



**HESS CORPORATION**

---

**Supplemental Earnings Information**

***Fourth Quarter 2007***

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



\$ Millions, except per share data

Income/(Expense)	4Q 2007	4Q 2006	3Q 2007
<b><u>Net Income (U.S. GAAP)</u></b>			
Exploration and Production	\$ 583	\$ 350	\$ 414
Marketing and Refining	31	67 (a)	46
Corporate	(59)	(27)	(28)
Interest	(45)	(31)	(37)
<b>Net Income</b>	<b>\$ 510</b>	<b>\$ 359</b>	<b>\$ 395</b>
<b>Net Income Per Share (Diluted)</b>	<b>\$ 1.59</b>	<b>\$ 1.13</b>	<b>\$ 1.23</b>
<b><u>Items Affecting Comparability</u></b>			
Exploration and Production	\$ (56)	\$ -	\$ (33)
Marketing and Refining	24	-	-
Corporate	(25)	-	-
<b>Total Items Affecting Comparability</b>	<b>\$ (57)</b>	<b>\$ -</b>	<b>\$ (33)</b>
<b><u>Adjusted Earnings (b)</u></b>			
Exploration and Production	\$ 639	\$ 350	\$ 447
Marketing and Refining	7	67	46
Corporate	(34)	(27)	(28)
Interest	(45)	(31)	(37)
<b>Adjusted Earnings</b>	<b>\$ 567</b>	<b>\$ 359</b>	<b>\$ 428</b>
<b>Adjusted Earnings Per Share (Diluted)</b>	<b>\$ 1.76</b>	<b>\$ 1.13</b>	<b>\$ 1.34</b>
<b>Weighted Average Number of Shares (Diluted)</b>	<b>321.6</b>	<b>316.4</b>	<b>319.9</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) "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.

# Items Affecting Comparability Between Periods



(Amounts are after income taxes)

## 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.

## 4Q 2006

- None reported.

## 3Q 2007

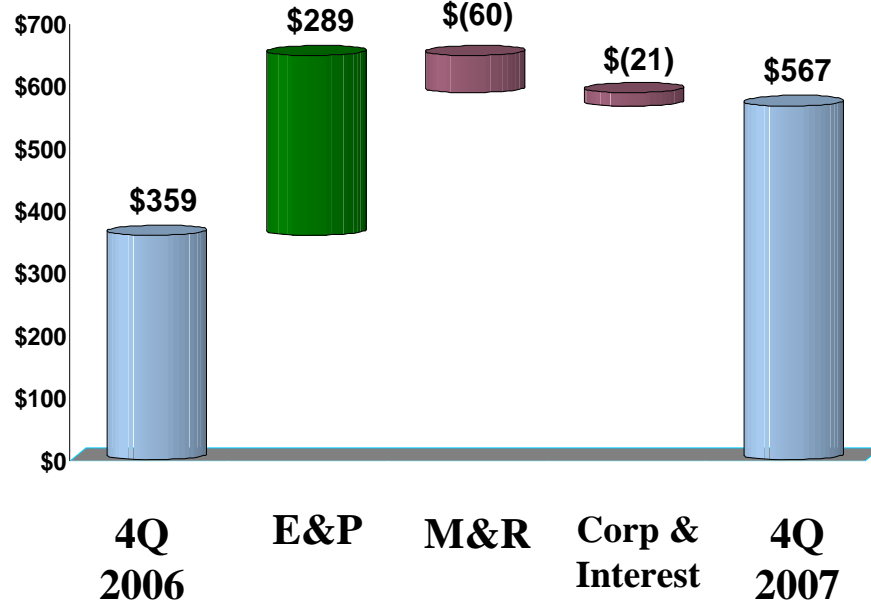
- **Exploration and Production** – Earnings include charges totaling \$33 million for production imbalances resulting from adjustments to meter readings at two offshore fields.

# Consolidated Adjusted Earnings

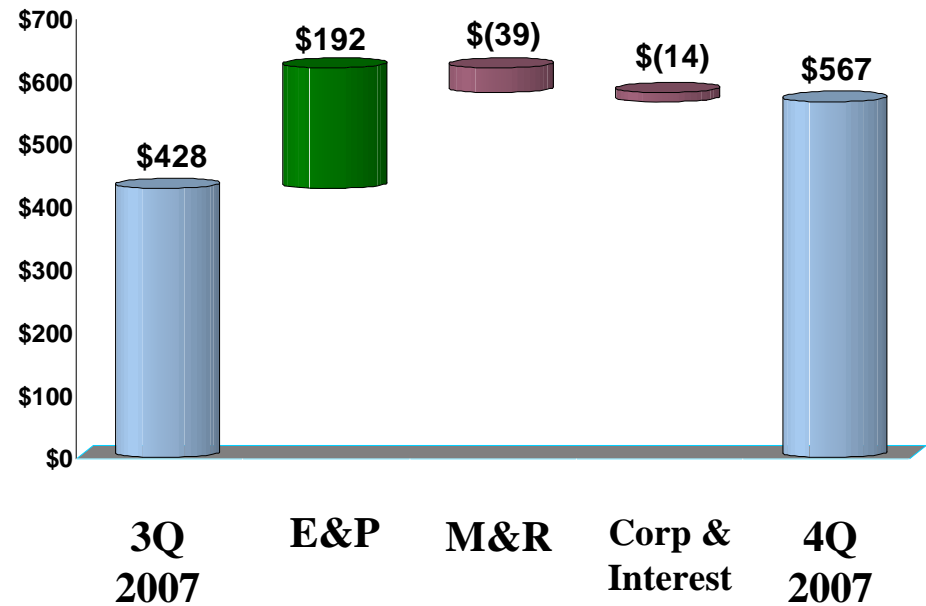


\$ Millions

4Q 2007 vs. 4Q 2006



4Q 2007 vs. 3Q 2007



# Analysis of Consolidated Adjusted Earnings

---



## 4Q 2007 vs. 4Q 2006

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

## 4Q 2007 vs. 3Q 2007

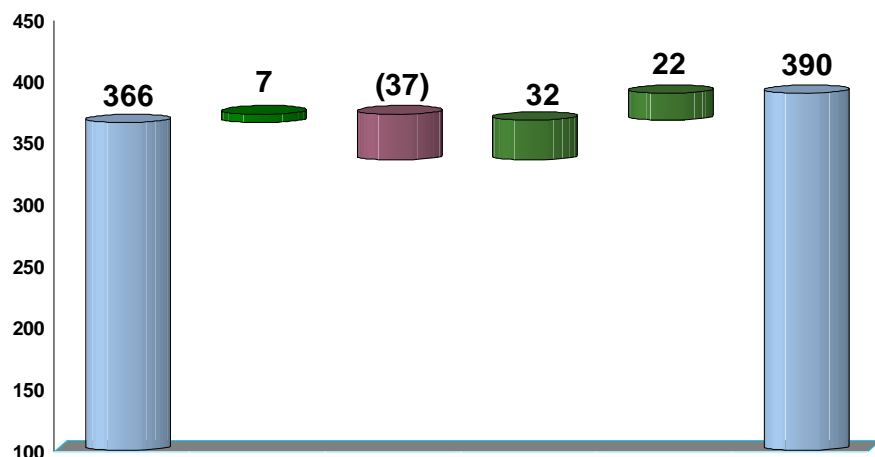
- **Exploration and Production** – The increase primarily reflects higher sales volumes and higher selling prices partially offset by higher operating expenses.
- **Marketing and Refining** – The decrease reflects lower marketing earnings due to lower margins and the loss from trading activities.



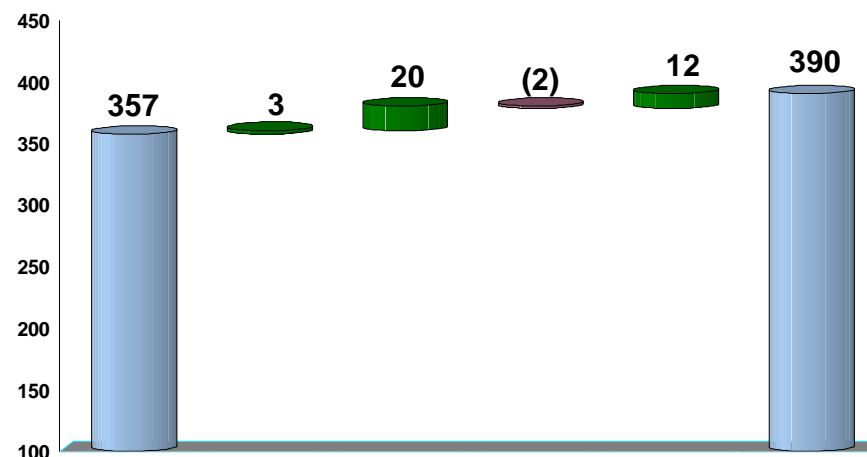
# Worldwide Oil & Gas Production

(MBOEPD)

**4Q 2007 vs. 4Q 2006**



**4Q 2007 vs. 3Q 2007**



**4Q 2006    US    Europe    Africa    Asia & Other    4Q 2007**

**3Q 2007    US    Europe    Africa    Asia & Other    4Q 2007**

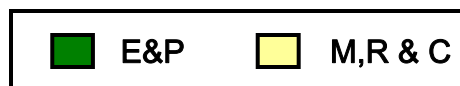
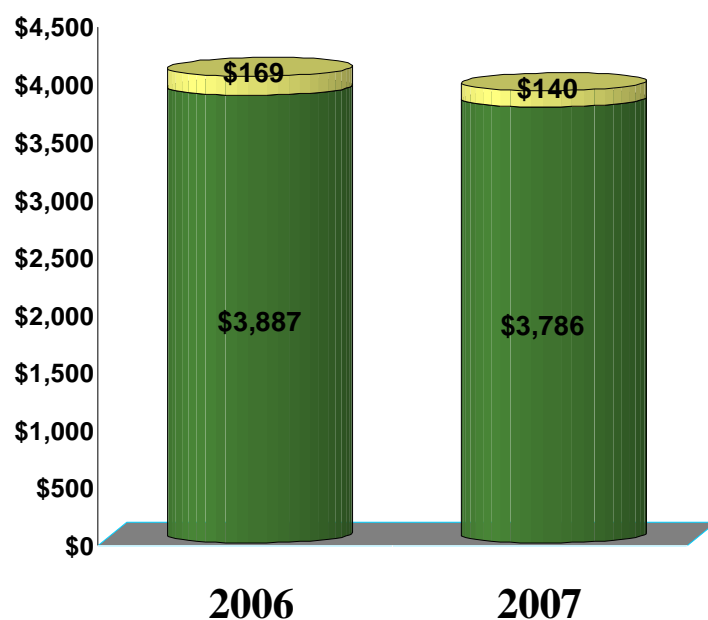
	<u>4Q 2006</u>	<u>4Q 2007</u>	<u>Inc/(Dec)</u>
United States	53	60	7
Europe	174	137	(37)
Africa	89	121	32
Asia & Other	<u>50</u>	<u>72</u>	<u>22</u>
<b>Total</b>	<u><u>366</u></u>	<u><u>390</u></u>	<u><u>24</u></u>

	<u>3Q 2007</u>	<u>4Q 2007</u>	<u>Inc/(Dec)</u>
United States	57	60	3
Europe	117	137	20
Africa	123	121	(2)
Asia & Other	<u>60</u>	<u>72</u>	<u>12</u>
<b>Total</b>	<u><u>357</u></u>	<u><u>390</u></u>	<u><u>33</u></u>



# Capital & Exploratory Expenditures

\$ Millions



**Year Ended December 31**

	<u>2006*</u>	<u>2007**</u>
<b>Exploration &amp; Production</b>		
U.S.	\$ 908	\$ 1,603
International	<u>2,979</u>	<u>2,183</u>
<b>Total E&amp;P</b>	<b>3,887</b>	<b>3,786</b>
<b>Marketing, Refining &amp; Corporate</b>	<u>169</u>	<u>140</u>
<b>Total</b>	<b><u>\$ 4,056</u></b>	<b><u>\$ 3,926</u></b>
<b>Exploration expenses included above:</b>		
U.S.	110	192
International	<u>102</u>	<u>156</u>
<b>Total</b>	<b><u>\$ 212</u></b>	<b><u>\$ 348</u></b>

\* Year 2006 capital & exploratory expenditures include approximately \$772 million for the acquisition of assets in Egypt and the re-entry into Libya.

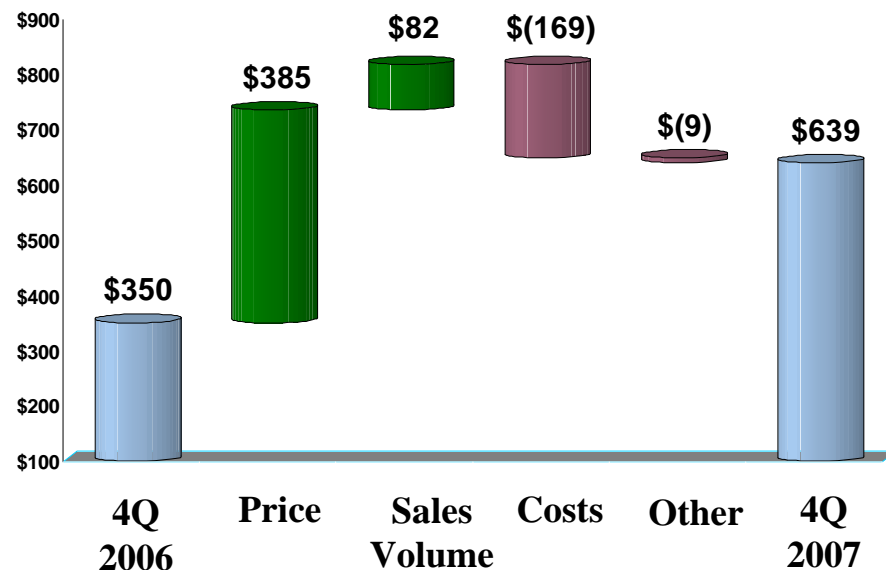
\*\* Year 2007 includes \$371 million for the acquisition of an interest in Genghis Khan, the western extension of the Shenzi Field in the deepwater Gulf of Mexico.



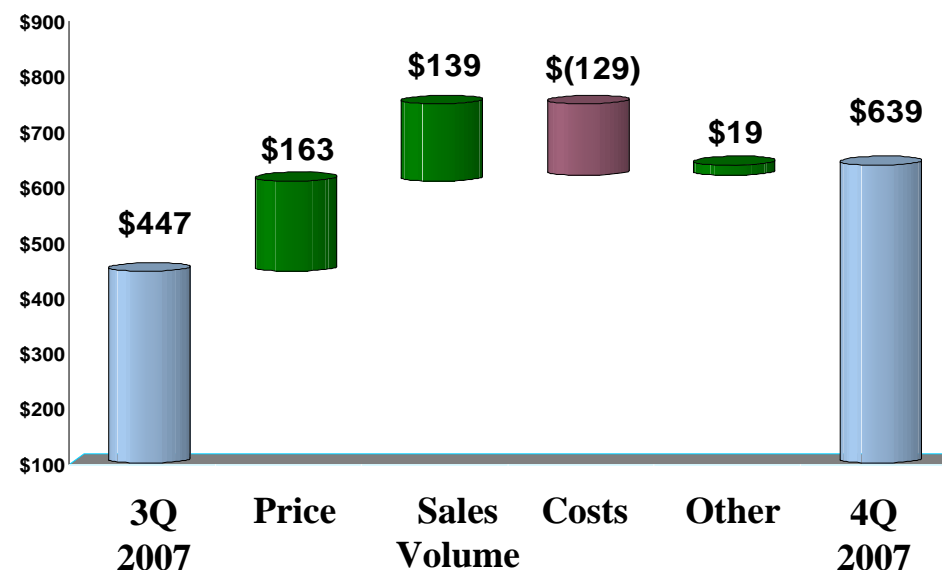
# Exploration and Production Adjusted Earnings

\$ Millions

4Q 2007 vs. 4Q 2006



4Q 2007 vs. 3Q 2007



	<u>4Q 2006</u>	<u>4Q 2007</u>	<u>Inc/(Dec)</u>
United States	\$ 21	\$ 69	\$ 48
International	<u>329</u>	<u>570</u>	<u>241</u>
<b>Total</b>	<b><u>\$ 350</u></b>	<b><u>\$ 639</u></b>	<b><u>\$ 289</u></b>

	<u>3Q 2007</u>	<u>4Q 2007</u>	<u>Inc/(Dec)</u>
United States	\$ 44	\$ 69	\$ 25
International	<u>403</u>	<u>570</u>	<u>167</u>
<b>Total</b>	<b><u>\$ 447</u></b>	<b><u>\$ 639</u></b>	<b><u>\$ 192</u></b>

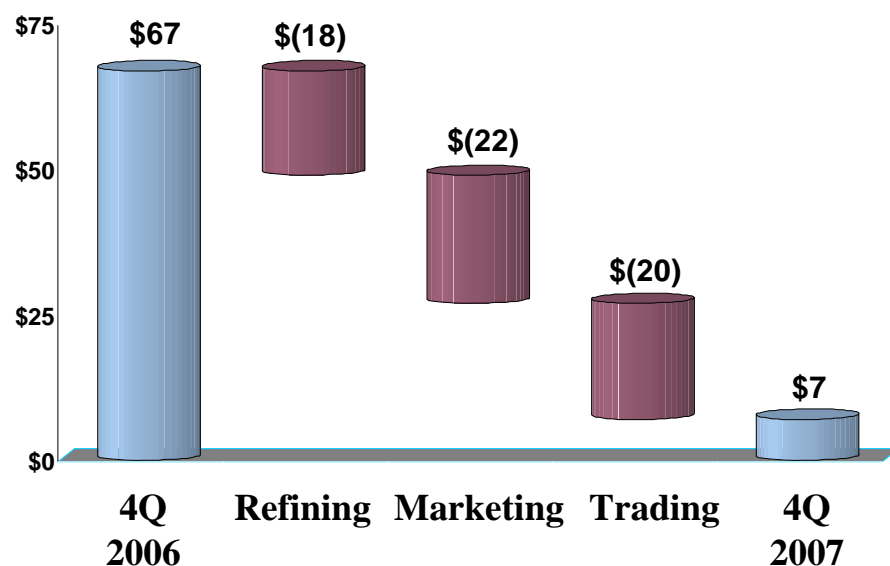




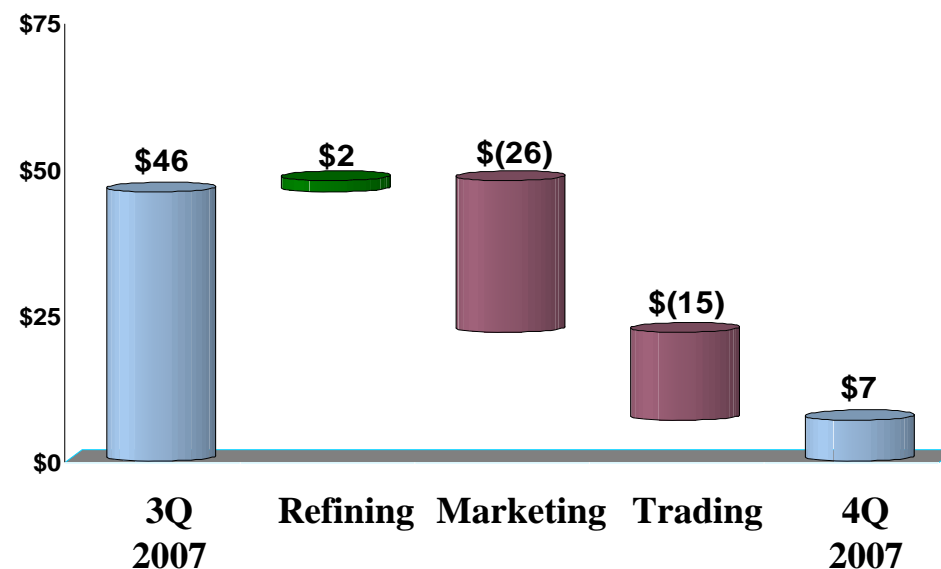
## Marketing and Refining Adjusted Earnings

\$ Millions

4Q 2007 vs. 4Q 2006



4Q 2007 vs. 3Q 2007



	<u>4Q 2006</u>	<u>4Q 2007</u>	<u>Inc/(Dec)</u>
Refining	\$ 45	\$ 27	\$ (18)
Marketing	17	(5)	(22)
Trading	<u>5</u>	<u>(15)</u>	<u>(20)</u>
<b>Total</b>	<b><u>\$ 67</u></b>	<b><u>\$ 7</u></b>	<b><u>\$ (60)</u></b>

	<u>3Q 2007</u>	<u>4Q 2007</u>	<u>Inc/(Dec)</u>
Refining	\$ 25	\$ 27	\$ 2
Marketing	21	(5)	(26)
Trading	<u>-</u>	<u>(15)</u>	<u>(15)</u>
<b>Total</b>	<b><u>\$ 46</u></b>	<b><u>\$ 7</u></b>	<b><u>\$ (39)</u></b>