



**HESS CORPORATION**

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**Supplemental Earnings Information**

***First Quarter 2007***

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



Income/(Expense)	First Quarter 2007	First Quarter 2006	Fourth Quarter 2006
<b><u>Net Income (U.S. GAAP)</u></b>			
Exploration and Production	\$ 340	\$ 706	\$ 350
Marketing and Refining	101	53 <sup>a</sup>	67 <sup>a</sup>
Corporate	(31)	(23)	(27)
Interest	(40)	(37)	(31)
<b>Total Net Income</b>	<b>\$ 370</b>	<b>\$ 699</b>	<b>\$ 359</b>
<b><u>Items Affecting Comparability</u></b>			
Exploration and Production	\$ --	\$ 186 <sup>b</sup>	\$ --
Marketing and Refining	--	--	--
Corporate	--	--	--
<b>Total Items Affecting Comparability</b>	<b>\$ --</b>	<b>\$ 186</b>	<b>\$ --</b>
<b><u>Adjusted Earnings (c)</u></b>			
Exploration and Production	\$ 340	\$ 520	\$ 350
Marketing and Refining	101	53	67
Corporate	(31)	(23)	(27)
Interest	(40)	(37)	(31)
<b>Total Adjusted Earnings</b>	<b>\$ 370</b>	<b>\$ 513</b>	<b>\$ 359</b>

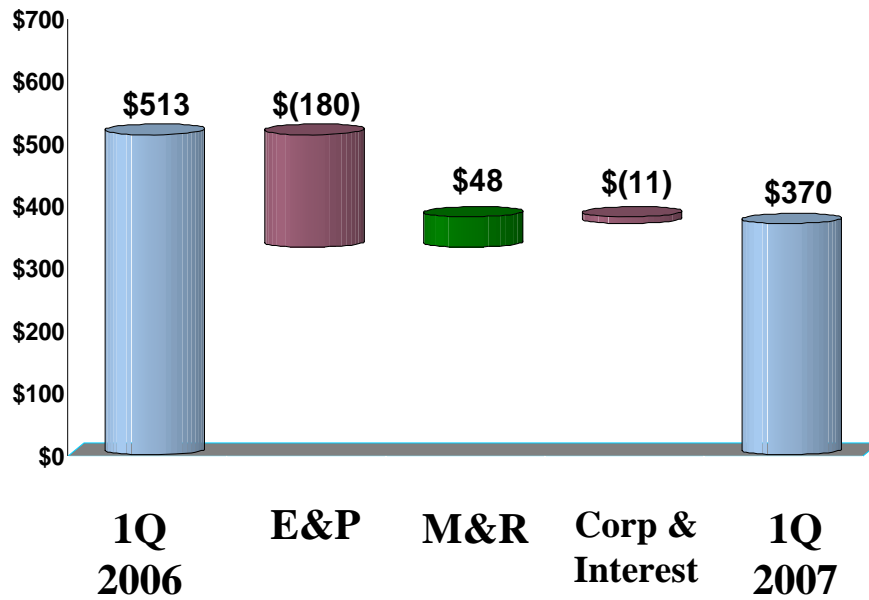
- a. Reflects the impact of the retrospective adoption of a new accounting pronouncement related to refinery turnarounds. All of the financial information presented in this supplemental earnings report reflects this retrospective accounting change.
- b. Earnings in the first quarter included a gain of \$186 million related to the sale of certain US producing properties.
- c. "Adjusted Earnings," which are 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.

# Consolidated Adjusted Earnings

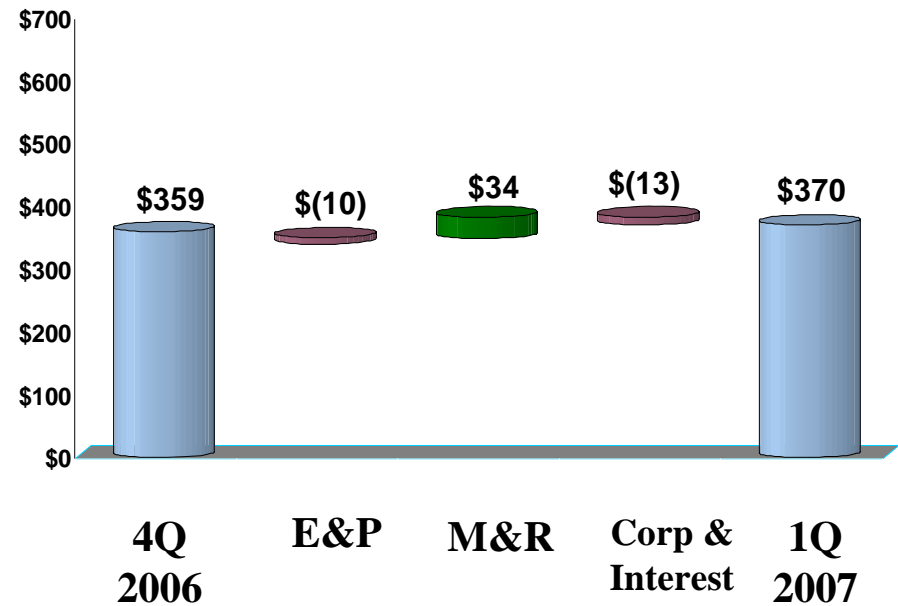


\$ Millions

1Q 2007 vs. 1Q 2006



1Q 2007 vs. 4Q 2006





## Analysis of Consolidated Adjusted Earnings

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### 1Q 2007 vs. 1Q 2006

- **Exploration and Production** – The decrease in earnings primarily reflects lower average selling prices and higher operating costs and income taxes, partially offset by higher sales volumes.
- **Marketing and Refining** – The increase in earnings primarily reflects higher marketing earnings due to increased margins and sales volumes, higher refining earnings resulting from improved refined product margins, partially offset by less favorable trading results.

### 1Q 2007 vs. 4Q 2006

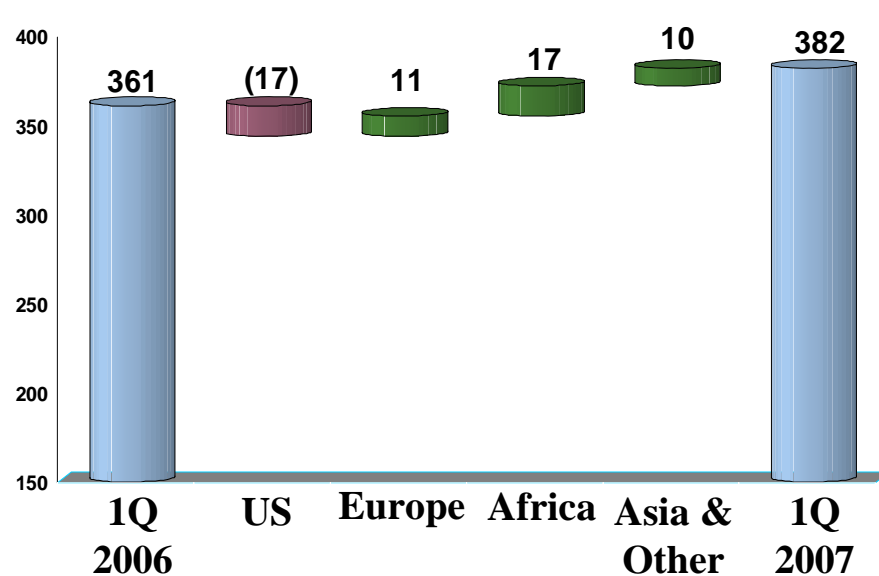
- **Exploration and Production** –The decrease in earnings primarily reflects lower sales volumes, partially offset by lower exploration expenses.
- **Marketing and Refining** –The increase in earnings reflects higher marketing results due to increased margins and higher refining earnings resulting from improved refined product margins.



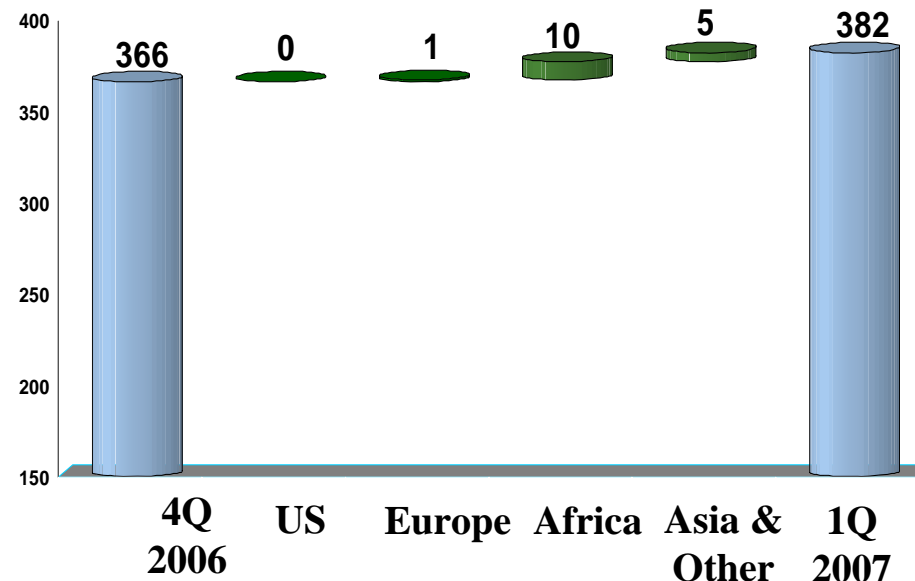
# Worldwide Oil & Gas Production

(MBOEPD)

1Q 2007 vs. 1Q 2006



1Q 2007 vs. 4Q 2006



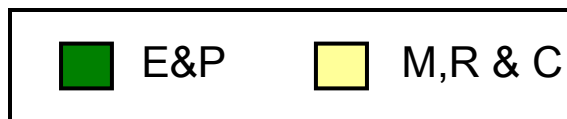
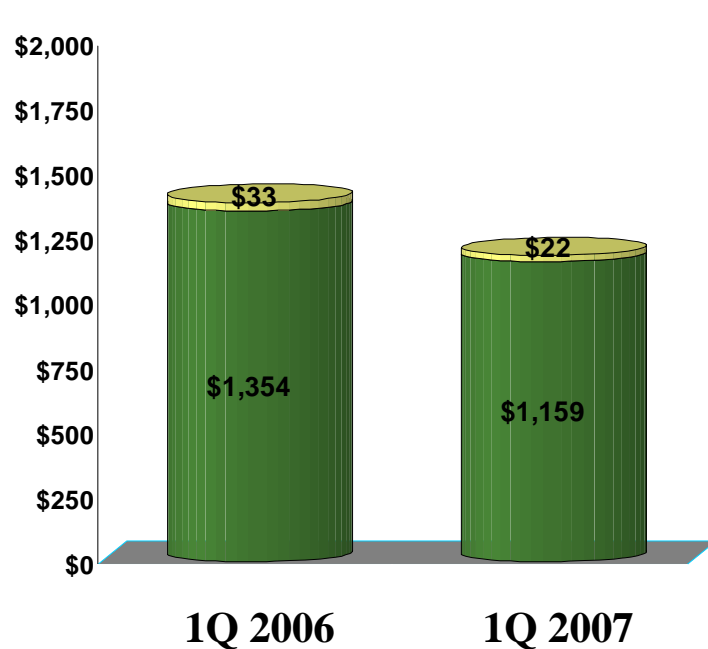
	<u>1Q 2006</u>	<u>1Q 2007</u>	<u>Inc/(Dec)</u>
United States	70	53	(17)
Europe	164	175	11
Africa	82	99	17
Asia & Other	<u>45</u>	<u>55</u>	<u>10</u>
<b>Total</b>	<b><u>361</u></b>	<b><u>382</u></b>	<b><u>21</u></b>

	<u>4Q 2006</u>	<u>1Q 2007</u>	<u>Inc/(Dec)</u>
United States	53	53	-
Europe	174	175	1
Africa	89	99	10
Asia & Other	<u>50</u>	<u>55</u>	<u>5</u>
<b>Total</b>	<b><u>366</u></b>	<b><u>382</u></b>	<b><u>16</u></b>



# Capital & Exploratory Expenditures

\$ Millions



	<u>1Q 2006*</u>	<u>1Q 2007**</u>	<u>Full Year Forecast 2007</u>
<b>Exploration &amp; Production</b>			
U.S.	\$ 160	\$ 651	\$ 1,700
International	<u>1,194</u>	<u>508</u>	<u>2,200</u>
Total E&P	1,354	1,159	3,900
<b>Marketing, Refining &amp; Corporate</b>			
	<u>33</u>	<u>22</u>	<u>100</u>
<b>Total</b>	<u>\$ 1,387</u>	<u>\$ 1,181</u>	<u>\$ 4,000</u>

\* Q1 2006 capital & exploratory expenditures include \$673 million for the acquisition of assets in Egypt and the re-entry into Libya.

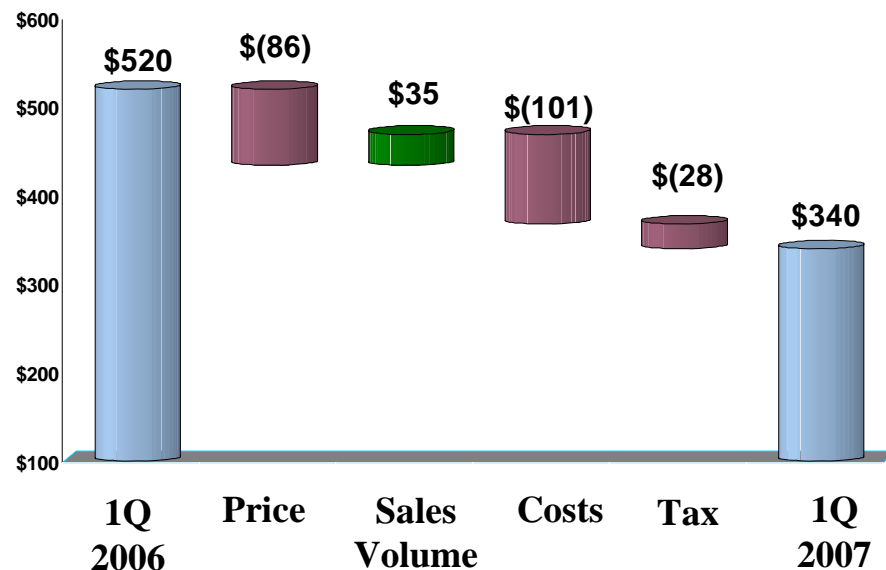
\*\* Q1 2007 includes \$371 million for the acquisition of an interest in the Genghis Khan development in the deepwater Gulf of Mexico.



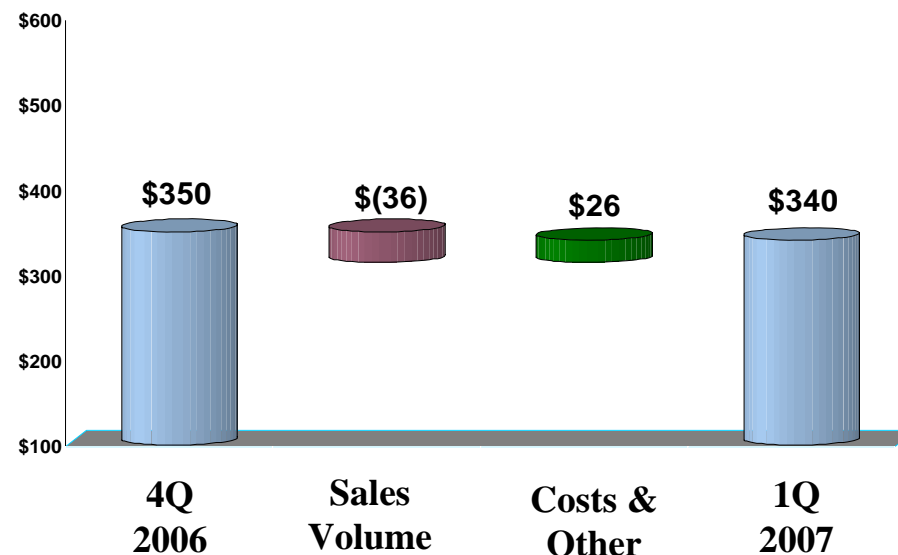
# Exploration and Production Adjusted Earnings

\$ Millions

1Q 2007 vs. 1Q 2006



1Q 2007 vs. 4Q 2006



	<u>1Q 2006</u>	<u>1Q 2007</u>	<u>Inc/(Dec)</u>
United States	\$ 116	\$ 44	\$ (72)
International	<u>404</u>	<u>296</u>	<u>(108)</u>
<b>Total</b>	<b>\$ 520</b>	<b>\$ 340</b>	<b>\$ (180)</b>

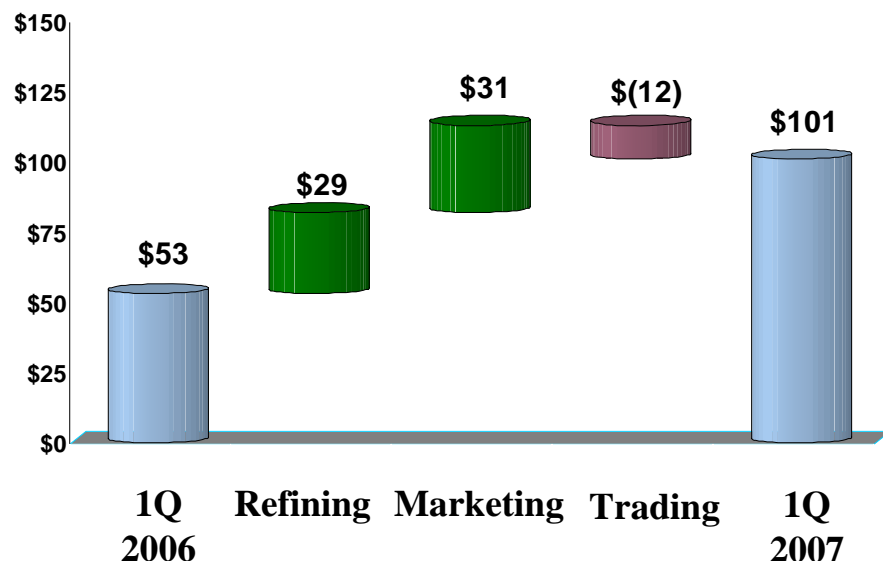
	<u>4Q 2006</u>	<u>1Q 2007</u>	<u>Inc/(Dec)</u>
United States	\$ 21	\$ 44	\$ 23
International	<u>329</u>	<u>296</u>	<u>(33)</u>
<b>Total</b>	<b>\$ 350</b>	<b>\$ 340</b>	<b>\$ (10)</b>



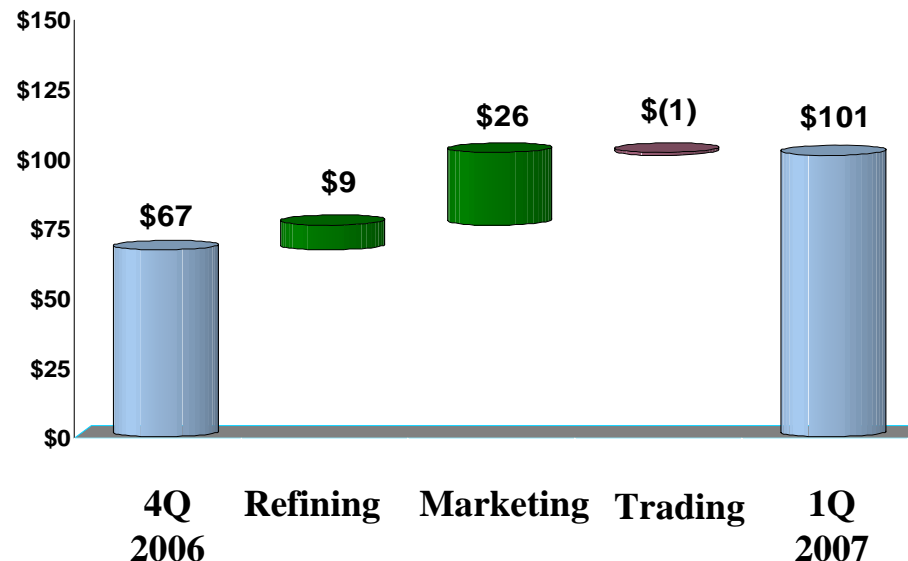
# Marketing and Refining Adjusted Earnings

\$ Millions

1Q 2007 vs. 1Q 2006



1Q 2007 vs. 4Q 2006



	<u>1Q 2006</u>	<u>1Q 2007</u>	<u>Inc/(Dec)</u>
Refining	\$ 25	\$ 54	\$ 29
Marketing	12	43	31
Trading	<u>16</u>	<u>4</u>	<u>(12)</u>
Total	<u>\$ 53</u>	<u>\$ 101</u>	<u>\$ 48</u>

	<u>4Q 2006</u>	<u>1Q 2007</u>	<u>Inc/(Dec)</u>
Refining	\$ 45	\$ 54	\$ 9
Marketing	17	43	26
Trading	<u>5</u>	<u>4</u>	<u>(1)</u>
Total	<u>\$ 67</u>	<u>\$ 101</u>	<u>\$ 34</u>