



HYDRO

## Capital Markets Day 2006

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

# 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, Hydro is providing the following cautionary statement.

Certain statements included within this announcement contain (and oral communications made by or on behalf of Hydro 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, drilling activity 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 Hydro believes 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 Hydro’s 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, world economic growth and other economic indicators, including rates of inflation and industrial production, trends in Hydro’s key markets, and global oil and gas and aluminium supply and demand conditions. For a detailed description of factors that could cause Hydro’s results to differ materially from those expressed or implied by such statements, please refer to the risk factors specified under “Risk, Regulation and Other Information – Risk Factors” on page 92 of Hydro’s Annual Report and Form 20-F 2005 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.

# Use of non-GAAP financial measures/ Cautionary note in relation to oil and gas reserves

With respect to each non-GAAP financial measure Hydro uses in connection with its financial reporting and other public communications, Hydro provides a presentation of what Hydro believes to be the most directly comparable GAAP financial measure and a reconciliation between the non-GAAP and GAAP measures. This information can be found in Hydro's earnings press releases, quarterly reports and other written communications, all of which have been posted to Hydro's website ([www.hydro.com](http://www.hydro.com)).

The United States Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. We use certain terms in this presentation material, such as expected recoverable resources, that the SEC's guidelines strictly prohibit us from including in filings with the SEC. Investors are urged to consider closely the disclosure in our Form 20-F, SEC File No. 1-9159, available from us at our Corporate Headquarter: Norsk Hydro, N-0240 Oslo, Norway. You can also obtain this form from the SEC by calling 1-800-SEC-0330.

A large, complex offshore oil platform is shown, featuring a dense network of steel structures, pipes, and equipment. The platform is supported by several thick, dark legs extending into the water. The background shows a bright, overcast sky and the ocean surface with some whitecaps. The text is overlaid on a semi-transparent white banner in the center of the image.

**Jørgen C. Arentz Rostrup**  
Senior Vice President, Oil & Energy Markets

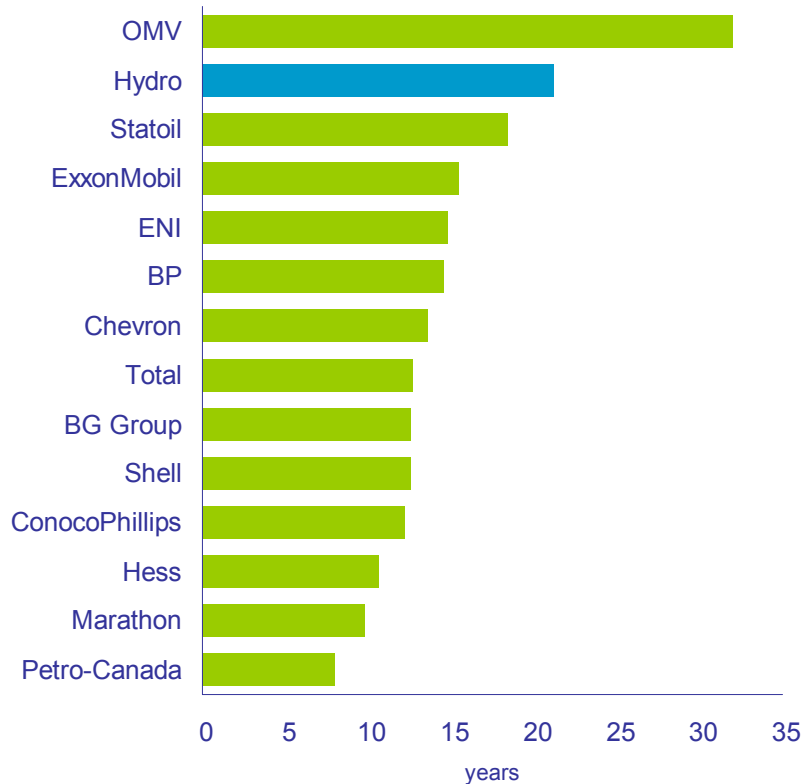


## Hydro's gas story

- Strong reserve life – 20 years
- Continued increase in gas production
- Cost competitive and flexible asset base
- Attractive market positions

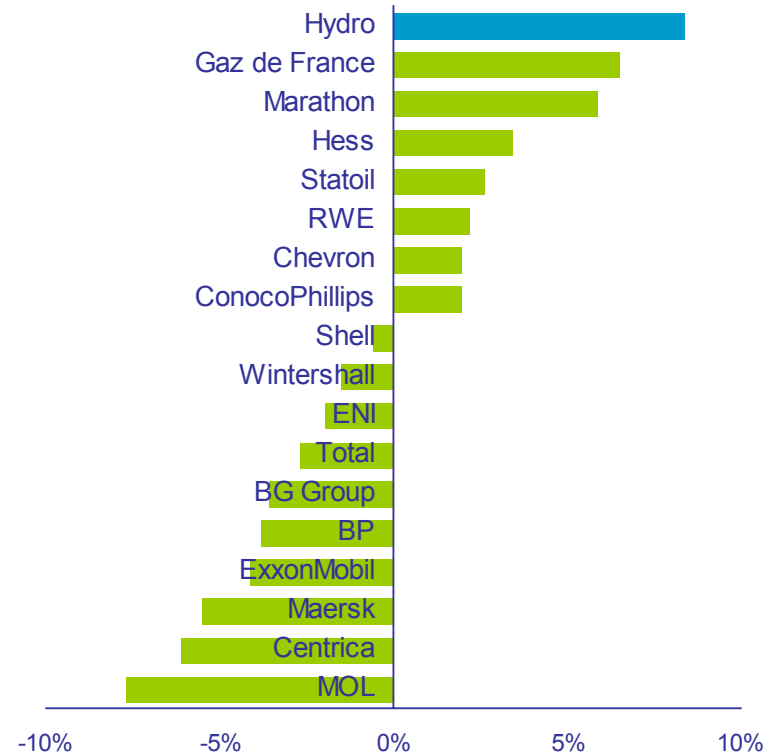
# Hydro on top in European gas production growth

Reserve life gas  
(reserves/production as of end 2004)



Source: CSFB 2005

2005-2010 CAGR

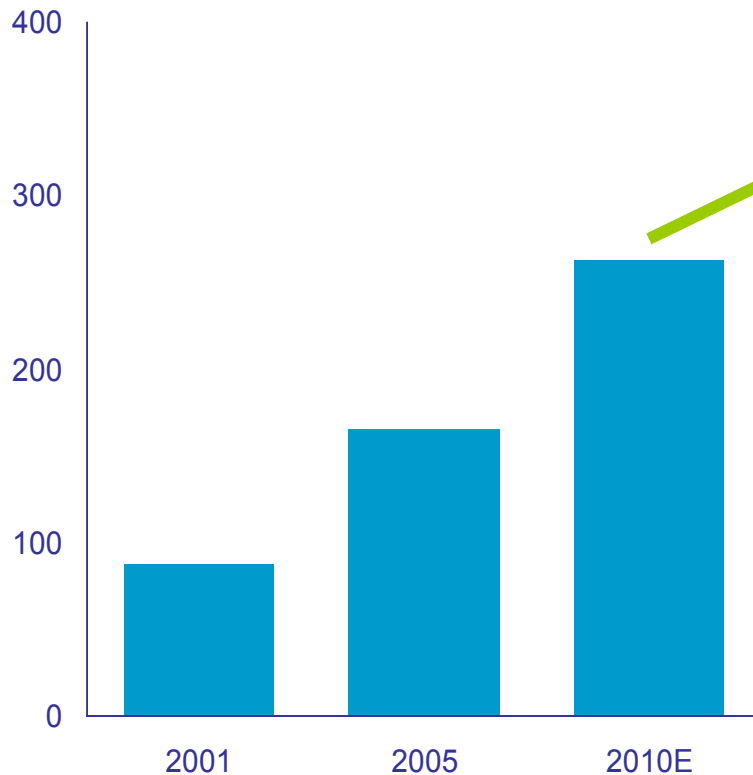


Source: Rystad Energy

# The growth story continues beyond 2010

## Gas production

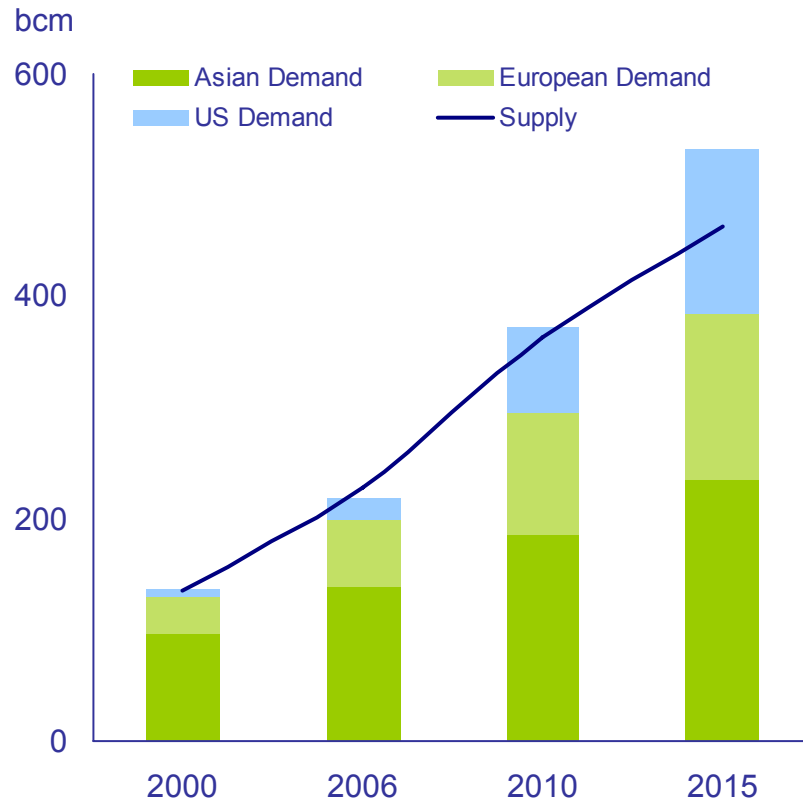
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- Increased gas production from existing reserve base
- Good progress in development of discoveries
- High exploration activity

# From regional to global gas markets

## Global LNG supply and demand



- Europe and US increasingly dependent on long-distance imports (LNG)
- Global balance and regional imbalances
- Worldwide competition over LNG cargoes
- Flexibility in LNG supply chain

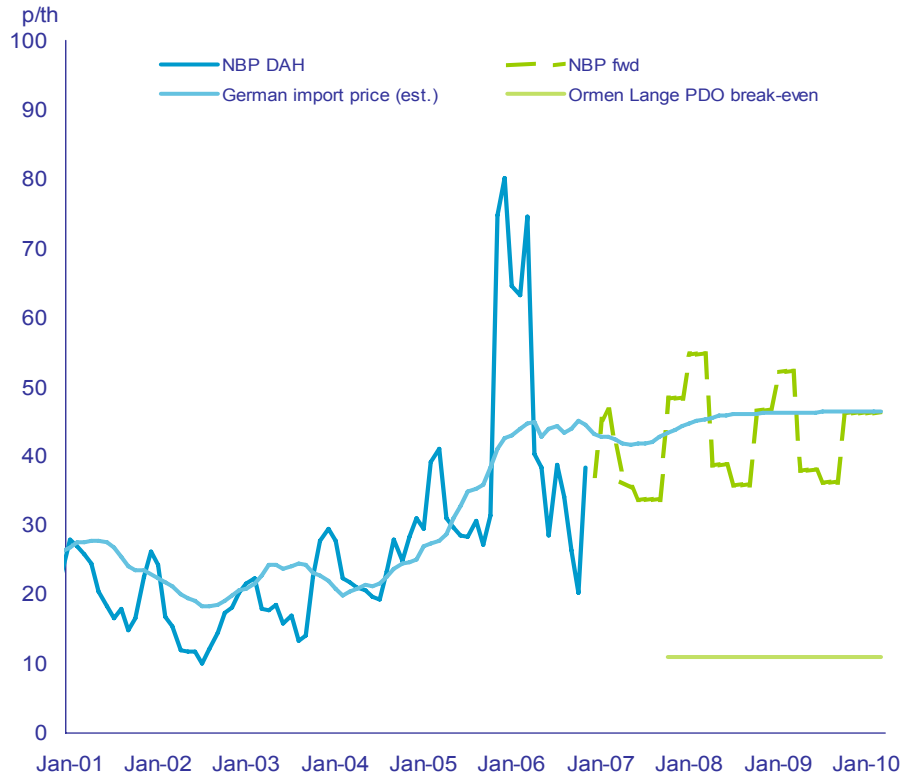
Sources: Pira, Wood Mackenzie

# UK connected to the Continent and global markets



- Strong capacity build-up
- Improved flexibility to balance the market
  - Connectivity to continental Europe
  - Highly responsive supply and demand in US
  - Increased call on gas from Asia

# Strong NCS base in volatile markets



- High gas prices driven by high oil prices
- Record-high prices during last winter
- Possibility of low-price days in summer
- NCS gas competitive

Note: Forward prices/currency rates 1 December 2006. Nominal prices. Monthly average.

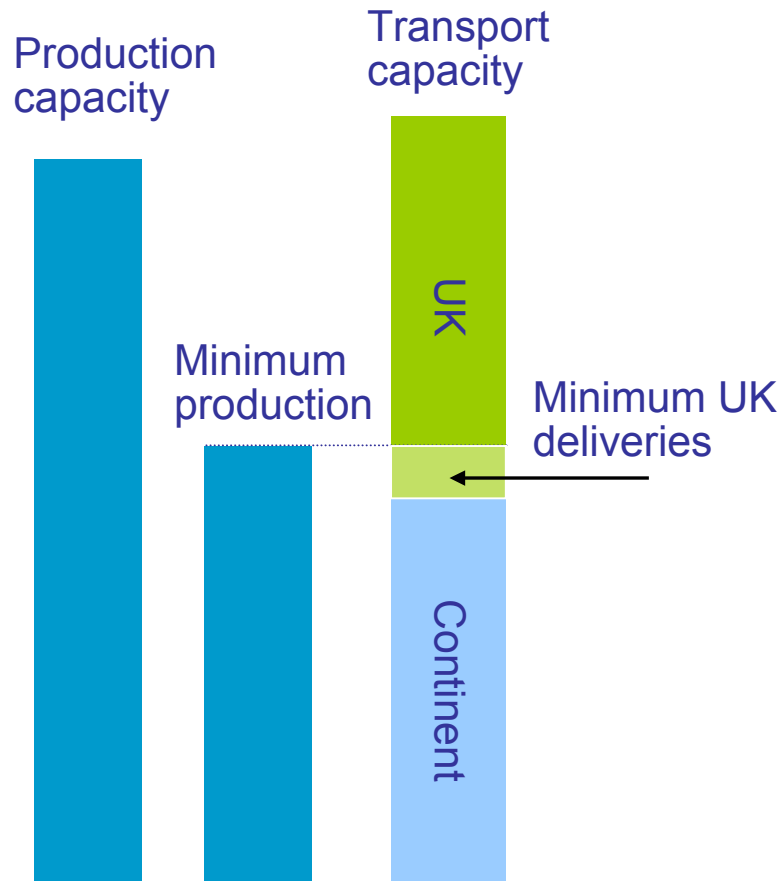
Source: Heren

# Flexible asset base



- Diversified supply sources
- Extensive pipeline network
- Multiple landing points
- Flexible fields – Oseberg and Troll key fields

# Flexibility in gas deliveries



- Hydro has significant swing capacity to react on price signals
- High production and routing towards the UK at high prices
- Minimum production and re-routing to the Continent at low prices



## Increased share of gas indexation

- New volumes to the United Kingdom
- UK contracts typically gas indexed
- Liquid market enabling day-to-day optimization
- Gas indexation increase from 30 percent to 50 percent of gas sales

# Well placed to extract market value in Northwest Europe

## Market developments

New import capacity

Increased volatility

Geographical differentials

Long-term relationships with all major players

Proactive positioning in emerging markets

Strong trading presence

## Hydro position

Competitive cost base

Flexible production

Multiple landing points



## Strong outlook

- Robust market fundamentals – volatility to continue
- Highly competitive growth
- Effective monetization strategy and approach