



Amerada Hess Reports Results for the Second Quarter of 2004

July 28, 2004

NEW YORK--(BUSINESS WIRE)--July 28, 2004--Amerada Hess Corporation (NYSE:AHC) reported net income of \$288 million for the second quarter of 2004 compared with income of \$252 million for the second quarter of 2003. Net income in the second quarter of 2004 and 2003 includes income of \$7 million and \$189 million, respectively, from discontinued operations. The after-tax results by major operating activity in 2004 and 2003 are as follows:

| | Three months ended | | Six months ended | |
|---|---------------------|--------|---------------------|--------|
| | June 30 (unaudited) | | June 30 (unaudited) | |
| | 2004 | 2003 | 2004 | 2003 |
| (In millions, except per share amounts) | | | | |
| Exploration and production | \$ 182 | \$ 88 | \$389 | \$ 207 |
| Refining and marketing | 160 | 46 | 272 | 183 |
| Corporate | (24) | (27) | (26) | (47) |
| Interest Expense | (37) | (44) | (73) | (91) |
| Income from continuing operations | 281 | 63 | 562 | 252 |
| Discontinued operations | | | | |
| Net gains from asset sales | - | 175 | - | 116 |
| Income from operations | 7 | 14 | 7 | 53 |
| Income from cumulative effect of accounting change | - | - | - | 7 |
| Net income | \$ 288 | \$ 252 | \$ 569 | \$ 428 |
| Income per share from continuing operations (diluted) | \$2.77 | \$.71 | \$5.54 | \$2.84 |
| Net income per share (diluted) | \$2.84 | \$2.83 | \$5.61 | \$4.81 |

Exploration and production earnings from continuing operations were \$182 million in the second quarter of 2004 compared with \$88 million in the second quarter of 2003. The Corporation's oil and gas production, on a barrel-of-oil equivalent basis, was 351,000 barrels per day in the second quarter of 2004, a decrease of 7% from the second quarter of 2003. The decline in production was primarily due to asset sales and exchanges in 2003. In the second quarter of 2004, the Corporation's average worldwide crude oil selling price, including the effect of hedging, was \$25.76 per barrel, an increase of \$1.66 per barrel from the second quarter of 2003. The Corporation's average United States natural gas selling price, including the effect of hedging, was \$5.23 per Mcf in the second quarter of 2004, an increase of \$1.14 per Mcf from the second quarter of 2003. Exploration and production earnings include an after-tax gain of \$15 million in the second quarter of 2004 from the sale of a non-producing asset and after-tax charges of \$6 million and \$23 million in the second quarter of 2004 and 2003, respectively, for accrued severance and a reduction in leased office space in London.

Refining and marketing earnings were \$160 million in the second quarter of 2004 compared with \$46 million in the second quarter of 2003. The increase principally reflects higher refining margins and increased utilization rates. Refining and marketing earnings in the second quarter of 2003 included a net loss of \$20 million from the sale of the Corporation's interest in a shipping joint venture.

Capital expenditures in the second quarter of 2004 amounted to \$372 million of which \$357 million related to exploration and production activities. Capital expenditures in the second quarter of 2003 amounted to \$367 million, including \$339 million for exploration and production.

Consolidated Financial Information (unaudited)

| | Three months ended | | Six months ended | |
|--|--------------------|------|------------------|------|
| | June 30 | | June 30 | |
| | 2004 | 2003 | 2004 | 2003 |

| | | | | |
|----|--|--------|--------|--------|
| | expenses | 96 | 106 | 76 |
| 12 | Interest expense | 60 | 77 | 57 |
| 13 | Depreciation, depletion and amortization | 239 | 270 | 226 |
| | | ----- | ----- | ----- |
| 14 | Total costs and expenses | 3,494 | 3,088 | 4,137 |
| | | ----- | ----- | ----- |
| 15 | Income from continuing operations before income taxes | 442 | 125 | 425 |
| 16 | Provision for income taxes | 161 | 62 | 144 |
| | | ----- | ----- | ----- |
| 17 | Income from continuing operations | 281 | 63 | 281 |
| 18 | Discontinued operations | 7 | 189 | -- |
| | | ----- | ----- | ----- |
| 19 | Net income | \$ 288 | \$ 252 | \$ 281 |
| | | ===== | ===== | ===== |
| 20 | Preferred stock dividends | 12 | -- | 12 |
| | | ----- | ----- | ----- |
| 21 | Net income applicable to common stockholders | \$ 276 | \$ 252 | \$ 269 |
| | | ===== | ===== | ===== |

Segment Earnings Analysis

| | | | | |
|----|--|--------|--------|--------|
| | | ----- | ----- | ----- |
| 22 | Exploration and production | \$ 182 | \$ 88 | \$ 207 |
| 23 | Refining and marketing | 160 | 46 | 112 |
| 24 | Corporate | (24) | (27) | (2) |
| 25 | Interest Expense | (37) | (44) | (36) |
| | | ----- | ----- | ----- |
| 26 | Income from continuing operations | 281 | 63 | 281 |
| 27 | Discontinued operations | 7 | 189 | -- |
| | | ----- | ----- | ----- |
| 28 | Net income | \$ 288 | \$ 252 | \$ 281 |
| | | ===== | ===== | ===== |
| 29 | Net Cash Provided by Operating Activities (*) | \$ 438 | \$ 571 | \$ 394 |
| | | ----- | ----- | ----- |
| | | ===== | ===== | ===== |

Capital Expenditures

| | | | | |
|----|----------------------------|--------|--------|--------|
| | | ----- | ----- | ----- |
| 30 | Exploration and production | \$ 357 | \$ 339 | \$ 352 |
| 31 | Refining and marketing | 15 | 28 | 12 |
| | | ----- | ----- | ----- |
| 32 | Total capital expenditures | \$ 372 | \$ 367 | \$ 364 |
| | | ===== | ===== | ===== |

At End of Period

| | | | | |
|----|----------------------|---------|---------|---------|
| | | ----- | ----- | ----- |
| 33 | Total debt | \$3,889 | \$4,642 | \$3,928 |
| | | ===== | ===== | ===== |
| 34 | Stockholders' equity | \$5,567 | \$4,573 | \$5,489 |
| | | ===== | ===== | ===== |

(*) Includes changes in working capital

AMERADA HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
SUPPLEMENTAL FINANCIAL DATA (UNAUDITED)
(IN MILLIONS)

First Half

2004 2003

| Line No. | ----- (A) | ----- (B) |
|-------------|--|-------------------------|
| ---- | Income Statement | |
| | ----- | |
| | Revenues and Non-operating Income | |
| 1 | Sales and other operating revenues | \$ 8,291 \$ 7,453 |
| | Non-operating income | |
| 2 | Gain on asset sales | 22 39 |
| 3 | Equity in income of HOVENSA L.L.C. | 148 65 |
| 4 | Other | 37 19 |
| | ----- | ----- |
| 5 | Total revenues and non-operating income | 8,498 7,576 |
| | ----- | ----- |
| | Costs and Expenses | |
| 6 | Cost of products sold | 5,906 5,228 |
| 7 | Production expenses | 384 382 |
| 8 | Marketing expenses | 351 337 |
| 9 | Exploration expenses, including dry holes and lease impairment | 141 194 |
| 10 | Other operating expenses | 95 100 |
| 11 | General and administrative expenses | 172 183 |
| 12 | Interest expense | 117 151 |
| 13 | Depreciation, depletion and amortization | 465 546 |
| | ----- | ----- |
| 14 | Total costs and expenses | 7,631 7,121 |
| | ----- | ----- |
| 15 | Income from continuing operations before income taxes | 867 455 |
| 16 | Provision for income taxes | 305 203 |
| | ----- | ----- |
| 17 | Income from continuing operations | 562 252 |
| 18 | Discontinued operations | 7 169 |
| 19 | Cumulative effect of change in accounting principle, net | -- 7 |
| | ----- | ----- |
| 20 | Net income | \$ 569 \$ 428 |
| | ===== | ===== |
| 21 | Preferred stock dividends | 24 -- |
| | ----- | ----- |
| 22 | Net income applicable to common stockholders | \$ 545 \$ 428 |
| | ===== | ===== |
| 23 | Net Cash Provided by Operating Activities | \$ 832 \$ 1,059 |
| | ----- | ----- |
| | Capital Expenditures | |
| | ----- | |
| 24 | Exploration and production | \$ 709 \$ 660 |
| 25 | Refining and marketing | 27 49 |
| | ----- | ----- |
| 26 | Total capital expenditures | \$ 736 \$ 709 |
| | ===== | ===== |
| | June 30 | Dec. 31 |
| | 2004 | 2003 |
| | ----- | ----- |
| | Balance Sheet Information | |
| | ----- | |
| 27 | Current assets | \$ 3,296 \$ 3,186 |

| | | | |
|----|--|-----------|-----------|
| 28 | Investments | 1,243 | 1,095 |
| 29 | Property, plant and equipment - net | 8,144 | 7,978 |
| 30 | Other assets | 1,863 | 1,724 |
| | | ----- | ----- |
| 31 | Total assets | \$ 14,546 | \$ 13,983 |
| | | ===== | ===== |
| 32 | Current portion of long-term debt | \$ 104 | \$ 73 |
| 33 | Other current liabilities | 3,066 | 2,596 |
| 34 | Long-term debt | 3,785 | 3,868 |
| 35 | Deferred liabilities and credits | 2,024 | 2,106 |
| 36 | Stockholders' equity excluding other comprehensive income (loss) | 6,243 | 5,690 |
| 37 | Accumulated other comprehensive income (loss) | (676) | (350) |
| | | ----- | ----- |
| 38 | Total liabilities and stockholders' equity | \$ 14,546 | \$ 13,983 |
| | | ===== | ===== |

AMERADA HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
SUPPLEMENTAL OPERATING DATA
(IN THOUSANDS, EXCEPT FOR AVERAGE SELLING PRICES)

| | | Second Quarter 2004 | Second Quarter 2003 | First Quarter 2004 |
|------|-------------------------------|---------------------------|---------------------------|--------------------------|
| | | ----- | ----- | ----- |
| | | (A) | (B) | (C) |
| Line | Operating Data | | | |
| No. | ----- | | | |
| | Net Production Per Day | | | |
| | ----- | | | |
| | Crude oil - barrels | | | |
| 1 | United States | 41 | 45 | 40 |
| 2 | United Kingdom | 77 | 96 | 78 |
| 3 | Norway | 27 | 24 | 27 |
| 4 | Equatorial Guinea | 27 | 24 | 22 |
| 5 | Algeria | 24 | 15 | 20 |
| 6 | Denmark | 23 | 23 | 22 |
| 7 | Gabon | 11 | 10 | 13 |
| 8 | Azerbaijan | 2 | 2 | 2 |
| 9 | Indonesia | 1 | 1 | 1 |
| | | ----- | ----- | ----- |
| 10 | Total | 233 | 240 | 225 |
| | | ===== | ===== | ===== |
| | Natural gas liquids - barrels | | | |
| 11 | United States | 12 | 9 | 12 |
| 12 | United Kingdom | 4 | 8 | 6 |
| 13 | Norway | 1 | 1 | 1 |
| 14 | Indonesia and Thailand | 1 | 2 | 2 |
| | | ----- | ----- | ----- |
| 15 | Total | 18 | 20 | 21 |
| | | ===== | ===== | ===== |
| | Natural gas - mcf | | | |
| 16 | United States | 160 | 264 | 183 |
| 17 | United Kingdom | 306 | 327 | 282 |
| 18 | Norway | 27 | 28 | 28 |
| 19 | Denmark | 25 | 28 | 23 |
| 20 | Indonesia and Thailand | 83 | 48 | 86 |
| | | ----- | ----- | ----- |

| | | | | |
|----|---|----------|----------|----------|
| 21 | Total | 601 | 695 | 602 |
| | | ===== | ===== | ===== |
| 22 | Barrels of oil equivalent (*) | 351 | 376 | 346 |
| | | ===== | ===== | ===== |
| | Average Selling Price (including hedging) | | | |
| | ----- | | | |
| | Crude oil - per barrel | | | |
| 23 | United States | \$ 25.27 | \$ 23.12 | \$ 25.49 |
| 24 | Foreign | 25.87 | 24.31 | 27.10 |
| | Natural gas liquids - per barrel | | | |
| 25 | United States | \$ 26.33 | \$ 21.84 | \$ 25.78 |
| 26 | Foreign | 29.21 | 19.44 | 23.44 |
| | Natural gas - per mcf | | | |
| 27 | United States | \$ 5.23 | \$ 4.09 | \$ 5.20 |
| 28 | Foreign | 3.54 | 2.58 | 4.22 |
| | Marketing and Refining - Barrels Per Day | | | |
| | ----- | | | |
| 29 | Refined products sold | 404 | 399 | 483 |
| | | ===== | ===== | ===== |
| 30 | Refinery runs (net) | 244 | 215 | 247 |
| | | ===== | ===== | ===== |

(*) Includes production from properties classified as discontinued operations of 14 thousand barrels of oil equivalent per day in the second quarter of 2003.

AMERADA HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
SUPPLEMENTAL OPERATING DATA
(IN THOUSANDS, EXCEPT FOR AVERAGE SELLING PRICES)

| | | First Half | |
|------|------------------------|------------|-------|
| | | 2004 | 2003 |
| | | ----- | ----- |
| | | (A) | (B) |
| Line | Operating Data | | |
| No. | ----- | | |
| | Net Production Per Day | | |
| | ----- | | |
| | Crude oil - barrels | | |
| 1 | United States | 40 | 47 |
| 2 | United Kingdom | 77 | 99 |
| 3 | Norway | 27 | 24 |
| 4 | Equatorial Guinea | 25 | 25 |
| 5 | Algeria | 22 | 18 |
| 6 | Denmark | 23 | 24 |
| 7 | Gabon | 12 | 10 |
| 8 | Azerbaijan | 2 | 2 |
| 9 | Indonesia | 1 | 2 |
| 10 | Colombia | -- | 6 |
| | | ----- | ----- |
| 11 | Total | 229 | 257 |
| | | ===== | ===== |

Natural gas liquids - barrels

| | | | |
|----|-------------------------------|-------|-------|
| 12 | United States | 12 | 10 |
| 13 | United Kingdom | 5 | 7 |
| 14 | Norway | 1 | 1 |
| 15 | Indonesia and Thailand | 2 | 2 |
| | | ----- | ----- |
| 16 | Total | 20 | 20 |
| | | ===== | ===== |
| | Natural gas - mcf | | |
| 17 | United States | 171 | 291 |
| 18 | United Kingdom | 294 | 324 |
| 19 | Norway | 28 | 27 |
| 20 | Denmark | 24 | 31 |
| 21 | Indonesia and Thailand | 85 | 52 |
| | | ----- | ----- |
| 22 | Total | 602 | 725 |
| | | ===== | ===== |
| 23 | Barrels of oil equivalent (*) | 349 | 398 |
| | | ===== | ===== |

Average Selling Price (including hedging)

| | | | |
|----|---|----------|----------|
| | Crude oil - per barrel | | |
| 24 | United States | \$ 25.38 | \$ 23.79 |
| 25 | Foreign | 26.52 | 24.82 |
| | Natural gas liquids - per barrel | | |
| 26 | United States | \$ 26.06 | \$ 24.60 |
| 27 | Foreign | 26.08 | 22.81 |
| | Natural gas - per mcf | | |
| 28 | United States | \$ 5.22 | \$ 4.27 |
| 29 | Foreign | 3.87 | 2.81 |
| | Marketing and Refining - Barrels Per Day | | |
| | | ----- | ----- |
| 30 | Refined products sold | 444 | 431 |
| | | ===== | ===== |
| 31 | Refinery runs (net) | 246 | 207 |
| | | ===== | ===== |

(*) Includes production from properties classified as discontinued operations of 26 thousand barrels of oil equivalent per day in the first half of 2003.

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SOURCE: Amerada Hess Corporation