HESS CORPORATION 2007 Annual Report

Our Company

Hess Corporation is a leading global independent energy company engaged in the exploration for and production of crude oil and natural gas, as well as in refining and marketing refined petroleum products, natural gas and electricity. Our strategy is to build a company that will sustain profitable growth and create significant shareholder value. We are committed to meeting the highest standards of corporate citizenship by protecting the health and safety of our employees, safeguarding the environment and making a positive impact in the communities in which we do business.

TABLE OF CONTENTS

Cover: Okume Complex, Equatorial Guinea

Financial and Operating Highlights

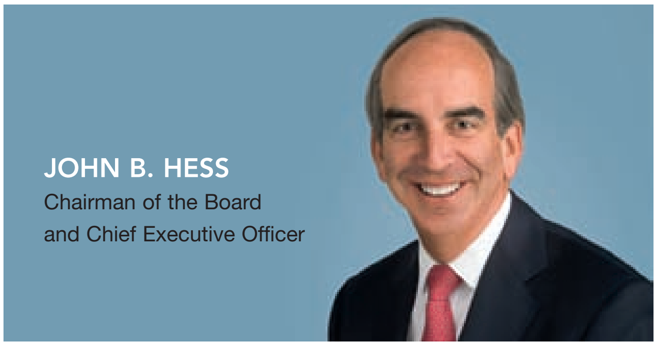
Amounts in millions, except per share data	2007	2006
FINANCIAL — FOR THE YEAR		
Sales and other operating revenues	$ 31,647	$ 28,067
Net income	$ 1,832	$ 1,920
Net income per share diluted	$ 5.74	$ 6.08
Common stock dividends per share	$ .40	$ .40
Net cash provided by operating activities	$ 3,507	$ 3,491
Capital and exploratory expenditures	$ 3,926	$ 4,056
Weighted average diluted shares outstanding	319.3	315.7
FINANCIAL — AT YEAR END		
Total assets	$ 26,131	$ 22,442
Total debt	$ 3,980	$ 3,772
Stockholders' equity	$ 9,774	$ 8,147
Debt to capitalization ratio[a]	28.9%	31.6%
Common stock price	$ 100.86	$ 49.57
OPERATING — FOR THE YEAR		
Production—net		
Crude oil and natural gas liquids (thousands of barrels per day)		
United States	41	46
International	234	211
Total	275	257
Natural gas (thousands of Mcf per day)		
United States	88	110
International	525	502
Total	613	612
Barrels of oil equivalent (thousands of barrels per day)	377	359
Marketing and Refining (thousands of barrels per day)		
Refining crude runs—HOVENSA L.L.C.[b]	227	224
Refined products sold	451	459

(a) Total debt as a percentage of the sum of total debt and stockholders' equity.

(b) Reflects the Corporation's 50% share of HOVENSA's crude runs.

See Management's Discussion and Analysis of Results.

To Our Stockholders



2007 was another year of strong achievement for our company, as we successfully executed our strategy of growing our reserves and production on a sustainable basis in Exploration and Production and managing for near-term earnings and free cash flow in Marketing and Refining.

Our financial performance benefited from higher volumes of crude oil and natural gas production and strong commodity prices, which were partially offset by higher industry costs in Exploration and Production and lower margins in Marketing and Refining. Our corporate net income was $1.8 billion, or $5.74 per share. While we continued to reinvest the majority of our cash flow in Exploration and Production, we strengthened our financial position in 2007 with debt-to-capitalization improving to 28.9 percent at year end compared to 31.6 percent at the end of 2006.

Exploration and Production, which earned $1.8 billion, delivered strong operational performance:

- Our year end proved reserves grew by 7 percent to 1.33 billion barrels of oil equivalent.
- We replaced 167 percent of production at a finding, development and acquisition cost of about $16.20 per barrel.
- Our reserve life increased to 9.5 years, marking the fifth consecutive year of improvement.
- Our worldwide crude oil and natural gas production grew by 5 percent versus the prior year to an average of 377,000 barrels of oil equivalent per day.

Marketing and Refining, which earned $300 million, continued to contribute to our company's progress:

- Refining generated solid financial performance in a challenging environment with $193 million in earnings.
- Energy Marketing experienced strong growth in sales and margin improvements in natural gas and electricity.
- Retail Marketing showed increases in both fuel sales and convenience store sales, but this improvement in volumes was more than offset by lower fuel margins.

We have worked hard over the past five years to reshape our company, build a global organization with strong technical capability and deliver the performance for which we are starting to receive recognition. Our total shareholder return for the year was up 104 percent, an increase that was first among integrated oil companies and tenth in the S&P 500.

Going forward, we will continue to invest our cash flow in a disciplined manner to sustain long-term profitable growth. For 2008, capital and exploratory expenditures are expected to be $4.4 billion, with $1.6 billion for production, $1.5 billion for field developments and $1.2 billion for exploration. We believe this investment program will create significant value for our shareholders.

EXPLORATION AND PRODUCTION

In 2007, production grew with major contributions from Hess operated projects including a substantial increase in crude oil production at the Okume Complex in Equatorial Guinea, where our working interest is 85 percent; the commencement of natural gas production from the Ujung Pangkah Field in Indonesia, in which we have a 75 percent working interest; and a full year of natural gas sales at Sinphuhorm, onshore Thailand, where our working interest is 35 percent.

We advanced several Hess operated field development projects, including the Bakken Shale in North Dakota, the Residual Oil Zone at the Seminole San Andres Unit in West Texas, and Ujung Pangkah Oil in Indonesia. We also made significant progress in the development of the Shenzi Field in the deepwater Gulf of Mexico, where Hess has a 28 percent interest. In addition, we sanctioned during the past year two new field developments: the Hess operated Jambi Merang natural gas project in Indonesia and the Valhall Field Redevelopment in Norway.

In exploration, we continued the appraisal of the Pony and Tubular Bells discoveries in the deepwater Gulf of Mexico. Hess has a 100 percent interest in Pony and a 20 percent interest in Tubular Bells.

MARKETING AND REFINING

Our refineries operated reliably last year. However, full year financial results for the HOVENSA refinery were impacted by the turnaround of the delayed coker in the second quarter and the lower margin environment that existed in the second half of the year.

In Retail Marketing, we announced in December an exclusive agreement with Dunkin' Donuts, the world's largest coffee and baked goods chain, to create innovative self-service offerings in many of our convenience store locations from Massachusetts to Florida. This strategic partnership expands our ability to provide an exciting new range of coffee and food products for our customers.

Hess Energy Marketing, which provides energy to commercial and industrial customers in the eastern United States, doubled electricity sales compared to the previous year and increased natural gas sales.

SAFETY AND SOCIAL RESPONSIBILITY

We are encouraged by the progress we are making in safety. In 2007, we achieved our best safety performance since the company began recording such data more than 20 years ago. The incident rate was approximately one-third the rate it was in 2000 and has improved seven of the past eight years. While we celebrate our success, we strive for continued improvement by building a culture of safety.

Social responsibility is a core value of our company and we remain committed to making a positive, sustainable difference in the communities where we do business. Our company's charitable contributions grew from $6 million in 2006 to more than $16 million in 2007 as we provided support for education, health and community development in numerous countries throughout the world. We are particularly proud of the program we initiated in Equatorial Guinea in partnership with the government to strengthen the educational system and of the steps taken in 2007: 100 teachers and 1,000 school directors were trained and the first five of 45 schools were refurbished.

We deeply appreciate the hard work and dedication of our employees. We are grateful to our Board of Directors for their outstanding leadership and guidance. We especially want to thank you, our stockholders, for your continued interest and support.

John B. Hess

JOHN B. HESS
Chairman of the Board
and Chief Executive Officer
March 5, 2008

Ujung Pangkah Field, Indonesia

Exploration and Production

PRODUCTION

In 2007, production averaged 377,000 barrels of oil equivalent per day, an increase of 5 percent from the 359,000 barrels of oil equivalent per day achieved in 2006. The increase resulted from the ramp up of production at the Okume Complex in Equatorial Guinea, the commencement of natural gas production at Ujung Pangkah in Indonesia, a full year of natural gas sales at Sinphuhorm, onshore Thailand, and production growth in Russia and Azerbaijan.

In Equatorial Guinea, the company-operated Okume Complex (Hess 85%), which started production in December 2006, performed at the high end of expectations throughout the year. Overall, reservoir performance was better than originally forecast and the facilities averaged a strong 97 percent uptime. In January 2008, gross production from the Okume Complex reached its design capacity of 60,000 barrels of oil per day.

In Indonesia, the company-operated Ujung Pangkah Field (Hess 75%) commenced natural gas production in April 2007 and ramped up to 100 million cubic feet per day gross in the fourth quarter. Production of condensate from Ujung Pangkah was also achieved in 2007 and is expected to reach 3,000 net barrels of oil per day in 2008.

In the United States, our strategy of building on our core position in the North Dakota Bakken Shale play is proceeding well. In 2007, we drilled 32 wells and increased our land holdings from 220,000 acres to 356,000 acres. At year end, six rigs were drilling on our Bakken properties and net production averaged near 5,000 barrels of oil per day. We expect to continue our growth in 2008 with the acquisition of additional acreage and by contracting for additional drilling rigs.

In the United Kingdom North Sea, natural gas production from the Atlantic (Hess 25%) and Cromarty (Hess 90%) Fields added to our production growth. The Hess operated Cromarty Field produced at a gross rate of approximately 95 million cubic feet per day during the first quarter of 2007, and an election was made to shut in production during the second and third quarters when natural gas prices were lower. Full production resumed in October at seasonally higher gas prices. This commercial strategy will be considered again in 2008, depending on market conditions. As part of our continued portfolio optimization, in 2007 we concluded the sale of our interests in the Scott and Telford Fields in the North Sea.

DEVELOPMENT

In the deepwater Gulf of Mexico, we achieved first production in October from the Genghis Khan oil and gas development (Hess 28%) using a third party-owned production facility. In January 2008, we completed a second production well and we expect to drill and complete two additional wells during the year. The Shenzi oil and gas development (Hess 28%) continued to progress, achieving planned milestones. Installation of the tendon piles for the Tension Leg Platform (TLP) and hull fabrication were both completed in 2007. Installation of equipment and additional development drilling is expected to continue through 2008. We expect first oil to be on schedule in mid-2009.

In the United States onshore, we continued to advance construction at the company-operated development of the Residual Oil Zone at the Seminole-San Andres Unit (Hess 34%) in West Texas, with engineering completion expected in the first half of 2008. Currently the company is operating four rigs in the field.

In Indonesia, the second phase of development of the company-operated Ujung Pangkah Field continued on schedule. Completion of the onshore oil processing facilities is expected by year end 2008 and LPG facilities completion is anticipated by mid-year 2009. Engineering and construction for the offshore facilities will also continue in 2008 including the drilling and completion of seven oil wells.

In 2007, we achieved the set milestones for the Phase 2 development of Block A-18 (Hess 50%) in the Malaysia/Thailand Joint Development Area (JDA) in the Gulf of Thailand. Offshore facilities were expanded, new wellhead platforms were installed and Phase 2 development drilling commenced.

EXPLORATION

2007 was a significant year for new acreage capture, appraisal activity and exploration drilling, as the company continued to build for the future and grow its portfolio.

Hess captured two highly prospective blocks on the Australian Northwest Shelf, licenses WA-390-P (Hess 100%) and nearby WA-404-P (Hess 50%) in partnership with Woodside, bringing our total gross acreage position in Australia to approximately 1.5 million acres. Exploration drilling will commence on WA-390-P in the second quarter of 2008. In Colombia, Hess won two offshore blocks, RC6 & RC7, totaling nearly 1.3 million gross acres with a 30 percent working interest. Hess also won three deepwater blocks in the Gulf of Mexico, ending the year with 371 blocks held.

Appraisal drilling in the Gulf of Mexico and the Malaysia/Thailand JDA areas were major activities for Hess in 2007. In the first quarter, a sidetrack well from the original Pony discovery (Hess 100%) was successfully completed. Results from a second appraisal well, located 1.5 miles northwest of the original discovery well in Green Canyon Block 468 also are expected in 2008. We successfully appraised the Tubular Bells discovery (Hess 20%) in Mississippi Canyon Block 682 by drilling a sidetrack well in the first quarter. This sidetrack was followed with a further appraisal well, which spudded in October 2007.

Technology application was a focus of exploration in 2007. Hess secured wide-azimuth and multi-azimuth seismic surveys in the Gulf of Mexico and within its offshore Mediterranean Egyptian acreage. Hess also committed to the application of an electro-magnetic survey offshore Ghana.

Successful exploitation drilling in the United States, United Kingdom, Russia, Libya, Indonesia, the JDA, Thailand and the Bakken Shale play in North Dakota will assist in positioning us for growth in the near term.

In 2008, our high impact exploration program has a distinctly global footprint and is world class. The program includes drilling deepwater prospects in the Gulf of Mexico, Australia, Libya, Brazil, Ghana, Ireland and West of Shetlands in the United Kingdom.

Shenzi tension leg platform in Korea on way to Gulf of Mexico

HESS EXPRESS, South Carolina

Marketing and Refining

REFINING

Our HOVENSA refinery in the United States Virgin Islands is one of the largest refineries in the world. It is jointly owned by the company and Petroleos de Venezuela S.A. (PDVSA). The facility is strategically positioned and enjoys strong economies of scale.

The refinery has 500,000 barrels per day of crude distillation capacity and a 150,000 barrel per day fluid catalytic cracking unit (FCC), which allows it to make significant volumes of high-quality gasoline and distillates. In addition, the refinery has a 58,000 barrel per day delayed coking unit, which enables the refinery to process lower-cost heavy crude oils. Gross crude runs at the refinery averaged 454,000 barrels per day in 2007 versus 448,000 barrels per day in 2006.

Our Port Reading, New Jersey FCC facility located in New York Harbor produces gasoline and fuel oil primarily for markets in the Northeast. The facility averaged feedstock runs of about 61,000 barrels per day in 2007 versus 63,000 barrels per day in 2006.

In 2007, both refineries operated reliably, other than a short period of unplanned downtime at the Port Reading refinery in the first quarter. During the year, the HOVENSA refinery completed the first turnaround of its delayed coker ahead of schedule and achieved the strongest safety performance in its history.

SUPPLY & TERMINALS

Hess operates a network of 22 terminals strategically located along the East Coast, as well as a terminal in St. Lucia. These terminals provide the company a competitive advantage in the supply of products to our Retail and Energy Marketing businesses. During the year, our terminals in Ft. Lauderdale and Tampa, Florida added new tanks to support expanded distribution of gasoline and ethanol in U.S. Southeast markets. Our marine bunker fuels business expanded its port locations and doubled its customer base to more than 200 customers, ranging from bulk carriers to cruise lines in the New York, Philadelphia, Baltimore and Norfolk markets.

ENERGY MARKETING

Hess Energy Marketing is the largest provider of natural gas, fuel oil and electricity to commercial and industrial customers in the 14 state market area in which it operates. The business also provides natural gas, electricity and a full range of oil products to utilities and other wholesale customers. In 2007, natural gas volumes increased and electricity sales doubled compared with 2006 as a result of strong organic growth and the full-year impact of the Select Energy acquisition. Strong customer retention, cross-selling of our three commodities, and new product development positioned Hess Energy Marketing for continued growth.

RETAIL MARKETING

Hess is the leading independent gasoline convenience store retailer on the East Coast with more than 1,370 Hess branded locations. Annual convenience store revenues in 2007, excluding petroleum products, were approximately $1.1 billion. During 2007, Hess signed an exclusive agreement to introduce a new self-service Dunkin' Donuts offering in many Hess locations. The company also opened 10 new HESS EXPRESS locations and added convenience stores to 11 existing locations. Our WilcoHess joint venture added 27 new sites in North and South Carolina. Looking ahead, we plan to continue our growth in key East Coast markets through selective acquisitions and new site development.

Hess sponsored school in Indonesia

Corporate and Social Responsibility

Our company is committed to meeting the world's demand for energy in a manner that provides a secure, stable and sustainable energy future. Integral to this commitment is a social responsibility strategy that is focused on improving safety, health and environmental performance and making a positive impact on the communities where we operate. This strategy is guided by our values, policy statements and management systems, which work to protect our employees, customers, host communities and the environment.

Education program in Equatorial Guinea

In 2007, our safety performance improved by 25 percent from that of 2006. Since 2000 we have reduced our injury rate by two-thirds and are nearing our goal of top quartile safety performance in all of our businesses. While we are proud of our progress, our focus remains on continuing to improve our safety record.

Our commitment to protecting the environment includes improving our processes to reduce pollution and waste and designing and operating our facilities in a responsible and sustainable manner. We believe that energy conservation plays a critical role in sustainable development and reduces the potential for global warming. We introduced an expanded energy conservation and management program which includes conservation measures and a greater use of renewable resources. In 2007, 10 percent of all electricity purchased by the company for use in our operations was provided by renewable sources.

We remain committed to improving the social well-being of the communities where we operate and continue to enhance our partnership activities with our host communities. In 2006, we initiated a major program in Equatorial Guinea to strengthen its educational system. As part of this program, in 2007, 100 teachers and 1,000 school directors were trained, the first five of 45 schools were refurbished, a school census was developed, and educational materials were provided. We are especially pleased with the broad support this program has received from the local communities.

The company also continued to provide assistance in the areas of education, health and community development in Azerbaijan, Algeria, Denmark, Indonesia, Malaysia, Russia, Thailand, the United Kingdom and the United States. In all, the company's contributions grew from $6 million in 2006 to more than $16 million in 2007.

The company actively engages in voluntary initiatives in support of human rights, environmental protection and financial transparency. Hess has endorsed four major human rights frameworks: The Voluntary Principles, the Universal Declaration on Human Rights, the United Nations Global Compact, and the Extractive Industries Transparency Initiative. In 2007, we drafted and began implementation of a comprehensive, company-wide "Human Rights Risk Assessment" to comply with all four of the voluntary multi-stakeholder initiatives we have endorsed. Our independently-audited annual Sustainability Report provides additional detail on our support of these voluntary initiatives.

Hess Corporation

BOARD OF DIRECTORS

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Nicholas F. Brady [1][3][4]
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Former Senior Vice Chairman
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(2) Member of Audit Committee
(3) Member of Compensation and Management Development Committee
(4) Member of Corporate Governance and Nominating Committee

CORPORATE OFFICERS

John B. Hess
Chairman of the Board and
Chief Executive Officer

J. Barclay Collins, II
Executive Vice President
and General Counsel

John J. O'Connor
Executive Vice President;
President, Worldwide
Exploration and Production

F. Borden Walker
Executive Vice President;
President, Marketing and Refining

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H.I. Small
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D. Sweet
K.B. Wilcox
Controller
J.R. Wilson

COMMON STOCK

Listed New York Stock Exchange (ticker symbol: HES)

Transfer Agent and Registrar
BNY Mellon Shareowner Services
480 Washington Boulevard
Jersey City, NJ 07310-1900
Telephone: 1-866-203-6215
http:/www.bnymellon.com/shareowner/isd

DOCUMENTS AVAILABLE

Copies of the Corporation's 2007 Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and its annual proxy statement filed with the Securities and Exchange Commission, as well as the Corporation's Code of Business Conduct and Ethics, its Corporate Governance Guidelines, and charters of the Audit Committee, Compensation and Management Development Committee and Corporate Governance and Nominating Committee of the Board of Directors, are available, without charge, on our website listed below or upon written request to the Corporate Secretary, Hess Corporation, 1185 Avenue of the Americas, New York, New York 10036. e-mail: corporatesecretary@hess.com

The Corporation has also filed with the New York Stock Exchange ("NYSE") its annual certification that the Corporation's chief executive officer is not aware of any violation of the NYSE's corporate governance standards. The Corporation has also filed with the SEC the certifications of its chief executive officer and chief financial officer required under SEC Rule 13a-14(a) as exhibits to its 2006 Form 10-K.

ANNUAL MEETING

The Annual Meeting of Stockholders will be held on Wednesday, May 7, 2008 at 2:00 P.M., 1 Hess Plaza, Woodbridge, New Jersey 07095.

DIVIDEND REINVESTMENT PLAN

Information concerning the Dividend Reinvestment Plan available to holders of Hess Corporation common stock may be obtained by writing to BNY Mellon Shareowner Services, Dividend Reinvestment Department, P. O Box 358015, Pittsburgh PA 15252-8015, or by calling 1-866-203-6215

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