



HYDRO

Capital Markets Day 2006

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).

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.



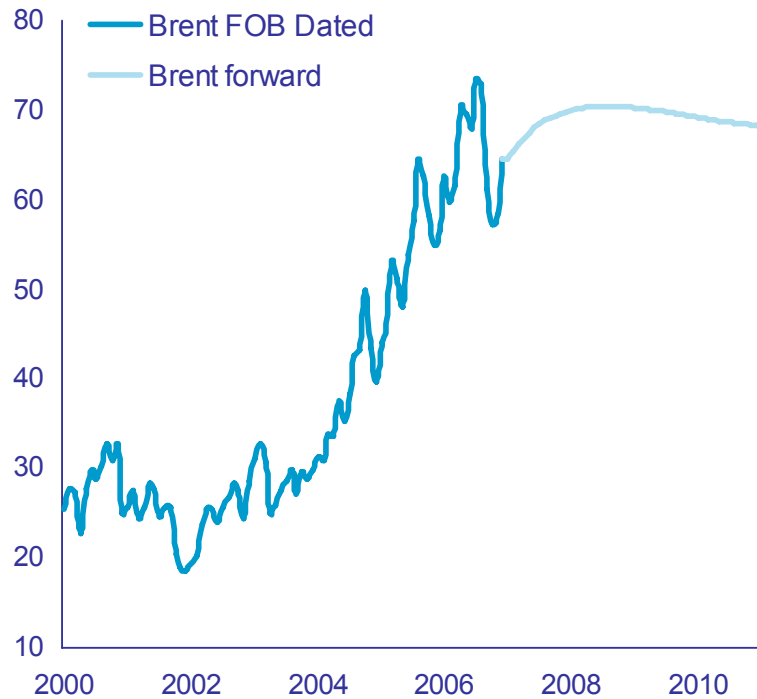
Eivind Reiten
President and CEO

Strategy for future growth

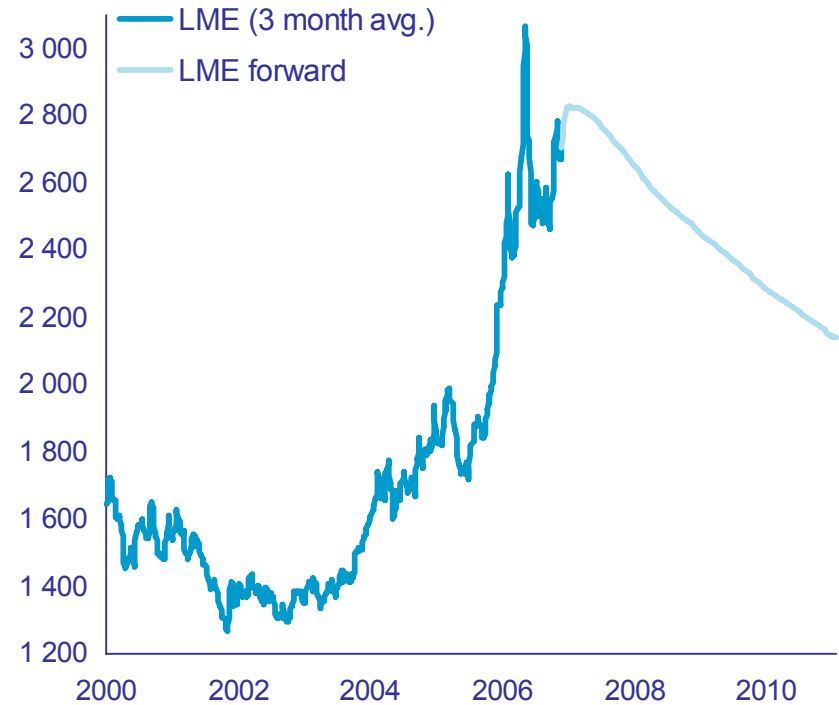
- Build on strong position in industries with attractive market outlook
- Manage cost inflation challenges in both industries
- Grow our resource base in oil and gas
 - Strengthened resource base
 - Continued high exploration and selective acquisitions
 - Robust production and development portfolio in low risk regions
 - Expected oil and gas production 2010: 700 000 boed
 - Growth beyond 2010 from broader development and exploration portfolio
- Pursue profitable growth in aluminium upstream
 - Pursue alumina and metal opportunities in attractive areas
 - Finalize restructuring of Aluminium Products' portfolio
- Recruit and retain the best people

Strong and volatile price environment

Oil price in USD/bbl



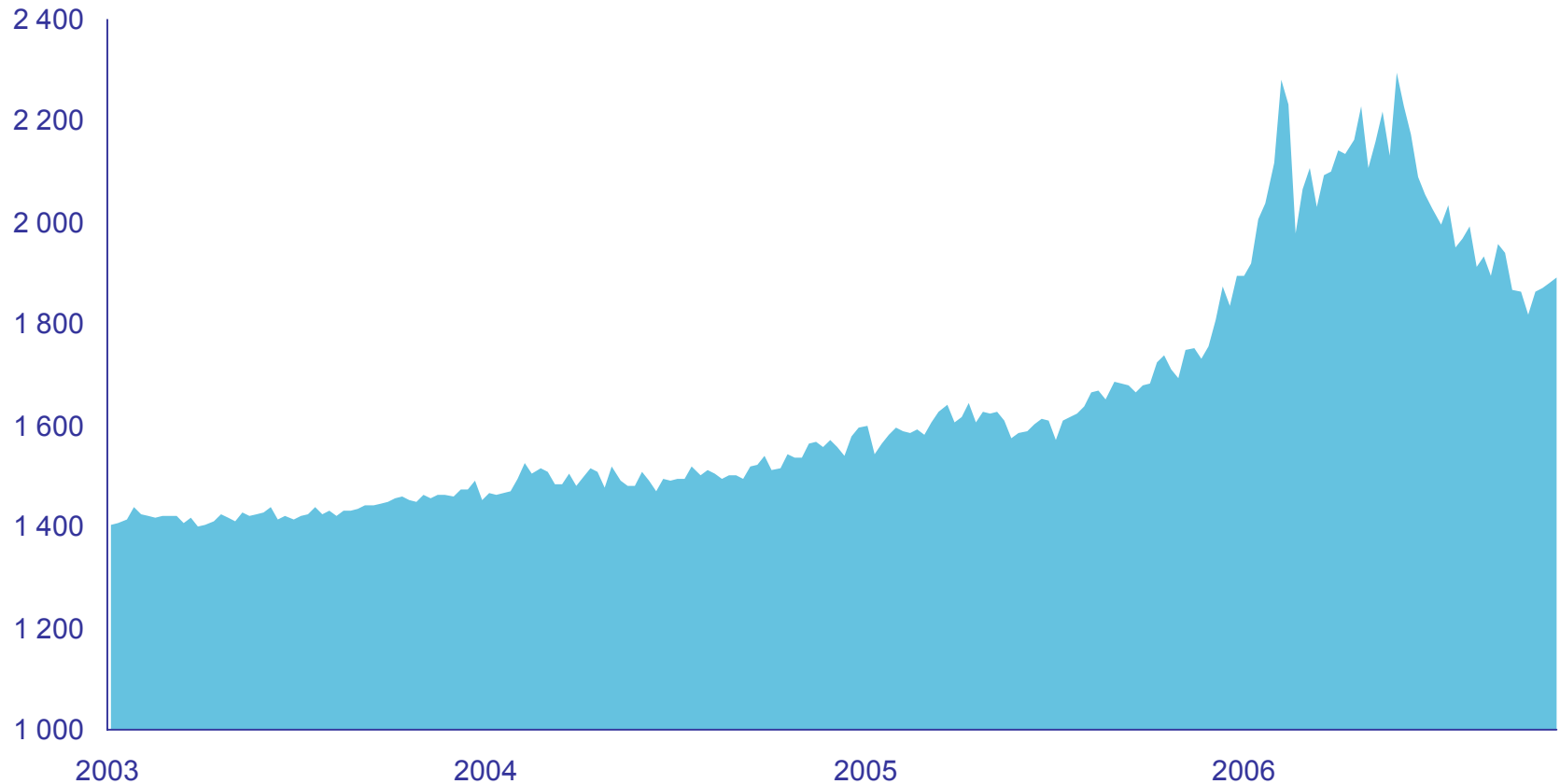
Aluminium price in USD/tonne



Source: Reuters Ecowin and Bloomberg 1 December 2006

5-year forward price at record-high levels in 2006

USD/tonne



Maneuvering in a more difficult landscape

WEDNESDAY AUGUST 30, 2006

Slide in US dollar hits world markets

By Neil Dennis and Chris Giles in London and Ralph Atkins in Frankfurt

A sharpening slide in the US dollar unnered global markets yesterday as investors sought to protect themselves from the possibility of sustained dollar weakness. As US markets were closing yesterday, the euro stood at a 18-month high of \$1.306, up 1.2 per cent, while sterling gained 0.9 per cent to a 1½-year peak of \$1.9333. The yen climbed 0.3 per cent to ¥115.66.

European and Asian stock markets suffered the fallout from the dollar's decline with exporters to the US the worst performing stocks in all regions. But on commodity markets, dollar-denominated prices tracked higher as gold, copper and oil became cheaper in other currencies.

The euro's strength could put the European Central Bank under fresh political pressure not to raise interest rates again after the expected quarter percentage point rise to 3.5 per cent on December 7.

The dollar has now fallen this year by more than 10 per cent against the euro and 12 per cent against sterling. Some economists suggest the greenback has further to slide given a weak economic outlook in the US and the prospect of interest rate cuts there next year.

Steve Swirell, currencies ana-

lyst at Citigroup, said. "While the economic data remain soft, the dollar will continue to fall."

The gaping US trade deficit, the near certainty of a December rise in eurozone interest rates, rising expectations of a cut in US rates in the spring and worries about borrowing in yen to finance investments in the US all continued to weigh on the dollar, analysts said.

These concerns were heightened by comments from Wu Xiaoling, deputy governor of the People's Bank of China, indicating her unease at a fall in the dollar. She said exchanges reserves from the dollar she stopped she that China was adding to its pile.

"The dollar is under pressure at the beginning of the year," said analyst at RBC Paris. Equities mark and Asia fell at Nikkei 225 fell 15,704.8, while the 300 shed 8.8 per cent against sterling. Some economists suggest the greenback has further to slide given a weak economic outlook in the US and the prospect of interest rate cuts there next year.

Steve Swirell, currencies ana-

lyst at Citigroup, said. "While the economic data remain soft, the dollar will continue to fall."

Rusal and Sual clinch \$30bn link

■ Three-way merger to create the world's biggest aluminium producer ■ Russian group plans London listing within three years

By Arkady Ostrovsky in Moscow and Rebecca Ryan in London

Rusal, the Russian aluminium company, is to take over Sual, its domestic rival, and the shares assets of Glencore, a private Swiss group, in an estimated \$30bn (£23.4bn) deal to create the

A person close to the deal said the memorandum was signed last Friday and the London listing is expected within three years. The deal - which is still subject to due diligence - is believed to have been closed by Russian president Vladimir Putin, and is expected to be announced by the

ties in the international markets, and comes after the failed merger between Severstal, Russia's leading steel producer, and LUKOIL, a private commodity trading group with a 38 per cent stake in Lukoil, the London-listed mining company.

years, according to the insider. The acquisition would have no cash element and would be paid for entirely with Rusal shares. The combined company will

president Boris Yeltsin. The key shareholder in Sual is Victor Vekselberg, whose holding company owns a stake in VTB BP, the Anglo-Russian oil group.

ASIA

INTERNATIONAL Herald Tribune

Algerian energy minister defends new tax on hydrocarbons

The Associated Press

Suez-GdF deal to win approval

■ Regulator drafts ruling that backs €7.2bn merger ■ Final decision rests with EU commissioners ■ Critical hurdles remain in France

By Tobias Beck and Karl de Meyer in Brussels and Peggy Hollinger in Paris

The European Commission is poised to give regulatory approval to the €7.2bn merger between Suez and Gaz de France, following a last round of concessions by the two French groups. Though an internal decision has been made, the Brussels anti-trust regulator has drafted a ruling approving the tie-up provided the two groups meet pre-agreed conditions, according to several people familiar with the deal. The draft decision was last

week sent to national competition authorities, which have to be consulted on Commission anti-trust decisions but cannot veto the regulator's verdicts.

The final decision rests with the 25 European Union commissioners, scheduled to discuss the merger on November 14. It is extremely rare for the body to change its mind at such a late stage. Commissioners normally follow the recommendation given by Nicole Kroes, the EU competition commissioner responsible for the Suez-GdF decision.

Wanting the Commission's backing for the deal would

remove a big obstacle to the politically sensitive merger, but critical hurdles remain in France.

The two parties have yet to resolve differences over the management and structure of the combined group. Last week, people close to the groups warned that Suez and GdF had hit the middle of this week to strike a deal. Failure to conclude such an agreement could even scupper the tie-up, they added.

The Commission opened an in-depth investigation in June, arguing that the deal "would raise significant competition concerns at all levels of the gas and

electricity supply chains in Belgium and at all levels of the gas chain in France". It later issued a statement of objections.

At the time, the Brussels regulator warned that the tie-up would have a particularly negative impact on the Belgian market, where Suez owns the dominant power company, Electrabel, while GdF has a large stake in SFE, the number-two group. The merged entity would have a grip on much of the country's gas industry, the power and gas networks and other infrastructure. To ally Brussels's concerns, Suez and Gaz de France agreed to

a range of disposals and other concessions, including the sale of the SFE holding and of Distrigaz, Belgium's dominant gas distributor. The group will keep the part of Distrigaz that supplies gas to Electrabel's power stations, however.

Earlier this month, the two groups struck a separate deal with the Belgian government in a bid to overcome its concerns over the deal. The agreement - which is being scrutinised by the Commission to see whether it violates EU merger rules - includes a commitment not to raise energy prices for Belgian customers.

EUROPE

Gazprom speculation is power behind RWE

By Sam Hothby

RWE attracted another burst of takeover speculation yesterday as rumour has it that Gazprom might be interested in buying the German utility to an all-time high.

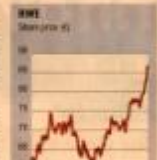
Alexander Heveling, Gazprom's vice-president, said the two companies were not in negotiations but that his company was "not ruling out any option".

Analysis pointed to RWE's strong underlying fundamentals.

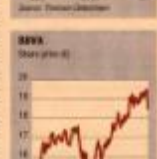
"We think RWE will continue to benefit from high power prices, despite the regulatory expectations of certain politicians," said Morgan Stanley, as it assumed coverage of the stock with an "overweight" rating and price target of €10.

"Power prices should remain high, owing to investment needs and sustainable high fuel costs," Merrill Lynch reiterated its "buy" recommendation and raised its price objective from €10 a share to €14.

"RWE shares have been among the best performers in the utility sector since the



RWE share price



RWE share price

closed 1.5 per cent lower at €10.51.

Michaelis, the tycoon, fell 2 per cent to €10.20 and Continental slipped 0.5 per cent to €12.14.

Among other big dollar winners, Siemens fell 2.5 per cent to €71.44.

Sanco Sibylla Vaccaro Argentina finished 4.7 per cent to €15.15 after the Spanish trader announced a capital increase of €20 to shore up its core capital ratio.

Merrill Lynch and Morgan Stanley were said to be planning RWE shares at €12.25 in late afternoon trade, down from an earlier stage of €13.57-€13.67.

RWE said it would place the shares at a minimum of €10.50 after it reported its financial results.

But Standard & Poor's Equity Research noted that the bank had made €4.6bn of acquisitions since the last capital increase in February 2004.

"While the integration of recently announced Chinese and Texas investments may mitigate near-term acquisition risk, management continues to harbour long-term global ambitions," said Rabal Shah, analyst.

"We believe this is totally speculative at this stage," said analyst Javier Garrido.

RWE shares fell 1 per cent to €10.51 while Suez edged back 0.3 per cent to €10.60 and GDF slipped 0.4 per cent to €10.27.

In the wider market, the chief concern remained the potential impact of the dollar's weakness on European corporate earnings.

The FTSE Eurozone 300 index suffered its worst one-day drop since June, shedding 22.6 points, or 1.5 per cent, to close at a five-week low of 5,429.96.

Once again, car and car parts makers were among the hardest-hit companies. DaimlerChrysler fell 2.5 per cent to €44.25, Peugeot shed 0.5 per cent to €49.79 and Volkswagen

closed 1.5 per cent lower at €10.51.

Stock exchange agencies were hit by profit-taking after hefty gains last week. Deutsche Börse fell 2.5 per cent to €129.97, while Euronext gained 0.4 per cent to €11.21.



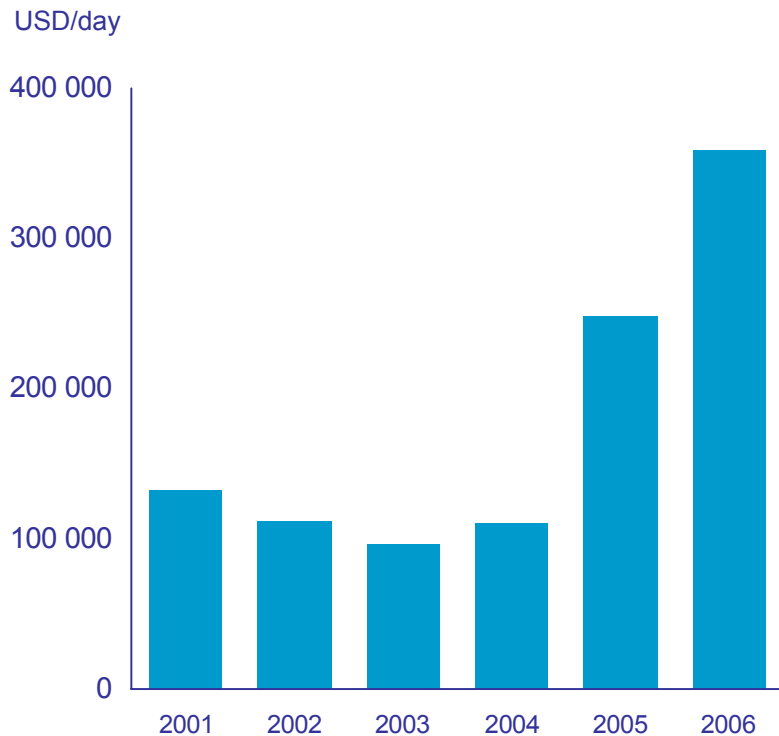


Hydro has what it takes

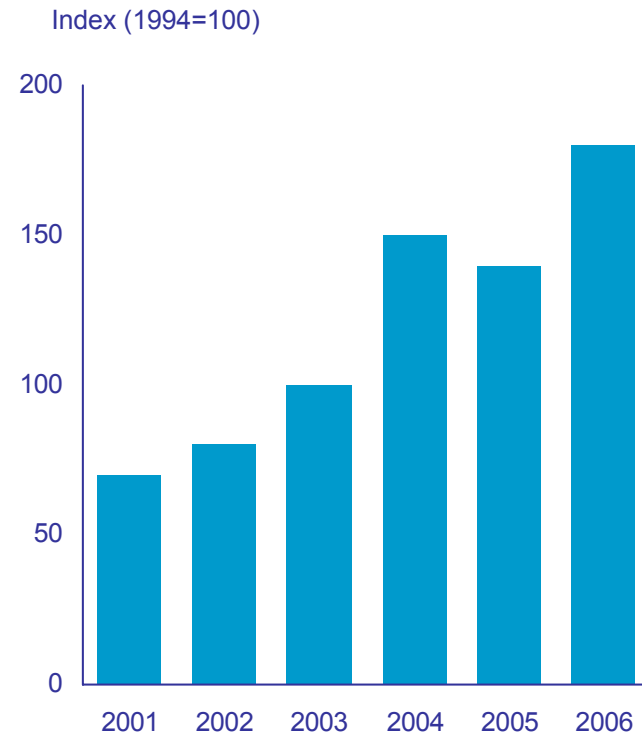
- World-class technology and competence
- Proven high-quality operations
- Cooperation tradition – Hydro and Norway
 - Commercial partnerships
 - Experience in cooperating with local and national authorities and communities
- Strong positions in key basins
- Systematic risk management
- Active portfolio management

Increasing industry cost

Dayrates ultra deepwater drilling rigs
Average fixture rates



Steel prices

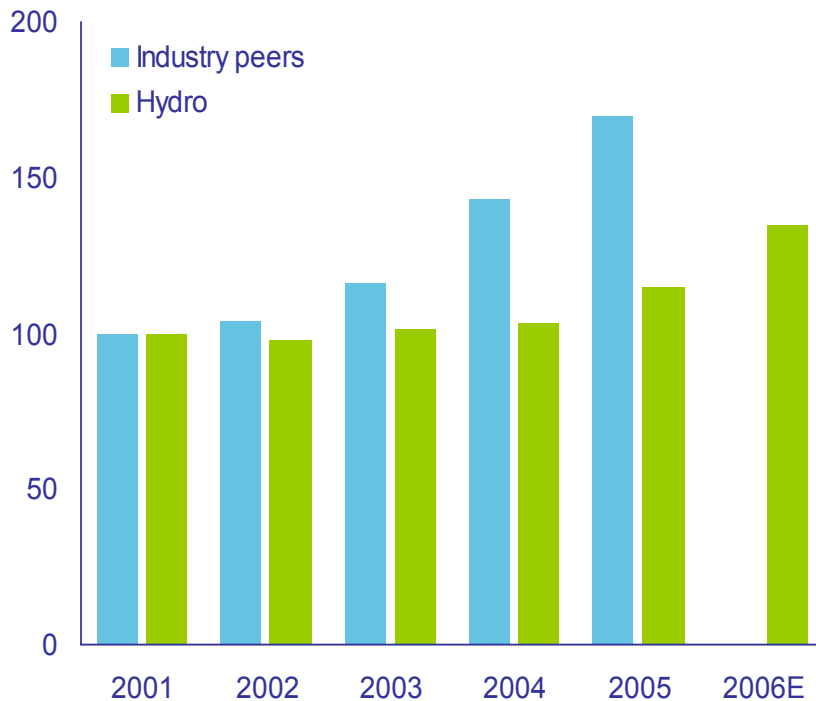


Sources: Fearnley Offshore (rig rates), CRUspi.com (Steel prices)

Hydro's cost increase well below industry average

Hydro versus industry peer group*

Index based on USD/boe operating cost**, 2001 = 100



- Rig rates up more than 200 percent since 2004
- Steel up 80 percent since 2003
- Drilling services up 50 percent since 2005
- Logistics up 40 percent since 2005



Portfolio maturity, field size and long-term contracts make Hydro robust to industry cost pressure

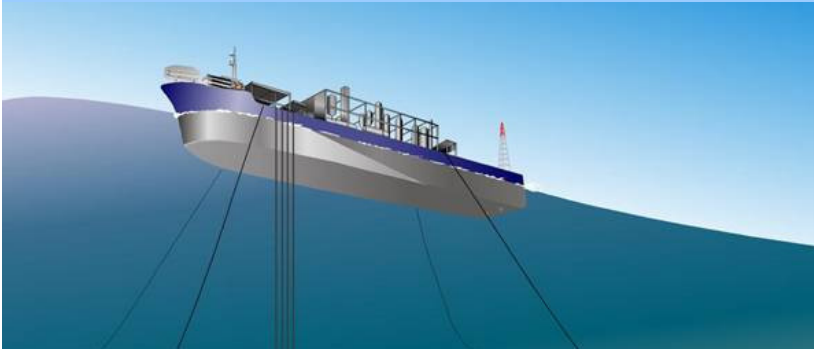
* Majors, US and European integrated players, US large independents

** Operating and lease expenses – not including gas injection cost

Source: SEC, Company reports

Distinct project skills more valuable than ever

Gimboa



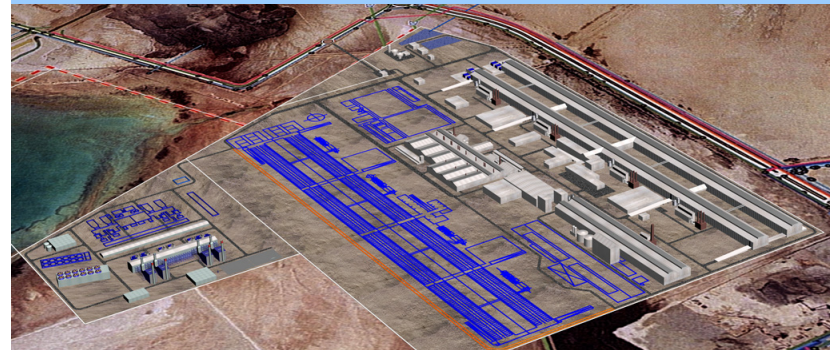
Ormen Lange



Sunddal



Qatalum



Climate change – the biggest challenge of all



A high-angle, blurred photograph of an airport terminal. Several people are walking across a polished floor, pulling rolling suitcases. The image is intentionally out of focus to convey a sense of motion and activity. A semi-transparent white horizontal band is overlaid across the middle of the image, containing the text 'Performance update'.

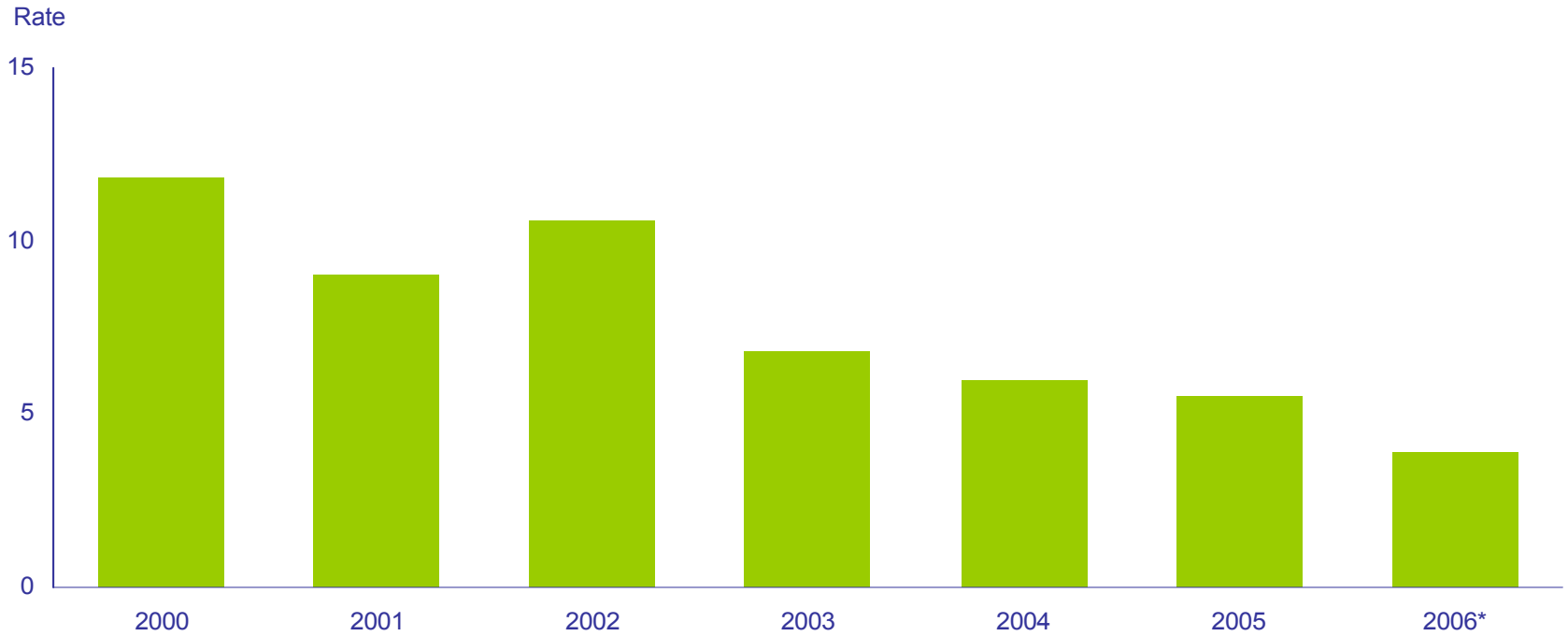
Performance update

Key messages last year

- Hydro
 - Maintain financial strength
 - Build on technological and operational leadership
- Oil & Energy
 - Profitable production growth
 - Strengthen resource base
- Aluminium
 - Prioritize upstream investments and repositioning
 - Reduce downstream exposure – focus on cash generation

Safety improving

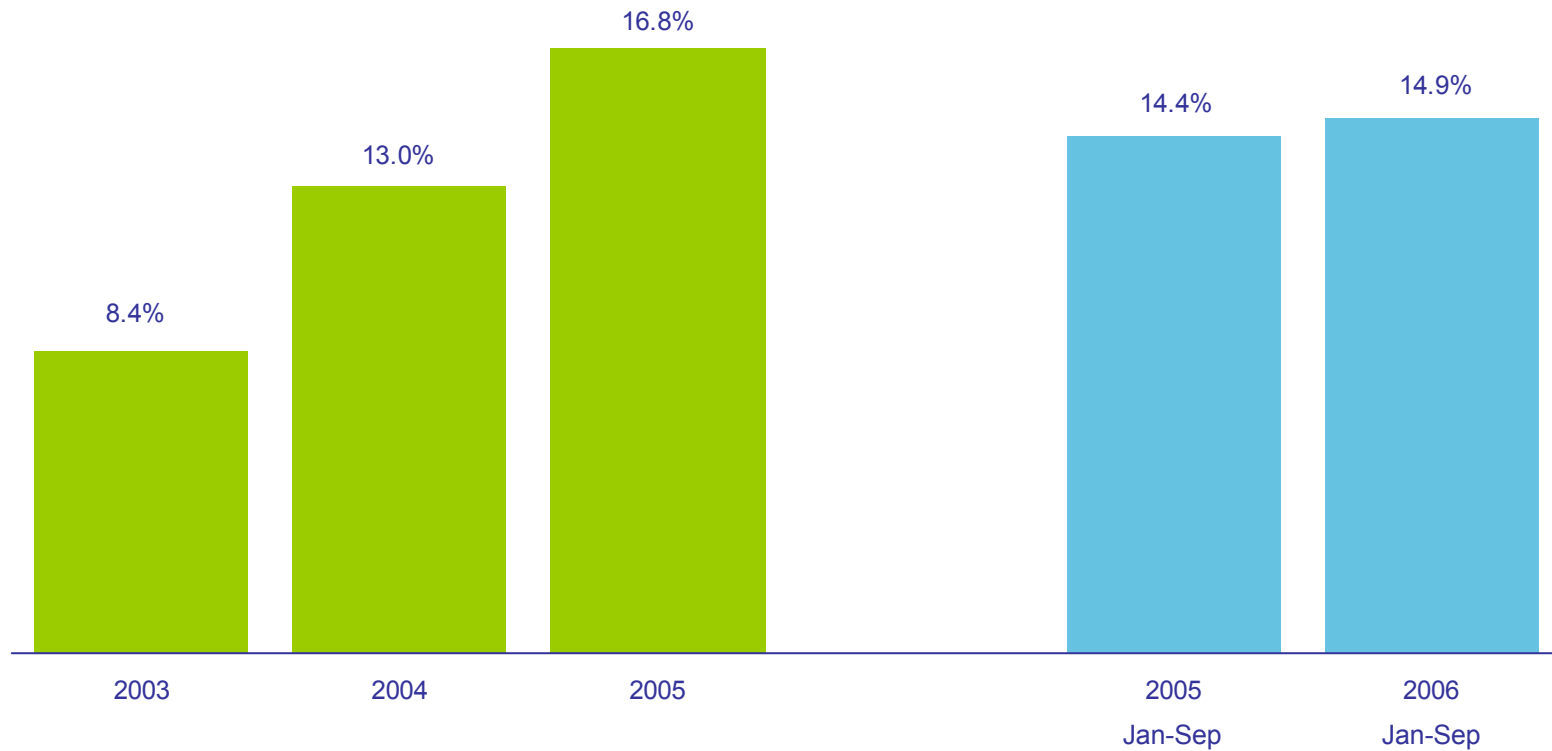
Total reported injuries per million working hours (TRI)



* 12 month rolling Oct 2005-Oct 2006

Improved returns

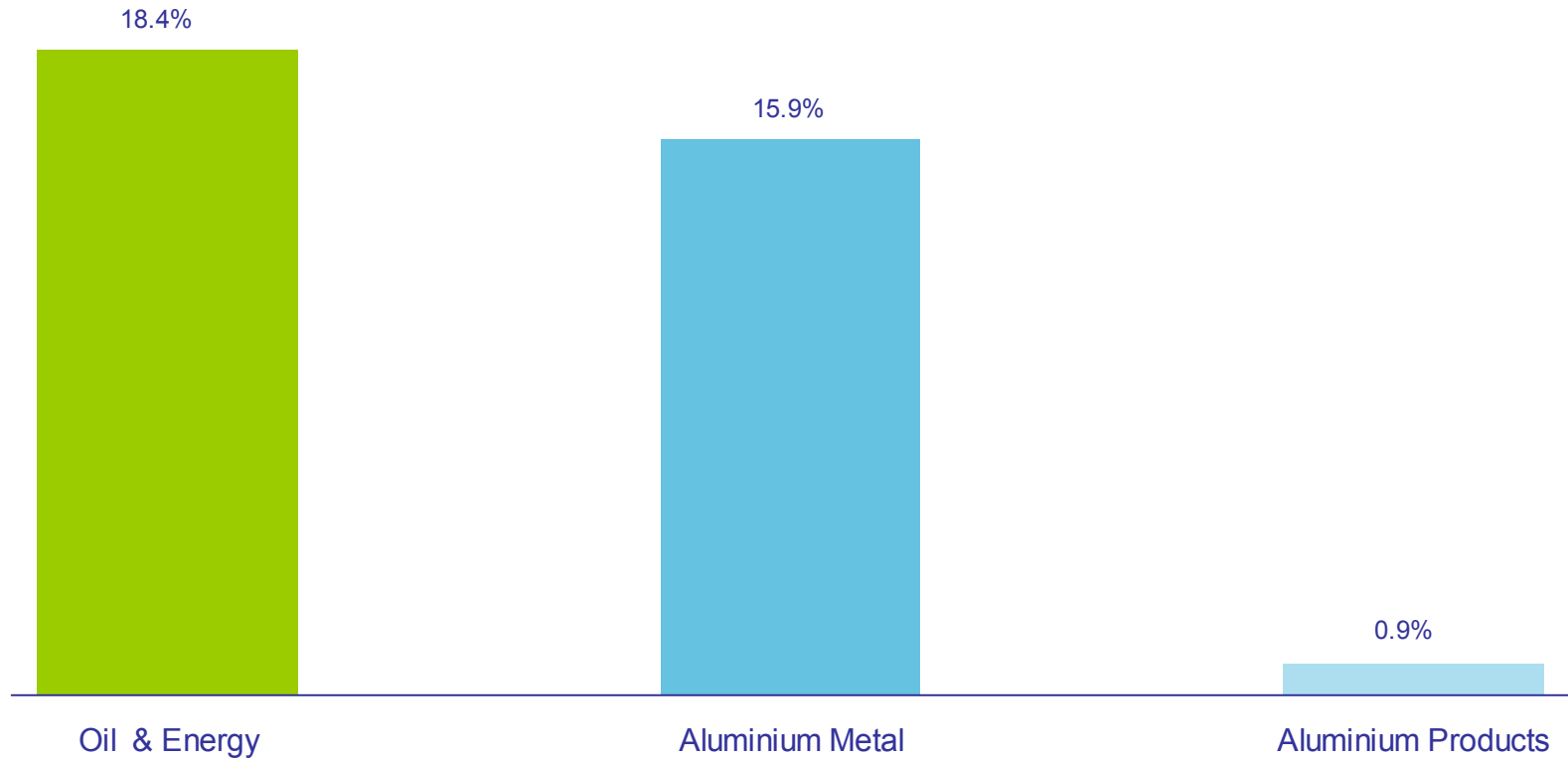
Return on average capital employed – RoaCE



Jan-Sep figures are not annualized

RoaCE by business area

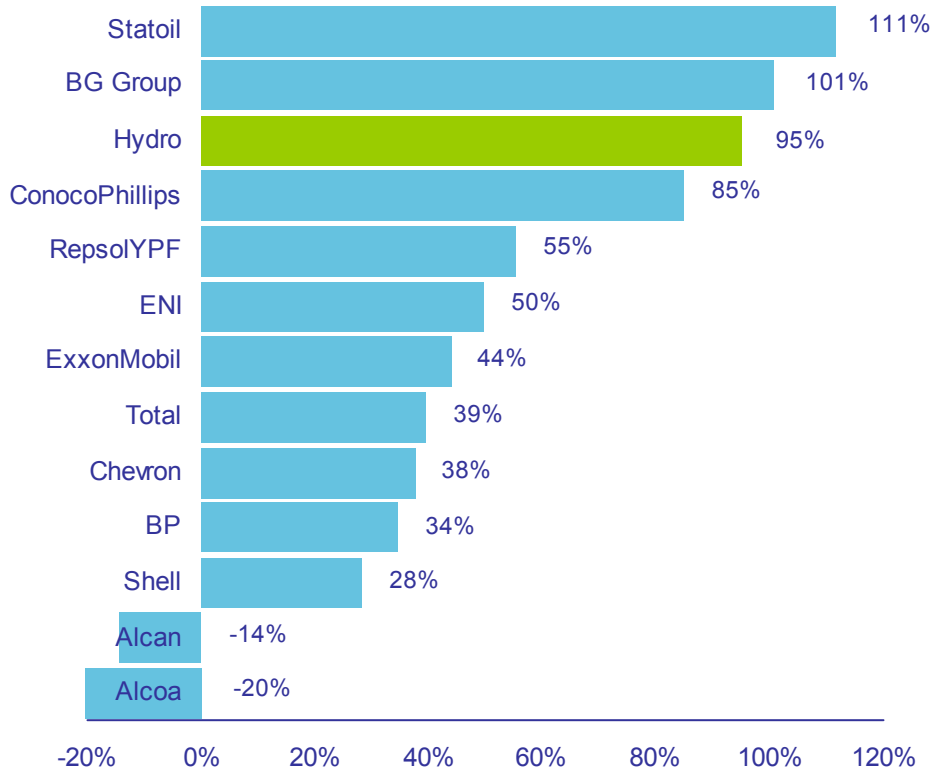
First nine months 2006



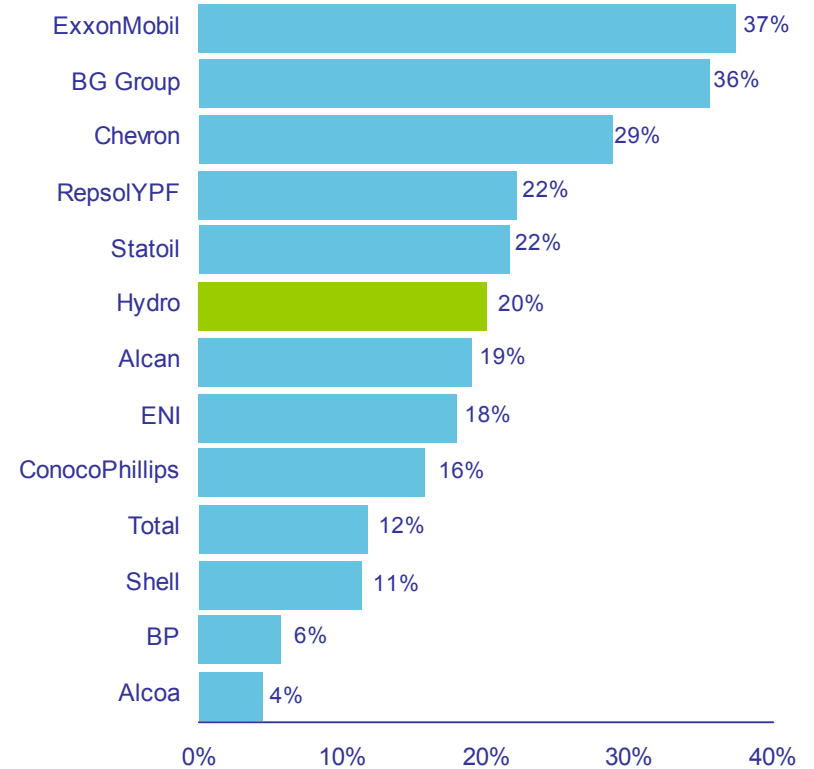
Figures are not annualized

Competitive share price development

1 January 2004 to 31 December 2005



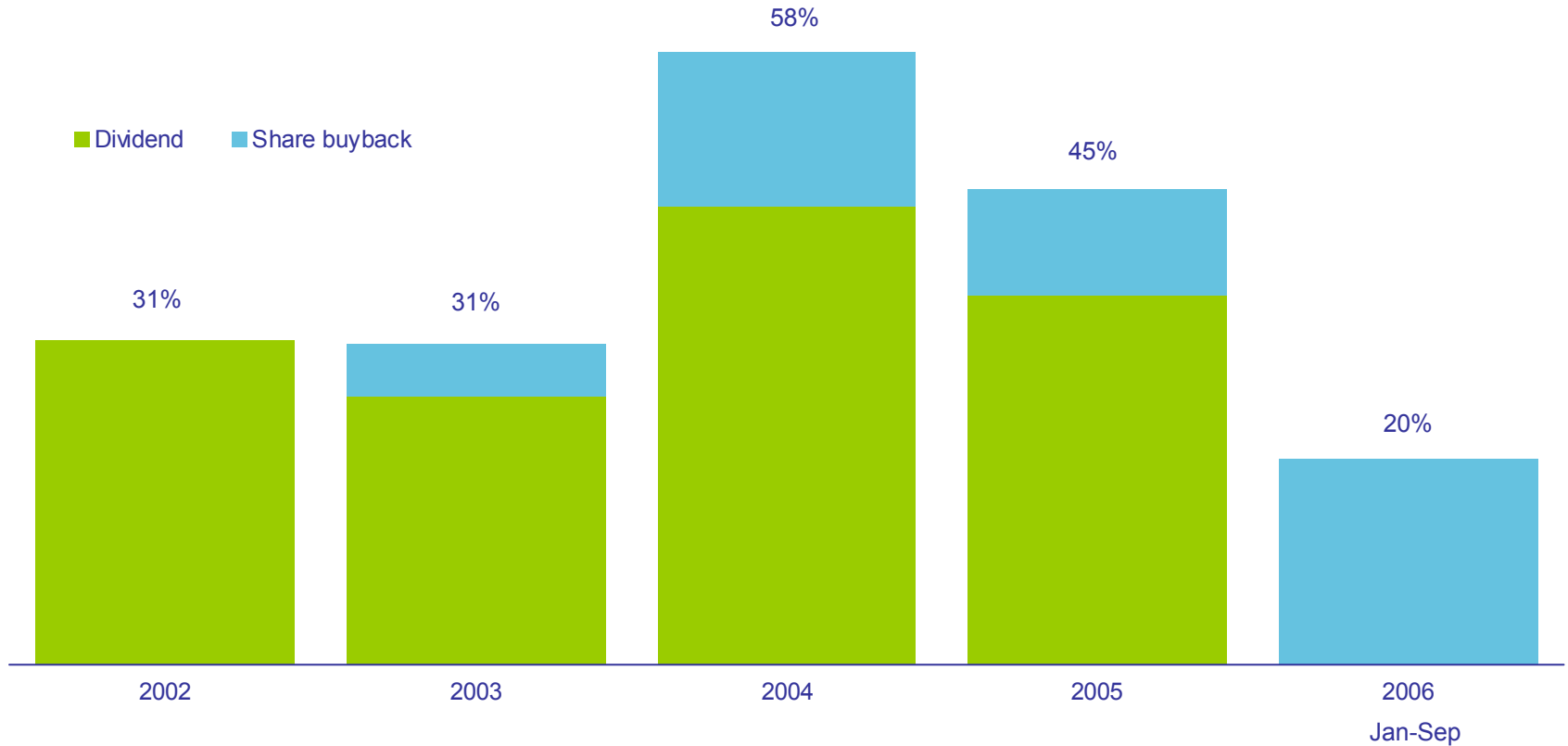
1 January to 1 December 2006



Source: Yahoo Finance, NYSE, USD

Competitive payout to shareholders

Payout ratio – dividend and buyback

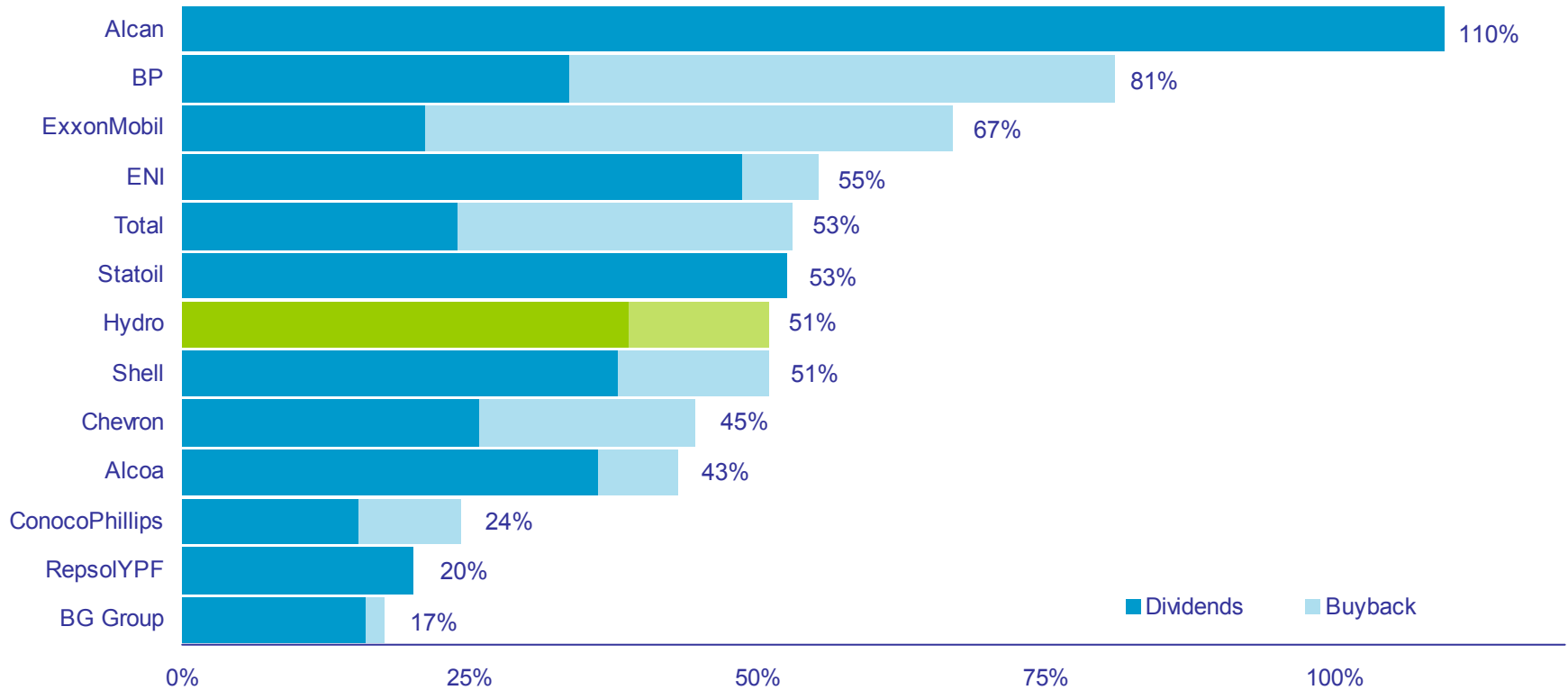


Dividend allocated to the year for which the dividend was paid. Buyback allocated to the year when the buyback transactions were executed.

Competitive payout to shareholders

Dividend and share buyback relative to net income

1 January 2004 to 31 December 2005



Source: Company reports

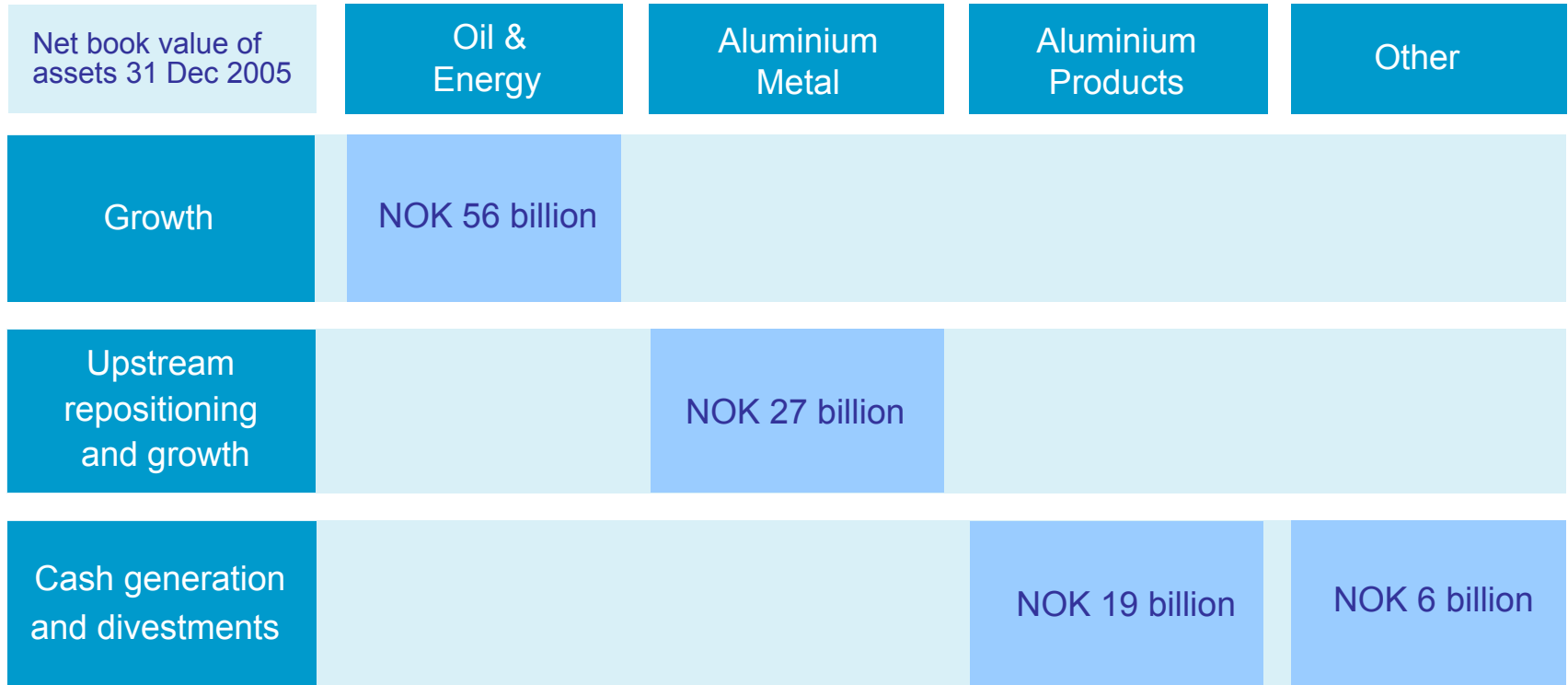
Active portfolio management 1999-2006

Acquisitions and divestments 1999-2006	Enterprise value NOK billion
Acquisitions	
Saga Petroleum (1999)	31
VAW (2002)	24
Spinnaker Exploration (2005)	16
Wells, Technal and SDFI (2001-2002)	6
Total acquisitions	77
Divestments	
Yara International (2004)	*21
Various non-core activities (2000-2006)	28
Automotive Castings and Meridian (2006)	4
Total divestments	53

* Enterprise value at public listing date 25 March 2004

A more focused portfolio

Capital employed NOK 109 billion



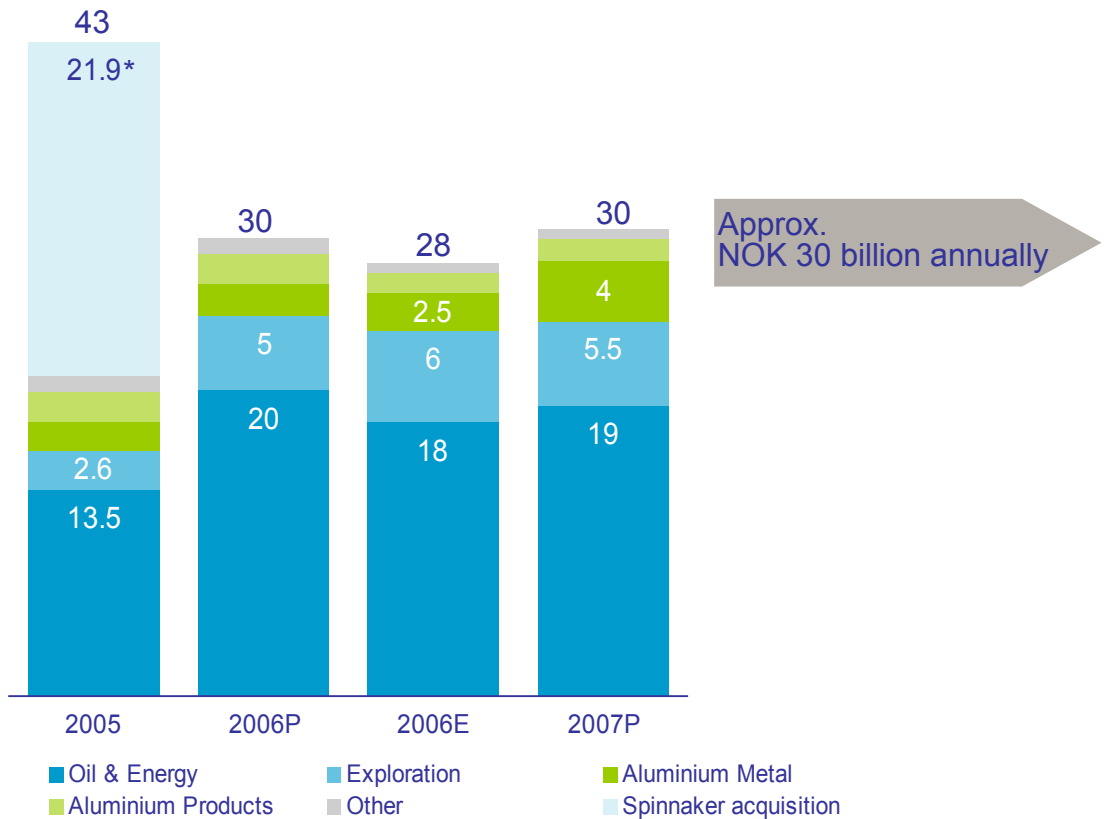


Hydro Polymers – listing or divestment being considered

- Solid turnaround delivered
- EBITDA first nine months 2006 NOK 795 million
- Competitive position strengthened through chlorine and ethylene investments at Rafnes, Norway
- Positive outlook

Capital allocation – upstream focus

NOK billion



2007-2010

- Oil & Energy
 - Projects on track
 - High exploration activity
- Aluminium
 - Priority upstream

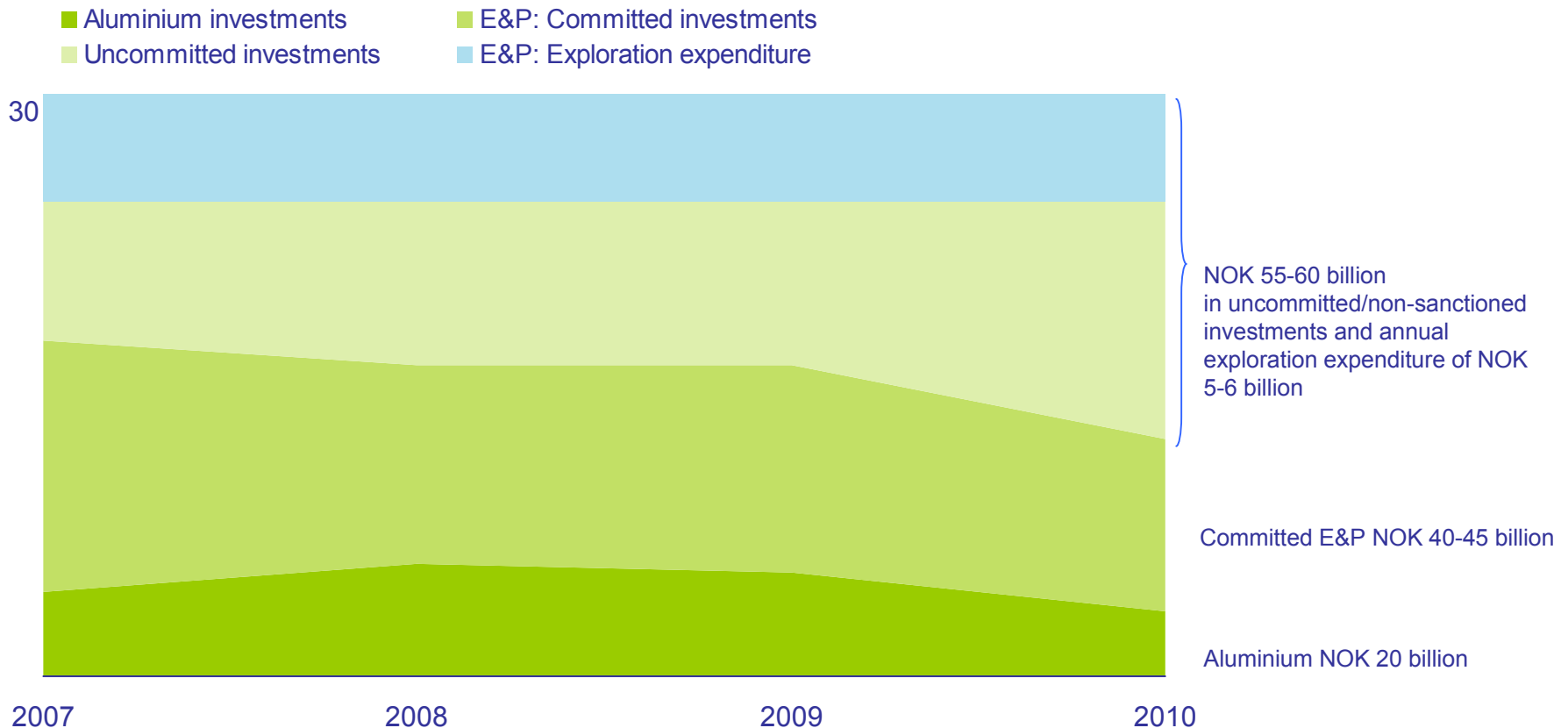
* Including non-cash element of NOK 5.5 billion

A blurred, high-angle photograph of people walking in a transit area, likely an airport or train station. The image is motion-blurred, suggesting movement. Several individuals are visible, some pulling rolling suitcases. The lighting is bright, creating long shadows on the floor. A semi-transparent white horizontal band is overlaid across the middle of the image, containing the text.

Additional information

Capital allocation 2007-2010

Annual investments approximately NOK 30 billion



Indicative price and currency sensitivities 2007

NOK million	Income before tax	Net income	Change
Oil price per barrel	1 190	345	1 USD
Aluminium price per tonne	1 000	655	100 USD

NOK million	Income before tax	Net income	Change
USD Oil & Energy	10 340	3 780	1 NOK
USD Aluminium Metal	3 280	2 130	1 NOK
USD Aluminium Products	(90)	(60)	1 NOK
USD before financial items	13 530	5 850	1 NOK
USD financial items	(3 600)	(2 500)	1 NOK
USD Net income	9 930	3 350	1 NOK

- Based on approximate average 2006 prices and expected business volumes for 2007:
 - Oil 65 USD/bbl
 - Aluminium 2 575 USD/tonne
 - NOK/USD 6.45
- USD sensitivity for Oil & Energy and Aluminium business areas includes both USD revenues and USD costs
- Total USD sensitivity of financial positions is NOK 4 600 million negative and consists of assets and liabilities in various financial instruments. Positive net working capital of USD 1 000 million reduces the total sensitivity to NOK 3 600 million.

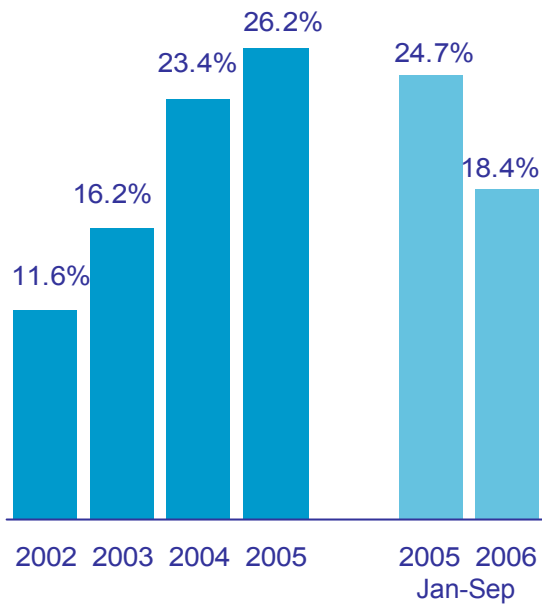


Investment criteria

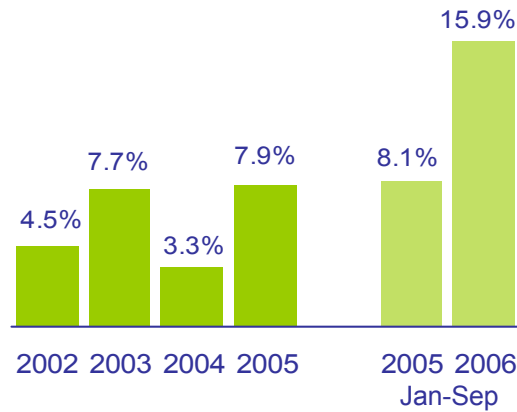
- Oil price USD 35 per barrel
- Aluminium price USD 1 700 per tonne
- NOK/USD 6.5
- NOK/EUR 8.0
- Hurdle rate 8-10% IRR real after tax
 - IRR after tax above Hydro's cost of capital when risk is accounted for in cash flows

RoaCE by business area

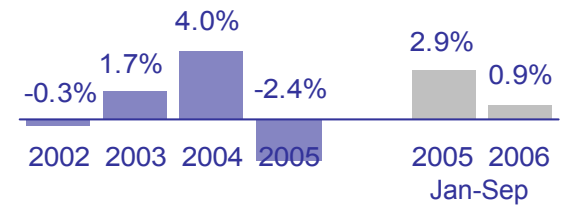
Oil & Energy



Aluminium Metal



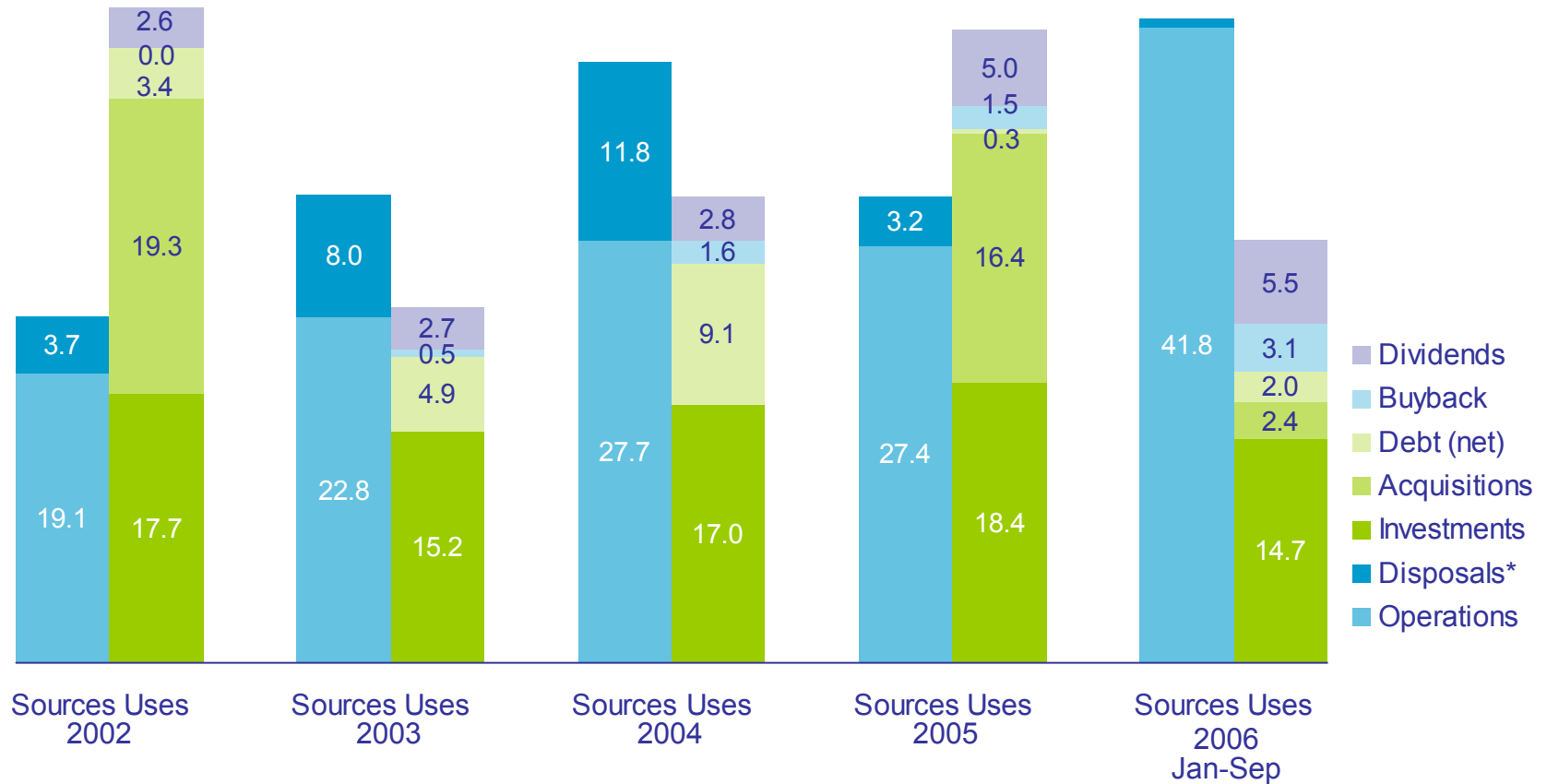
Aluminium Products



Jan-Sep figures are not annualized

Sources and uses of cash

NOK billion



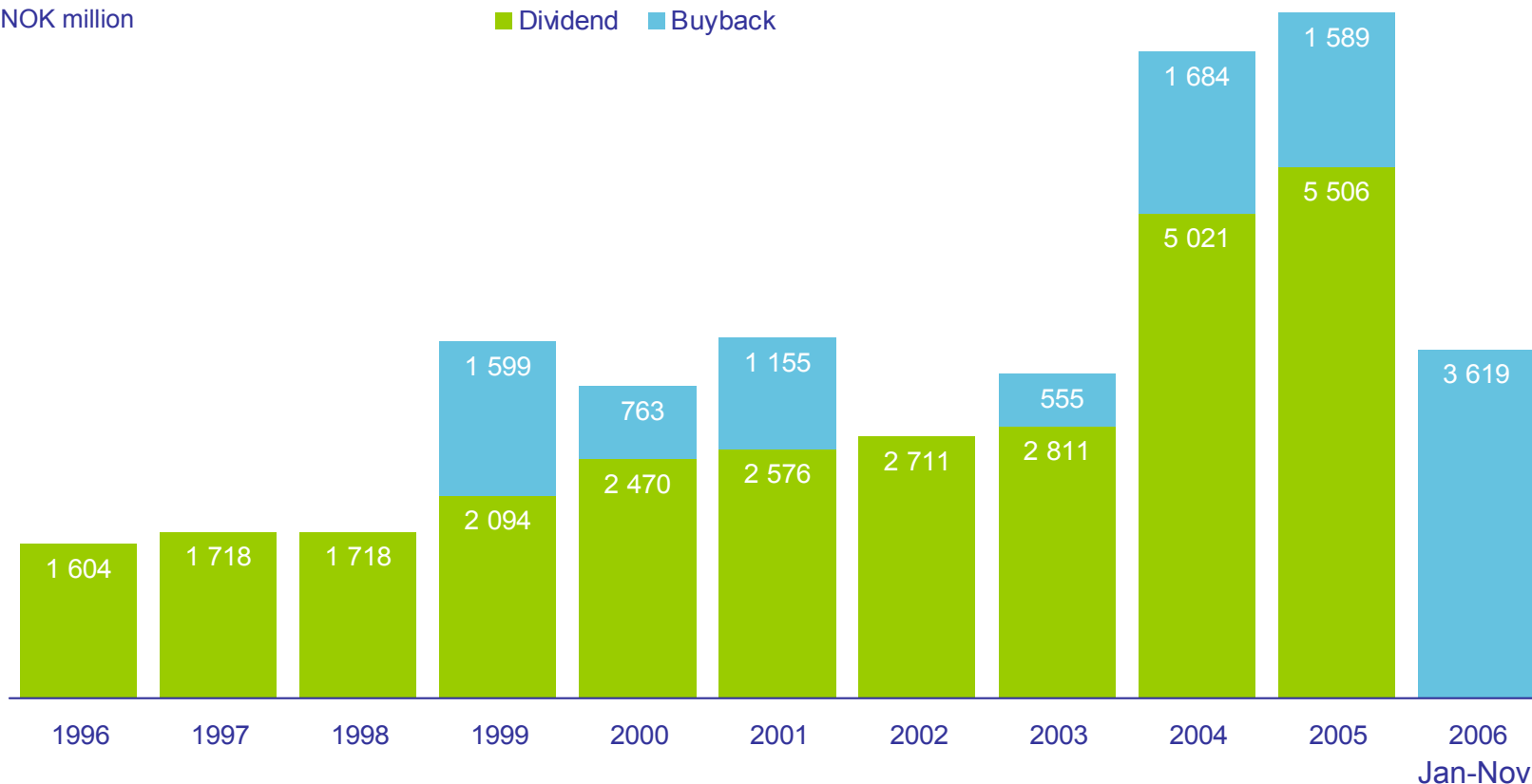
* Net cash from discontinued operations (Yara) included

Increasing payout to shareholders

Dividend policy: 30 percent payout over time

NOK million

■ Dividend ■ Buyback



Dividend allocated to the year after for which the dividend was paid. Buyback allocated to the year when the buyback transactions were executed.

Field development portfolio

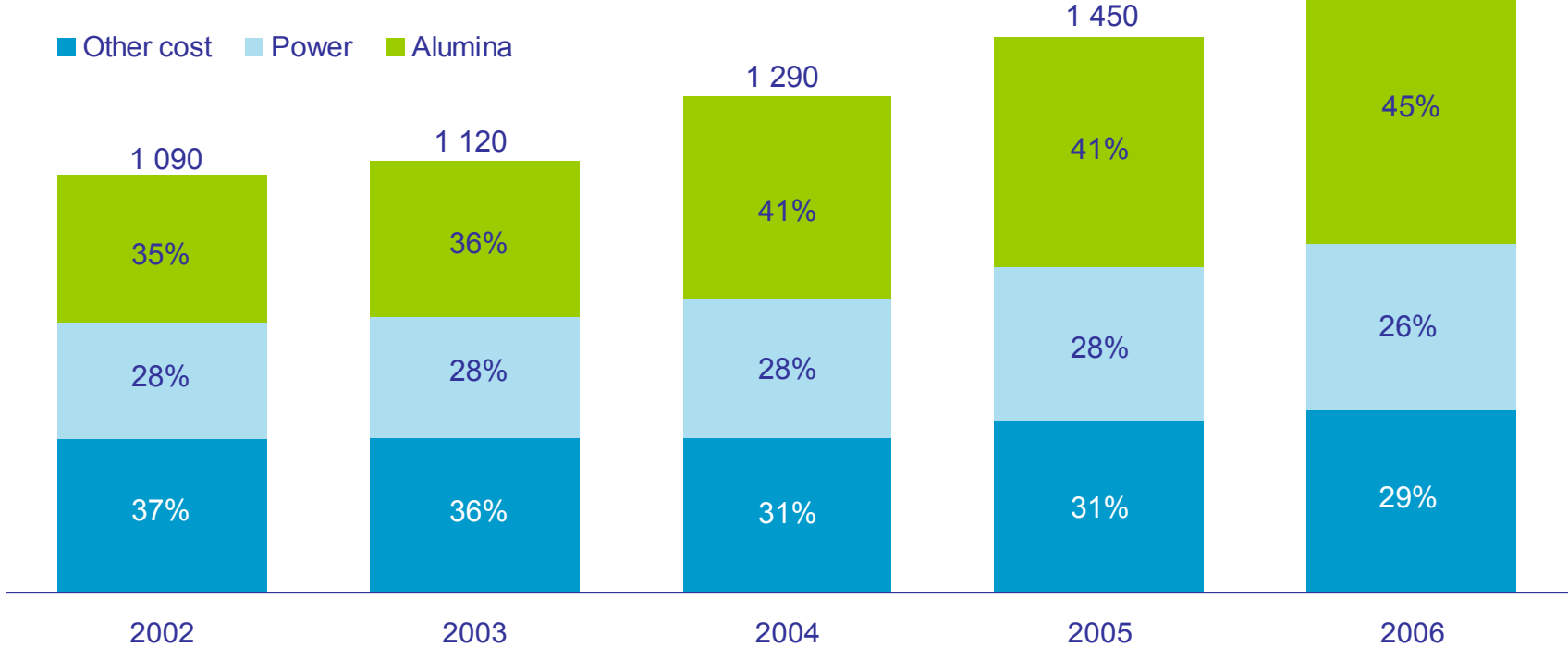
Generating above 200 000 boed at peak

Start year	Field name	Hydro share at peak rate	Peak year	Country	Type	Operator
2006	Dalia	21,000	2008	Angola	Oil	Total
2007	Ormen Lange	70,000	2010	Norway	Gas/Cond	Hydro
	Rosa	14,000	2008	Angola	Oil	Total
	Independence Hub Area	11,500	2008	US GoM	Gas	Hydro/others
	Vilje	10,000	2008	Norway	Oil	Hydro
	Njord Gas	8,000	2008	Norway	Gas	Hydro
	Volve	6,000	2008	Norway	Oil/Gas	Statoil
	Rimfaks/Skinfaks	3,000	2011	Norway	Oil/Gas	Statoil
	Murzuk NC-186: B & H field	TBD	-	Libya	Oil	Repsol
2008	Oseberg Delta	13,500	2009	Norway	Oil	Hydro
	Gimboa	5,500	2009	Angola	Oil	Sonangol/Hydro technical
	Oseberg East Drilling	5,500	2010	Norway	Oil	Hydro
	Tune South	4,500	2009	Norway	Oil	Hydro
	Alve *	3,000	2009	Norway	Gas/Cond	Statoil
2009	Tyrihans	14,000	2016	Norway	Oil	Statoil
	Thunder Hawk	11,000	2010	US GoM	Oil	Murphy
2010	Vega *	18,000	2011	Norway	Gas/Oil	Hydro

* Will be sanctioned in December 2006

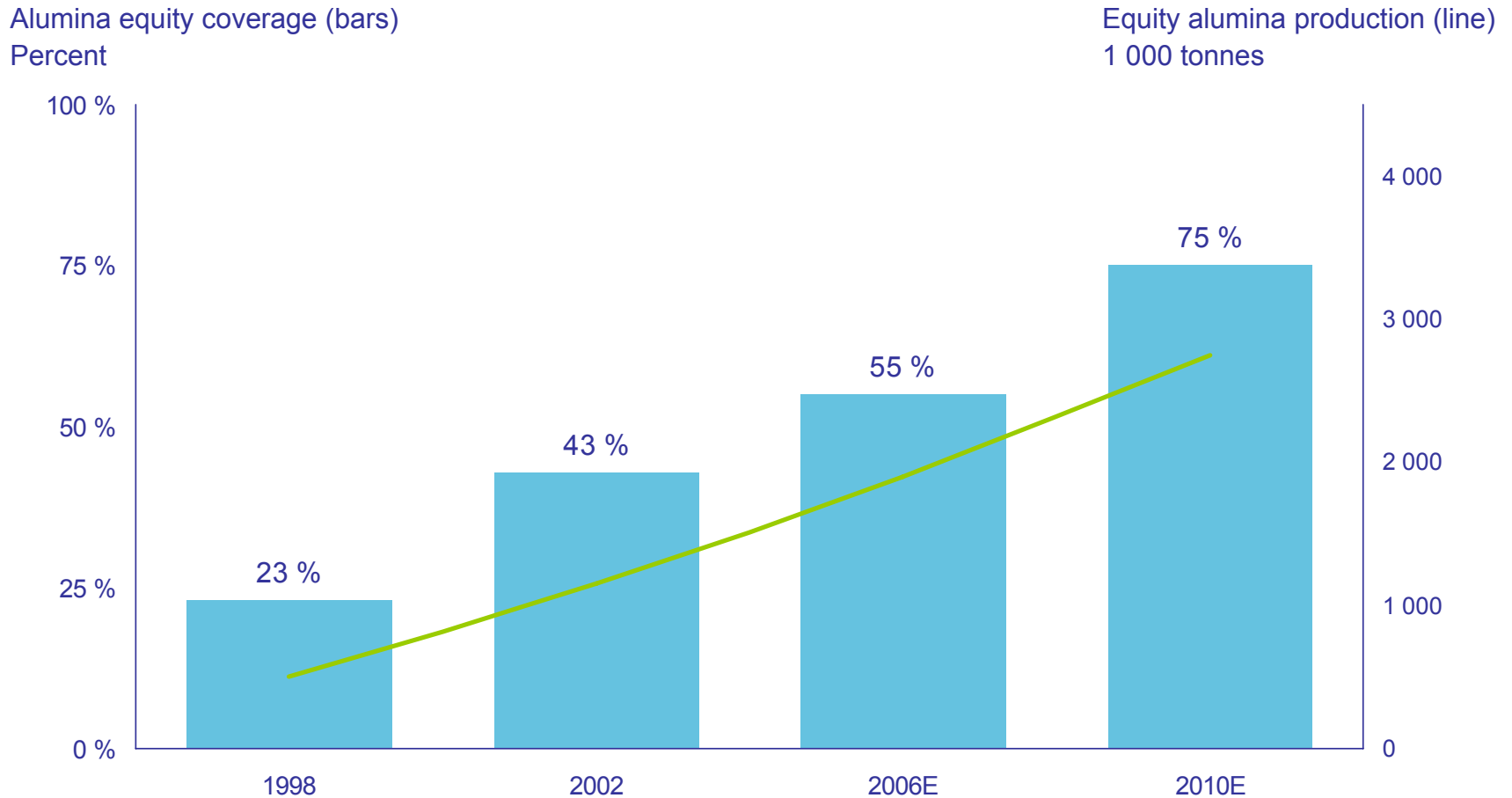
Rising smelter cost for the industry

USD per tonne



Source: CRU (Corporate operating cost definition)





Increasing alumina equity coverage for Hydro





Investor Relations in Hydro

Investor Relations in Hydro

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	Gudmund Isfeldt	Investor Relations Officer	gudmund.isfeldt@hydro.com	t +47 22 53 24 55 m +47 480 01 180
	Stefan Solberg	Investor Relations Officer	stefan.solberg@hydro.com	t +47 22 53 35 39 m +47 917 27 528
	Irene Raposo	Investor Relations Secretary	irene.raposo@hydro.com	t +47 22 53 31 53 m +47 414 02 174

For more information: www.hydro.com/ir