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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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**Form 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarter ended *June 30, 2005*

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number **1-1204**

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**AMERADA HESS CORPORATION**

(Exact name of registrant as specified in its charter)

**DELAWARE**

(State or other jurisdiction of incorporation or organization)

**13-4921002**

(I.R.S. employer identification number)

**1185 AVENUE OF THE AMERICAS, NEW YORK, N.Y.**

(Address of principal executive offices)

**10036**

(Zip Code)

(Registrant's telephone number, including area code is (212) 997-8500)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceeding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes  No

At June 30, 2005, 92,886,855 shares of Common Stock were outstanding.

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## PART I — FINANCIAL INFORMATION

## Item 1. Financial Statements.

## AMERADA HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES

## STATEMENT OF CONSOLIDATED INCOME (UNAUDITED)

(in millions, except per share data)

|  | Three Months<br>ended June 30 |               | Six months<br>ended June 30 |               |
|--|-------------------------------|---------------|-----------------------------|---------------|
|  | 2005                          | 2004          | 2005                        | 2004          |
| <b>REVENUES AND NON-OPERATING INCOME</b>                       |                               |               |                             |               |
| Sales (excluding excise taxes) and other operating revenues    | \$4,963                       | \$3,803       | \$ 9,920                    | \$8,291       |
| Non-operating income   |                               |               |                             |               |
| Equity in income of HOVENSA L.L.C.                             | 108                           | 97            | 158                         | 148           |
| Gain on asset sales  | —                             | 3             | 18                          | 23            |
| Other  | <u>11</u>                     | <u>33</u>     | <u>56</u>                   | <u>36</u>     |
| Total revenues and non-operating income                        | <u>5,082</u>                  | <u>3,936</u>  | <u>10,152</u>               | <u>8,498</u>  |
| <b>COSTS AND EXPENSES</b>                                      |                               |               |                             |               |
| Cost of products sold  | 3,621                         | 2,618         | 7,250                       | 5,906         |
| Production expenses  | 242                           | 197           | 466                         | 384           |
| Marketing expenses   | 205                           | 174           | 402                         | 351           |
| Exploration expenses, including dry holes and lease impairment | 87                            | 63            | 220                         | 141           |
| Other operating expenses                                       | 38                            | 47            | 69                          | 95            |
| General and administrative expenses                            | 86                            | 96            | 171                         | 172           |
| Interest expense   | 54                            | 60            | 115                         | 117           |
| Depreciation, depletion and amortization                       | <u>261</u>                    | <u>239</u>    | <u>515</u>                  | <u>465</u>    |
| Total costs and expenses                                       | <u>4,594</u>                  | <u>3,494</u>  | <u>9,208</u>                | <u>7,631</u>  |
| Income from continuing operations before income taxes          | 488                           | 442           | 944                         | 867           |
| Provision for income taxes                                     | <u>189</u>                    | <u>161</u>    | <u>426</u>                  | <u>305</u>    |
| Income from continuing operations                              | 299                           | 281           | 518                         | 562           |
| Discontinued operations  | <u>—</u>                      | <u>7</u>      | <u>—</u>                    | <u>7</u>      |
| <b>NET INCOME</b>  | <u>\$ 299</u>                 | <u>\$ 288</u> | <u>\$ 518</u>               | <u>\$ 569</u> |
| Preferred stock dividends                                      | <u>12</u>                     | <u>12</u>     | <u>24</u>                   | <u>24</u>     |
| <b>NET INCOME APPLICABLE TO COMMON STOCKHOLDERS</b>            | <u>\$ 287</u>                 | <u>\$ 276</u> | <u>\$ 494</u>               | <u>\$ 545</u> |
| <b>BASIC EARNINGS PER SHARE</b>                                |                               |               |                             |               |
| Continuing operations  | \$ 3.17                       | \$ 3.03       | \$ 5.46                     | \$ 6.05       |
| Net income   | 3.17                          | 3.11          | 5.46                        | 6.13          |
| <b>DILUTED EARNINGS PER SHARE</b>                              |                               |               |                             |               |
| Continuing operations  | \$ 2.89                       | \$ 2.77       | \$ 5.01                     | \$ 5.54       |
| Net income   | 2.89                          | 2.84          | 5.01                        | 5.61          |
| <b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING (DILUTED)</b> |                               |               |                             |               |
|  | 103.7                         | 101.4         | 103.5                       | 101.5         |
| <b>COMMON STOCK DIVIDENDS PER SHARE</b>                        |                               |               |                             |               |
|  | \$ .30                        | \$ .30        | \$ .60                      | \$ .60        |

See accompanying notes to consolidated financial statements.

**PART I — FINANCIAL INFORMATION (CONT'D.)**  
**AMERADA HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEET**  
(in millions of dollars, thousands of shares)

|  | June 30,<br>2005<br>(Unaudited) | December 31,<br>2004 |
|--|---------------------------------|----------------------|
| <b>A S S E T S</b>   |                                 |                      |
| <b>CURRENT ASSETS</b>  |                                 |                      |
| Cash and cash equivalents  | \$ 916                          | \$ 877               |
| Accounts receivable  | 2,417                           | 2,367                |
| Inventories  | 687                             | 596                  |
| Other current assets   | 470                             | 495                  |
| Total current assets   | <u>4,490</u>                    | <u>4,335</u>         |
| <b>INVESTMENTS AND ADVANCES</b>  |                                 |                      |
| HOVENSA L.L.C.   | 1,162                           | 1,116                |
| Other  | 143                             | 138                  |
| Total investments and advances   | <u>1,305</u>                    | <u>1,254</u>         |
| <b>PROPERTY, PLANT AND EQUIPMENT</b>   |                                 |                      |
| Total — at cost  | 18,277                          | 17,632               |
| Less reserves for depreciation, depletion, amortization and lease impairment | 9,497                           | 9,127                |
| Property, plant and equipment — net  | <u>8,780</u>                    | <u>8,505</u>         |
| <b>NOTE RECEIVABLE</b>   | 182                             | 212                  |
| <b>GOODWILL</b>  | 977                             | 977                  |
| <b>DEFERRED INCOME TAXES</b>   | 1,498                           | 834                  |
| <b>OTHER ASSETS</b>  | <u>227</u>                      | <u>195</u>           |
| <b>TOTAL ASSETS</b>  | <u>\$17,459</u>                 | <u>\$16,312</u>      |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>                                  |                                 |                      |
| <b>CURRENT LIABILITIES</b>   |                                 |                      |
| Accounts payable   | \$ 4,784                        | \$ 3,280             |
| Accrued liabilities  | 828                             | 920                  |
| Taxes payable  | 466                             | 447                  |
| Current maturities of long-term debt   | 25                              | 50                   |
| Total current liabilities  | <u>6,103</u>                    | <u>4,697</u>         |
| <b>LONG-TERM DEBT</b>  | <u>3,761</u>                    | <u>3,785</u>         |
| <b>DEFERRED LIABILITIES AND CREDITS</b>                                      |                                 |                      |
| Deferred income taxes  | 1,233                           | 1,184                |
| Asset retirement obligations   | 561                             | 511                  |
| Other  | 534                             | 538                  |
| Total deferred liabilities and credits                                       | <u>2,328</u>                    | <u>2,233</u>         |
| <b>STOCKHOLDERS' EQUITY</b>  |                                 |                      |
| Preferred stock, par value \$1.00, 20,000 shares authorized                  |                                 |                      |
| 7% cumulative mandatory convertible series                                   |                                 |                      |
| Authorized - 13,500 shares   |                                 |                      |
| Issued - 13,500 shares (\$675 million liquidation preference)                | 14                              | 14                   |
| 3% cumulative convertible series   |                                 |                      |
| Authorized - 330 shares  |                                 |                      |
| Issued - 327 shares (\$16 million liquidation preference)                    | —                               | —                    |
| Common stock, par value \$1.00   |                                 |                      |
| Authorized - 200,000 shares  |                                 |                      |
| Issued - 92,887 shares at June 30, 2005; 91,715 shares at December 31, 2004  | 93                              | 92                   |
| Capital in excess of par value   | 1,817                           | 1,727                |
| Retained earnings  | 5,270                           | 4,831                |
| Accumulated other comprehensive income (loss)                                | (1,867)                         | (1,024)              |
| Deferred compensation  | (60)                            | (43)                 |
| Total stockholders' equity   | <u>5,267</u>                    | <u>5,597</u>         |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>                            | <u>\$17,459</u>                 | <u>\$16,312</u>      |

See accompanying notes to consolidated financial statements.



**PART I — FINANCIAL INFORMATION (CONT'D.)**  
**AMERADA HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES**  
**STATEMENT OF CONSOLIDATED CASH FLOWS (UNAUDITED)**  
**Six months ended June 30**  
(in millions)

|  | <u>2005</u>   | <u>2004</u>   |
|--|---------------|---------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                      |               |               |
| Net income   | \$ 518        | \$ 569        |
| Adjustments to reconcile net income to net cash provided by operating activities |               |               |
| Depreciation, depletion and amortization   | 515           | 465           |
| Exploratory dry hole costs   | 133           | 46            |
| Lease impairment   | 36            | 39            |
| Pre-tax gain on asset sales  | (18)          | (23)          |
| Benefit for deferred income taxes  | (116)         | (114)         |
| Undistributed earnings of HOVENSA L.L.C.   | (46)          | (148)         |
| Non-cash effect of discontinued operations                                       | —             | (7)           |
| Changes in operating assets and liabilities                                      | <u>45</u>     | <u>5</u>      |
| Net cash provided by operating activities  | <u>1,067</u>  | <u>832</u>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                      |               |               |
| Capital expenditures   | (959)         | (736)         |
| Payment received on notes receivable   | 30            | 59            |
| Increase in short-term investments   | —             | (10)          |
| Proceeds from asset sales and other  | <u>5</u>      | <u>44</u>     |
| Net cash used in investing activities  | <u>(924)</u>  | <u>(643)</u>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                      |               |               |
| Debt with maturities of greater than 90 days                                     |               |               |
| Borrowings   | 104           | 7             |
| Repayments   | (153)         | (59)          |
| Cash dividends paid  | (107)         | (106)         |
| Stock options exercised  | <u>52</u>     | <u>52</u>     |
| Net cash used in financing activities  | <u>(104)</u>  | <u>(106)</u>  |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                                 | 39            | 83            |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>                            | <u>877</u>    | <u>518</u>    |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>                                | <u>\$ 916</u> | <u>\$ 601</u> |

See accompanying notes to consolidated financial statements.

**PART I — FINANCIAL INFORMATION (CONT'D.)****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 1 - The financial statements included in this report reflect all normal and recurring adjustments which, in the opinion of management, are necessary for a fair presentation of the Corporation's consolidated financial position at June 30, 2005 and December 31, 2004, the consolidated results of operations for the three- and six-month periods ended June 30, 2005 and 2004 and the consolidated cash flows for the six-month periods ended June 30, 2005 and 2004. The unaudited results of operations for the interim periods reported are not necessarily indicative of results to be expected for the full year.

Certain notes and other information have been condensed or omitted from these interim financial statements. These statements, therefore, should be read in conjunction with the consolidated financial statements and related notes included in the Corporation's Form 10-K for the year ended December 31, 2004.

In March 2005, the FASB issued Interpretation No. 47 (FIN 47) Accounting for Conditional Asset Retirement Obligations, which clarifies the term "conditional asset retirement obligation", as used in FASB Statement 143. FIN 47 requires recognition of a liability for legally required asset retirement obligations, when the timing or method of settlement are conditional on a future event, if the liability can be reasonably estimated. FIN 47 is effective for fiscal years ending after December 15, 2005. The Corporation is assessing the effect of FIN 47, but does not expect it to have a material effect on the Corporation's financial position or results of operations.

FASB Staff Position No. FAS 19-1, Accounting for Suspended Well Costs, was issued in April 2005 and will be effective in the third quarter. This FASB Staff Position (FSP) addresses circumstances that would permit the continued capitalization of exploratory well costs beyond one year. The Corporation does not expect that this FSP will have a material effect on its financial position or results of operations.

During the first half of 2005, the Corporation expensed \$108 million of capitalized exploratory well costs (\$55 million capitalized at year-end 2004) relating to two deepwater Gulf of Mexico wells. Other than current period exploratory drilling costs, there were no other material changes to capitalized exploratory well costs at June 30, 2005 compared with December 31, 2004.

Note 2 - Inventories consist of the following (in millions):

|                                     | At<br>June 30,<br>2005 | At<br>December 31,<br>2004 |
|-------------------------------------|------------------------|----------------------------|
| Crude oil and other charge stocks   | \$ 207                 | \$ 174                     |
| Refined and other finished products | 862                    | 700                        |
| Less LIFO adjustment                | (574)                  | (446)                      |
|                                     | 495                    | 428                        |
| Merchandise, materials and supplies | 192                    | 168                        |
| Total inventories                   | <u>\$ 687</u>          | <u>\$ 596</u>              |

During the first quarter of 2005, the Corporation permanently reduced LIFO inventories, which are carried at lower costs than current inventory costs. The effect of the LIFO inventory liquidation, before income taxes, was to decrease cost of products sold by approximately \$11 million.



**PART I — FINANCIAL INFORMATION (CONT'D.)****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 3 - The Corporation accounts for its investment in HOVENSA L.L.C. using the equity method. Summarized financial information for HOVENSA follows (in millions):

|                                  | At<br>June 30,<br>2005 | At<br>December 31,<br>2004 |
|----------------------------------|------------------------|----------------------------|
| <b>Summarized balance sheet</b>  |                        |                            |
| Cash and short-term investments  | \$ 509                 | \$ 557                     |
| Other current assets             | 821                    | 636                        |
| Net fixed assets                 | 1,895                  | 1,843                      |
| Other assets                     | 34                     | 36                         |
| Current liabilities              | (672)                  | (606)                      |
| Long-term debt                   | (252)                  | (252)                      |
| Deferred liabilities and credits | <u>(76)</u>            | <u>(48)</u>                |
| <b>Partners' equity</b>          | <b><u>\$2,259</u></b>  | <b><u>\$2,166</u></b>      |

|  | Three months<br>ended June 30 |                | Six months<br>ended June 30 |                |
|--|-------------------------------|----------------|-----------------------------|----------------|
|  | 2005                          | 2004           | 2005                        | 2004           |
| <b>Summarized income statement</b>       |                               |                |                             |                |
| Total revenues                           | \$ 2,725                      | \$ 1,928       | \$ 4,816                    | \$ 3,575       |
| Costs and expenses                       | <u>(2,509)</u>                | <u>(1,733)</u> | <u>(4,498)</u>              | <u>(3,276)</u> |
| Net income                               | <u>\$ 216</u>                 | <u>\$ 195</u>  | <u>\$ 318</u>               | <u>\$ 299</u>  |
| <b>Amerada Hess</b>                      |                               |                |                             |                |
| Corporation's share, before income taxes | <u>\$ 108</u>                 | <u>\$ 97</u>   | <u>\$ 158</u>               | <u>\$ 148</u>  |

During the first half of 2005, the Corporation received a cash distribution of \$112 million from HOVENSA.

Note 4 - During the three- and six-month periods ended June 30, 2005, the Corporation capitalized interest of \$22 million and \$36 million on development projects (\$13 million and \$29 million during the corresponding periods of 2004).

Note 5 - Pre-tax foreign currency gains (losses) from continuing operations amounted to the following (in millions):

|                                 | Three months<br>ended June 30 |              | Six months<br>ended June 30 |               |
|---------------------------------|-------------------------------|--------------|-----------------------------|---------------|
|                                 | 2005                          | 2004         | 2005                        | 2004          |
| Foreign currency gains (losses) | <u>\$ (9)</u>                 | <u>\$ 15</u> | <u>\$ (6)</u>               | <u>\$ (2)</u> |

**PART I — FINANCIAL INFORMATION (CONT'D.)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 6 - Components of pension expense consisted of the following (in millions):

|                                    | Three months<br>ended June 30 |              | Six months<br>ended June 30 |              |
|------------------------------------|-------------------------------|--------------|-----------------------------|--------------|
|                                    | 2005                          | 2004         | 2005                        | 2004         |
| Service cost                       | \$ 7                          | \$ 6         | \$ 14                       | \$ 12        |
| Interest cost                      | 14                            | 13           | 28                          | 25           |
| Expected return on plan assets     | (14)                          | (11)         | (27)                        | (22)         |
| Amortization of prior service cost | 1                             | 1            | 1                           | 1            |
| Amortization of net loss           | 6                             | 4            | 12                          | 9            |
| Pension expense                    | <u>\$ 14</u>                  | <u>\$ 13</u> | <u>\$ 28</u>                | <u>\$ 25</u> |

In 2005, the Corporation expects to contribute \$46 million to its funded pension plans and \$12 million to the trust established for its unfunded pension plan. During the first six months of 2005, the Corporation contributed \$23 million to its funded pension plans and \$6 million to the trust for its unfunded pension plan.

Note 7 - The provision for income taxes from continuing operations consisted of the following (in millions):

|   | Three months<br>ended June 30 |              | Six months<br>ended June 30 |               |
|---|-------------------------------|--------------|-----------------------------|---------------|
|   | 2005                          | 2004         | 2005                        | 2004          |
| Current   | \$259                         | \$231        | \$ 542                      | \$ 419        |
| Deferred  | (65)                          | (70)         | (111)                       | (114)         |
| Adjustment of deferred tax liability for foreign income tax rate change | (5)                           | —            | (5)                         | —             |
| Total   | <u>\$189</u>                  | <u>\$161</u> | <u>\$ 426</u>               | <u>\$ 305</u> |

Note 8 - The weighted average number of common shares used in the basic and diluted earnings per share computations are as follows (in thousands):

|   | Three months<br>ended June 30 |                | Six months<br>ended June 30 |                |
|---|-------------------------------|----------------|-----------------------------|----------------|
|   | 2005                          | 2004           | 2005                        | 2004           |
| Common shares – basic                             | 90,711                        | 89,149         | 90,553                      | 88,936         |
| Effect of dilutive securities (equivalent shares) |                               |                |                             |                |
| Convertible preferred stock                       | 11,416                        | 11,416         | 11,416                      | 11,867         |
| Nonvested common stock                            | 857                           | 562            | 814                         | 526            |
| Stock options                                     | 740                           | 284            | 700                         | 174            |
| Common shares – diluted                           | <u>103,724</u>                | <u>101,411</u> | <u>103,483</u>              | <u>101,503</u> |

**PART I — FINANCIAL INFORMATION (CONT'D.)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Earnings per share are as follows:

|                         | Three months<br>ended June 30 |               | Six months<br>ended June 30 |               |
|-------------------------|-------------------------------|---------------|-----------------------------|---------------|
|                         | <u>2005</u>                   | <u>2004</u>   | <u>2005</u>                 | <u>2004</u>   |
| <b>Basic</b>            |                               |               |                             |               |
| Continuing operations   | \$3.17                        | \$3.03        | \$5.46                      | \$6.05        |
| Discontinued operations | <u>—</u>                      | <u>.08</u>    | <u>—</u>                    | <u>.08</u>    |
| Net income              | <u>\$3.17</u>                 | <u>\$3.11</u> | <u>\$5.46</u>               | <u>\$6.13</u> |
| <b>Diluted</b>          |                               |               |                             |               |
| Continuing operations   | \$2.89                        | \$2.77        | \$5.01                      | \$5.54        |
| Discontinued operations | <u>—</u>                      | <u>.07</u>    | <u>—</u>                    | <u>.07</u>    |
| Net income              | <u>\$2.89</u>                 | <u>\$2.84</u> | <u>\$5.01</u>               | <u>\$5.61</u> |

Note 9 - The Corporation records compensation expense for restricted common stock ratably over the vesting period, which is generally three to five years. The Corporation uses the intrinsic value method to account for employee stock options. Because the exercise prices of employee stock options equal or exceed the market price of the stock on the date of grant, the Corporation does not recognize compensation expense.

The Corporation uses the Black-Scholes model to estimate the fair value of employee stock options for pro forma disclosure. Using the fair value method, stock option expense would be recognized over the one- to three-year vesting periods. The following pro forma financial information presents the effect on net income and earnings per share as if the Corporation used the fair value method (in millions, except per share data):

**PART I — FINANCIAL INFORMATION (CONT'D.)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

|  | Three months<br>ended June 30 |               | Six months<br>ended June 30 |               |
|--|-------------------------------|---------------|-----------------------------|---------------|
|  | 2005                          | 2004          | 2005                        | 2004          |
| Net income   | \$ 299                        | \$ 288        | \$ 518                      | \$ 569        |
| Add stock-based employee compensation expense included in net income, net of taxes | 5                             | 4             | 9                           | 5             |
| Less total stock-based employee compensation expense, net of taxes (*)             | <u>(10)</u>                   | <u>(5)</u>    | <u>(19)</u>                 | <u>(6)</u>    |
| Pro forma net income   | <u>\$ 294</u>                 | <u>\$ 287</u> | <u>\$ 508</u>               | <u>\$ 568</u> |
| Net income per share as reported   |                               |               |                             |               |
| Basic  | <u>\$3.17</u>                 | <u>\$3.11</u> | <u>\$5.46</u>               | <u>\$6.13</u> |
| Diluted  | <u>\$2.89</u>                 | <u>\$2.84</u> | <u>\$5.01</u>               | <u>\$5.61</u> |
| Pro forma net income per share   |                               |               |                             |               |
| Basic  | <u>\$3.11</u>                 | <u>\$3.10</u> | <u>\$5.35</u>               | <u>\$6.12</u> |
| Diluted  | <u>\$2.84</u>                 | <u>\$2.83</u> | <u>\$4.91</u>               | <u>\$5.60</u> |

(\*) Includes restricted common stock and stock option expense determined using the fair value method.

In 2004, the Financial Accounting Standards Board reissued Statement No. 123, *Share-Based Payment* (FAS 123R). This new standard requires that compensation expense for all stock-based payments to employees, including grants of employee stock options, be recognized in the income statement based on fair values. The Corporation must adopt FAS 123R no later than January 1, 2006. The Corporation is evaluating the requirements of FAS 123R and believes that if it adopted the standard in the periods shown above, the impact would not have differed materially from the additional compensation expense disclosed in the above table.

**PART I — FINANCIAL INFORMATION (CONT'D.)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 10 - Comprehensive income (loss) was as follows (in millions):

|   | Three months<br>ended June 30 |              | Six months<br>ended June 30 |               |
|---|-------------------------------|--------------|-----------------------------|---------------|
|   | 2005                          | 2004         | 2005                        | 2004          |
| Net income  | \$299                         | \$ 288       | \$ 518                      | \$ 569        |
| Net change in cash flow hedges                    | (57)                          | (215)        | (819)                       | (312)         |
| Change in foreign currency translation adjustment | (11)                          | (7)          | (24)                        | (14)          |
| Comprehensive income (loss)                       | <u>\$231</u>                  | <u>\$ 66</u> | <u>\$(325)</u>              | <u>\$ 243</u> |

The Corporation reclassifies hedging gains and losses included in other comprehensive income (loss) to earnings at the time the hedged transactions are recognized. Hedging decreased exploration and production results by \$231 million (\$363 million before income taxes) in the second quarter of 2005 and \$426 million (\$671 million before income taxes) in the first half of 2005. Hedging decreased exploration and production results by \$124 million (\$198 million before income taxes) in the second quarter of 2004 and \$197 million (\$316 million before income taxes) in the first half of 2004.

At June 30, 2005, accumulated other comprehensive income (loss) included after-tax deferred losses of \$1,702 million (\$93 million of realized losses and \$1,609 million of unrealized losses) related to crude oil contracts used as hedges of future exploration and production sales. Realized losses in accumulated other comprehensive income represent losses on closed contracts that are deferred until the underlying barrels are sold. After-tax realized losses will reduce 2005 income as follows: third quarter — \$48 million and fourth quarter — \$45 million. The pre-tax amount of deferred hedge losses is reflected in accounts payable and the related income tax benefits are recorded as deferred tax assets on the balance sheet.

In its energy marketing business, the Corporation has entered into cash flow hedges to fix the purchase prices of natural gas, heating oil, residual fuel oil and electricity related to contracted future sales. At June 30, 2005, the net after-tax deferred gain in accumulated other comprehensive income from these hedge contracts was \$14 million.

**PART I — FINANCIAL INFORMATION (CONT'D.)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 11 - The Corporation's results by operating segment were as follows (in millions):

|                                   | Three months<br>ended June 30 |                | Six months<br>ended June 30 |                |
|-----------------------------------|-------------------------------|----------------|-----------------------------|----------------|
|                                   | 2005                          | 2004           | 2005                        | 2004           |
| <b>Operating revenues</b>         |                               |                |                             |                |
| Exploration and production (*)    | \$1,082                       | \$ 843         | \$ 2,158                    | \$1,777        |
| Refining and marketing            | <u>3,965</u>                  | <u>3,028</u>   | <u>7,930</u>                | <u>6,651</u>   |
| Total                             | <u>\$5,047</u>                | <u>\$3,871</u> | <u>\$10,088</u>             | <u>\$8,428</u> |
| <b>Net income</b>                 |                               |                |                             |                |
| Exploration and production        | \$ 263                        | \$ 182         | \$ 526                      | \$ 389         |
| Refining and marketing            | 98                            | 160            | 161                         | 272            |
| Corporate, including interest     | <u>(62)</u>                   | <u>(61)</u>    | <u>(169)</u>                | <u>(99)</u>    |
| Income from continuing operations | 299                           | 281            | 518                         | 562            |
| Discontinued operations           | —                             | 7              | —                           | 7              |
| Total                             | <u>\$ 299</u>                 | <u>\$ 288</u>  | <u>\$ 518</u>               | <u>\$ 569</u>  |

(\*) Includes transfers to affiliates of \$84 million and \$168 million during the three- and six-months ended June 30, 2005, and \$68 million and \$137 million for the corresponding periods of 2004.

Identifiable assets by operating segment were as follows (in millions):

|                            | At<br>June 30,<br>2005 | At<br>December 31,<br>2004 |
|----------------------------|------------------------|----------------------------|
| <b>Identifiable assets</b> |                        |                            |
| Exploration and production | \$10,230               | \$10,407                   |
| Refining and marketing     | 5,027                  | 4,850                      |
| Corporate                  | <u>2,202</u>           | <u>1,055</u>               |
| Total                      | <u>\$17,459</u>        | <u>\$16,312</u>            |

**PART I — FINANCIAL INFORMATION (CONT'D.)**

**Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition.**

**Overview**

The Corporation is a global integrated energy company that operates in two segments, exploration and production (E&P) and refining and marketing (R&M). The E&P segment explores for, produces and sells crude oil and natural gas. The R&M segment manufactures, purchases, trades and markets refined petroleum products and other energy products. Net income was \$518 million for the first half of 2005, including \$526 million from E&P activities and \$161 million from R&M operations.

*Exploration and Production:* Worldwide oil and gas production averaged 355,000 barrels of oil equivalent per day during the second quarter of 2005, an increase of 1% over the second quarter of 2004. Strong operating performance from existing assets and new production from the JDA, Clair Field, and Russia all contributed to these results. For 2005, our current production forecast is 350,000 to 360,000 barrels of oil equivalent per day, excluding any contribution from Libya. The Corporation continues to believe that re-entry into the Oasis concessions will happen; however, the timing of our return is difficult to predict.

In March the Corporation announced the acquisition of a controlling interest in Samara-Nafta, a company operating in the Volga-Urals region of Russia. Since then, the Russian venture has acquired three additional licenses, increasing our investment to approximately \$200 million. Production from Russia averaged 7,000 barrels per day in the second quarter.

On July 19, the Corporation announced that an agreement was signed for the sale of gas from the Phu Horm Field, located onshore Thailand. Amerada Hess is the operator with a 35% interest. Gross production from the field is expected to average 80,000 to 100,000 mcf per day in 2007.

*Refining and Marketing:* In the second quarter of 2005, the HOVENSA refinery operated at full capacity and benefited from a strong margin environment. While the retail marketing business posted higher same store gasoline volumes and convenience store sales compared with last year, income was negatively impacted by lower retail gasoline margins, resulting from the run up in wholesale prices during the quarter.

The WilcoHess joint venture acquired 102 retail outlets in eastern North Carolina. The acquisition, which was financed by the joint venture, with no capital contribution by Amerada Hess, has solidified its competitive position in North Carolina, where it now has 233 sites, and has increased the total number of Hess branded retail outlets to 1,355.

**PART I — FINANCIAL INFORMATION (CONT'D.)****Overview (Continued)**

In the second quarter, Hess LNG, a 50% joint venture, received approval from the Federal Energy Regulatory Commission (FERC) to proceed with the Weaver's Cove LNG regasification terminal in Fall River, Massachusetts. While additional federal, state and local permits are required, the receipt of the FERC certificate is an important milestone.

The Corporation's current estimate of 2005 capital and exploratory expenditures is \$2.4 to \$2.6 billion. This level of spending is up from the previous estimate of \$2.1 billion and is opportunity driven. The Corporation's investment in Russia accounts for approximately \$200 million of the increase, with the balance coming from additional opportunities in its portfolio.

**Results of Operations**

Net income for the second quarter of 2005 amounted to \$299 million compared with \$288 million in the second quarter of 2004. Net income for the first half of 2005 was \$518 million compared with \$569 million in the first half of 2004. See the following page for a table of items affecting the comparability of earnings between periods. The after-tax results by major operating activity for the three- and six-month periods ended June 30, 2005 and 2004 were as follows (in millions, except per share data):

|   | Three months<br>ended June 30 |               | Six months<br>ended June 30 |               |
|---|-------------------------------|---------------|-----------------------------|---------------|
|   | 2005                          | 2004          | 2005                        | 2004          |
| Exploration and production                            | \$ 263                        | \$ 182        | \$ 526                      | \$ 389        |
| Refining and marketing                                | 98                            | 160           | 161                         | 272           |
| Corporate   | (28)                          | (24)          | (97)                        | (26)          |
| Interest expense                                      | (34)                          | (37)          | (72)                        | (73)          |
| Income from continuing operations                     | 299                           | 281           | 518                         | 562           |
| Discontinued operations                               | —                             | 7             | —                           | 7             |
| <b>Net income</b>                                     | <b>\$ 299</b>                 | <b>\$ 288</b> | <b>\$ 518</b>               | <b>\$ 569</b> |
| Income per share from continuing operations (diluted) | \$2.89                        | \$2.77        | \$5.01                      | \$5.54        |
| <b>Net income per share (diluted)</b>                 | <b>\$2.89</b>                 | <b>\$2.84</b> | <b>\$5.01</b>               | <b>\$5.61</b> |

In the discussion that follows, the financial effects of certain transactions are disclosed on an after-tax basis. Management reviews segment earnings on an after-tax basis and uses after-tax amounts in its review of variances in segment earnings. Management believes that after-tax amounts are a preferable method of explaining variances in earnings, since they show the entire effect of a transaction rather than only the pre-tax amount. After-tax amounts are determined by applying the appropriate income tax rate in each tax jurisdiction to pre-tax amounts.



**PART I — FINANCIAL INFORMATION (CONT'D.)****Results of Operations (Continued)**

The following items, on an after-tax basis, are included in net income for the three- and six-month periods ended June 30, 2005 and 2004 (in millions):

|                              | Three months<br>ended June 30 |             | Six months<br>ended June 30 |             |
|------------------------------|-------------------------------|-------------|-----------------------------|-------------|
|                              | 2005                          | 2004        | 2005                        | 2004        |
| Exploration and production   |                               |             |                             |             |
| Income tax adjustments       | \$11                          | \$—         | \$ 11                       | \$—         |
| Gains from asset sales       | —                             | 15          | 11                          | 34          |
| Legal settlement             | —                             | —           | 11                          | —           |
| Corporate                    |                               |             |                             |             |
| Premiums on bond repurchases | (7)                           | —           | (7)                         | —           |
| Income tax adjustments       | —                             | —           | (41)                        | 13          |
|                              | <u>\$ 4</u>                   | <u>\$15</u> | <u>\$ (15)</u>              | <u>\$47</u> |

Earnings in the second quarter of 2005 include income tax benefits of \$11 million, reflecting the effect on deferred income taxes of a reduction in the income tax rate in Denmark and a tax settlement in the United Kingdom. Second quarter 2005 results also include a charge of \$7 million (\$10 million before income taxes) for premiums on bond repurchases.

The first half of 2005 includes a net gain of \$11 million (\$18 million before income taxes) on the disposition of a mature North Sea asset. In addition, a net gain of \$11 million (\$19 million before income taxes) was recorded on a legal settlement reflecting the favorable resolution of contingencies on a prior year asset sale. The Corporation also recorded an income tax charge of \$41 million related to the repatriation of \$1.3 billion of foreign earnings under the American Jobs Creation Act of 2004. Income in the first half of 2004 includes gains from asset sales of \$34 million and an income tax benefit of \$13 million resulting from the completion of a prior year United States income tax audit.

**PART I — FINANCIAL INFORMATION (CONT'D.)****Results of Operations (Continued)****Comparison of Results****Exploration and Production**

Following is a summarized income statement of the Corporation's exploration and production operations for the three- and six-month periods ended June 30, 2005 and 2004 (in millions):

|  | Three months<br>ended June 30 |              | Six months<br>ended June 30 |               |
|--|-------------------------------|--------------|-----------------------------|---------------|
|  | 2005                          | 2004         | 2005                        | 2004          |
| Sales and other operating revenues                                   | \$1,038                       | \$832        | \$2,068                     | \$1,700       |
| Non-operating income (expense)                                       | (1)                           | 19           | 46                          | 31            |
| Total revenues   | <u>1,037</u>                  | <u>851</u>   | <u>2,114</u>                | <u>1,731</u>  |
| Costs and expenses   |                               |              |                             |               |
| Production expenses, including related taxes                         | 242                           | 197          | 466                         | 384           |
| Exploration expenses, including dry holes and lease impairment       | 87                            | 63           | 220                         | 141           |
| General, administrative and other expenses                           | 35                            | 46           | 66                          | 82            |
| Depreciation, depletion and amortization                             | 247                           | 226          | 488                         | 439           |
| Total costs and expenses   | <u>611</u>                    | <u>532</u>   | <u>1,240</u>                | <u>1,046</u>  |
| Results of operations from continuing operations before income taxes | 426                           | 319          | 874                         | 685           |
| Provision for income taxes   | <u>163</u>                    | <u>137</u>   | <u>348</u>                  | <u>296</u>    |
| Results from continuing operations                                   | 263                           | 182          | 526                         | 389           |
| Discontinued operations  | <u>—</u>                      | <u>7</u>     | <u>—</u>                    | <u>7</u>      |
| Results of operations  | <u>\$ 263</u>                 | <u>\$189</u> | <u>\$ 526</u>               | <u>\$ 396</u> |

After considering the items affecting exploration and production results described above, the remaining changes in exploration and production earnings are primarily attributable to changes in selling prices, sales volumes and operating costs and exploration expenses, as discussed below.

**Selling prices:** Higher average selling prices of crude oil and natural gas increased exploration and production revenues by \$192 million in the second quarter and \$355 million in the first half of 2005 compared with the corresponding periods of 2004. The Corporation's average selling prices were as follows:

**PART I — FINANCIAL INFORMATION (CONT'D.)****Results of Operations (Continued)**

|   | Three months<br>ended June 30 |         | Six months<br>ended June 30 |         |
|---|-------------------------------|---------|-----------------------------|---------|
|   | 2005                          | 2004    | 2005                        | 2004    |
| <b>Average selling prices (including hedging)</b> |                               |         |                             |         |
| Crude oil (per barrel)                            |                               |         |                             |         |
| United States                                     | \$32.44                       | \$25.27 | \$32.31                     | \$25.38 |
| Europe  | 33.22                         | 25.39   | 32.30                       | 26.31   |
| Africa, Asia and other                            | 31.10                         | 27.47   | 31.00                       | 27.23   |
| Natural gas liquids (per barrel)                  |                               |         |                             |         |
| United States                                     | \$34.98                       | \$26.33 | \$33.94                     | \$26.06 |
| Europe  | 35.49                         | 27.33   | 33.69                       | 24.05   |
| Natural gas (per Mcf)                             |                               |         |                             |         |
| United States                                     | \$ 6.47                       | \$ 5.23 | \$ 6.30                     | \$ 5.22 |
| Europe  | 4.60                          | 3.47    | 5.03                        | 3.89    |
| Africa, Asia and other                            | 3.95                          | 3.85    | 3.95                        | 3.78    |
| <b>Average selling prices (excluding hedging)</b> |                               |         |                             |         |
| Crude oil (per barrel)                            |                               |         |                             |         |
| United States                                     | \$47.83                       | \$35.54 | \$46.49                     | \$34.55 |
| Europe  | 50.10                         | 35.39   | 48.60                       | 33.76   |
| Africa, Asia and other                            | 47.78                         | 35.04   | 46.22                       | 33.12   |
| Natural gas liquids (per barrel)                  |                               |         |                             |         |
| United States                                     | \$34.98                       | \$26.33 | \$33.94                     | \$26.06 |
| Europe  | 35.49                         | 27.33   | 33.69                       | 24.05   |
| Natural gas (per Mcf)                             |                               |         |                             |         |
| United States                                     | \$ 6.47                       | \$ 5.76 | \$ 6.30                     | \$ 5.45 |
| Europe  | 4.60                          | 3.47    | 5.03                        | 3.89    |
| Africa, Asia and other                            | 3.95                          | 3.85    | 3.95                        | 3.78    |

Crude oil hedges reduced exploration and production earnings by \$231 million and \$426 million in the second quarter and first half of 2005 (\$363 million and \$671 million before income taxes). Hedging decreased exploration and production results by \$124 million (\$198 million before income taxes) in the second quarter of 2004 and \$197 million (\$316 million before income taxes) in the first half of 2004.

The Corporation has after-tax, deferred hedge losses of \$1,702 million recorded in accumulated other comprehensive income (loss) at June 30, 2005 related to crude oil hedges. Of this amount, \$1,609 million is unrealized and relates to open hedge positions and the remaining \$93 million is realized and relates to closed hedge positions. The deferred realized loss will be recognized in earnings as the underlying barrels are sold. In addition to the gains or losses on open hedge positions, the deferred realized loss on closed hedge positions will reduce earnings during the remainder of 2005 as follows: third quarter — \$48 million and fourth quarter — \$45 million. See Market Risk Disclosure for a summary of the Corporation's open hedge positions.

**PART I — FINANCIAL INFORMATION (CONT'D.)****Results of Operations (Continued)**

**Sales and production volumes:** The Corporation's oil and gas production, on a barrel of oil equivalent basis was 355,000 barrels per day in the second quarter of 2005 compared with 351,000 barrels per day in the same period of 2004. Production in the first half of 2005 was 356,000 barrels per day compared with 349,000 barrels per day in the first half of 2004. The Corporation anticipates that its average production for the full year of 2005 will be approximately 350,000 to 360,000 barrels per day. The Corporation's net daily worldwide production was as follows (in thousands):

|   | Three months<br>ended June 30 |            | Six months<br>ended June 30 |            |
|---|-------------------------------|------------|-----------------------------|------------|
|   | 2005                          | 2004       | 2005                        | 2004       |
| <b>Crude oil (barrels per day)</b>                    |                               |            |                             |            |
| United States   | 47                            | 41         | 48                          | 40         |
| Europe  | 117                           | 127        | 118                         | 127        |
| Africa, Asia and other                                | 75                            | 66         | 73                          | 64         |
| <b>Total</b>  | <u>239</u>                    | <u>234</u> | <u>239</u>                  | <u>231</u> |
| <b>Natural gas liquids (barrels per day)</b>          |                               |            |                             |            |
| United States   | 14                            | 12         | 13                          | 12         |
| Europe  | 5                             | 5          | 6                           | 6          |
| <b>Total</b>  | <u>19</u>                     | <u>17</u>  | <u>19</u>                   | <u>18</u>  |
| <b>Natural gas (Mcf per day)</b>                      |                               |            |                             |            |
| United States   | 148                           | 160        | 156                         | 171        |
| Europe  | 289                           | 358        | 312                         | 346        |
| Africa, Asia and other                                | 138                           | 83         | 121                         | 85         |
| <b>Total</b>  | <u>575</u>                    | <u>601</u> | <u>589</u>                  | <u>602</u> |
| <b>Barrels of oil equivalent (barrels per day)(*)</b> | <u>355</u>                    | <u>351</u> | <u>356</u>                  | <u>349</u> |

(\*) Reflects natural gas production converted based on relative energy content (six Mcf equals one barrel).

Increased production in the second quarter of 2005 includes new crude oil production from the Corporation's interest in a Russian joint venture. In addition, there was increased crude oil production from the Llano Field in the Gulf of Mexico and the Ceiba Field in Equatorial Guinea. New natural gas production began in the first half of 2005 from Block A-18 in the joint development area of Malaysia and Thailand. Crude oil production also commenced from the Clair Field in the United Kingdom and the Central Azeri Field in Azerbaijan in the first half of 2005. Crude oil and natural gas production in Europe was lower in the second quarter and first half of 2005 primarily reflecting natural decline and maintenance. Higher sales volumes resulted in increased revenues of approximately \$20 million in the second quarter and first half of 2005, compared with the corresponding periods of 2004.

**PART I — FINANCIAL INFORMATION (CONT'D.)**

**Results of Operations (Continued)**

**Operating costs and exploration expenses:** Production expenses were higher in the second quarter and first half of 2005 compared with 2004 reflecting increased production volumes and higher maintenance and production taxes. Exploration expenses increased in the second quarter and first half of 2005, principally reflecting increased drilling activity compared with 2004. Depreciation, depletion and amortization charges were also higher in 2005 due to increased production and higher depreciation rates. General and administrative expenses were lower in the second quarter and first half of 2005, due to the inclusion of costs for vacated office space in London in 2004.

**Other:** After-tax foreign currency gains amounted to \$8 million in the second quarter and \$15 million in the first half of 2005 compared with gains of \$11 million and \$8 million in the corresponding periods of 2004. The pre-tax amounts were losses of \$9 million and \$5 million in the second quarter and first half of 2005 compared with a gain of \$15 million in the second quarter and \$2 million in the first half of 2004. Pre-tax amounts are recorded in non-operating income (expense).

The effective income tax rate for exploration and production operations in the first half of 2005 was 41% compared with 46% in the first half of 2004.

The Corporation's future exploration and production earnings may be impacted by volatility in the selling prices of crude oil and natural gas, reserve and production changes, exploration expenses and changes in tax rates.

**Refining and Marketing**

Earnings from refining and marketing activities amounted to \$98 million in the second quarter of 2005 compared with \$160 million in the corresponding period of 2004. For the first half of 2005, refining and marketing operations earned \$161 million compared with \$272 million in 2004. The Corporation's downstream operations include HOVENSA L.L.C. (HOVENSA), a 50% owned refining joint venture with a subsidiary of Petroleos de Venezuela S.A. (PDVSA) accounted for on the equity method. Additional refining and marketing activities include a fluid catalytic cracking facility in Port Reading, New Jersey, as well as retail gasoline stations, energy marketing and trading operations.

**Refining:** Refining earnings, which consist of the Corporation's share of HOVENSA's results, Port Reading earnings, interest income on the note receivable from PDVSA and other miscellaneous items, were \$77 million in the second quarter and \$119 million in the first half of 2005 compared with \$123 million in the second quarter and \$198 million in the first half of 2004.

The Corporation's share of HOVENSA's income before income taxes was \$108 million (\$66 million after income taxes) in the second quarter of 2005 compared with income of \$97 million (\$86 million after income taxes) in the second quarter of 2004. For the first half of 2005, the Corporation's share of HOVENSA's income was \$158 million (\$97 million after income taxes) compared with \$148 million (\$137 million after income taxes) in the first half of 2004. In 2005, the Corporation provided deferred income taxes at the Virgin Islands statutory rate of 38.5% on HOVENSA's income and

**PART I — FINANCIAL INFORMATION (CONT'D.)****Results of Operations (Continued)**

the interest income on the PDVSA note. In the first half of 2004, income taxes on HOVENSA's earnings were largely offset by available loss carryforwards. The fluid catalytic cracking unit at HOVENSA was shutdown for 30 days of planned maintenance in the first quarter of 2005.

Pre-tax interest on the PDVSA note amounted to \$6 million in the second quarter and \$11 million in the first half of 2005 compared with \$6 million and \$13 million in the corresponding periods of 2004.

Port Reading earnings were \$7 million in the second quarter and \$14 million in the first half of 2005 compared with \$31 million and \$45 million in the corresponding periods of 2004. Port Reading's refined product margins were lower in 2005 than in 2004. In addition, the Port Reading facility was shutdown for 36 days of planned maintenance in the first quarter of 2005.

The following table summarizes refinery utilization rates for the second quarter and first half of 2005 and 2004:

|                         | Refinery capacity<br>(thousands of barrels per day) | Refinery utilization       |        |                          |        |
|-------------------------|---|----------------------------|--------|--------------------------|--------|
|                         |   | Three months ended June 30 |        | Six months ended June 30 |        |
|                         |   | 2005                       | 2004   | 2005                     | 2004   |
| HOVENSA                 |   |                            |        |                          |        |
| Crude                   | 500   | 100.1%                     | 97.7%  | 95.0%                    | 98.3%  |
| Fluid catalytic cracker | 150   | 93.3%                      | 95.5%  | 75.3%(*)                 | 95.9%  |
| Coker                   | 58  | 100.9%                     | 100.2% | 96.9%                    | 100.0% |
| Port Reading            | 65  | 89.2%                      | 89.2%  | 72.8%(*)                 | 90.2%  |

(\*) Reflects reduced utilization from scheduled maintenance.

**Marketing:** Marketing earnings, which consist principally of retail gasoline and energy marketing activities, were \$14 million in the second quarter and \$27 million in the first half of 2005 compared with \$19 million and \$42 million in the same periods of 2004. Retail gasoline operations were slightly profitable in the second quarter of 2005, but generated a loss in the first half of 2005, reflecting weak margins. Retail operations were profitable in the corresponding periods of 2004. Marketing expenses were higher in the first half of 2005 compared with 2004 primarily reflecting additional retail sites. Earnings from energy marketing activities were higher in the second quarter and first half of 2005 compared with the corresponding periods of 2004, reflecting improved margins. Total refined product sales volumes were 448,000 barrels per day in the first half of 2005 and 444,000 barrels per day in the first half of 2004.

The Corporation has a 50% voting interest in a consolidated partnership that trades energy commodities and energy derivatives. The Corporation also takes trading positions for its own account. The Corporation's after-tax results from trading activities, including its share of the earnings of the trading partnership, amounted to income of \$7 million (\$12 million before income taxes) in the second quarter and \$15 million

**PART I — FINANCIAL INFORMATION (CONT'D.)****Results of Operations (Continued)**

(\$28 million before income taxes) in the first half of 2005. Trading activities resulted in income of \$18 million (\$32 million before income taxes) in the second quarter and \$32 million (\$56 million before income taxes) in the first half of 2004.

Refining and marketing earnings will likely continue to be volatile reflecting competitive industry conditions and supply and demand factors, including the effects of weather.

**Corporate**

After-tax corporate expenses amounted to \$28 million in the second quarter and \$97 million in the first half of 2005 compared with \$24 million and \$26 million in same periods of 2004. Results for the second quarter of 2005 include net expenses of \$7 million (\$10 million before income taxes) for premiums on bond repurchases. The first half of 2005 includes an income tax provision of \$41 million for the repatriation of foreign earnings to the United States under the American Jobs Creation Act of 2004. The results for the first half of 2004 include a non-cash income tax benefit of \$13 million resulting from the completion of a prior year United States income tax audit. Excluding these items, the increase in Corporate expenses is primarily due to severance and other benefit costs.

**Interest**

Interest expense in the second quarter and first half of 2005 and 2004 was as follows (in millions):

|                                      | Three months<br>ended June 30 |      | Six months<br>ended June 30 |       |
|--------------------------------------|-------------------------------|------|-----------------------------|-------|
|                                      | 2005                          | 2004 | 2005                        | 2004  |
| Total interest incurred              | \$76                          | \$73 | \$151                       | \$146 |
| Less capitalized interest            | 22                            | 13   | 36                          | 29    |
| Interest expense before income taxes | 54                            | 60   | 115                         | 117   |
| Less income taxes                    | 20                            | 23   | 43                          | 44    |
| After-tax interest expense           | \$34                          | \$37 | \$ 72                       | \$ 73 |

After-tax interest expense for the full year of 2005 is anticipated to be lower than the 2004 amount, primarily due to increased capitalized interest.

**Sales and Other Operating Revenues**

Sales and other operating revenues increased by 31% in the second quarter and 20% in the first half of 2005 compared with the corresponding periods of 2004. This increase principally reflects increased selling prices of crude oil, natural gas and refined products. The increase in cost of goods sold also reflects the increased costs of refined products purchased.

**PART I — FINANCIAL INFORMATION (CONT'D.)****Results of Operations (Continued)****Discontinued Operations**

Income from discontinued operations of \$7 million in the second quarter of 2004 reflects the settlement of a previously accrued contingency relating to a foreign exploration and production operation that was disposed of in 2003.

**Liquidity and Capital Resources**

**Overview:** Cash and cash equivalents at June 30, 2005 totaled \$916 million, an increase of \$39 million from year-end. At June 30, 2005, the Corporation's debt to capitalization ratio was 41.8% compared to 40.7% at December 31, 2004. Total debt was \$3,786 million at June 30, 2005 and \$3,835 million at December 31, 2004.

**Cash Flows from Operating Activities:** Net cash provided by operating activities including changes in operating assets and liabilities totaled \$1,067 million in the first half of 2005 compared with \$832 million in the same period of 2004. In the first half of 2005, the Corporation received a cash distribution of \$112 million from HOVENSA.

**Cash Flows from Investing Activities:** The following table summarizes the Corporation's capital expenditures (in millions):

|   | Six months ended<br>June 30 |              |
|---|-----------------------------|--------------|
|   | 2005                        | 2004         |
| Exploration and production                            |                             |              |
| Exploration   | \$118                       | \$ 57        |
| Production and development                            | 727                         | 611          |
| Asset acquisitions, including undeveloped lease costs | 66                          | 41           |
|   | 911                         | 709          |
| Refining and marketing                                | 48                          | 27           |
| Total   | <u>\$959</u>                | <u>\$736</u> |

**Cash Flows from Financing Activities:** The Corporation reduced debt by \$49 million during the first half of 2005. Debt reduction in the first half of 2004 was \$52 million. Dividends paid were approximately \$107 million in the first half of 2005 and \$106 million in the first half of 2004. During both the first half of 2005 and 2004, the Corporation received proceeds from the exercise of stock options of \$52 million.



**PART I — FINANCIAL INFORMATION (CONT'D.)**

**Liquidity and Capital Resources (Continued)**

**Future Capital Requirements and Resources:** Capital and exploratory expenditures for 2005 are currently estimated to be approximately \$2.4 to 2.6 billion. The Corporation anticipates that available cash and cash flow from operations will fund these expenditures; however, revolving credit facilities are available, if necessary.

With higher crude oil prices, the Corporation's collateral requirements under certain contracts with hedging and trading counterparties have increased. Outstanding letters of credit were \$2,892 million at June 30, 2005, including \$336 million drawn against the Corporation's revolving credit facility, \$1,425 million under committed short-term letter of credit facilities entered into in the first half of 2005, and the remainder under uncommitted lines. Outstanding letters of credit were \$1,487 million at December 31, 2004. At June 30, 2005, the Corporation has \$2,060 million available under its \$2.5 billion syndicated revolving credit agreement and has additional unused lines of credit of \$95 million, primarily for letters of credit, under uncommitted arrangements with banks. The Corporation also has a shelf registration under which it may issue \$825 million of additional debt securities, warrants, common stock or preferred stock.

Loan agreement covenants allow the Corporation to borrow an additional \$5 billion for the construction or acquisition of assets at June 30, 2005. The maximum amount of dividends that can be paid from borrowings under the loan agreements is \$1.9 billion at June 30, 2005.

**Libya:** Prior to June 30, 1986, the Corporation had extensive exploration and production operations in Libya; however, U.S. Government sanctions required suspension of participation in these operations. The Corporation wrote off the book value of its Libyan assets in connection with the cessation of operations. During 2004, the Corporation received U.S. Government authorization to negotiate and execute an agreement with the government of Libya that would define the terms for resuming active participation in the Libyan properties. The U.S. Government has lifted most of the sanctions imposed on Libya and has rescinded the Libya portions of the Iran-Libya Sanction Act of 1976. As a result, the Corporation and its partners will be able to resume operations in Libya if they are able to reach a successful conclusion to commercial negotiations. If these negotiations are successful, management anticipates capital expenditures will increase over the current plan.

**Repatriation Provisions of the American Jobs Creation Act of 2004:** The American Jobs Creation Act (the Act) provides for a one-time reduction in the income tax rate to 5.25% on eligible dividends from foreign subsidiaries to a U.S. parent. In March 2005, the Corporation's Board of Directors approved a plan to repatriate \$1.3 billion of unremitted foreign earnings. As a result, the Corporation recorded a tax provision of \$41 million in the first quarter of 2005. In August 2005, the Corporation's Board of Directors approved an additional repatriation plan in the amount of \$600 million, which will result in an income tax provision of \$32 million in the third quarter.

**PART I — FINANCIAL INFORMATION (CONT'D.)**

**Liquidity and Capital Resources (Continued)**

**Credit Ratings:** Two credit rating agencies have rated the Corporation's debt as investment grade; one agency's rating is below investment grade. If another rating agency were to reduce its credit rating below investment grade, the Corporation would have to comply with a more stringent financial covenant contained in its revolving credit facility. In addition, margin requirements with hedging and trading counterparties at June 30, 2005 would increase by an immaterial amount.

**Other:** In connection with the sale of six vessels in 2002, the Corporation agreed to support the buyer's charter rate on these vessels for up to five years. The support agreement requires that if the actual contracted rate for the charter of a vessel is less than the stipulated support rate in the agreement, the Corporation will pay to the buyer the difference between the contracted rate and the stipulated rate. The balance in the charter support reserve at January 1 and June 30, 2005 was approximately \$10 million.

At January 1, 2005, the Corporation had an accrual of \$39 million for vacated office costs in London. During the first six months of 2005, \$2 million of payments were made reducing the accrual to \$37 million at June 30, 2005. Additional accruals totaling \$21 million, before income taxes, are anticipated in the first half of 2006 for office space to be vacated.

**Off-Balance Sheet Arrangements:** The Corporation has leveraged leases not included in its balance sheet, primarily related to retail gasoline stations that the Corporation operates. The net present value of these leases is \$474 million at June 30, 2005. The Corporation's June 30, 2005 debt to capitalization ratio would increase from 41.8% to 44.7% if the leases were included as debt.

The Corporation guarantees the payment of up to 50% of HOVENSA's crude oil purchases from suppliers other than PDVSA. At June 30, 2005, the guarantee amounted to \$162 million. This amount fluctuates based on the volume of crude oil purchased and related crude oil prices. In addition, the Corporation has agreed to provide funding up to a maximum of \$40 million to the extent HOVENSA does not have funds to meet its senior debt obligations.

**Market Risk Disclosure**

In the normal course of its business, the Corporation is exposed to commodity risks related to changes in the price of crude oil, natural gas, refined products and electricity, as well as to changes in interest rates and foreign currency values. In the disclosures that follow, these operations are referred to as non-trading activities. The Corporation also has trading operations, principally through a 50% voting interest in a trading partnership. These activities are also exposed to commodity risks primarily related to the prices of crude oil, natural gas and refined products.

**PART I — FINANCIAL INFORMATION (CONT'D.)****Market Risk Disclosure (Continued)**

**Instruments:** The Corporation primarily uses forward commodity contracts, foreign exchange forward contracts, futures, swaps, options and energy commodity linked securities in its non-trading and trading activities. These contracts are widely traded instruments mainly with standardized terms. In some cases, physical purchase and sale contracts are used as trading instruments and are included in the trading results.

**Quantitative Measures:** The Corporation uses value-at-risk to monitor and control commodity risk within its trading activities. The value-at-risk model uses historical simulation and the results represent the potential loss in fair value over one day at a 95% confidence level. The model captures both first and second order sensitivities for options. The potential change in fair value based on commodity price risk is presented in the non-trading and trading sections below.

**Non-Trading:** The Corporation's exploration and production segment uses futures and swaps to fix the selling prices of a portion of its future production and the related gains or losses are an integral part of its selling prices. As of June 30, the Corporation has not hedged any of its future natural gas production. Following is a summary of the crude oil hedges as of June 30, 2005:

| Maturities     | West Texas Intermediate |                              | Brent                 |                              |
|----------------|-------------------------|------------------------------|-----------------------|------------------------------|
|                | Average Selling Price   | Thousands of Barrels per Day | Average Selling Price | Thousands of Barrels per Day |
| 2005           |                         |                              |                       |                              |
| Third quarter  | \$32.65                 | 28                           | \$30.82               | 118                          |
| Fourth quarter | 32.16                   | 28                           | 30.37                 | 118                          |
| 2006           | —                       | —                            | 28.10                 | 30                           |
| 2007           | —                       | —                            | 25.85                 | 24                           |
| 2008           | —                       | —                            | 25.56                 | 24                           |
| 2009           | —                       | —                            | 25.54                 | 24                           |
| 2010           | —                       | —                            | 25.78                 | 24                           |
| 2011           | —                       | —                            | 26.37                 | 24                           |
| 2012           | —                       | —                            | 26.90                 | 24                           |

Because the selling price of crude oil has increased significantly since the hedges were acquired, accumulated other comprehensive income (loss) at June 30, 2005 includes after-tax deferred losses of \$1,702 million related to crude oil contracts used as hedges of exploration and production sales. As market conditions change, the Corporation may adjust its hedge percentages.

The Corporation also markets energy commodities including refined petroleum products, natural gas and electricity. The Corporation uses futures and swaps to fix the purchase prices of commodities to be sold under fixed-price sales contracts.

The Corporation estimates that at June 30, 2005, the value-at-risk for commodity related derivatives that are settled in cash and used in non-trading activities was \$127 million (\$108 million at December 31, 2004). The results may vary from time to time as hedge levels change.

**PART I — FINANCIAL INFORMATION (CONT'D.)**

**Market Risk Disclosure (Continued)**

**Trading:** The trading partnership in which the Corporation has a 50% voting interest trades energy commodities and derivatives. The accounts of the partnership are consolidated with those of the Corporation. The Corporation also takes trading positions for its own account. These strategies include proprietary position management and trading to enhance the potential return on assets. The information that follows represents 100% of the trading partnership and the Corporation's proprietary trading accounts.

The following table provides an assessment of the factors affecting the changes in fair value of trading activities (in millions):

|   | 2005         | 2004         |
|---|--------------|--------------|
| Fair value of contracts outstanding at January 1  | \$184        | \$ 67        |
| Change in fair value of contracts outstanding at the beginning of the year and still outstanding at June 30 | 16           | 68           |
| Contracts realized or otherwise settled during the period   | 71           | (6)          |
| Fair value of contracts entered into during the period and still outstanding                                | 96           | (1)          |
| Fair value of contracts outstanding at June 30  | <u>\$367</u> | <u>\$128</u> |

Gains or losses from sales of physical products are recorded at the time of sale. Derivative trading transactions are marked-to-market and are reflected in income currently. Total realized gains for the first half of 2005 amounted to \$55 million (\$104 million of realized gains for the first half of 2004).

The Corporation uses observable market values for determining the fair value of its trading instruments. In cases where actively quoted prices are not available, other external sources are used which incorporate information about commodity prices in actively quoted markets, quoted prices in less active markets and other market fundamental analysis. Internal estimates are based on internal models incorporating underlying market information such as commodity volatilities and correlations. The Corporation's risk management department regularly compares valuations to independent sources and models. The following table summarizes the sources of fair values of derivatives used in the Corporation's trading activities at June 30, 2005 (in millions):

| Source of Fair Value   | Total        | Instruments Maturing |              |             |               |                 |
|------------------------|--------------|----------------------|--------------|-------------|---------------|-----------------|
|                        |              | 2005                 | 2006         | 2007        | 2008          | 2009 and beyond |
| Prices actively quoted | \$238        | \$127                | \$ 43        | \$65        | \$(18)        | \$21            |
| Other external sources | 143          | 41                   | 43           | 29          | 6             | 24              |
| Internal estimates     | (14)         | (1)                  | (13)         | —           | —             | —               |
| Total                  | <u>\$367</u> | <u>\$167</u>         | <u>\$ 73</u> | <u>\$94</u> | <u>\$(12)</u> | <u>\$45</u>     |

**PART I — FINANCIAL INFORMATION (CONT'D.)****Market Risk Disclosure (Continued)**

The Corporation estimates that at June 30, 2005, the value-at-risk for trading activities, including commodities, was \$8 million (\$17 million at December 31, 2004). The results may change from time to time as strategies change to capture potential market rate movements.

The following table summarizes the fair values of net receivables relating to the Corporation's trading activities and the credit ratings of counterparties at June 30, 2005 (in millions):

|  |              |
|--|--------------|
| Investment grade determined by outside sources             | \$303        |
| Investment grade determined internally (*)                 | 115          |
| Less than investment grade                                 | 54           |
| Fair value of net receivables outstanding at end of period | <u>\$472</u> |

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(\*) Based on information provided by counterparties and other available sources.

**Forward-Looking Information**

Certain sections of Management's Discussion and Analysis of Results of Operations and Financial Condition, including references to the Corporation's future results of operations and financial position, liquidity and capital resources, capital expenditures, oil and gas production, tax rates, debt repayment, hedging, derivative and market risk disclosures and off-balance sheet arrangements include forward-looking information. Forward-looking disclosures are based on the Corporation's current understanding and assessment of these activities and reasonable assumptions about the future. Actual results may differ from these disclosures because of changes in market conditions, government actions and other factors.

**PART I — FINANCIAL INFORMATION (CONT'D.)**

**Item 3. Quantitative and Qualitative Disclosures about Market Risk**

The information required by this item is presented under Item 2, “Management’s Discussion and Analysis of Results of Operations and Financial Condition — Market Risk Disclosure.”

**Item 4. Controls and Procedures**

Based upon their evaluation of the Corporation’s disclosure controls and procedures (as defined in Exchange Act Rules 13a - 14(c) and 15d — 14(c)) as of June 30, 2005, John B. Hess, Chief Executive Officer, and John P. Rielly, Chief Financial Officer, concluded that these disclosure controls and procedures were effective as of June 30, 2005.

There were no significant changes in the Corporation’s internal controls or in other factors that have materially affected, or are reasonably likely to materially affect, internal controls during the quarter ended June 30, 2005.

**PART II — OTHER INFORMATION**

**Item 1. Legal Proceedings**

As disclosed in Registrant's Form 10-K for the fiscal year ended December 31, 2004 (the Form 10-K), purported class actions consolidated under a complaint captioned: *In re Amerada Hess Securities Litigation* were pending in United States District Court for the District of New Jersey against Registrant and certain executive officers and former executive officers of the Registrant alleging that these individuals sold shares of the Registrant's common stock in advance of the Registrant's acquisition of Triton Energy Limited ("Triton") in 2001 in violation of federal securities laws. In April 2003, the Registrant and the other defendants filed a motion to dismiss for failure to state a claim and failure to plead fraud with particularity. On March 31, 2004, the court granted the defendant's motion to dismiss the complaint. The plaintiffs were granted leave to file an amended complaint. Plaintiffs filed an amended complaint in June 2004. Defendants moved to dismiss the amended complaint. In June 2005, this motion was denied. Defendants believe this action is without merit and will continue to defend this action vigorously.

As reported in Registrant's Form 10-K, the Registrant, along with other companies engaged in refining and marketing of gasoline, has been a party to lawsuits and claims related to the use of methyl tertiary butyl ether (MTBE) in gasoline. A series of substantially identical lawsuits, many involving water utilities or governmental entities, were filed in jurisdictions across the United States against producers of MTBE and petroleum refiners who produce gasoline containing MTBE, including Registrant. These cases have been consolidated in the United States District Court for the Southern District of New York. The principal allegation is that gasoline containing MTBE is a defective product and that these parties are strictly liable in proportion to their share of the gasoline market for damages to groundwater resources and are required to take remedial action to ameliorate the alleged effect on the environment of releases of MTBE. In some cases, punitive damages are also sought. Additional property damage of personal injury lawsuits and claims related to the use of MTBE are expected. Prior class action product liability based litigation involving MTBE in gasoline has been resolved without a material effect on the Registrant. While the damages claimed in these actions are substantial, these actions are in their preliminary phases of discovery and only limited information is available to evaluate the factual merits of those claims. In April 2005, the District Court denied the primary legal aspects of defendants' motion to dismiss these actions. Registrant believes that significant legal uncertainty remains regarding the validity of causes of action asserted by plaintiffs. Accordingly, there is insufficient information on which to evaluate the Registrant's exposure in these cases.

The Securities and Exchange Commission ("SEC") has notified the Registrant that on July 21, 2005, it commenced a private investigation into payments made to the government of Equatorial Guinea or to officials and persons affiliated with officials of the government of Equatorial Guinea. The staff of the SEC has requested documents and information from the Registrant and other oil and gas companies that have operations or interests in Equatorial Guinea. The staff of the SEC had previously been conducting an informal inquiry into such matters. The Registrant has been cooperating and continues to cooperate with the SEC investigation.

**PART II — OTHER INFORMATION****Item 4. Submission of Matters to a Vote of Security Holders**

The Annual Meeting of Stockholders of the Registrant was held on May 4, 2005. The Inspectors of Election reported that 84,620,933 shares of common stock of the Registrant were represented in person or by proxy at the meeting, constituting 92% of the votes entitled to be cast. At the meeting, stockholders voted on:

- The election of four nominees for the Board of Directors for the three-year term expiring in 2008.
- The ratification of the selection by the Board of Directors of Ernst & Young LLP as the independent auditors of the Registrant for the fiscal year ended December 31, 2005.

With respect to the election of directors, the inspectors of election reported as follows:

| Name             | For<br>Nominee Listed | Withholding Authority to Vote<br>For Nominee Listed |
|------------------|-----------------------|---|
| Edith E. Holiday | 80,099,390            | 4,521,543   |
| John J. O'Connor | 80,988,536            | 3,632,397   |
| F. Borden Walker | 81,023,268            | 3,597,665   |
| Robert N. Wilson | 82,461,212            | 2,159,721   |

The inspectors reported that 81,626,469 votes were cast for the ratification of the selection of Ernst & Young LLP as independent auditors for the fiscal year ending December 31, 2005, 2,333,534 votes were cast against said ratification and holders of 660,930 votes abstained.



**PART II — OTHER INFORMATION**

**Item 6. Exhibits and Reports on Form 8-K**

a. Exhibits

- 31(1) Certification required by Rule 13a-14(a) (17 CFR 240.13a-14(a)) or Rule 15d-14(a) (17 CFR 240.15d-14(a))
- 31(2) Certification required by Rule 13a-14(a) (17 CFR 240.13a-14(a)) or Rule 15d-14(a) (17 CFR 240.15d-14(a))
- 32(1) Certification required by Rule 13a-14(b) (17 CFR 240.13a-14(b)) or Rule 15d-14(b) (17 CFR 240.15d-14(b)) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350)
- 32(2) Certification required by Rule 13a-14(b) (17 CFR 240.13a-14(b)) or Rule 15d-14(b) (17 CFR 240.15d-14(b)) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350)

b. Reports on Form 8-K

During the quarter ended June 30, 2005, Registrant filed one report on Form 8-K:

- (i) Filing dated April 27, 2005 reporting under Items 2.02 and 9.01 a news release dated April 27, 2005 reporting results for the first quarter of 2005.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMERADA HESS CORPORATION  
(REGISTRANT)

By: /s/ John B. Hess  
JOHN B. HESS  
CHAIRMAN OF THE BOARD AND  
CHIEF EXECUTIVE OFFICER

By: /s/ John P. Rielly  
JOHN P. RIELLY  
SENIOR VICE PRESIDENT AND  
CHIEF FINANCIAL OFFICER

Date: August 5, 2005

**CERTIFICATIONS**

I, John B. Hess, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Amerada Hess Corporation;
  2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
  3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
  4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and the internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
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5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ John B. Hess  
JOHN B. HESS  
CHAIRMAN OF THE BOARD AND  
CHIEF EXECUTIVE OFFICER

Date: August 5, 2005

I, John P. Rielly, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Amerada Hess Corporation;
  2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
  3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
  4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and the internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
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5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ John P. Rielly  
JOHN P. RIELLY  
SENIOR VICE PRESIDENT AND  
CHIEF FINANCIAL OFFICER

Date: August 5, 2005

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Amerada Hess Corporation (the "Corporation") on Form 10-Q for the period ending June 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John B. Hess, Chairman of the Board and Chief Executive Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

By /s/ John B. Hess  
JOHN B. HESS  
CHAIRMAN OF THE BOARD AND  
CHIEF EXECUTIVE OFFICER  
Date: August 5, 2005

A signed original of this written statement required by Section 906 has been provided to Amerada Hess Corporation and will be retained by Amerada Hess Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Amerada Hess Corporation (the "Corporation") on Form 10-Q for the period ending June 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John P. Rielly, Senior Vice President and Chief Financial Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

By /s/ John P. Rielly  
JOHN P. RIELLY  
SENIOR VICE PRESIDENT AND  
CHIEF FINANCIAL OFFICER  
Date: August 5, 2005

A signed original of this written statement required by Section 906 has been provided to Amerada Hess Corporation and will be retained by Amerada Hess Corporation and furnished to the Securities and Exchange Commission or its staff upon request.