



**HESS CORPORATION**

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**Supplemental Earnings Information**

***First Quarter 2008***

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



\$ Millions, except per share data

	1Q 2008	1Q 2007	4Q 2007
<b>Income/(Expense)</b>			
<b><u>Net Income (U.S. GAAP)</u></b>			
Exploration and Production	\$ 824	\$ 340	\$ 583
Marketing and Refining	16	101	31
Corporate	(39)	(31)	(59)
Interest	(42)	(40)	(45)
Net Income	<u>\$ 759</u>	<u>\$ 370</u>	<u>\$ 510</u>
Net Income Per Share (Diluted)	<u>\$ 2.34</u>	<u>\$ 1.17</u>	<u>\$ 1.59</u>
<b><u>Items Affecting Comparability</u></b>			
Exploration and Production	\$ --	\$ --	\$ (56)
Marketing and Refining	--	--	24
Corporate	--	--	(25)
Total Items Affecting Comparability	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (57)</u>
<b><u>Adjusted Earnings (a)</u></b>			
Exploration and Production	\$ 824	\$ 340	\$ 639
Marketing and Refining	16	101	7
Corporate	(39)	(31)	(34)
Interest	(42)	(40)	(45)
Adjusted Earnings	<u>\$ 759</u>	<u>\$ 370</u>	<u>\$ 567</u>
Adjusted Earnings Per Share (Diluted)	<u>\$ 2.34</u>	<u>\$ 1.17</u>	<u>\$ 1.76</u>
Weighted Average Number of Shares (Diluted)	<u>323.8</u>	<u>317.3</u>	<u>321.6</u>

- (a) "Adjusted Earnings," presented throughout this supplemental earnings information, is defined as reported net income excluding discontinued operations, cumulative effect of changes in accounting principles, and items identified as affecting comparability of earnings between periods. We believe that investors' understanding of our performance is enhanced by disclosing this measure. This measure is not, and should not be viewed as, a substitute for U.S. GAAP net income.

# Items Affecting Comparability Between Periods



(Amounts are after income taxes)

## 1Q 2008

- None reported.

## 1Q 2007

- None reported.

## 4Q 2007

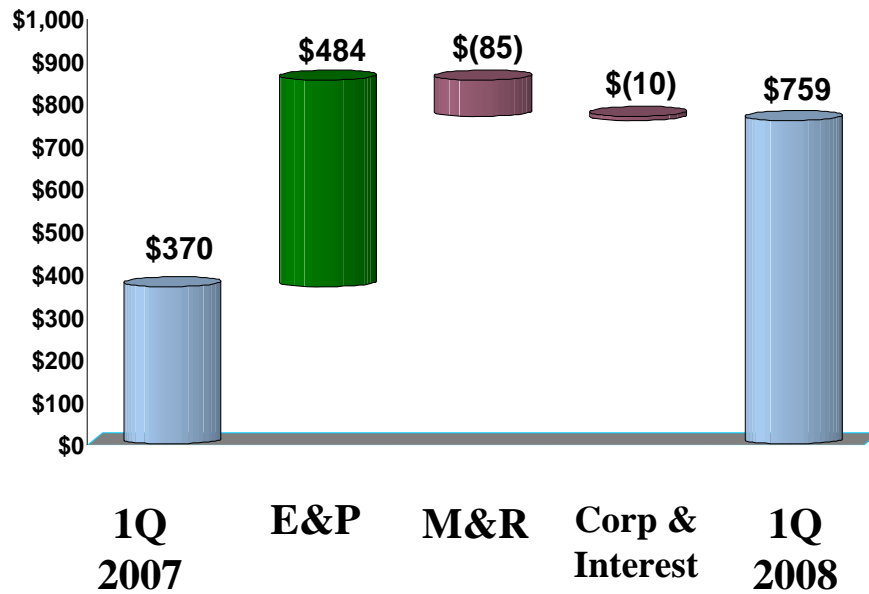
- **Exploration and Production** – Earnings include a charge of \$56 million related to asset impairments at two mature fields in the U.K. North Sea.
- **Marketing and Refining** - Results include income of \$24 million related to the partial liquidation of prior year LIFO inventories.
- **Corporate** - Expenses include a charge of \$25 million related to MTBE litigation.

# Consolidated Adjusted Earnings

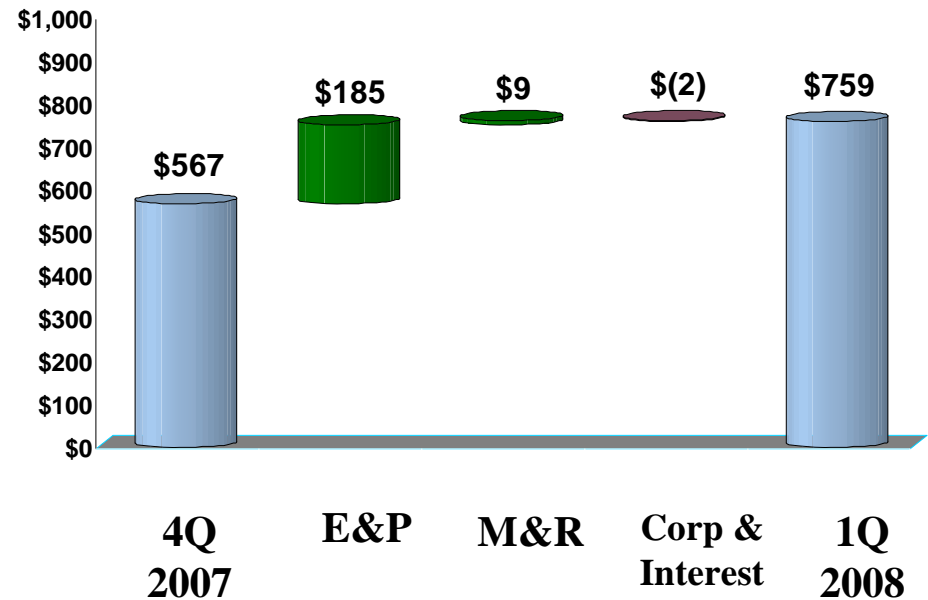


\$ Millions

1Q 2008 vs. 1Q 2007



1Q 2008 vs. 4Q 2007



# Analysis of Consolidated Adjusted Earnings

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## 1Q 2008 vs. 1Q 2007

- **Exploration and Production** – The increase in earnings primarily reflects higher realized selling prices and sales volumes partially offset by higher operating and exploration expenses.
- **Marketing and Refining** – The decrease in earnings reflects lower refining margins and trading results.

## 1Q 2008 vs. 4Q 2007

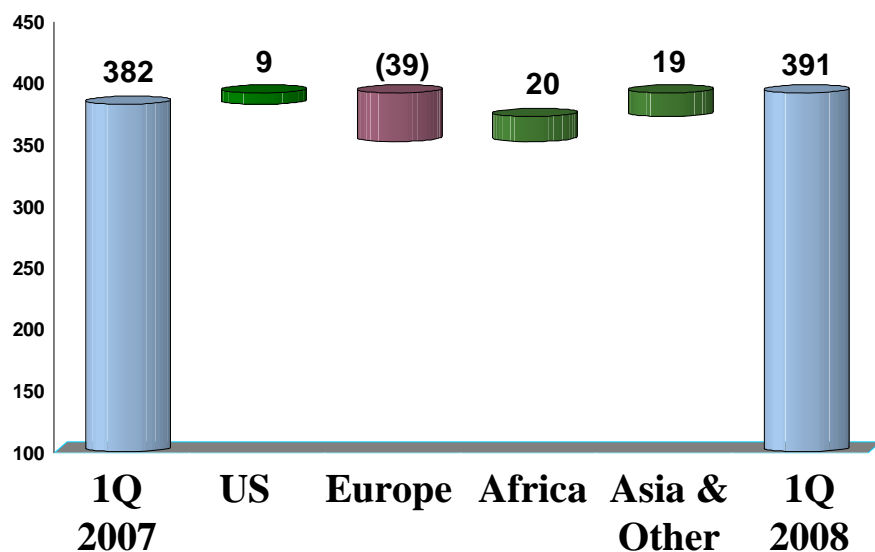
- **Exploration and Production** – The increase primarily reflects higher selling prices and sales volumes and lower costs, primarily exploration expenses.
- **Marketing and Refining** – The increase reflects higher marketing earnings resulting from seasonally higher margins and sales volumes of natural gas largely offset by reduced refining earnings primarily due to lower margins.



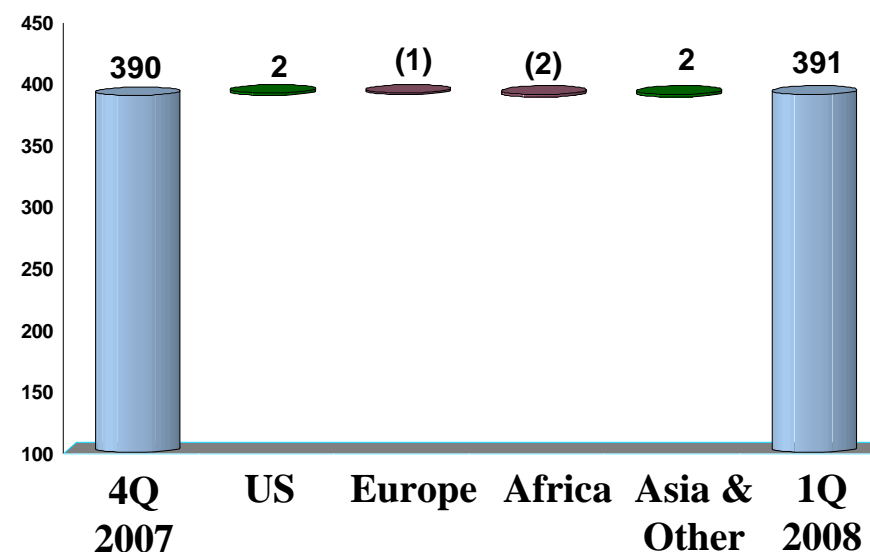
# Worldwide Oil & Gas Production

(MBOEPD)

1Q 2008 vs. 1Q 2007



1Q 2008 vs. 4Q 2007



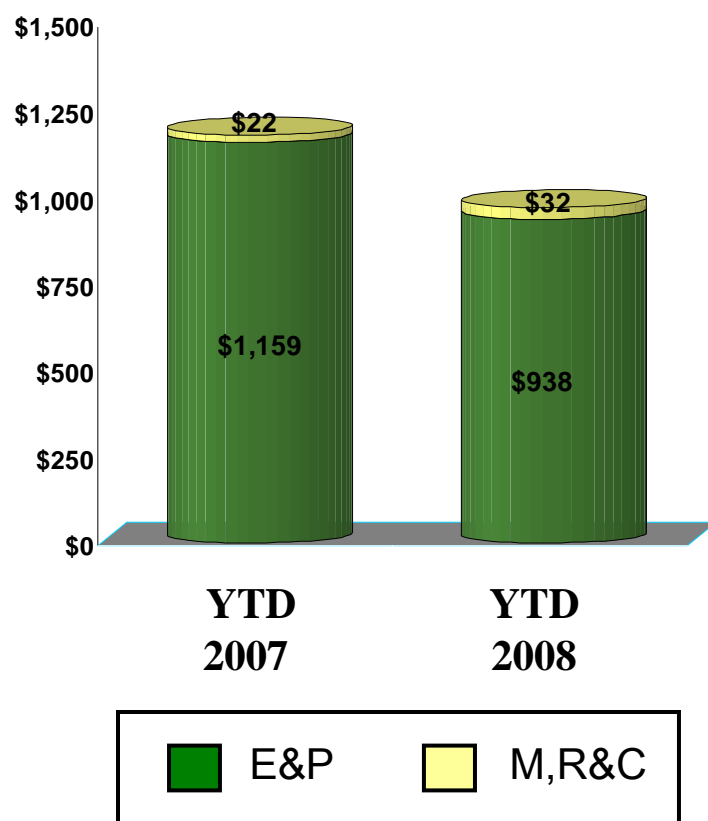
	<u>1Q 2007</u>	<u>1Q 2008</u>	<u>Inc/(Dec)</u>
United States	53	62	9
Europe	175	136	(39)
Africa	99	119	20
Asia & Other	<u>55</u>	<u>74</u>	<u>19</u>
<b>Total</b>	<b><u>382</u></b>	<b><u>391</u></b>	<b><u>9</u></b>

	<u>4Q 2007</u>	<u>1Q 2008</u>	<u>Inc/(Dec)</u>
United States	60	62	2
Europe	137	136	(1)
Africa	121	119	(2)
Asia & Other	<u>72</u>	<u>74</u>	<u>2</u>
<b>Total</b>	<b><u>390</u></b>	<b><u>391</u></b>	<b><u>1</u></b>



# Capital & Exploratory Expenditures

\$ Millions



	Year to Date	
	2007*	2008
<b>Exploration &amp; Production</b>		
United States	\$ 651	\$ 415
International	<u>508</u>	<u>523</u>
<b>Total E&amp;P</b>	<b>1,159</b>	<b>938</b>
<b>Marketing, Refining &amp; Corporate</b>		
<b>Total</b>	<u><b>\$ 22</b></u>	<u><b>32</b></u>
<b>Total</b>	<u><b>\$ 1,181</b></u>	<u><b>\$ 970</b></u>
<b>Exploration expenses included above:</b>		
United States	\$ 40	\$ 62
International	<u>35</u>	<u>59</u>
<b>Total</b>	<u><b>\$ 75</b></u>	<u><b>\$ 121</b></u>

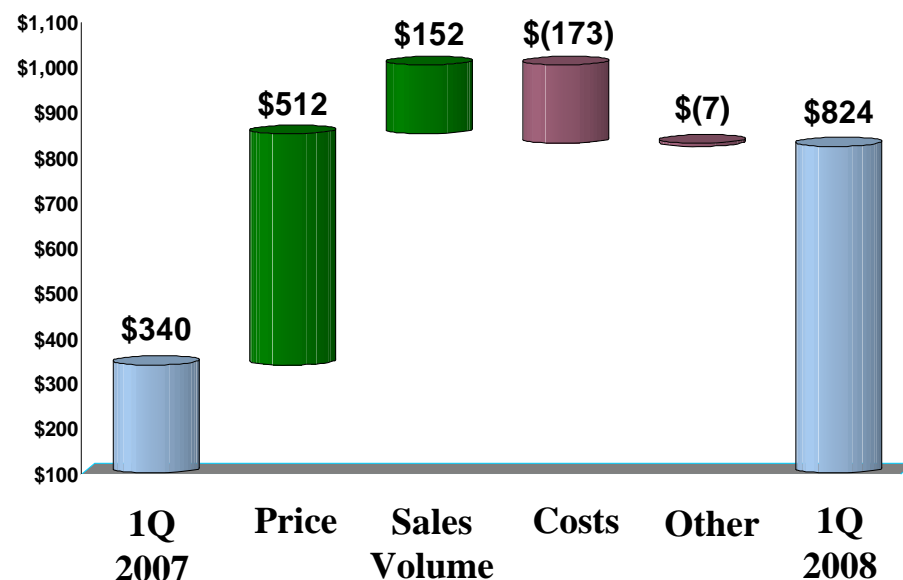
\* Year to date 2007 includes \$371 million for the acquisition of an interest in Genghis Khan, the western extension of the Shenzi Field in the deepwater Gulf of Mexico.



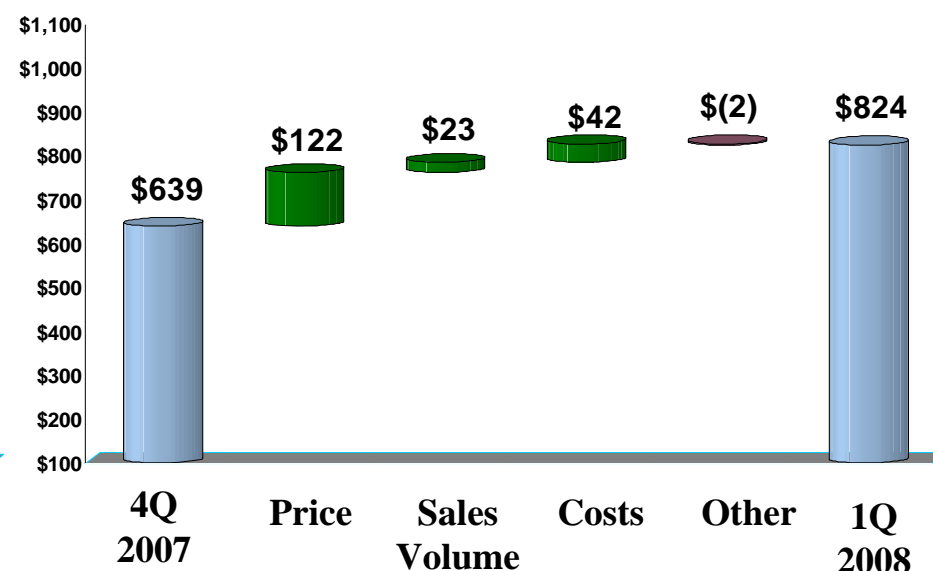
# Exploration and Production Adjusted Earnings

\$ Millions

1Q 2008 vs. 1Q 2007



1Q 2008 vs. 4Q 2007



	<u>1Q 2007</u>	<u>1Q 2008</u>	<u>Inc/(Dec)</u>
United States	\$ 44	\$ 134	\$ 90
International	<u>296</u>	<u>690</u>	<u>394</u>
<b>Total</b>	<b><u>\$ 340</u></b>	<b><u>\$ 824</u></b>	<b><u>\$ 484</u></b>

	<u>4Q 2007</u>	<u>1Q 2008</u>	<u>Inc/(Dec)</u>
United States	\$ 69	\$ 134	\$ 65
International	<u>570</u>	<u>690</u>	<u>120</u>
<b>Total</b>	<b><u>\$ 639</u></b>	<b><u>\$ 824</u></b>	<b><u>\$ 185</u></b>

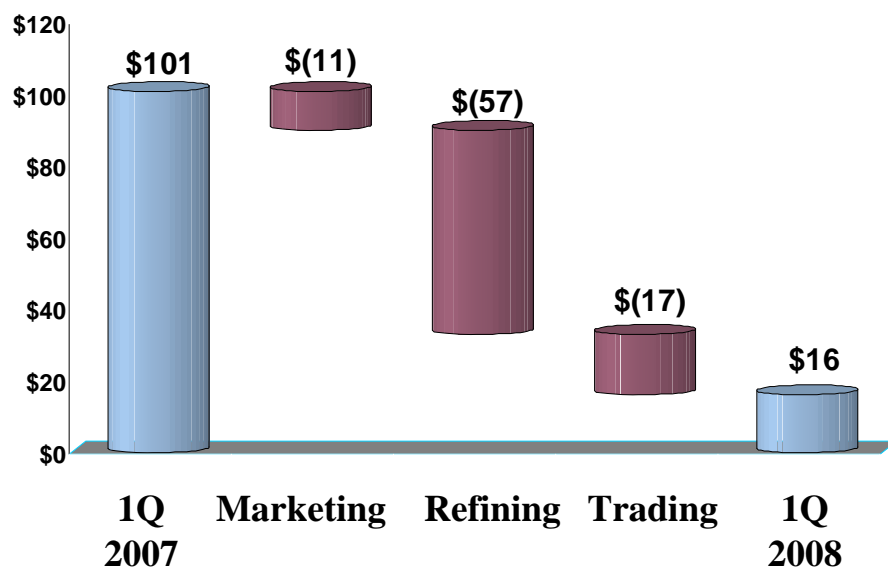




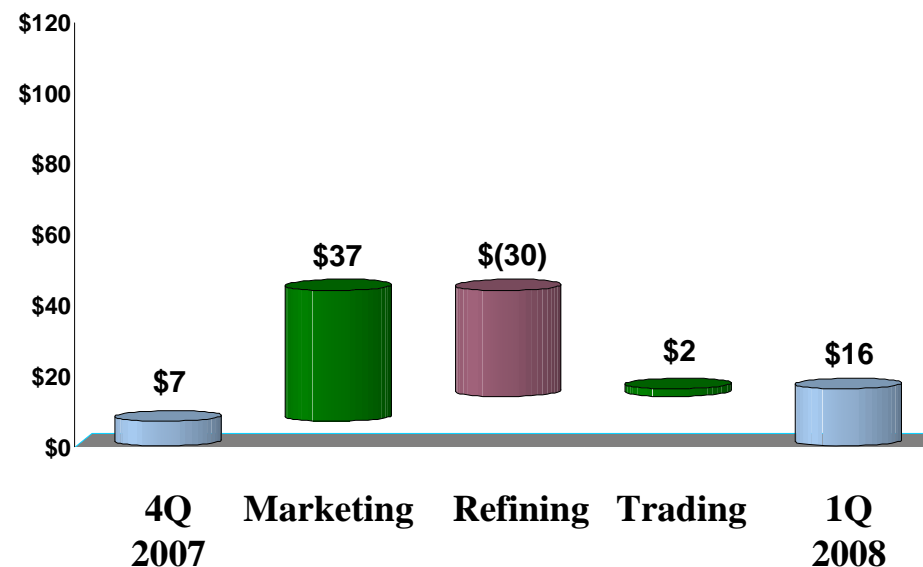
# Marketing and Refining Adjusted Earnings

\$ Millions

1Q 2008 vs. 1Q 2007



1Q 2008 vs. 4Q 2007



	<u>1Q 2007</u>	<u>1Q 2008</u>	<u>Inc/(Dec)</u>
Marketing	\$ 43	\$ 32	\$ (11)
Refining	54	(3)	(57)
Trading	<u>4</u>	<u>(13)</u>	<u>(17)</u>
<b>Total</b>	<b>\$ 101</b>	<b>\$ 16</b>	<b>\$ (85)</b>

	<u>4Q 2007</u>	<u>1Q 2008</u>	<u>Inc/(Dec)</u>
Marketing	\$ (5)	\$ 32	\$ 37
Refining	27	(3)	(30)
Trading	<u>(15)</u>	<u>(13)</u>	<u>2</u>
<b>Total</b>	<b>\$ 7</b>	<b>\$ 16</b>	<b>\$ 9</b>