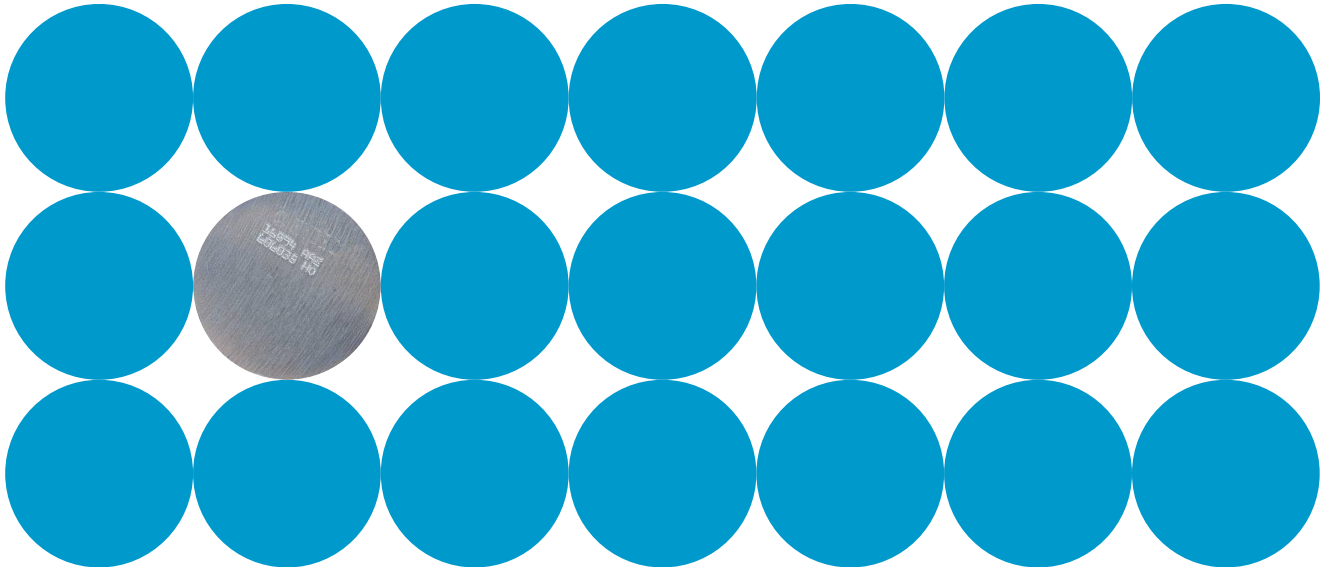


# Hydro - a resourceful aluminium company



Eivind Reiten, President and CEO

November 28, 2007

# Cautionary note in relation to certain forward-looking statements

Certain statements contained in this announcement constitute “forward-looking information” within the meaning of Section 27A of the US Securities Act of 1933, as amended, and Section 21E of the US Securities Exchange Act of 1934, as amended. In order to utilize the “safe harbors” within these provisions, we are providing the following cautionary statement.

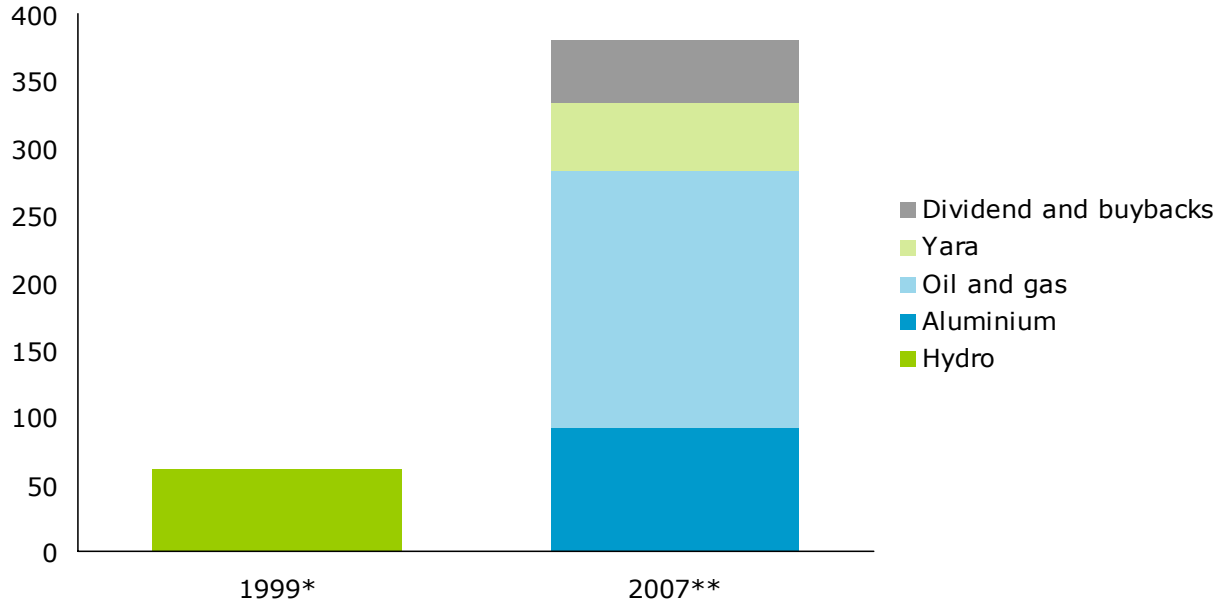
Certain statements included within this announcement contain (and oral communications made by us or on our behalf may contain) forward-looking information, including, without limitation, those relating to (a) forecasts, projections and estimates, (b) statements of management’s plans, objectives and strategies for Hydro, such as planned expansions, investments or other projects, (c) targeted production volumes and costs, capacities or rates, start-up costs, cost reductions and profit objectives, (d) various expectations about future developments in Hydro’s markets, particularly prices, supply and demand and competition, (e) results of operations, (f) margins, (g) growth rates, (h) risk management, as well as (i) statements preceded by “expected”, “scheduled”, “targeted”, “planned”, “proposed”, “intended” or similar statements.

Although we believe that the expectations reflected in such forward-looking statements are reasonable, these forward-looking statements are based on a number of assumptions and forecasts that, by their nature, involve risk and uncertainty. Various factors could cause our actual results to differ materially from those projected in a forward-looking statement or affect the extent to which a particular projection is realized. Factors that could cause these differences include, but are not limited to: our continued ability to reposition and restructure our upstream and downstream Aluminium business; changes in availability and cost of energy and raw materials; global supply and demand for aluminium and aluminium products; world economic growth, including rates of inflation and industrial production; changes in the relative value of currencies and the value of commodity contracts; trends in Hydro’s key markets and competition; and legislative, regulatory and political factors. For a detailed description of factors that could cause our results to differ materially from those expressed or implied by such statements, please refer to the risk factors specified under “Risk review – Risk factors” on page 134 of our Annual Report 2006 (including Form 20-F) and subsequent filings on Form 6-K with the US Securities and Exchange Commission.

No assurance can be given that such expectations will prove to have been correct. Hydro disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

# Restructuring the Hydro conglomerate has created significant value

NOK billion



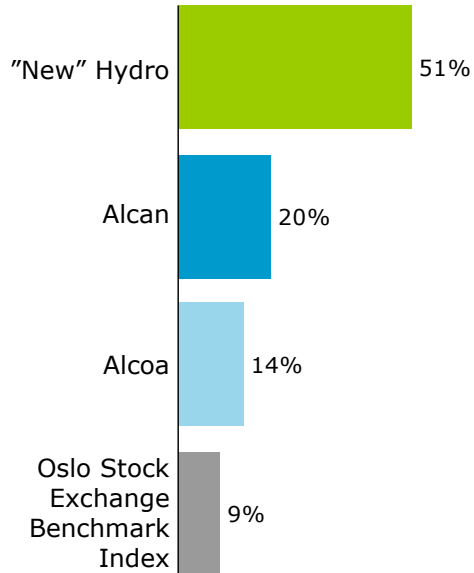
\* 4 January 1999 close, nominal value

\*\* 28 September 2007 close. Aluminium and Oil & Energy based on transaction equation adjusted for dividend payments

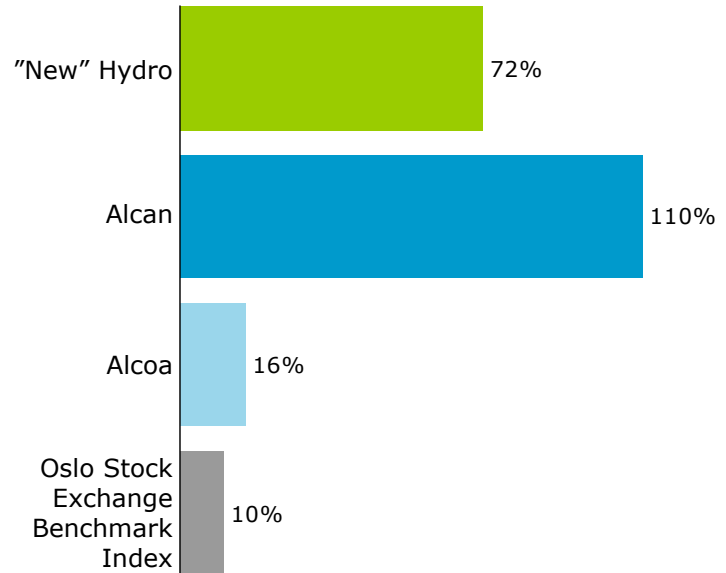
# "New" Hydro well received

## Relative share price development NYSE

18 December 2006 – 1 May 2007



18 December 2006 – 23 November 2007



Source: Yahoo Finance, NYSE (USD), except OBX. Based on closing prices on the respective dates

# A resourceful aluminium company

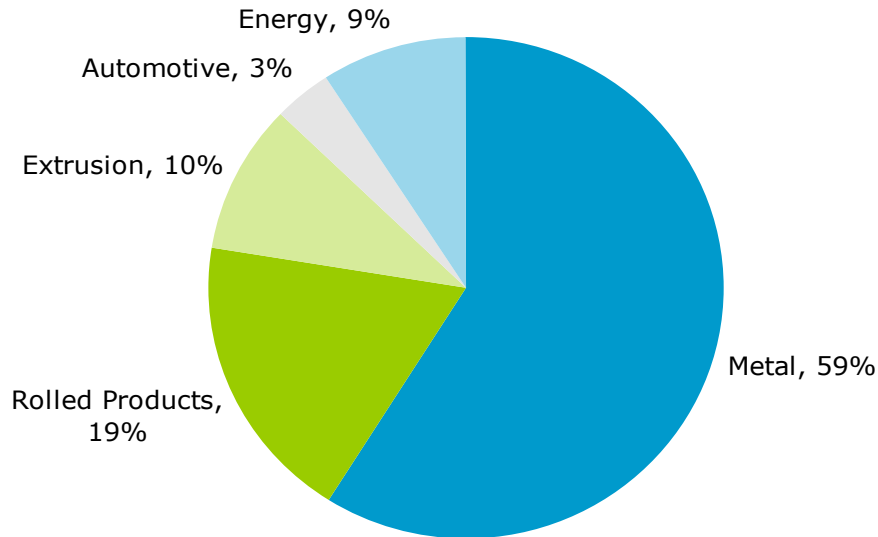


- 25 000 employees<sup>1)</sup>
- Operations in more than 30 countries
- Turnover
  - 2006: NOK 99 billion
  - First nine months 2007: NOK 73 billion
- EBIT
  - 2006: NOK 7.5 billion
  - First nine months 2007: NOK 9.0 billion
- Market capitalization  
~NOK 87 billion / USD 16 billion

1) Excluding Polymers

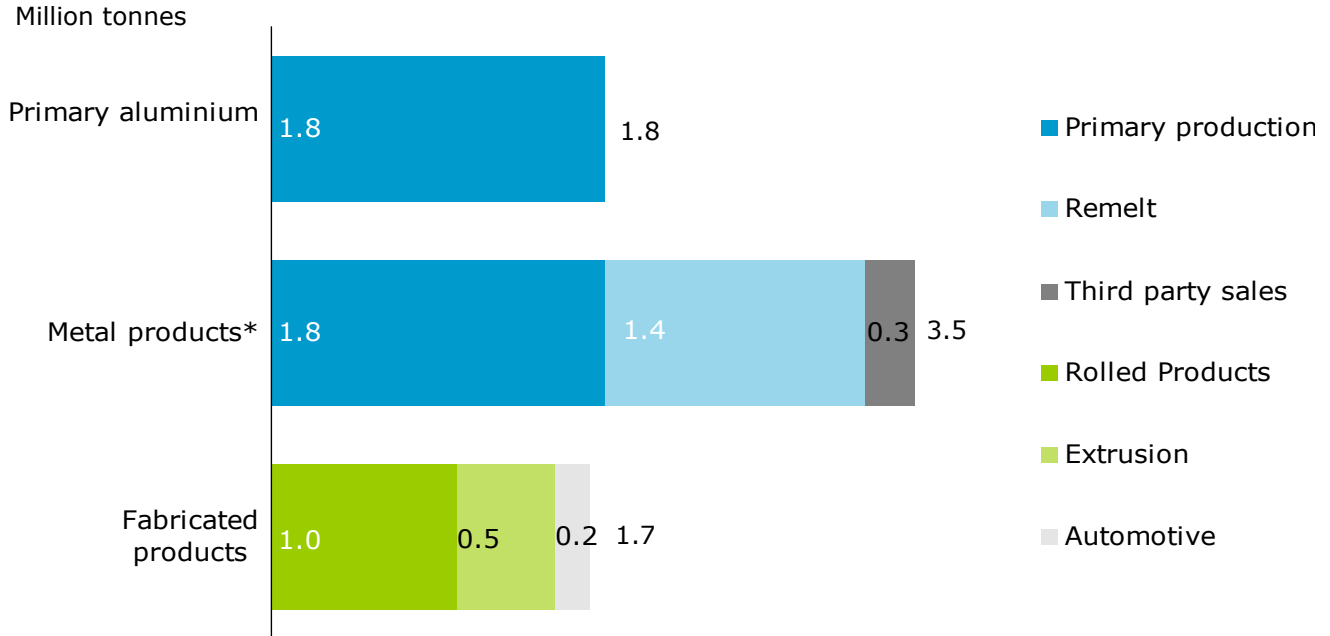
# Capital employed – upstream focus

Total NOK 46 billion<sup>1)</sup> 30 September 2007



1) Including NOK 2.5 billion in negative capital employed in "Corporate and Other" not shown in graph

# Large supplier of aluminium



2006 figures

\* Upgraded primary metal such as extrusion ingot, rolling slabs and foundry alloys.

# Qatalum smelter

## Largest greenfield capacity built in one step



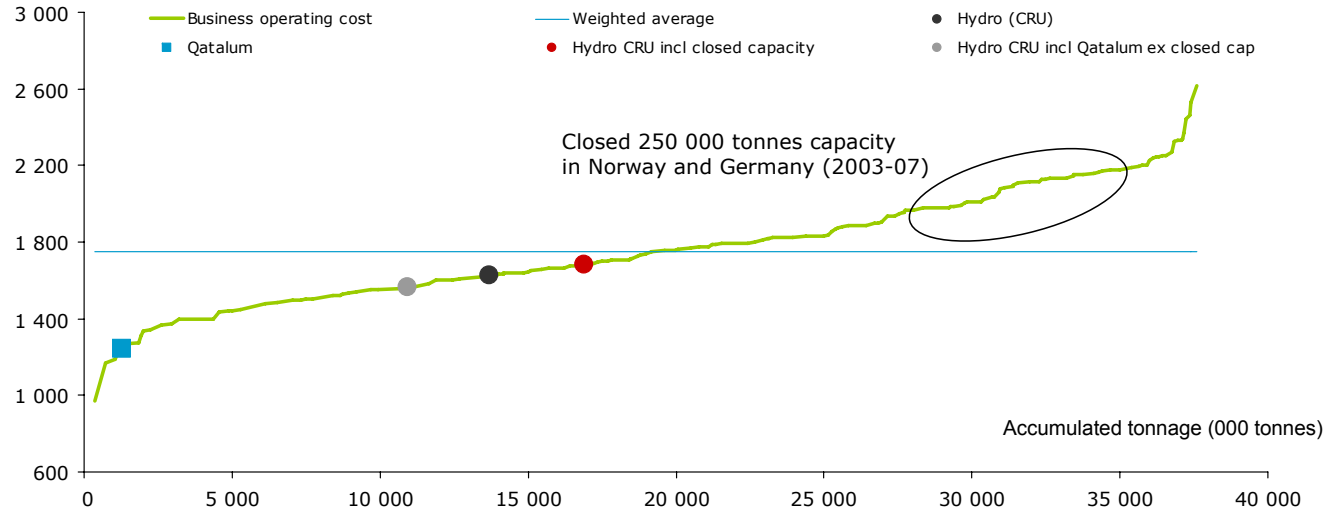
- First-stage capacity
  - Smelter: 585 000 tonnes per year
  - 704 cells in 2 double-lined potrooms
  - Hydro technology
  - Anode plant and cast houses
  - 1 250 MW power plant
  - Possible expansion to 1 200 000 tonnes per year
- Technology designed for
  - Low specific energy consumption
  - High-labour productivity
  - Low emissions
- Investment costs USD 5.6 billion (100%)
- 50/50 joint venture between Hydro and Qatar Petroleum



# Growth and restructuring efforts

## Improved cost position

Business operating cash cost  
USD/tonne



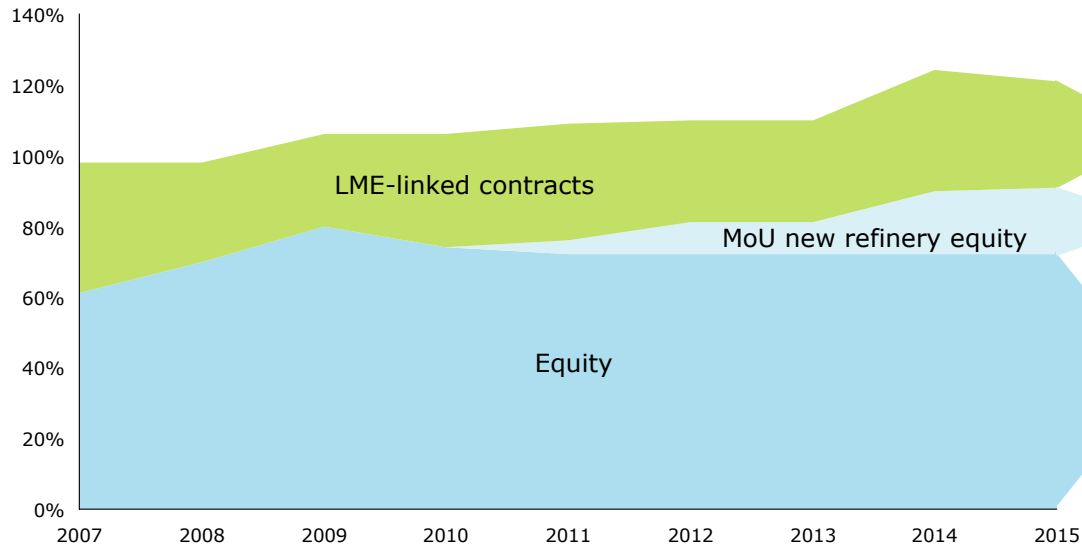
\* Source: CRU, 2007. Business operating cost definition. Assumptions 3 month LME 2 705 USD/tonne and 3 month LME lagged 1Q 2 747 USD/tonne. Alumina spot 329 USD/tonne. Hydro numbers for Qatalum

# Hydro well covered with alumina

## New refinery positions Hydro for further growth in metal

### Alumina coverage

Percent

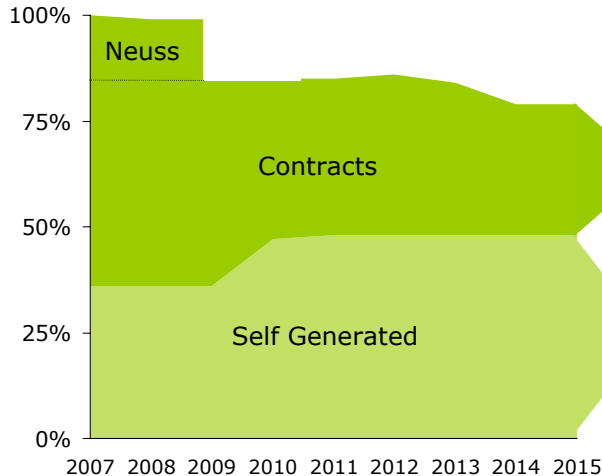


Based on existing smelter capacity and decided smelter and alumina projects  
Excluding recently announced 400 000 tonnes of alumina under contract from RioTinto from 2011

# Competitive power sourcing

## Critical for aluminium smelting

### Power coverage



- Power represents 30% of production costs
- Long-term power sourcing ensures predictable costs
- Globalization of Hydro's power activities

Based on existing smelter capacity and decided smelter projects

# Distinct businesses with leading positions

## **Rolled Products** (50% of revenues)

Rolled Products

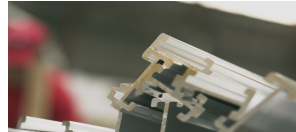


## **Reporting sub-segments and sectors**

\*Casting and Magnesium revenues excluded

## **Extrusion** (40% of revenues)

Extrusion Eurasia



Extrusion Americas



Building Systems



## **Automotive\*** (10% of revenues)

Precision Tubing



Automotive  
Structures



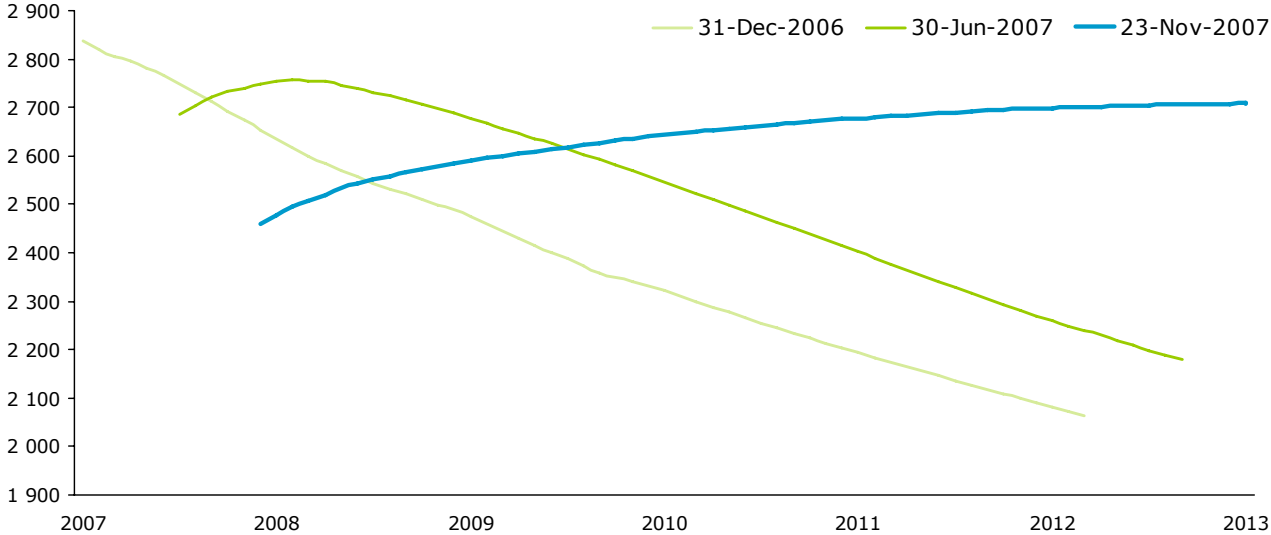
# Healthy demand for aluminium

- Properties give competitive edge
- Recyclability more important with high energy price
- Expected annual demand growth 4.0-4.5% coming 10 years
- China represents almost 2/3 of expected growth
- Main product segments expected to grow 4.0-5.0% annually



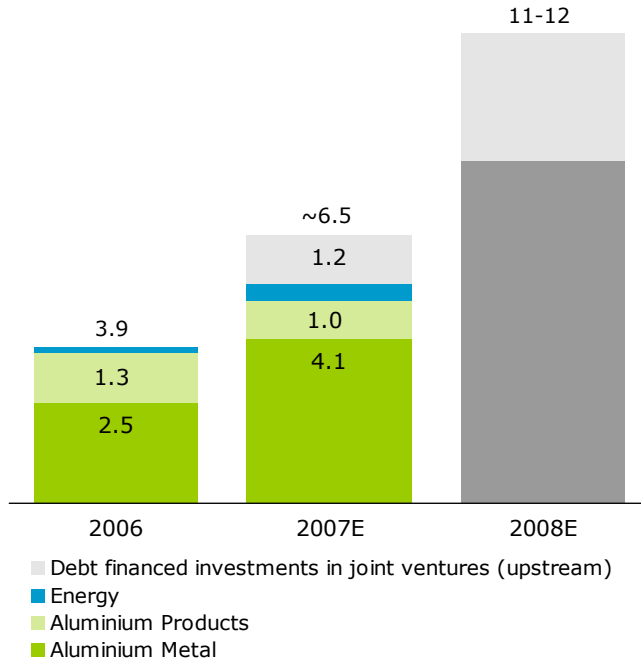
# Shift in forward curve

LME USD/tonne



# Capital allocation – upstream focus

NOK billion



~80 percent of 2008 investments are upstream

Qatalum: USD 2.8 billion

- ~55 percent project financed
- Completion Q4 2009

Alunorte 3: USD 300 million

- Completion Q4 2008

New alumina project: USD 300 million

- Assumed completion first phase first half 2011

Aluminium Products – selective growth initiatives in Extrusion and Building Systems

Sustaining capex

- ~NOK 3 billion annually
- Measures to adjust capital structure to be announced in February 2008



## Hydro's competitive strengths

- Power position
- Operational performance
- Technological leadership across value chain
- Close to markets and customers
- Reputable partner in joint ventures
- Distinct project management skills
- Financial capacity to grow





[www.hydro.com](http://www.hydro.com)