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COMMON STOCK

**Listed**
New York Stock Exchange (ticker symbol: AHC)

**Transfer Agent**
The Bank of New York Shareholder Relations Department-1IE
P. O. Box 11258
Church Street Station
New York, New York 10286
1-800-524-4458
e-mail: shareholder-svc@bankofny.com

**Registrar**
The Bank of New York Shareholder Relations Department-1IE
P. O. Box 11258
New York, New York 10286
1-800-524-4458

7% MANDATORY CONVERTIBLE PREFERRED STOCK

**Listed**
New York Stock Exchange (ticker symbol: AHCPR)

CORPORATE HEADQUARTERS

Amerada Hess Corporation
1185 Avenue of the Americas
New York, New York 10036
(212) 997-8500

OPERATING OFFICES

**Exploration and Production**
Amerada Hess Corporation
One Allen Center
500 Dallas Street
Houston, Texas 77002
Amerada Hess Limited
33 Grosvenor Place
London SW1X 7HY
England

**Refining and Marketing**
Amerada Hess Corporation
1 Hess Plaza
Woodbridge, New Jersey 07095

DOCUMENTS AVAILABLE

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Amerada Hess Website

www.hess.com

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Cover: Joint Development Area, Malaysia/Thailand
**FINANCIAL AND OPERATING HIGHLIGHTS**

Amerada Hess Corporation and Consolidated Subsidiaries

Dollar amounts in millions, except per share data

### FINANCIAL — FOR THE YEAR

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales and other operating revenues</td>
<td>$16,733</td>
<td>$14,311</td>
</tr>
<tr>
<td>Income from continuing operations</td>
<td>$977</td>
<td>$467</td>
</tr>
<tr>
<td>Net income</td>
<td>$977</td>
<td>$643</td>
</tr>
<tr>
<td>Net income per share diluted</td>
<td>$9.57</td>
<td>$7.11</td>
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<tr>
<td>Common stock dividends per share</td>
<td>$1.20</td>
<td>$1.20</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>$1,903</td>
<td>$1,581</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>$1,521</td>
<td>$1,358</td>
</tr>
<tr>
<td>Weighted average diluted shares outstanding — in thousands</td>
<td>102,086</td>
<td>90,342</td>
</tr>
</tbody>
</table>

### FINANCIAL — AT YEAR-END

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
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</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>$16,312</td>
<td>$13,983</td>
</tr>
<tr>
<td>Total debt</td>
<td>$3,835</td>
<td>$3,941</td>
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<tr>
<td>Stockholders’ equity</td>
<td>$5,597</td>
<td>$5,340</td>
</tr>
<tr>
<td>Debt to capitalization ratio(a)</td>
<td>40.7%</td>
<td>42.5%</td>
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</table>

### OPERATING — FOR THE YEAR

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
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<tbody>
<tr>
<td>Production — net</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crude oil and natural gas liquids — thousands of barrels per day</td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>56</td>
<td>55</td>
</tr>
<tr>
<td>Foreign</td>
<td>190</td>
<td>204</td>
</tr>
<tr>
<td>Total</td>
<td>246</td>
<td>259</td>
</tr>
<tr>
<td>Natural gas — thousands of Mcf per day</td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>171</td>
<td>253</td>
</tr>
<tr>
<td>Foreign</td>
<td>404</td>
<td>430</td>
</tr>
<tr>
<td>Total</td>
<td>575</td>
<td>683</td>
</tr>
<tr>
<td>Barrels of oil equivalent — thousands of barrels per day</td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>342</td>
<td>373</td>
</tr>
<tr>
<td>Foreign</td>
<td>428</td>
<td>419</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refining and marketing — thousands of barrels per day</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Refining crude runs – HOVENSA L.L.C.(c)</td>
<td>242</td>
<td>220</td>
</tr>
<tr>
<td>Refined products sold</td>
<td>428</td>
<td>419</td>
</tr>
</tbody>
</table>

(a) Total debt as a percentage of the sum of total debt and stockholders’ equity.
(b) Includes production related to discontinued operations of 13 thousand barrels of oil equivalent per day.
(c) Reflects the Corporation’s 50% share of HOVENSA’s crude runs.
See Management’s Discussion and Analysis of Results of Operations.
TO OUR STOCKHOLDERS:

In 2004, we had a strong year of operating and financial results. We are pleased with the performance of our assets and proud of the accomplishments of our organization. During the year, we made significant progress in advancing our development projects, pursuing our exploration program, growing our reserves and strengthening our financial position.

Our strategy is to build a portfolio of assets that will sustain financial performance and provide long-term profitable growth for our shareholders. In executing this strategy, we will continue to concentrate on growing exploration and production and maximizing financial returns from refining and marketing. We have attractive investment opportunities that we will pursue while maintaining capital discipline and financial flexibility.

2004 HIGHLIGHTS

- Net income was $977 million, the second highest in the Corporation’s history. Exploration and production earned $755 million, while refining and marketing contributed $451 million.

- Worldwide oil and natural gas production averaged 342,000 barrels of oil equivalent per day compared to our original forecast of 325,000 barrels of oil equivalent per day. In 2005, we project worldwide crude oil and natural gas production to average 350,000 barrels of oil equivalent per day.

- We replaced 110% of production, at a finding and development cost of approximately $11 per barrel. Proved reserves at year-end were 1.046 billion barrels of oil equivalent and our reserve to production ratio improved to 8.2 years from 7.5 years in 2003.

- Our development projects made significant progress during the year. These projects, combined with an exciting high impact exploration and appraisal drilling program, will drive future reserve and production growth.

MAJOR DEVELOPMENT PROJECTS

- In the deep water Gulf of Mexico, production from the Llano Field commenced and is currently averaging approximately 20,000 barrels of oil equivalent per day net to the Corporation.

- In Equatorial Guinea, the development plan for the Okume Complex was approved by the government. The major contracts for construction have been awarded and the development is expected to commence production in early 2007.

- In Algeria, the scope of our project to redevelop the Gassi El Agreb fields was expanded. Since 2000, we have more than doubled production from the fields, and we see additional opportunities to increase reserves and production.

- In Block A-18 in the Joint Development Area (JDA) between Malaysia and Thailand, additional gas sales were negotiated that will allow us to double our proved reserves in the JDA over the next several years and contribute significant production growth. First sales of natural gas from the JDA began in February 2005.

- In Indonesia, the Ujung Pangkah development was sanctioned. Gas sales from the Pangkah Field are expected to commence by early 2007.
HIGH IMPACT EXPLORATION
Our exploration strategy continues to be successful. Encouraging drilling results in 2004 at our Shenzi discovery in the deepwater Gulf of Mexico, and the Phu Horm and Belud discoveries in Southeast Asia will provide opportunities for future reserve and production growth. In addition, our prospect inventory is strong, and we plan to drill approximately 15 high impact exploration and appraisal wells in 2005.

REFINING AND MARKETING
The HOVENSA and Port Reading refineries operated near maximum capacity for most of the year, enabling them to take advantage of the strong margins experienced in 2004. Furthermore, profitability was enhanced by a significant price differential between light and heavy crude oil and HOVENSA’s capability to process lower cost, heavy crude oil.

Our HESS EXPRESS retail sites are industry leaders in terms of gasoline volumes and convenience store sales per site. In 2004, the HESS retail network continued to expand, growing to 1,254 sites, further solidifying our position as the leading independent gasoline convenience store marketer on the East Coast. Our energy marketing business performed well despite warmer than normal weather. We continue to look for opportunities to grow our retail and energy marketing businesses.

IMPROVED FINANCIAL POSITION
In 2004, our debt to capitalization ratio improved to 40.7% at the end of the year. With our improved balance sheet, strong cash flow and a new $2.5 billion revolving credit facility, we have the financial flexibility to fund our attractive investment opportunities.

In May, after 14 years of distinguished service, John Y. Schreyer retired as a Director and Chief Financial Officer. We thank John for his financial leadership and commitment throughout his long association with the Corporation. We will miss his sound advice and invaluable contributions.

In June, Dr. Risa Lavizzo-Mourey was elected a new member of our Board of Directors. She is President and Chief Executive Officer of the Robert Wood Johnson Foundation and brings important experience in business and social responsibility to our Board.

Our thoughts and prayers are with those impacted by the devastating tsunami in Asia and we are deeply appreciative of the extraordinary efforts being made by the relief organizations. To assist in their work, the Corporation made a $2 million donation to two relief agencies working in Indonesia and Thailand and has also matched employee contributions.

Our success in 2004 could not have been achieved without the hard work and dedication of our employees. We are proud and deeply appreciative of their many contributions during the past year. We also thank our Directors for their guidance and leadership and our stockholders for their support.

JOHN B. HESS
Chairman of the Board and Chief Executive Officer
March 2, 2005
REVIEW OF OPERATIONS

Gassi El Agreb, Algeria
EXPLORATION & PRODUCTION

PRODUCTION
In the deepwater Gulf of Mexico, the Llano Field (AHC 50%) on Garden Banks Blocks 385 and 386, commenced production in April 2004. The field is currently averaging approximately 20,000 net barrels of oil equivalent per day. Net production from the Corporation’s deepwater Gulf of Mexico fields, which include Llano, Baldpate (AHC 50%), Conger (AHC 37.5%), Northwestern (AHC 50%) and Hack Wilson (AHC 33.3%), averaged approximately 38,000 barrels of oil equivalent per day in 2004.

Onshore, Amerada Hess operates the Seminole San Andres Unit (AHC 34%) in West Texas, a carbon dioxide recovery project that commenced in 1983 and is recognized as one of the most successful tertiary recovery projects in the Permian Basin. In 2004, the Corporation continued development of the residual oil zone, which is one of several opportunities that will be pursued in the area over the next several years.

In North Dakota, Amerada Hess is the leading oil producer. Production levels have been maintained over the last five years through a successful program of infill and horizontal drilling within several large company-operated units, including Beaver Lodge and Tioga Madison.

In the United Kingdom, the Clair Field (AHC 9.3%) came onstream in February 2005 and is expected to average 5,500 net barrels of oil per day when it reaches plateau production.

In Equatorial Guinea, the Ceiba Field (AHC 85%) is currently producing 28,000 net barrels of oil per day and is expected to sustain that level over the next several years.

DEVELOPMENT
In Block A-18 (AHC 50%) of the Joint Development Area between Malaysia and Thailand (JDA), first production was achieved in early 2005. Net production is expected to average approximately 23,000 barrels of oil equivalent per day in 2006. Additional gas sales were negotiated in December 2004, which will allow us to double our proved reserves in the JDA over the next several years and contribute significant future production growth.

In Equatorial Guinea, the development plan for our Northern Block G Fields (AHC 85%), now called the Okume Complex, was approved by the government in August 2004. The major contracts for construction have been authorized and development drilling will begin in 2006. First production from the Okume Complex is expected in early 2007 with net peak production estimated at 40,000 barrels of oil per day.
In Algeria, the Corporation’s investment in the Gassi El Agreb redevelopment project, operated by SonaHess, a joint operating company of Amerada Hess and Sonatrach, has resulted in production from the fields being increased by over 100% since 2000. Net production averaged approximately 25,000 barrels of oil per day in the fourth quarter of 2004. In August 2004 the scope of the project to redevelop these fields was expanded, reflecting our success in this area.

In the United Kingdom, commercial agreements associated with the Atlantic (AHC 25%) and Cromarty (AHC 90%) gas fields were completed. First production is expected in early 2006. Combined net production from these two fields is expected to exceed 20,000 barrels of oil equivalent per day in 2006.

Phase three of the development of the giant Azeri, Chirag and Guneshli fields (AHC 2.72%) in Azerbaijan to access reserves in the deepwater Guneshli area was sanctioned in the third quarter. Net production is expected to increase from 2,000 barrels per day currently to 25,000 barrels per day in 2008.

EXPLORATION

In the deepwater Gulf of Mexico, successful appraisal drilling was conducted on the Shenzi prospect (AHC 28%) on Green Canyon Block 653. The Shenzi-2 well encountered 500 feet of net pay and the Shenzi-3 well found 330 feet of net pay. Two additional appraisal wells will be drilled in 2005, after which the project is expected to be sanctioned.

The Tubular Bells discovery well (AHC 20%) in Mississippi Canyon Block 725 is expected to be appraised in the second half of 2005.

In Northeastern Thailand, Phu Horm Block ESN (AHC 35%) has been successfully appraised and is now in the permitting process. We expect this project to be sanctioned in 2005.

In Malaysia, the Belud South-1 exploration well discovered hydrocarbons, encountering 352 feet of net pay; predominately gas. A down dip sidetrack was drilled which established oil in several sands. Further exploratory and appraisal drilling is planned during 2005.
Drilling operations, Llano Field, Gulf of Mexico
REFINING & MARKETING

REFINING
The HOVENSA refinery in the United States Virgin Islands is one of the largest refineries in the world. It is jointly owned by the Corporation and Petroleos de Venezuela (PDVSA). The facility is competitively positioned and enjoys significant economies of scale. Its strategic location in the Caribbean allows for short crude supply lines from Venezuela as well as easy access to U.S. product markets.

The refinery, with 500,000 barrels per day of crude distillation capacity and a 150,000 barrel per day fluid catalytic cracking unit, is able to make a significant volume of high quality gasolines and distillates. In addition, the refinery has a 58,000 barrel per day delayed coking unit, which allows the refinery to process lower cost heavy crude oils. Gross crude runs at the refinery averaged 484,000 barrels per day in 2004. This high level of capacity utilization allowed HOVENSA to take advantage of the strong refining margin environment, resulting in a solid year of financial performance.

The Corporation also operates a fluid catalytic cracking unit in Port Reading, New Jersey, which produces clean-burning gasoline and heating oil for markets in the northeast. The facility averaged feedstock runs of approximately 52,000 barrels per day and benefited from strong product margins in 2004.

Both the HOVENSA and Port Reading facilities are making the necessary investments to meet U.S. low sulfur fuel requirements.

RETAIL MARKETING
The HESS retail network continues to expand, further solidifying our position as the leading independent gasoline convenience store marketer on the East Coast. In 2004, five new retail locations were built and 12 existing retail sites were upgraded with the addition of HESS EXPRESS convenience stores. In October, we acquired an additional 20 facilities in New England and upstate New York. Rebranding of these sites to the HESS brand will be completed by the second quarter of 2005. The Corporation plans to continue this opportunistic growth through selective acquisitions and new site developments in key East Coast markets. HESS EXPRESS stores continue to outpace industry averages in gasoline volumes and convenience store sales.

The Corporation has entered into a long-term partnership agreement with Walt Disney World in Orlando, Florida. HESS has been designated “Official Fuel Supplier” of Walt Disney World and has taken over operatorship of three gasoline retail sites adjacent to major Disney attractions. Conversion of these sites to the HESS brand was completed in the first quarter of 2004 and initial sales performance from these outlets is encouraging.

ENERGY MARKETING
The Corporation is a major supplier of natural gas, fuel oil and electricity to commercial and industrial customers located primarily on the East Coast. In addition, Hess is a supplier of natural gas to several local distribution companies in this region. We will continue to look for growth opportunities in our marketing areas.

SUPPLY & TERMINALS
Amerada Hess operates twenty-two strategically located petroleum terminals on the East Coast of the United States that provide economical and secure supply to our marketing operations. During a series of devastating hurricanes in the fall of 2004, the Corporation maintained supply to our branded outlets and to emergency relief agencies.
Hess supported community center and school in Thailand.
CORPORATE AND SOCIAL RESPONSIBILITY

We are committed to meeting the highest standards of corporate citizenship and social responsibility. Our goal is to provide affordable energy while protecting the health and safety of our employees, safeguarding the environment and creating a sustainable positive impact in the communities where we operate.

In 2004, we continued to demonstrate our commitment through ongoing programs centered on education, health and disaster relief. We provided educational assistance by helping to rehabilitate schools and delivering necessary supplies in Asia and Africa. Working with local and international non-governmental organizations, we are also improving health care, from supporting local clinics to funding major hospital and emergency services.

The Corporation’s long standing history of providing emergency relief in the aftermath of natural disasters continued in 2004. We provided critical support to international relief organizations coping with the devastating tsunami in Asia, as well as assistance in dealing with the consequences of destructive hurricanes that impacted Florida.

In 2004, we also affirmed our support of international voluntary programs addressing the critical issues of human rights, environmental protection and respect for the rule of law.
AMERADA HESS CORPORATION

BOARD OF DIRECTORS

John B. Hess (1)
Chairman of the Board and Chief Executive Officer

Nicholas F. Brady (1) (2) (3) (4)
Chairman, Choptank Partners, Inc.;
Former Secretary of the United States Department of the Treasury;
Former Chairman, Dillon, Read & Co., Inc.

J. Barclay Collins II
Executive Vice President and General Counsel

Edith E. Holiday (2) (4)
Corporate Director and Trustee;
Former Assistant to the President and Secretary of the Cabinet;
Former General Counsel United States Department of the Treasury

Thomas H. Kean (1) (3) (4)
President, Drew University;
Former Governor State of New Jersey

Risa Lavizzo-Mourey (2)
President and Chief Executive Officer, The Robert Wood Johnson Foundation

Craig G. Matthews (2)
Former Vice Chairman and Chief Operating Officer, KeySpan Corporation;
Former Chief Executive Officer and President, NUI, Inc.

John J. O’Connor
Executive Vice President; President, Worldwide Exploration & Production

Frank A. Olson (2) (3)
Former Chairman of the Board and Chief Executive Officer, The Hertz Corporation

Ernst H. von Metzsch (3)
Former Senior Vice President and Partner, Wellington Management Company

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

Robert N. Wilson (1) (2) (3)
Chairman, Caxton Health Holdings LLC;
Former Senior Vice Chairman of the Board of Directors, Johnson & Johnson

(1) Member of Executive Committee
(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

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

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

SENIOR VICE PRESIDENTS

B.J. Bohling
E.C. Crouch
J.A. Gartman
S.M. Heck
L.H. Omstein
H. Paver
J.P. Reilly
Chief Financial Officer
G.F. Sandison
J.J. Scelfo
R.P. Strode

VICE PRESIDENTS

G.C. Barry
Secretary
R.J. Bartzokas
G.L. Bresnick
D.K. Kirschner
R.J. Lawlor
J.J. Lynett
H.J. Small
E.S. Smith
J.C. Stein
R.J. Vogel
Treasurer
K.B. Wilcox
Controller
P.R. Walton
J.R. Wilson
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