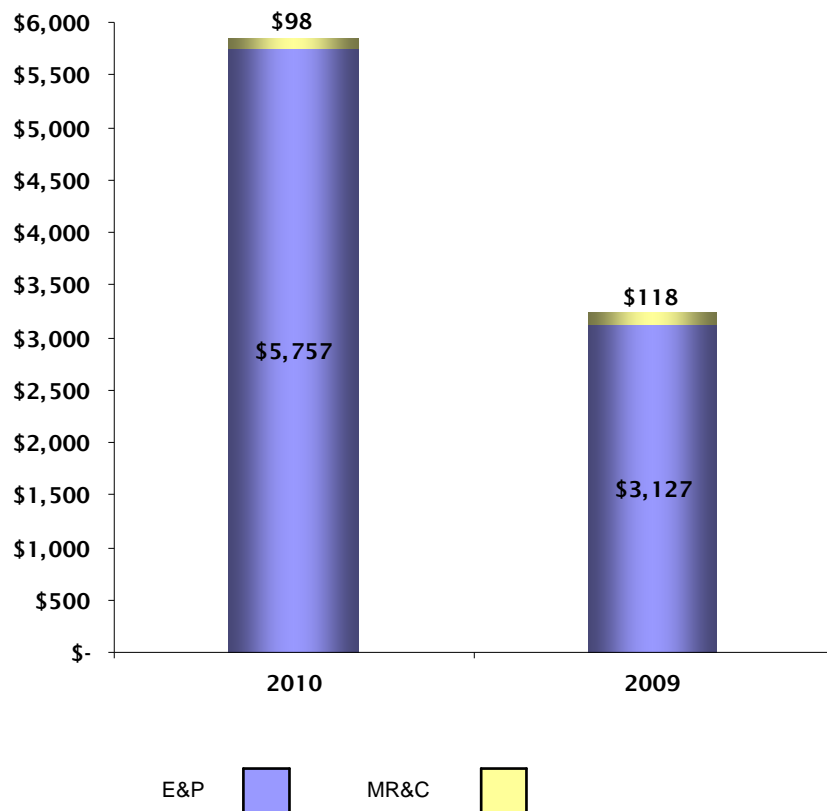


	<u>4Q 2010</u>	<u>3Q 2010</u>	<u>Incr. / (Decr.)</u>
United States	109	113	(4)
Europe	130	102	28
Africa	99	117	(18)
Asia and Other	82	81	1
Total	<u>420</u>	<u>413</u>	<u>7</u>



Capital and Exploratory Expenditures

\$ Millions



	Full Year	
	2010*	2009
Exploration & Production		
United States	\$ 2,935	\$ 1,200
International	2,822	1,927
Total E&P	<u>5,757</u>	<u>3,127</u>
Marketing, Refining & Corporate	98	118
Total Capital & Exploratory Expenditures	<u>\$ 5,855</u>	<u>\$ 3,245</u>
Exploration Expenses Included Above		
United States	\$ 154	\$ 144
International	209	183
Total Exploration Expenses	<u>\$ 363</u>	<u>\$ 327</u>

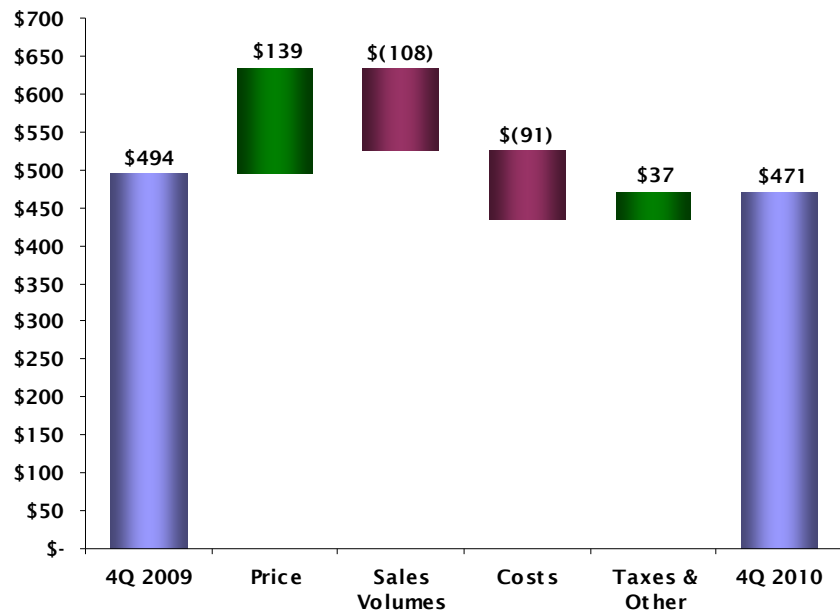
* Full year 2010 capital expenditures include \$1,067 million for the acquisition of 167,000 net acres in the Bakken oil play in North Dakota from TRZ Energy, LLC and \$507 million for the acquisitions of a 7.9 percent interest in the Valhall Field and a 12.5 percent in the Hod Field, offshore Norway.



Exploration and Production Adjusted Earnings

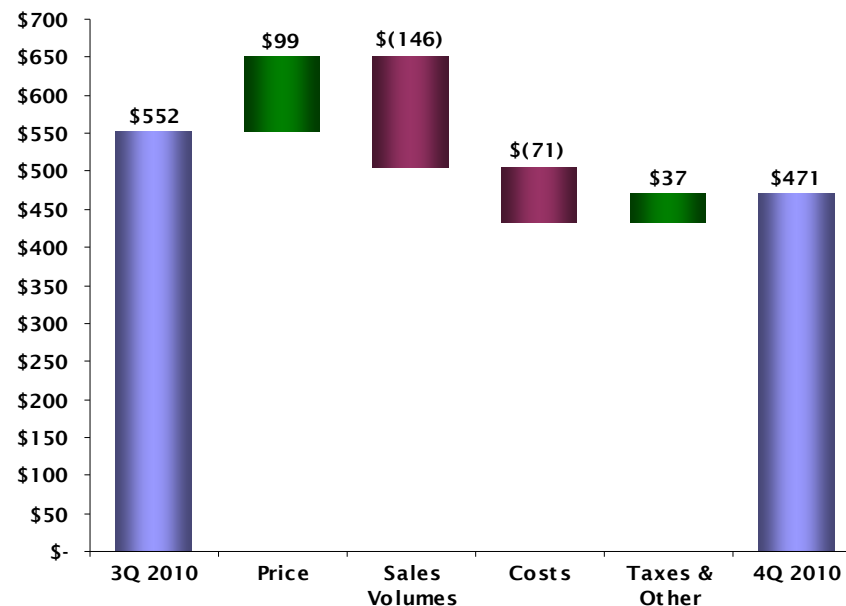
\$ Millions

4Q 2010 vs. 4Q 2009



	<u>4Q 2010</u>	<u>4Q 2009</u>	<u>Incr. / (Decr.)</u>
United States	\$ 98	\$ 129	\$ (31)
International	<u>373</u>	<u>365</u>	<u>8</u>
Total	<u>\$ 471</u>	<u>\$ 494</u>	<u>\$ (23)</u>

4Q 2010 vs. 3Q 2010



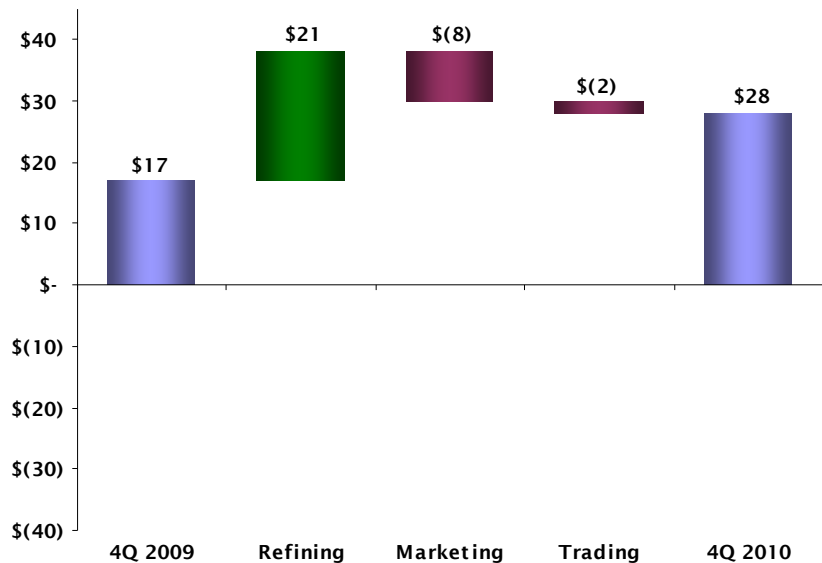
	<u>4Q 2010</u>	<u>3Q 2010</u>	<u>Incr. / (Decr.)</u>
United States	\$ 98	\$ 118	\$ (20)
International	<u>373</u>	<u>434</u>	<u>(61)</u>
Total	<u>\$ 471</u>	<u>\$ 552</u>	<u>\$ (81)</u>



Marketing and Refining Adjusted Earnings

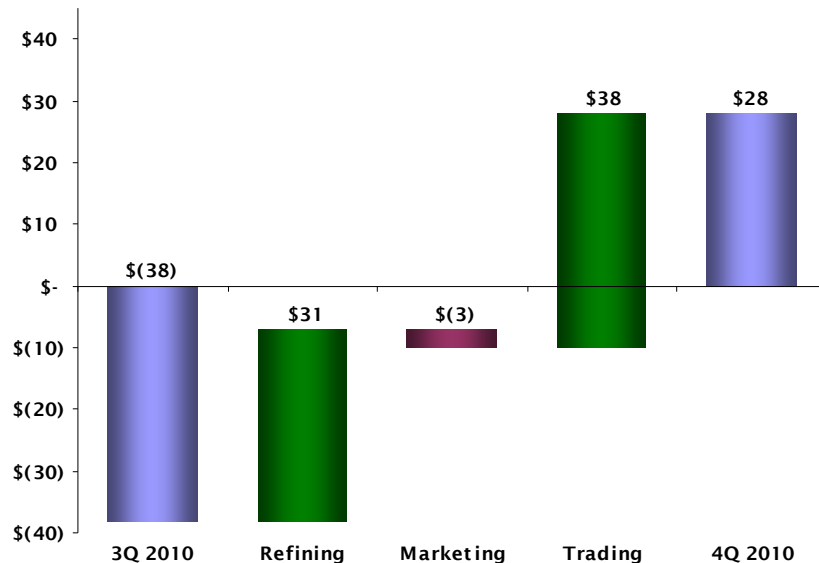
\$ Millions: Income (Loss)

4Q 2010 vs. 4Q 2009



	<u>4Q 2010</u>	<u>4Q 2009</u>	<u>Incr. / (Decr.)</u>
Refining	\$ (19)	\$ (40)	\$ 21
Marketing	37	45	(8)
Trading	10	12	(2)
Total	<u>\$ 28</u>	<u>\$ 17</u>	<u>\$ 11</u>

4Q 2010 vs. 3Q 2010



	<u>4Q 2010</u>	<u>3Q 2010</u>	<u>Incr. / (Decr.)</u>
Refining	\$ (19)	\$ (50)	\$ 31
Marketing	37	40	(3)
Trading	10	(28)	38
Total	<u>\$ 28</u>	<u>\$ (38)</u>	<u>\$ 66</u>