

Acquisition of Hess' Energy Marketing business

30 July 2013



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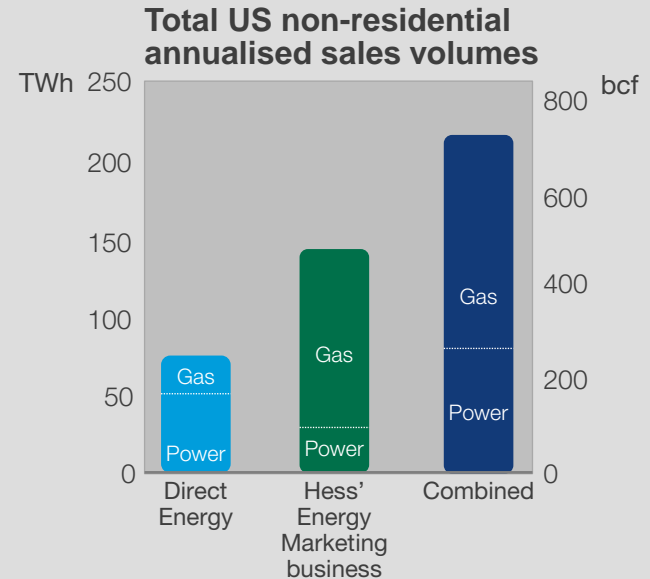
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Acquisition overview

- Acquisition of Hess' Energy Marketing business for \$731m (£478m) plus additional working capital; one of the biggest B2B energy suppliers in the Eastern US
- Substantially increases scale in competitive markets
 - DE becomes the largest business gas supplier on the US East Coast and 2nd largest business power supplier in the competitive US retail markets
- Builds on existing DEB activities, integrating along the gas value chain
 - linking gas supplies from producers, through secured transport and storage capacity, to business gas and power customers
- Transaction expected to complete later this year

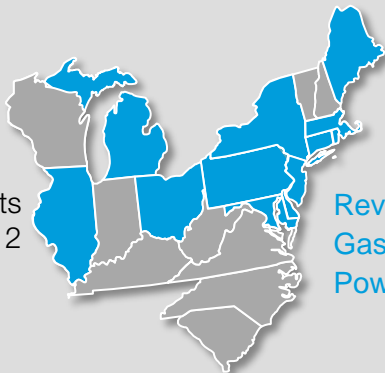


Strong fit with existing business

- Establishes unique dual fuel presence across enlarged footprint

Direct Energy Business

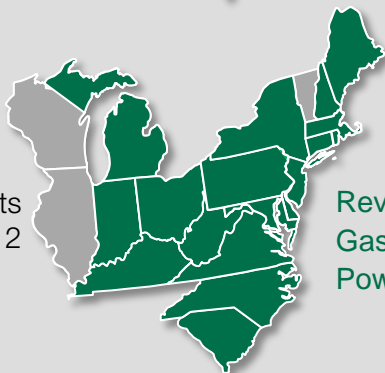
Markets
2012



Revenues: **\$4bn**
Gas volume: **77bcf**
Power volume: **51TWh**

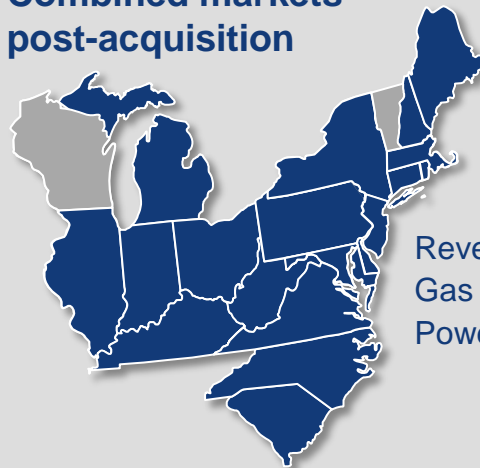
Hess' Energy Marketing business

Markets
2012



Revenues: **\$6bn**
Gas volume: **378bcf**
Power volume: **28TWh**

Combined markets post-acquisition



Revenues: **\$10bn**
Gas volume: **455bcf**
Power volume: **79TWh**

Increased participation along gas value chain

- Integrated business along the gas value chain, benefiting from agreements with gas producers, transportation and storage capacity and strong customer relationships
- Existing portfolio of gas and power agreements
 - purchase agreements with Marcellus shale gas producers in US North East
 - ~25-30bcf of gas storage and ~3-4bcf/d of pipeline capacity
 - supplying gas and power to customers, including over 20 local distribution companies
 - Bayonne Energy Centre tolling agreement to supply New York customer base



Attractive financial returns

- Builds on existing Direct Energy Business activities, approximately doubling EBITDA
 - Hess' Energy Marketing business expected to deliver ~3% margins, ~\$200m EBITDA in 2013
 - sustainable business model, with additional operational efficiencies
 - earnings accretive in first full year, after fair value accounting effects on existing contracts and customer relationships
 - double digit returns
- Combines skills and capabilities of Direct Energy and Hess' Energy Marketing employees to deliver enhanced products and services to our customers
- Significant step towards target of doubling North American downstream profitability