



HYDRO

Third quarter 2006

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



## Highlights – third quarter

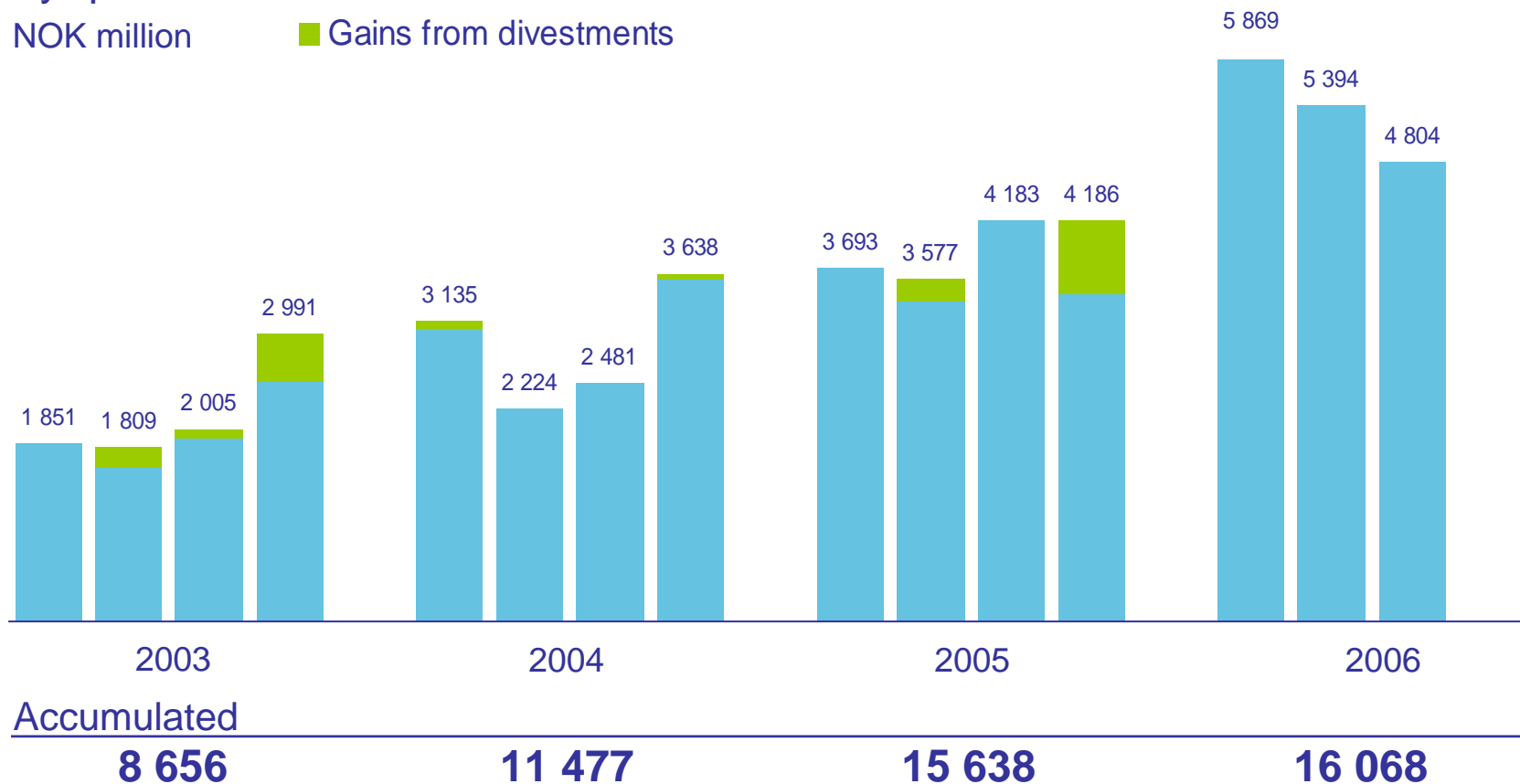
- Solid earnings
- Strong market conditions
- Langeled South completed – gas export began 1 October as planned
- Robust financial position

# Income from continuing operations\*

By quarter

NOK million

■ Gains from divestments



\* Changes in accounting principles for 4th quarter 2005 resulted in a negative amount of NOK 78 million, while the effect in 1st quarter 2003 was a positive amount of NOK 281 million

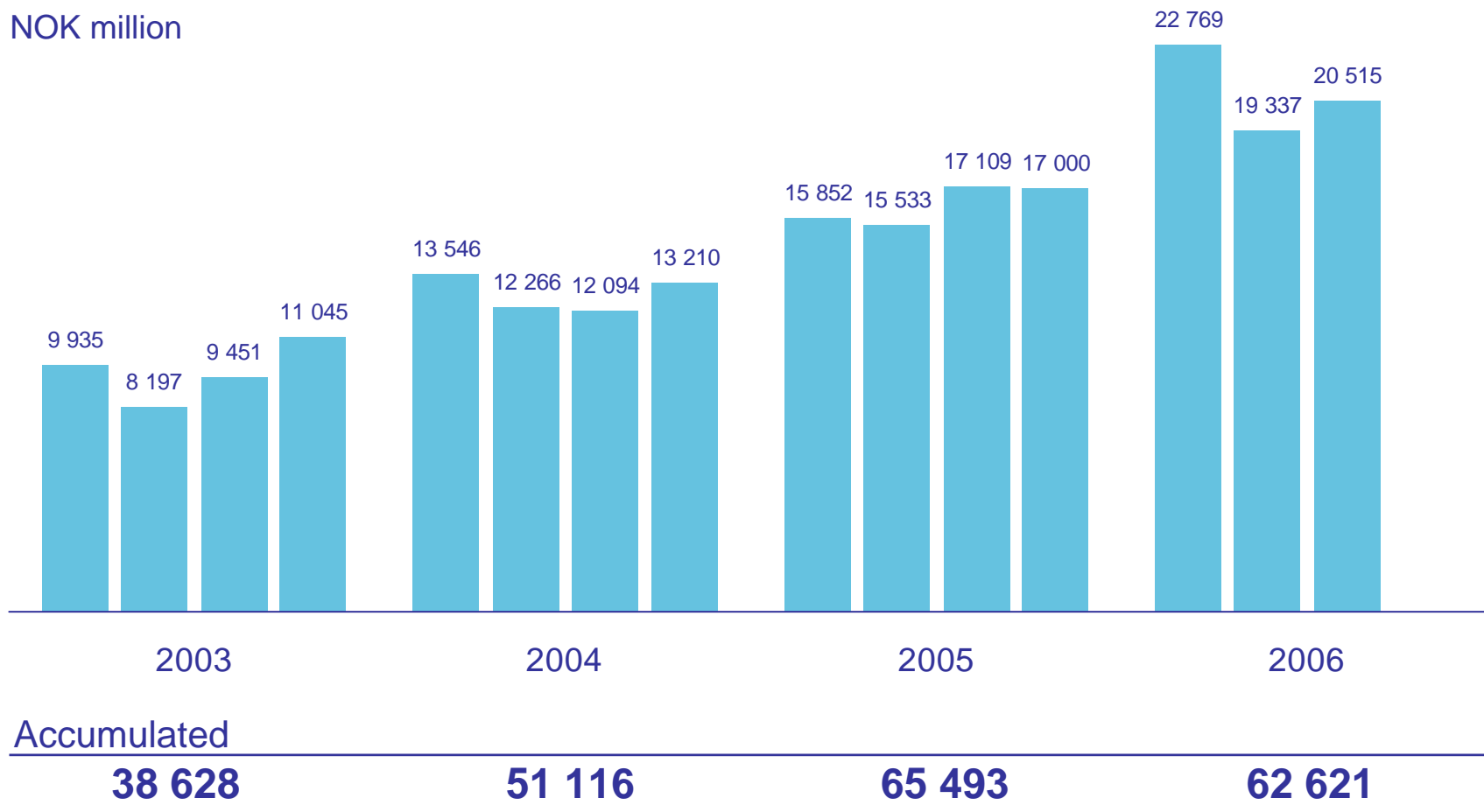
# Consolidated income statements

NOK million	Q3 2006	Q2 2006	Q3 2005
Operating revenues	50 961	51 435	44 612
Operating income	15 288	14 640	12 973
Non-consolidated investees	228	372	236
Financial income (expense), net	(740)	919	157
Income before tax and minority interest	14 776	15 931	13 367
Income tax expense	(9 787)	(10 454)	(9 182)
Minority interest	(185)	(83)	(2)
Net income	4 804	5 394	4 183
Earnings per share – NOK	3.90	4.30	3.30

For calculation of EPS, 3rd quarter 2006: 1 236 376 070 shares, 2nd quarter 2006 : 1 247 199 793 shares, 3rd quarter 2005: 1 254 524 429 shares. Previously reported earnings per share and total number of outstanding shares have been adjusted to reflect the 5-for-1 stock split effective 10 May 2006.

# Adjusted EBITDA

NOK million



# Oil & Energy – key figures

Operational data	Q3 2006	Q2 2006	Q3 2005
Oil and gas production (1 000 boe/day)	548	537	541
Realized oil price, USD/bbl	66.60	67.90	60.40
Realized oil price, NOK/bbl	420.60	422.20	390.60
Realized gas price, NOK/Sm <sup>3</sup>	1.73	1.79	1.36
Exploration expense, NOK million	868	618	199

Operating income, NOK million	Q3 2006	Q2 2006	Q3 2005
Exploration and Production	12 078	11 654	11 799
Energy and Oil Marketing	851	1 170	466
Eliminations	382	344	360
Oil & Energy	13 311	13 168	12 624

# Aluminium activities – key figures

Operational data	Q3 2006	Q2 2006	Q3 2005
Realized aluminium price, USD/ton	2 462	2 368	1 770
Realized NOK/USD	6.36	6.47	6.47
Realized aluminium price, NOK/ton	15 662	15 331	11 453
Primary aluminium production, 1 000 tons	449	451	461

Operating income, NOK million	Q3 2006	Q2 2006	Q3 2005
Aluminium Metal *	1 854	1 620	447
Aluminium Products	(192)	301	371
Eliminations	(5)	(49)	24
<b>Aluminium *</b>	<b>1 657</b>	<b>1 871</b>	<b>842</b>
Infrequent and special items	168	262	271
<b>Aluminium adjusted *</b>	<b>1 825</b>	<b>2 133</b>	<b>1 113</b>

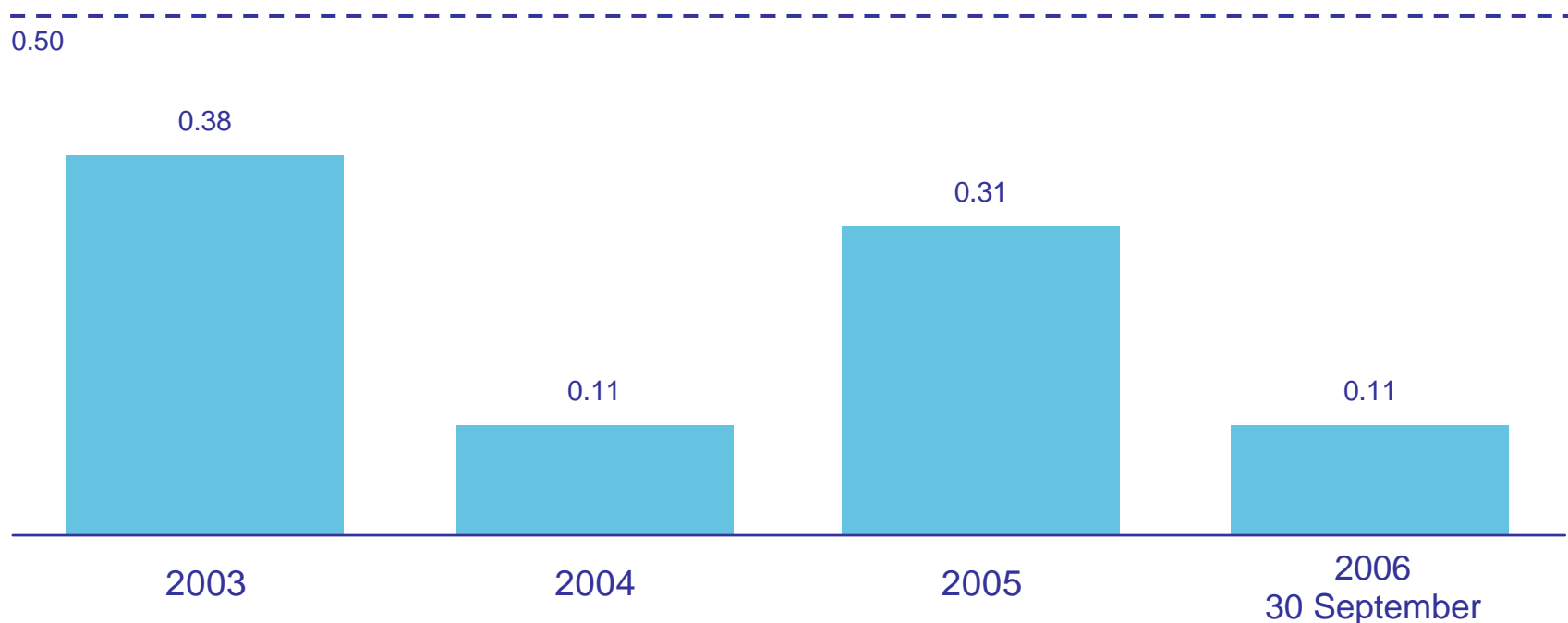
\* Includes operating income from Sourcing & Trading operations: Q3 2006: NOK 91 million loss, Q2 2006: NOK 149 million loss and Q3 2005: NOK 188 million gain.

# Operating income

NOK million	Q3 2006	Q2 2006	Q3 2005
Exploration and Production	12 078	11 654	11 799
Energy and Oil Marketing	851	1 170	466
Eliminations	382	344	360
Oil & Energy	13 311	13 168	12 624
Aluminium Metal	1 854	1 620	447
Aluminium Products	(192)	301	371
Other Activities	235	221	(187)
Corporate and eliminations	80	(670)	(282)
Total	15 288	14 640	12 973



# Adjusted net debt/equity ratio



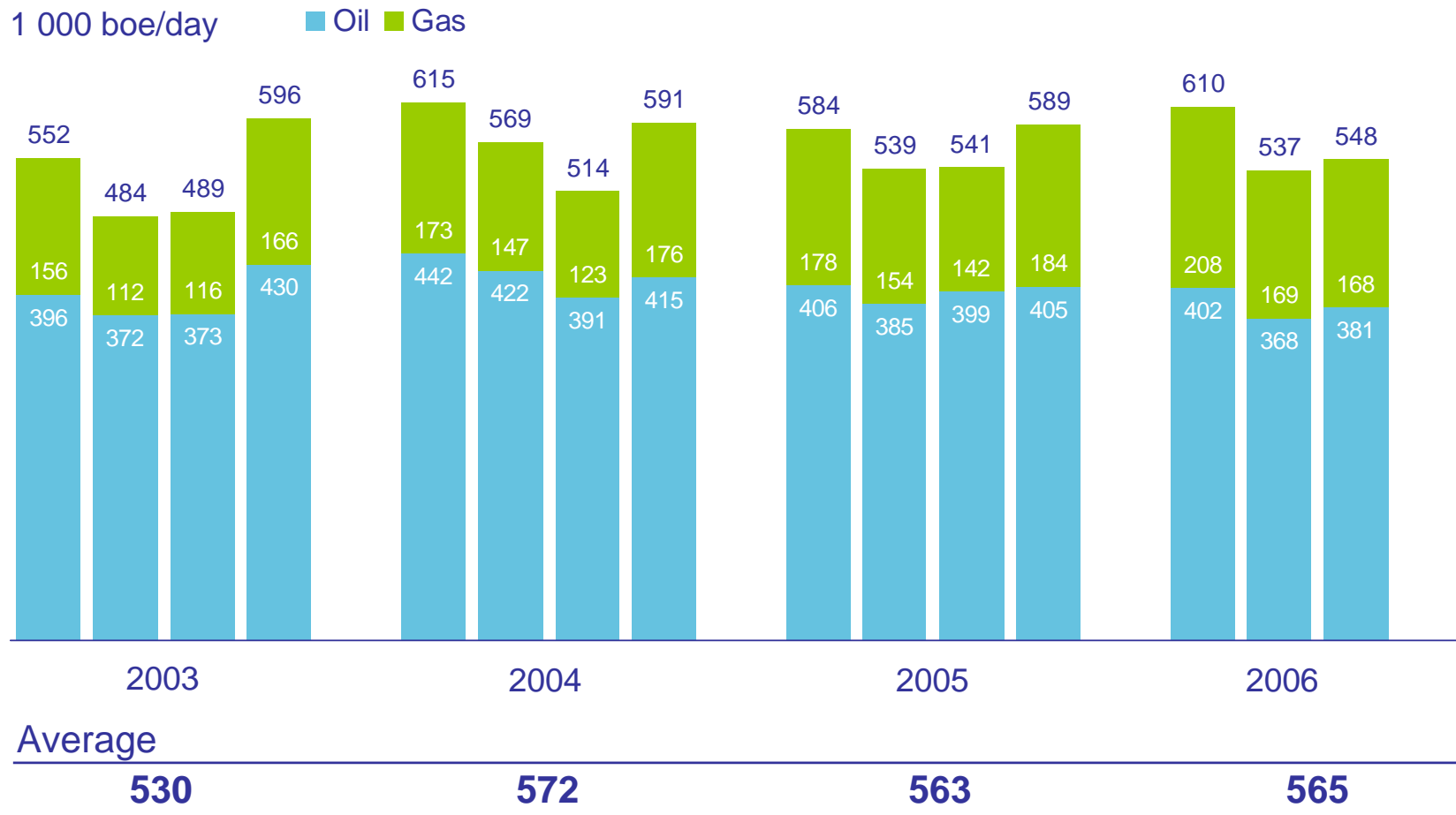
Interest-bearing debt + net pension liability (tax adjusted) + operating lease commitments (discounted) – cash and cash equivalents – short-term investments divided by shareholders' equity + minority interest



## Oil & Energy – highlights

- Realized oil price – USD 66.6 per bbl
- Oil and gas production – 548 000 boed
- 5 new discoveries
- Acquisition of 50 percent share of Peregrino field in Brazil completed
- Ormen Lange/Langeled on track – 87 percent complete end Q3

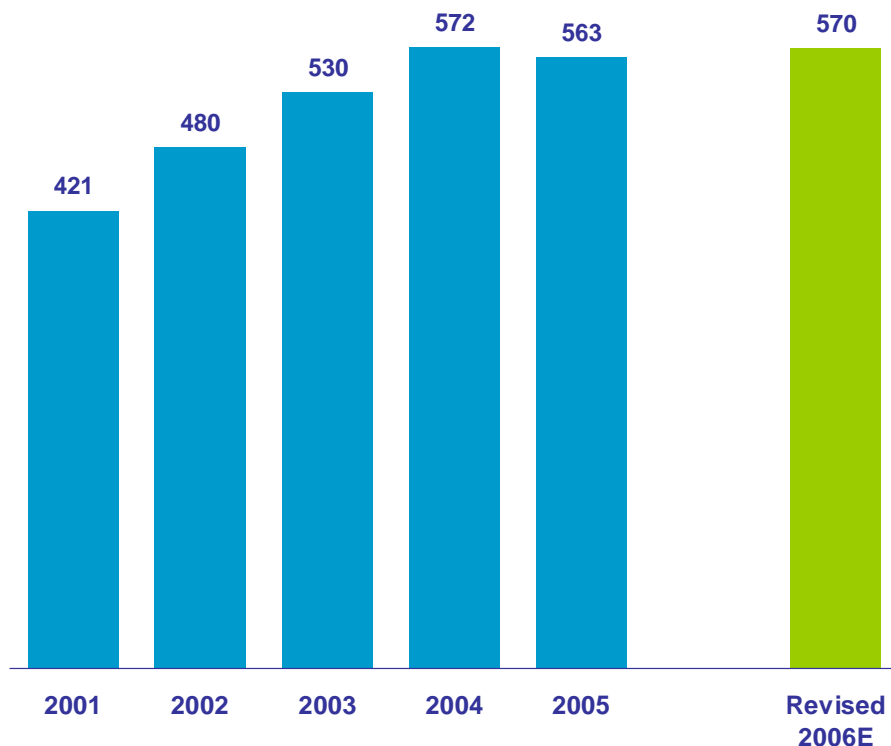
# Petroleum production per quarter



# Reduced 2006 production estimate – 570 000 boed

1 000 boe/day

■ Historical performance  
■ Revised 2006 estimate



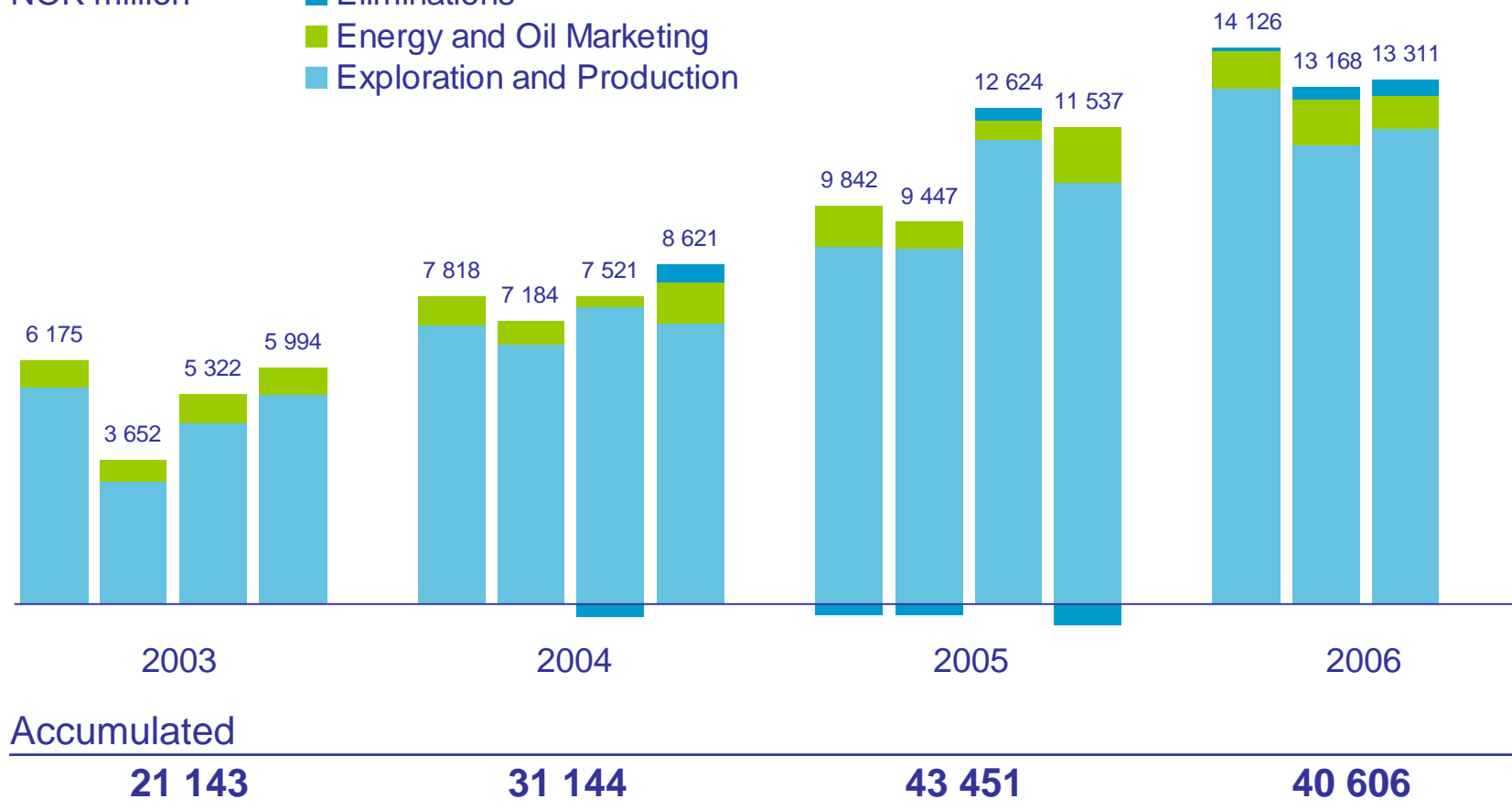
## Production shortfall: 45 000 boed

- Norway: 24 000 boed
  - Visund and Snorre – extraordinary events
  - Kristin and Tampen – delayed build-up
  - Kvitebjørn and Troll – lower gas production
- US GoM: 10 000 boed
  - Shelf – still affected by post-hurricane repairs
  - Deepwater – Lower than Hydro estimated
- Canada: 8 000 boed
  - Terra Nova – FPSO maintenance
- Angola: 3 000 boed
  - Dalia – delayed production startup

# Oil & Energy – operating income

NOK million

- Eliminations
- Energy and Oil Marketing
- Exploration and Production



# Production costs per barrel

NOK/boe

■ Gas injection cost  
■ Production cost excluding gas injection



Production in million boe

194	209	206	154
-----	-----	-----	-----



## High exploration activity

- 60 wells planned in 2006
- 38 wells completed first nine months 2006
  - 2 wells under evaluation and 8 wells drilling by end of Q3
- 19 discoveries first nine months 2006
- Activity of NOK 4.2 billion first nine months

# Oil & Energy – prospects

- High oil and gas prices
- Production estimate: 570 000 boed
  - Increased unit costs
- High exploration activity
- Cost control and project execution



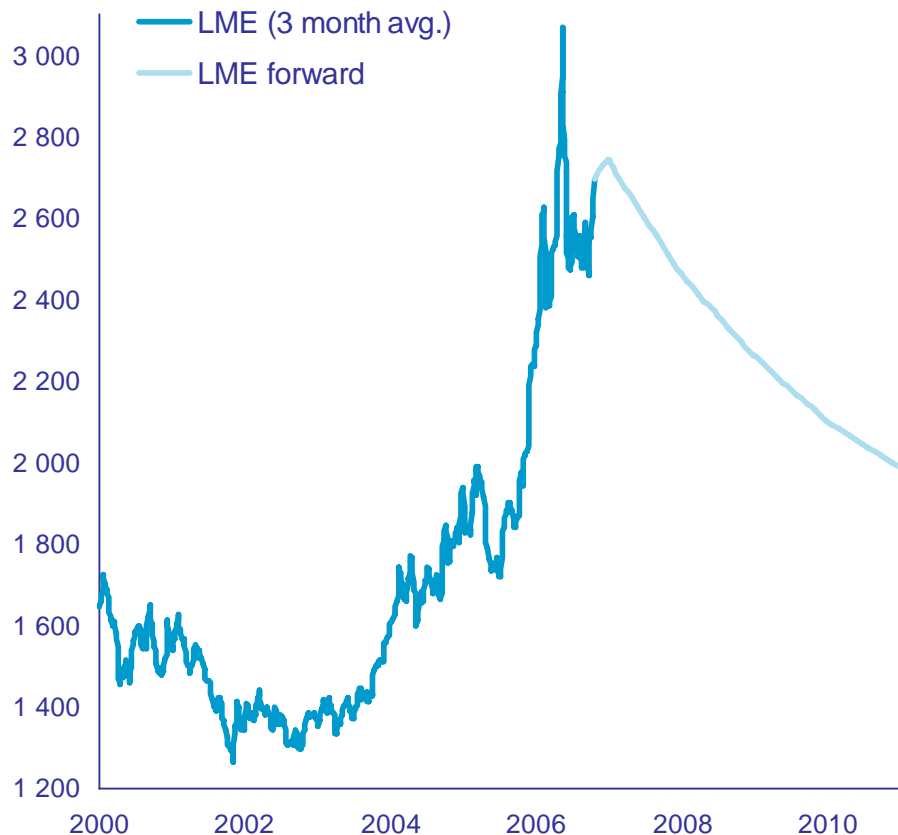


## Aluminium Metal – highlights

- Strong financial performance continues
- Realized aluminium price USD 2 462 per metric ton
- Primary production well maintained
- Strong results from Alunorte

# Aluminium price

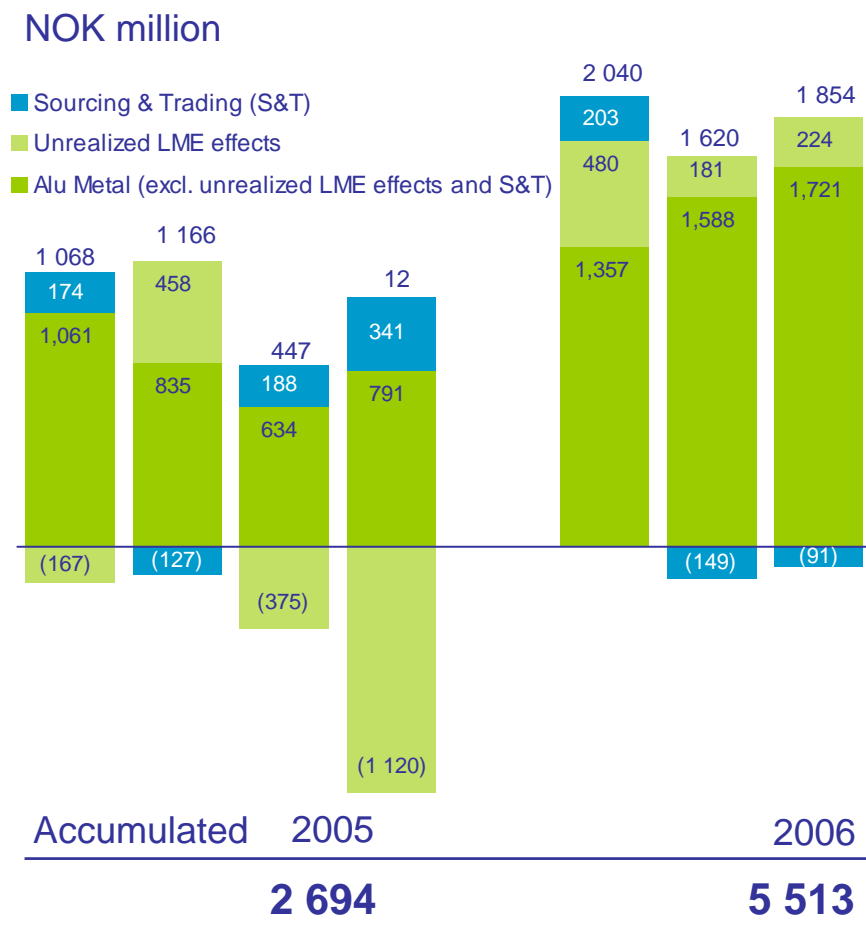
USD per metric ton



Per 20 October 2006, weekly average

Primary aluminium London Metal Exchange	USD per metric ton
<b>Q3 2006 average</b>	<b>2 528</b>
Q3 2006 end	2 566
<b>Q2 2006 average</b>	<b>2 682</b>
Q2 2006 end	2 630
<b>Q1 2006 average</b>	<b>2 444</b>
Q1 2006 end	2 471
Average 2005	1 900

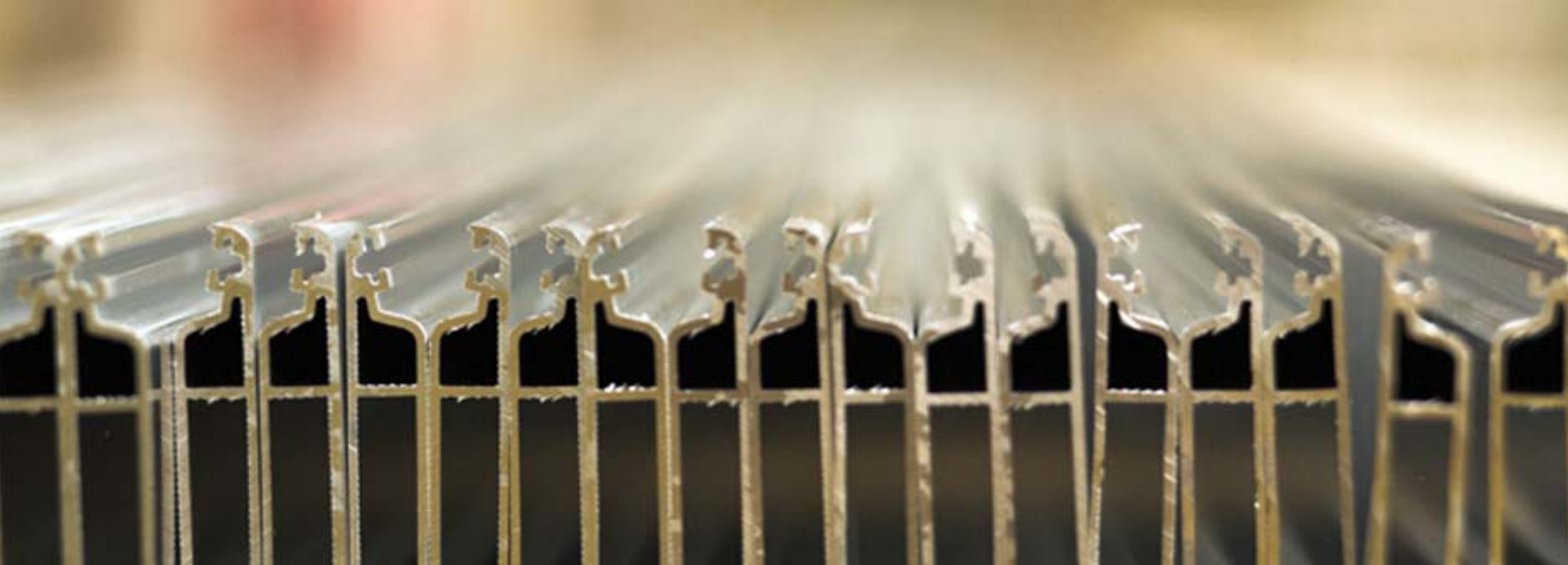
# Aluminium Metal – operating income



- Primary production 449 000 mt
- High aluminium prices
- Increased raw material and energy costs
- Positive unrealized effect on LME contracts of NOK 224 million
- Rationalization charges related to plant closures
  - NOK 14 million in Q3
  - NOK 309 million in Q2
  - NOK 200 million in Q1

# Aluminium Metal – prospects

- Continued high aluminum prices
- 80% of expected fourth quarter production sold at 2 360 USD/mt
  - Including full effect of strategic hedges
- Smelter closures on track, costs lower than original estimate
- Increased alumina production capacity in China
  - Sharp drop in spot alumina prices
- China continues to be a net exporter of aluminium

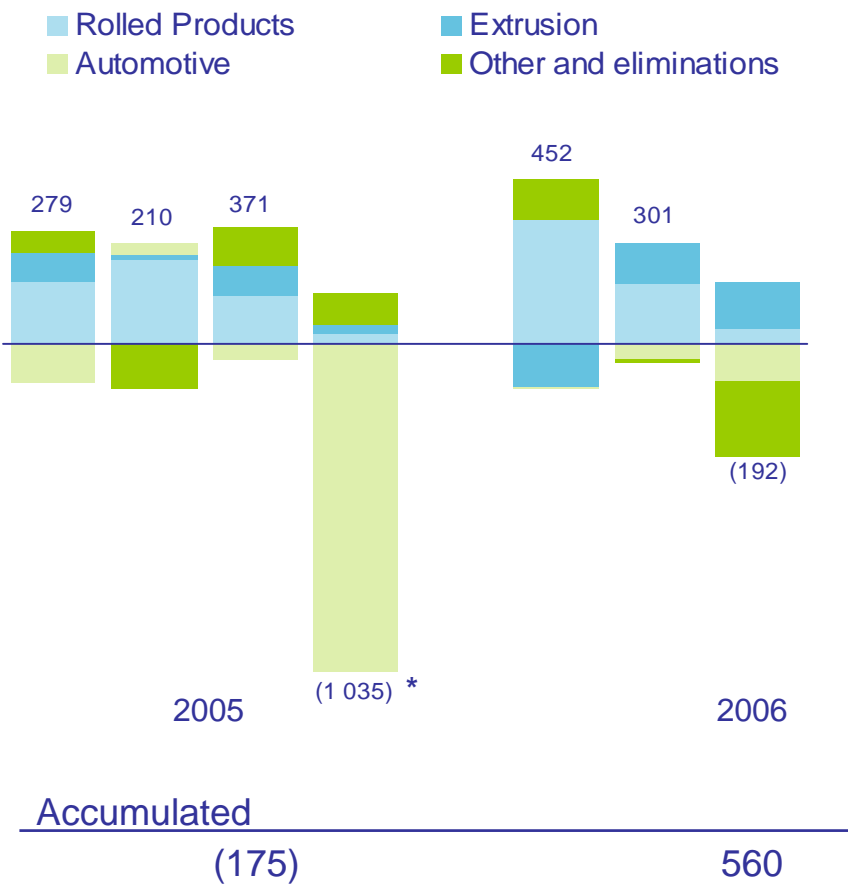


## Aluminium Products – highlights

- Strong performance in Extrusion
- Rolled Products – good demand but weak margins
- Weak market for Automotive
- Impairment loss Meridian NOK 239 million

# Aluminium Products – operating income

NOK million



\* Impairment of assets of NOK 1 084 million

- Rolled Products NOK 60 million
  - Volumes stable
  - Metal effect NOK (70 million) in Q3 (NOK 149 million in Q2 2006)
- Extrusion NOK 169 million
  - Seasonal volume decrease
  - Somewhat increased margins
  - Rationalization costs in UK
- Automotive NOK (136 million)
  - Seasonal volume decrease
  - Reduced margins
  - Impairment losses NOK 47 million
- Unrealized LME effects NOK (286 million)
- Focus on cash generation
  - First nine months
    - EBITDA NOK 2 113 million
    - Investments NOK 700 million

# Aluminium Products – prospects

- Restructuring and portfolio adjustments continue
- European extrusion markets expected to soften
- Stable market outlook for Rolled Products
- Automotive markets remain challenging
- Seasonal volume reductions expected in fourth quarter



## Hydro – priorities

- Capture value from strengthened international portfolio
- Further strengthening of oil and gas resource base
- Reposition Aluminium Metal
- Restructuring and portfolio adjustments in Aluminium Products
- Firm cost control and first-class project execution in a resource constrained market with increasing cost pressure



# 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.



HYDRO

Additional information

# Adjusted income

Third quarter 2006

NOK million	Reported income	Adjustments	Adjusted income
Exploration and Production	12 078	(630)	11 448
Energy and Oil Marketing	851	127	978
Eliminations	382	(382)	-
Oil & Energy	13 311	(885)	12 426
Aluminium Metal	1 854	(269)	1 585
Aluminium Products	(192)	437	245
Other activities	235	-	235
Corporate and eliminations	80	(444)	(364)
Total operating income	15 288	(1 161)	14 127
Non-consolidated investees	228	179	407
Financial income (expense), net	(740)	999	259
Income before tax and minority interest	14 776	17	14 793
Income tax expense	(9 787)	(11)	(9 798)
Minority interest	(185)	-	(185)
Income before cumulative effect acc changes	4 804	6	4 810

\* Estimated tax effect on income statement adjustments using Hydro's marginal tax rate of 66.2 % applicable for the quarter

# Infrequent and other special items

Third quarter 2006

		NOK million
Unrealized (gains)/losses oil and gas derivatives, Spinnaker	Exploration and Production	(517)
Unrealized (gains)/losses on gas contracts	Exploration and Production	(113)
Unrealized (gains)/losses on gas contracts	Energy and Oil marketing	127
Unrealized (gains)/losses on gas and power contracts	Oil & Energy eliminations	(382)
Demanning costs	Aluminium Metal	14
Unrealized (gains)/losses on LME contracts	Aluminium Metal	(224)
Unrealized (gains)/losses on power contracts	Aluminium Metal	(59)
Inventory (gains)/losses	Rolled Products	73
Restructuring UK	Extrusion	22
Closure costs Magnesium operations Porsgrunn	Automotive	9
Impairment losses	Automotive	47
Unrealized (gains)/losses on LME contracts	Aluminium Products eliminations	286
Unrealized (gains)/losses on power and NGL contracts	Corporate and eliminations	(444)
<b>Net impact on operating income</b>	<b>Hydro</b>	<b>(1 161)</b>
Non-cons. investees – unrealized currency (gains)/losses Alunorte	Aluminium Metal	(8)
Non-cons. investees – unrealized (gains)/losses power contracts	Aluminium Metal	(52)
Non-cons. investees – impairment loss Meridian Technologies Inc	Automotive	239
Net foreign exchange (gains)/losses	Hydro	999
<b>Net impact on income before tax and minority interest</b>	<b>Hydro</b>	<b>17</b>
Marginal tax rate	Hydro	66.2%
Calculated tax	Hydro	*(11)
<b>Total effect net income</b>	<b>Hydro</b>	<b>6</b>

\* Estimated tax effect on income statement adjustments using Hydro's marginal tax rate of 66.2% applicable for the quarter

# Adjusted income

Third quarter 2005

NOK million	Reported income	Adjustments	Adjusted income
Exploration and Production	11 799	(47)	11 752
Energy and Oil Marketing	466	549	1 015
Eliminations	360	(360)	-
Oil & Energy	12 624	142	12 766
Aluminium Metal	447	375	822
Aluminium Products	371	(104)	267
Other activities	(187)	168	(19)
Corporate and eliminations	(282)	(3)	(285)
Total operating income	12 973	578	13 551
Non-consolidated investees	236	(78)	158
Financial income (expense), net	157	46	203
Other income (loss), net	-	-	-
Income before tax and minority interest	13 367	547	13 914
Income tax expense	(9 182)	(376)	(9 558)
Minority interest	(2)	-	(2)
Income before cumulative effect acc changes	4 183	172	4 355

\* Estimated tax effect on income statement adjustments using Hydro's marginal tax rate of 68.7% applicable for the quarter

# Infrequent and other special items

Third quarter 2005

		NOK million
Unrealized (gains)/losses on gas contracts	Exploration and Production	(47)
Unrealized (gains)/losses on gas contracts	Energy and Oil marketing	549
Unrealized (gains)/losses on gas and power contracts	Oil & Energy eliminations	(360)
Unrealized (gains)/losses on LME contracts	Aluminium Metal	375
Inventory (gains)/losses	Rolled Products	26
Rationalization and demanning Leeds	Automotive	14
Unrealized (gains)/losses on LME contracts	Aluminium Products eliminations	(144)
Insurance loss provision	Other activities	168
Unrealized (gains)/losses on power contracts	Corporate and eliminations	(3)
<b>Net impact on operating income</b>	<b>Hydro</b>	<b>578</b>
Non-cons. investees – unrealized currency (gains)/losses Alunorte	Aluminium Metal	(78)
Net foreign exchange (gains)/losses	Hydro	46
<b>Net impact on income before tax and minority interest</b>	<b>Hydro</b>	<b>547</b>
Marginal tax rate	Hydro	68.7%
Calculated tax	Hydro	*(376)
<b>Total effect net income</b>	<b>Hydro</b>	<b>172</b>

\* Estimated tax effect on income statement adjustments using Hydro's marginal tax rate of 68.7% applicable for the quarter

# Adjusted EBITDA

## Operating income – Adjusted EBIT – Adjusted EBITDA – Third quarter 2006

NOK million	Operating income	Non-cons. investees	Interest income	Selected fin. items	Adjusted EBIT	Depr. and amort.	Adjusted EBITDA
Exploration and Production	12 078	2	8	-	12 089	3 133	15 222
Energy and Oil Marketing	851	47	19	1	918	180	1 098
Eliminations	382	-	-	-	381	-	382
Oil & Energy	13 311	49	27	1	13 388	3 314	16 702
Aluminium Metal	1 854	381	2	59	2 295	410	2 706
Aluminium Products	(192)	(226)	4	-	(414)	721	308
Other activities	235	22	20	33	311	113	423
Corporate and eliminations	80	2	292	-	375	2	376
Total	15 288	228	345	94	15 955	4 560	20 515

## Adjusted EBITDA

NOK million	Q3 2006	Q2 2006	Q3 2005
Exploration and Production	15 222	14 532	14 121
Energy and Oil Marketing	1 098	1 448	710
Eliminations	382	344	360
Oil & Energy	16 702	16 325	15 191
Aluminium Metal	2 706	2 301	1 053
Aluminium Products	308	879	872
Other Activities	423	337	82
Corporate and eliminations	376	(505)	(88)
Total	20 515	19 337	17 109



# Variance analysis Hydro

NOK million	Jan-Sep 2006	Q3 2006
2006	62 621	20 515
2005	48 493	17 109
Variance adjusted EBITDA	14 128	3 406
- Prices and currency, Exploration and Production (E&P)	12 025	2 450
- Margin incl. currency effects <sup>1)</sup>	4 720	2 250
- Volume	2 005	65
- Fixed costs	(735)	(290)
- Depreciation	(1 815)	(720)
- Production and exploration costs, E&P	(3 330)	(1 095)
- Trading and unrealized LME effects, Aluminium	(50)	(400)
- Restructuring costs	(700)	(70)
- Infrequent items	(10)	-
- New / disposed business	(295)	125
- Other		
Variance operating income	11 813	2 315
- Non-consolidated investees	221	(8)
- Interest income and other	175	111
- Other income	(233)	-
- Depreciation and amortization	2 152	988
Variance adjusted EBITDA	14 128	3 406

1) Including positive variance for elimination of unrealized gain/loss on electricity contracts of MNOK 185 year to date and MNOK 441 for the quarter and variance for elimination of the gain/loss on gas contracts of MNOK 953 year to date and MNOK 20 for the quarter.

# Consolidated balance sheets

NOK million	30 September 2006	30 June 2006	30 September 2005
Cash and cash equivalents	16 490	7 725	16 607
Short-term investments	12 699	12 669	16 760
Receivables and other current assets	46 490	46 165	38 852
Inventories	16 310	15 985	14 225
Non-current assets	160 840	155 487	131 771
<b>Total assets</b>	<b>252 830</b>	<b>238 031</b>	<b>218 214</b>
Short-term interest-bearing debt	3 103	3 325	4 324
Current portion of long-term debt	243	220	397
Other current liabilities	68 452	61 047	51 406
Long-term interest-bearing debt	20 653	19 942	20 456
Other long-term liabilities	22 607	22 938	19 461
Deferred tax liabilities	33 853	32 808	29 207
Minority interest	754	719	1 357
Shareholders' equity	103 165	97 033	91 606
<b>Total liabilities and shareholders' equity</b>	<b>252 830</b>	<b>238 031</b>	<b>218 214</b>

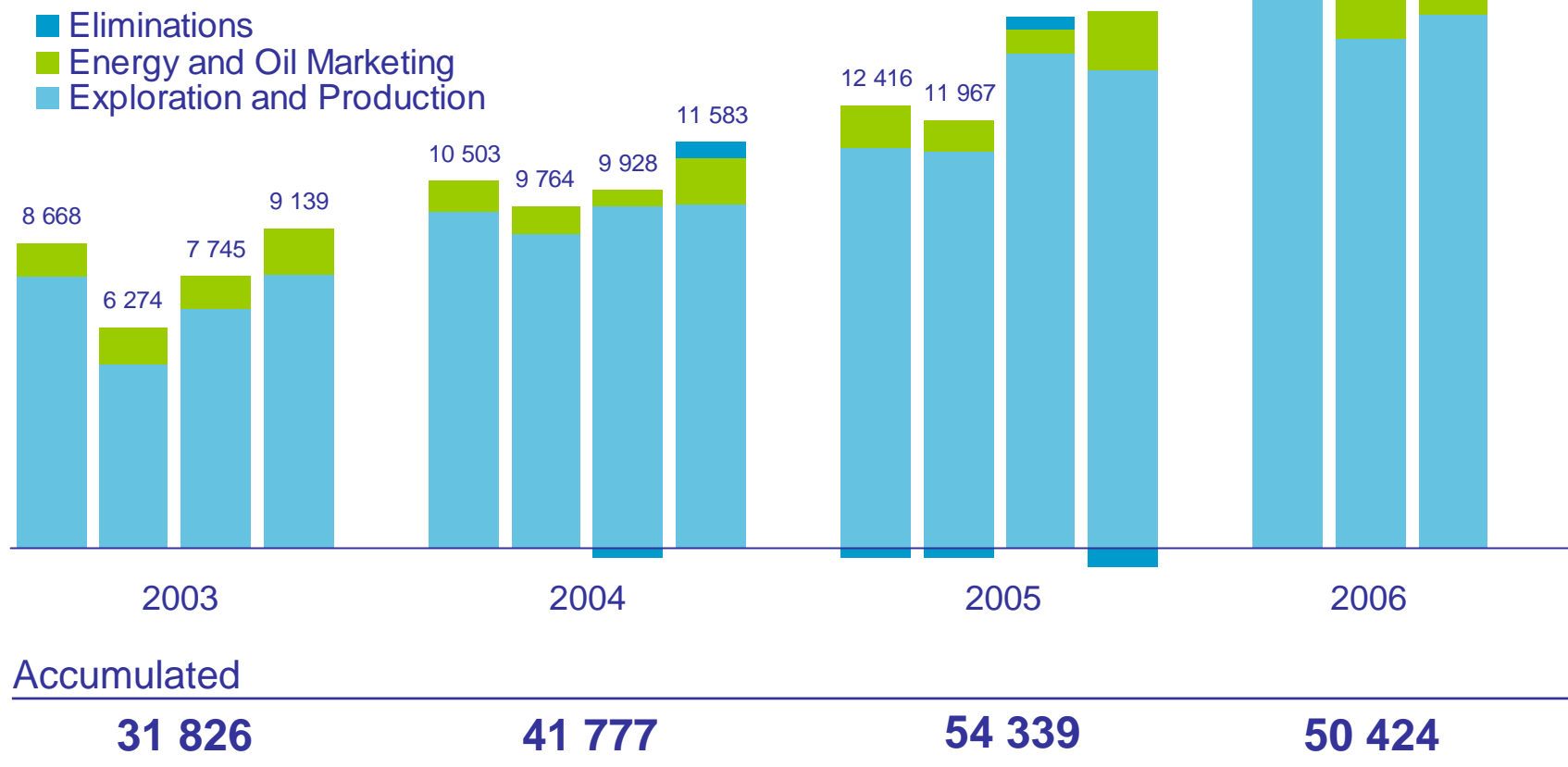
# Statement of cash flows

NOK million	Nine months ended 30 September 2006	Nine months ended 30 September 2005
<b>Operating activities:</b>		
Net income	16 068	11 453
Depreciation, depletion and amortization	12 510	10 598
Other adjustments	13 214	3 334
Net cash provided by operating activities	41 792	25 385
<b>Investing activities:</b>		
Purchases of property, plant and equipment	(13 659)	(11 819)
Purchases of other long-term investments	(3 448)	(444)
Purchases of short-term investments	(10 700)	(15 162)
Proceeds from sales of property, plant and equipment	239	1 256
Proceeds from sales of other long-term investments	394	747
Proceeds from sales of short-term investments	1 850	9 545
Net cash used in investing activities	(25 324)	(15 877)
<b>Financing activities:</b>		
Loan proceeds	79	677
Principal repayments	(2 116)	(1 663)
Ordinary shares purchased	(3 165)	(1 177)
Ordinary shares issued	45	56
Dividends paid	(5 506)	(5 021)
Net cash used in financing activities	(10 663)	(7 128)
Foreign currency effect on cash	222	(139)
Net increase in cash and cash equivalents	6 027	2 241
Cash and cash equivalents at beginning of period	10 463	14 366
Cash and cash equivalents at end of period	16 490	16 607

# Oil & Energy

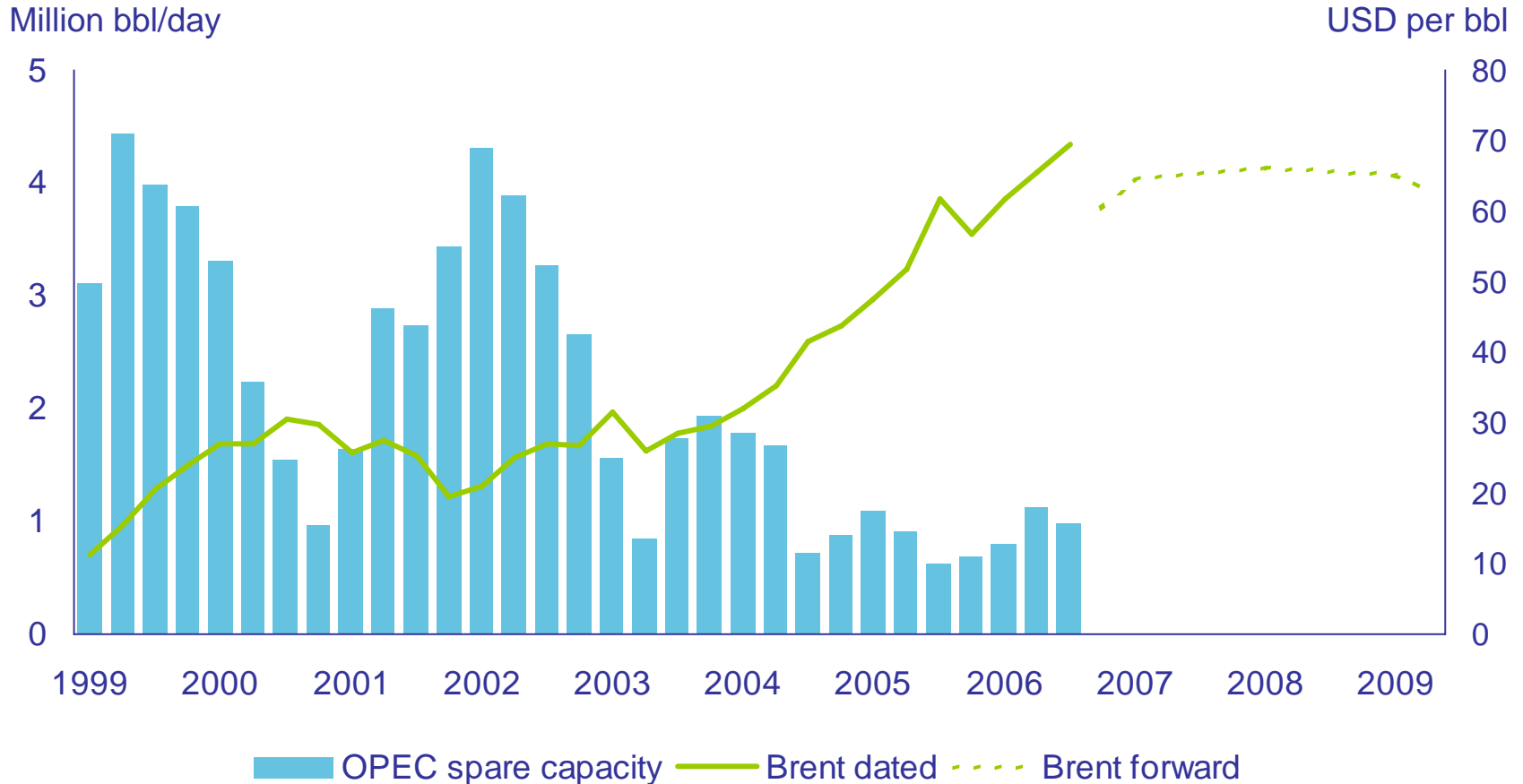
## Adjusted EBITDA

NOK million



# High oil price driven by supply concerns

## OPEC spare capacity at low levels



Sources: Pira, Reuters, Platts

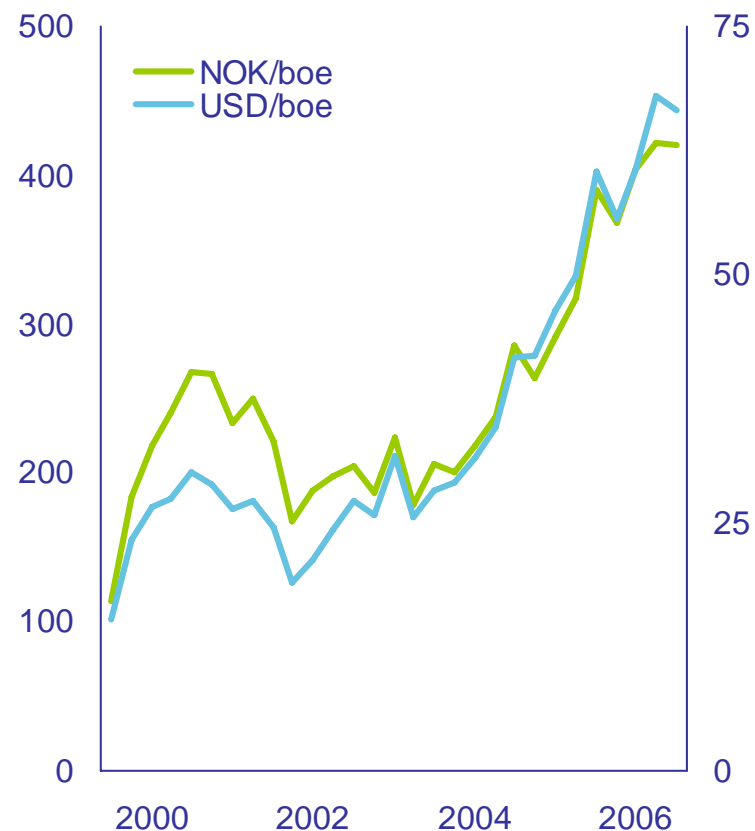
# Average realized gas prices

NOK/Sm<sup>3</sup>



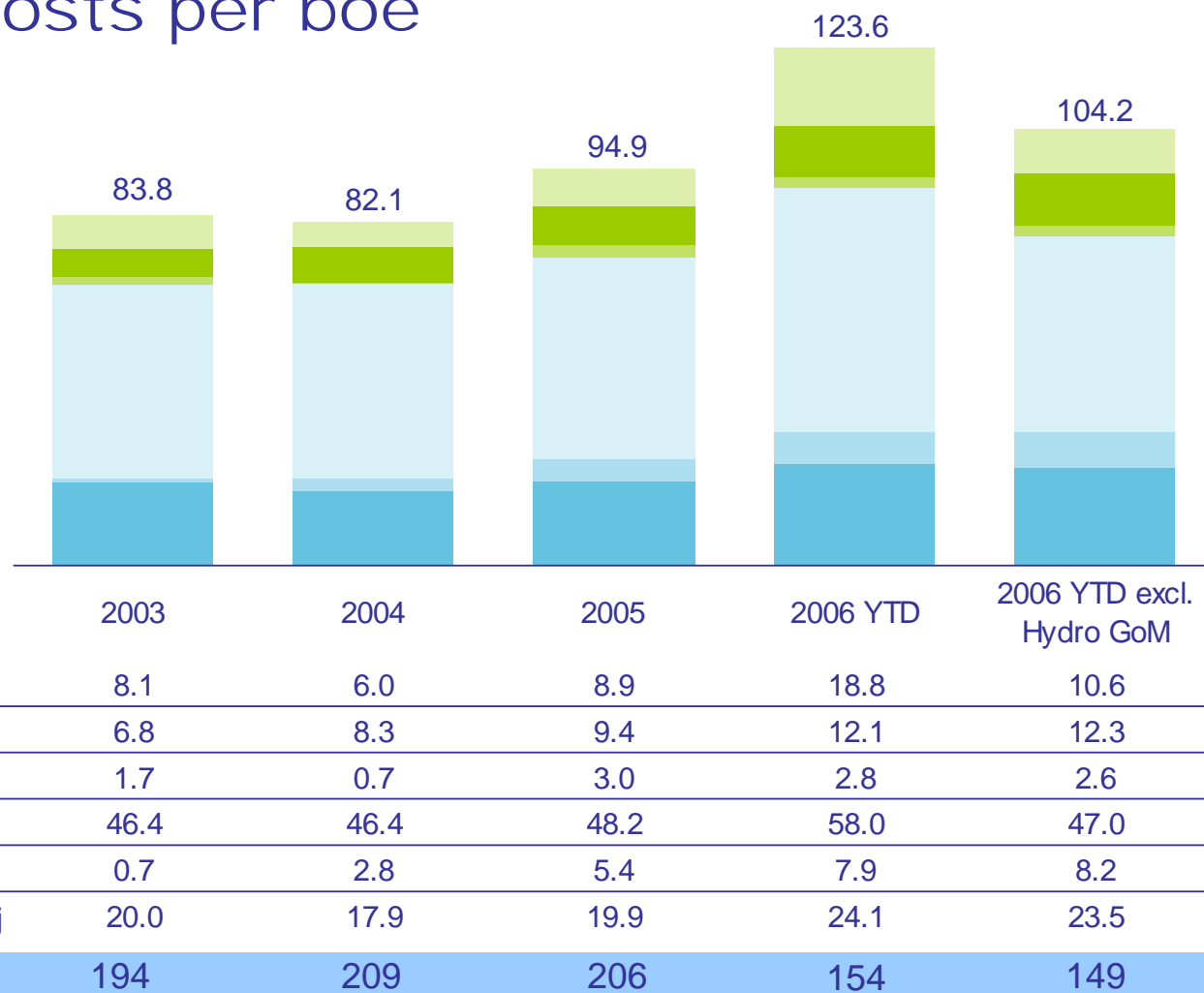
# Average prices and exchange rates

	Oil USD/boe	Oil NOK/boe	NOK/USD	Gas NOK/Sm <sup>3</sup>
<b>2004</b>	<b>37.3</b>	<b>251.3</b>	<b>6.74</b>	<b>1.09</b>
Q1 2005	46.4	291.7	6.29	1.47
Q2 2005	49.8	317.9	6.39	1.31
Q3 2005	60.4	390.6	6.47	1.36
Q4 2005	55.6	368.8	6.63	1.85
<b>2005</b>	<b>53.1</b>	<b>342.2</b>	<b>6.44</b>	<b>1.52</b>
Q1 2006	60.6	403.5	6.67	2.16
Q2 2006	67.9	422.2	6.22	1.79
Q3 2006	66.6	420.6	6.32	1.73
Q4 2006				
<b>Jan-Sep 2006</b>	<b>64.9</b>	<b>416.1</b>	<b>6.41</b>	<b>1.91</b>



# Operating costs per boe

NOK/boe



\* Production cost is comprised of the cost of operating fields, including CO<sub>2</sub> emission tax, insurance, and lease costs for production installations, but excluding transportation and processing tariffs, operation costs for transportation systems and depreciation.



# Oil production per field

1000 boe/day Oil and NGL/Condensate	Share	Q3 '06	Q2 '06	Q3 '05	Hydro Q3 '06	Hydro Q2 '06	Hydro Q3 '05
Grane	38.00%	217	222	195	82	84	74
Oseberg incl C	34.00%	122	129	151	41	44	51
Ekofisk	6.65%	341	361	345	23	24	23
Oseberg South	34.00%	69	68	79	23	23	27
Snorre	17.65%	166	108	168	29	19	30
Troll B&C	9.78%	174	184	237	17	18	23
Gulfaks inclu. Sat	9.00%	165	189	208	15	17	19
Åsgard	9.60%	170	177	186	16	17	18
US Gulf of Mexico <sup>1)</sup>	100.00%	11	10	0	11	10	0
Kvitebjørn	15.00%	52	60	49	8	9	7
Hibernia	5.00%	168	180	187	8	9	9
Kristin <sup>2)</sup>	14.00%	61	64	0	8	9	0
Norne	8.10%	94	111	95	8	9	8
Girassol/Jasmim <sup>3)</sup>	10.00%	115	70	222	12	7	22
Vigdis	13.28%	96	45	74	13	6	10
Fram	25.00%	22	24	31	6	6	8
Sleipner Area	9.42%	79	53	82	7	5	8
Njord	20.00%	24	25	35	5	5	7
Tordis	13.28%	10	30	54	1	4	7
Urd <sup>2)</sup>	8.10%	61	49	0	5	4	0
Brage	20.00%	18	20	30	4	4	6
Oseberg East	34.00%	13	12	18	4	4	6
Kharyaga <sup>3)</sup>	40.00%	13	10	15	5	4	6
Terra Nova	15.00%	0	20	79	0	3	12
Visund	20.30%	36	15	9	7	3	2
Other fields					22	19	17
<b>Oil - boed</b>					<b>381</b>	<b>368</b>	<b>399</b>
<b>Gas - boed</b>					<b>168</b>	<b>169</b>	<b>142</b>
<b>Total - boed</b>					<b>548</b>	<b>537</b>	<b>541</b>

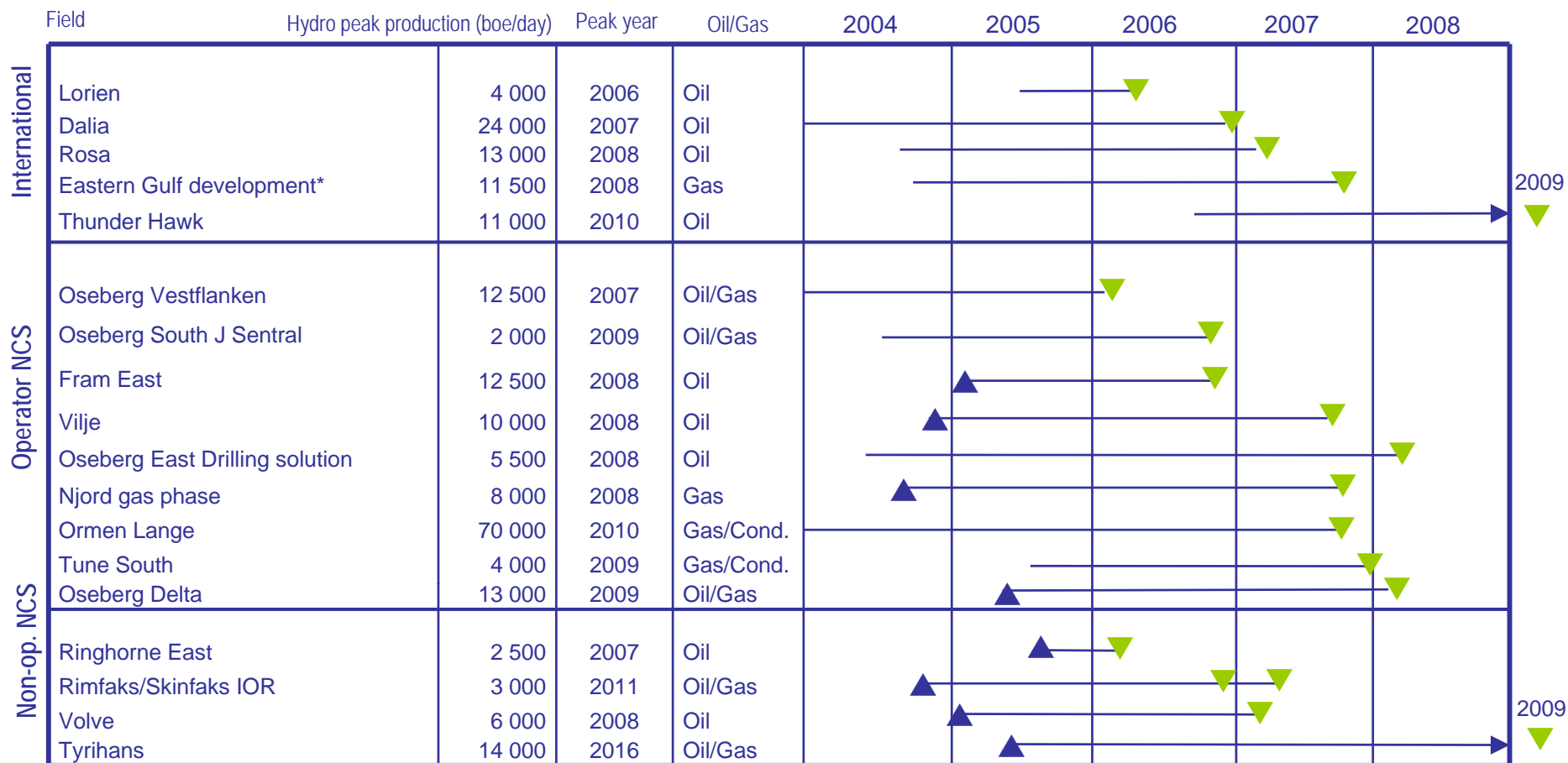
1) US GoM production: Net of royalty, 2) In production Q4 2005, 3) Angolan and Russian production: Net of Government's share of profit oil (PSA)

# Gas production per field

1000 boe/day Gas	Share	Q3 '06	Q2 '06	Q3 '05	Hydro Q3 '06	Hydro Q2 '06	Hydro Q3 '05
Troll A	9.78%	411	491	336	40	48	33
Sleipner Area	9.42%	247	191	248	23	18	23
Tune	40.00%	40	45	54	16	18	21
Åsgard	9.60%	153	167	173	15	16	17
Kvitebjørn	15.00%	83	107	87	13	16	13
US Gulf of Mexico <sup>1)</sup>	100.00%	12	11	0	12	11	0
Oseberg incl C	34.00%	43	29	20	15	10	7
Gullfaks incl. satellites	9.00%	67	67	73	6	6	7
Kristin <sup>2)</sup>	14.00%	36	43	0	5	6	0
Ekofisk	6.65%	64	75	63	4	5	4
Oseberg South	34.00%	13	12	14	4	4	5
Mikkel	10.00%	24	30	33	2	3	3
Visund	20.30%	24	10	1	5	2	0
Sigyn	10.00%	15	10	15	1	1	2
Other					6	5	8
<b>Gas - boed</b>					<b>168</b>	<b>169</b>	<b>142</b>
<b>Oil - boed</b>					<b>381</b>	<b>368</b>	<b>399</b>
<b>Total - boed</b>					<b>548</b>	<b>537</b>	<b>541</b>

1) US GoM production: Net of royalty, 2) In production Q4 2005

# New fields on stream 2006 - 2009



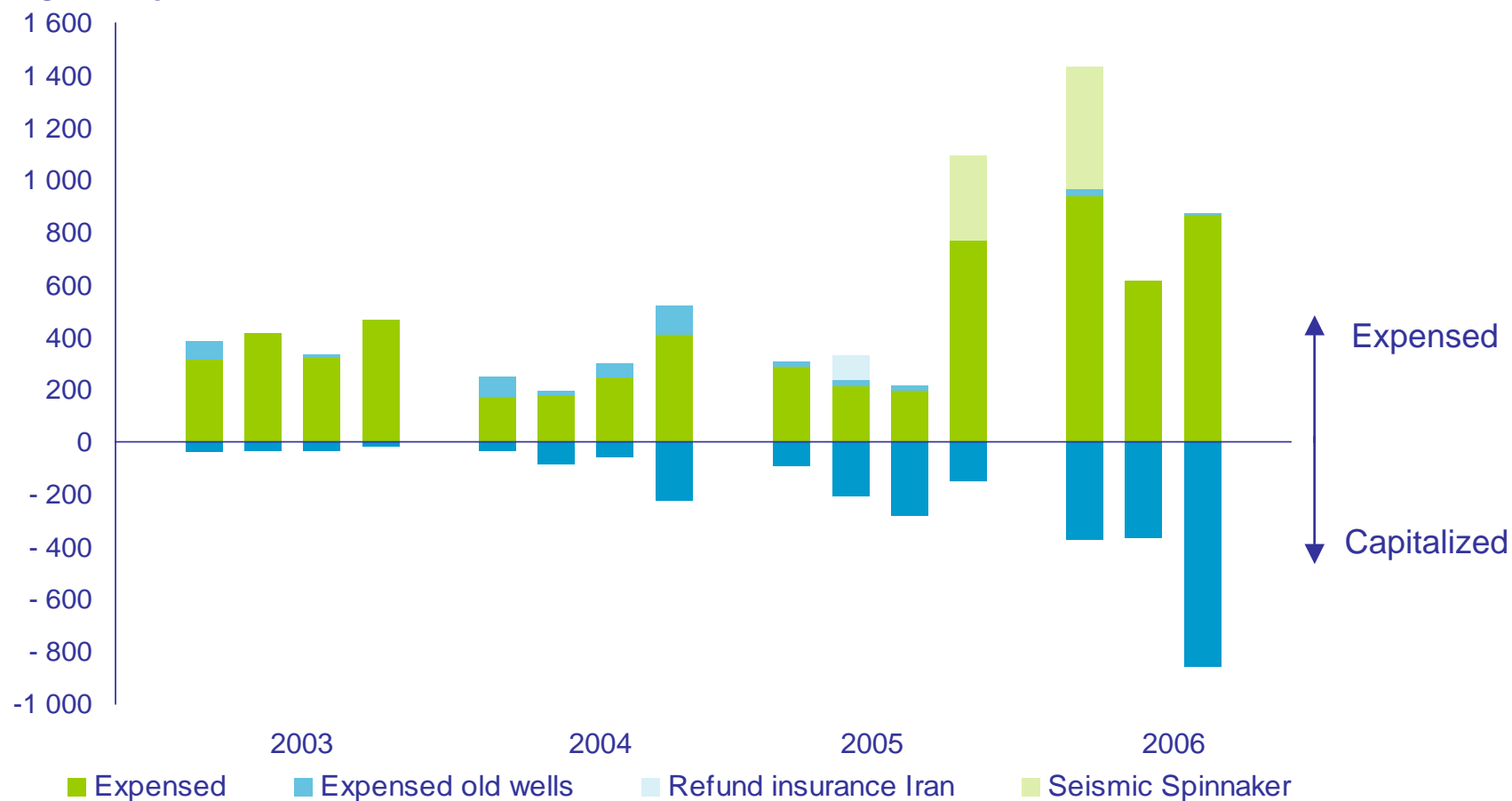
\*Consists of the Spiderman, Q, and San Jacinto gas fields

— Development    ▲ PDO submittal    ▼ Start production

# Exploration activity

## Expensed and capitalized costs

NOK million



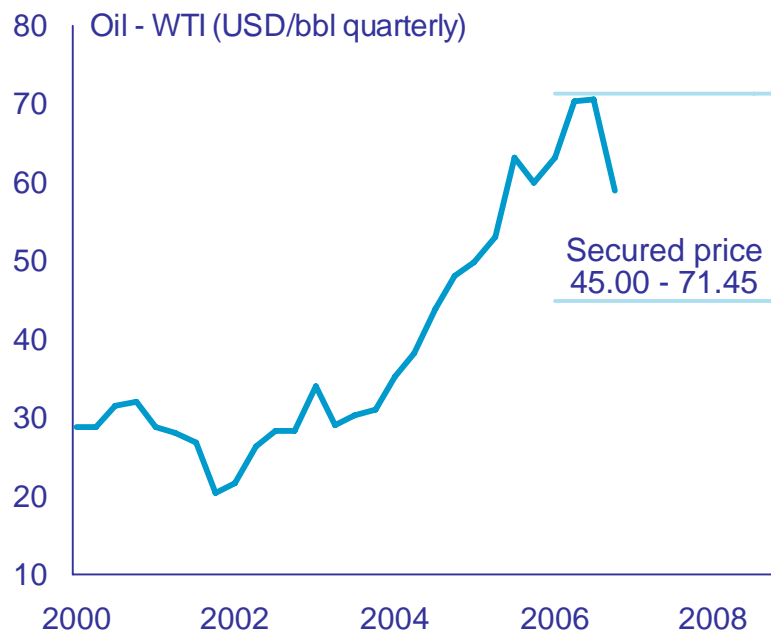


## Capturing US Gulf of Mexico potential

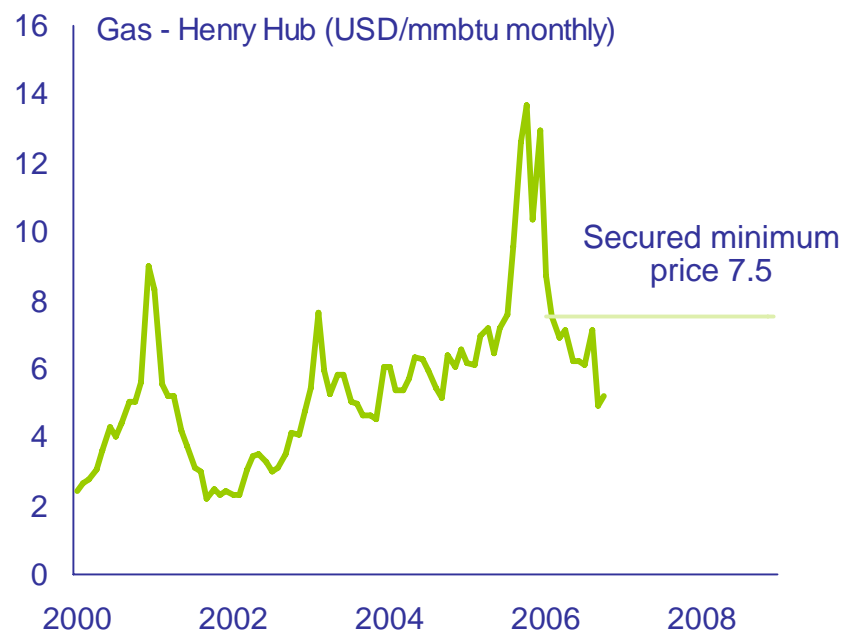
- Production Q3: 22 500 boed
  - Lorien on stream late April – 4 000 boed\*, a deepwater field
- 15-20 exploration wells in 2006
  - First nine months: 10 exploration wells completed, 7 discoveries – 70% success rate
- 420 leases – 60% deepwater
- Seismic data – covering most of US Gulf of Mexico
- Additional deepwater rig capacity secured 2007-2013
- Thunder Hawk development sanctioned September 2006 – production start 2009
- Deepwater field developments - Eastern Gulf and Thunder Hawk

\* Annualized average for 2006

# Secured prices for Spinnaker production



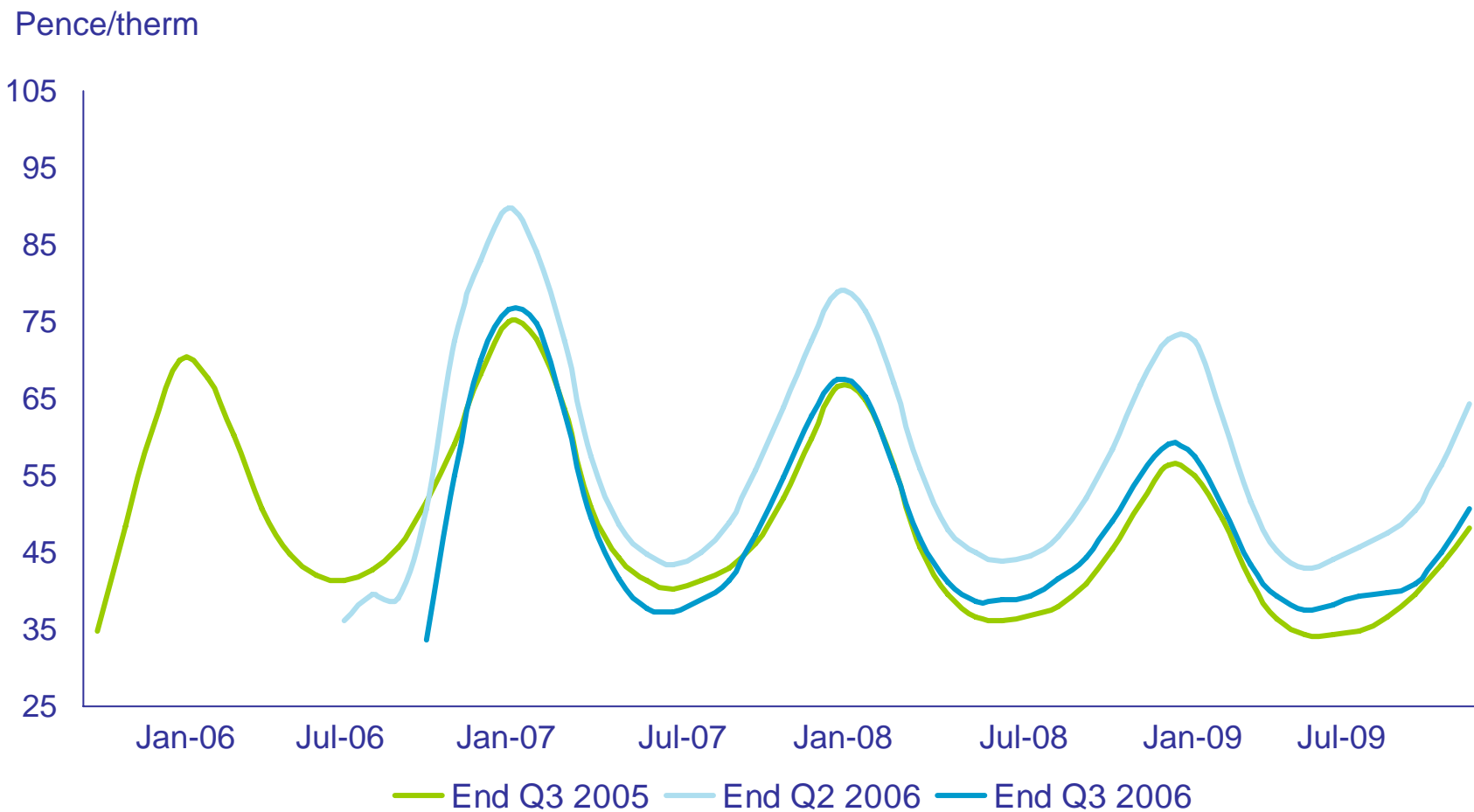
Source: Ecwin Oil, WTI Crude Oil, Spot, USD, (Nominal)



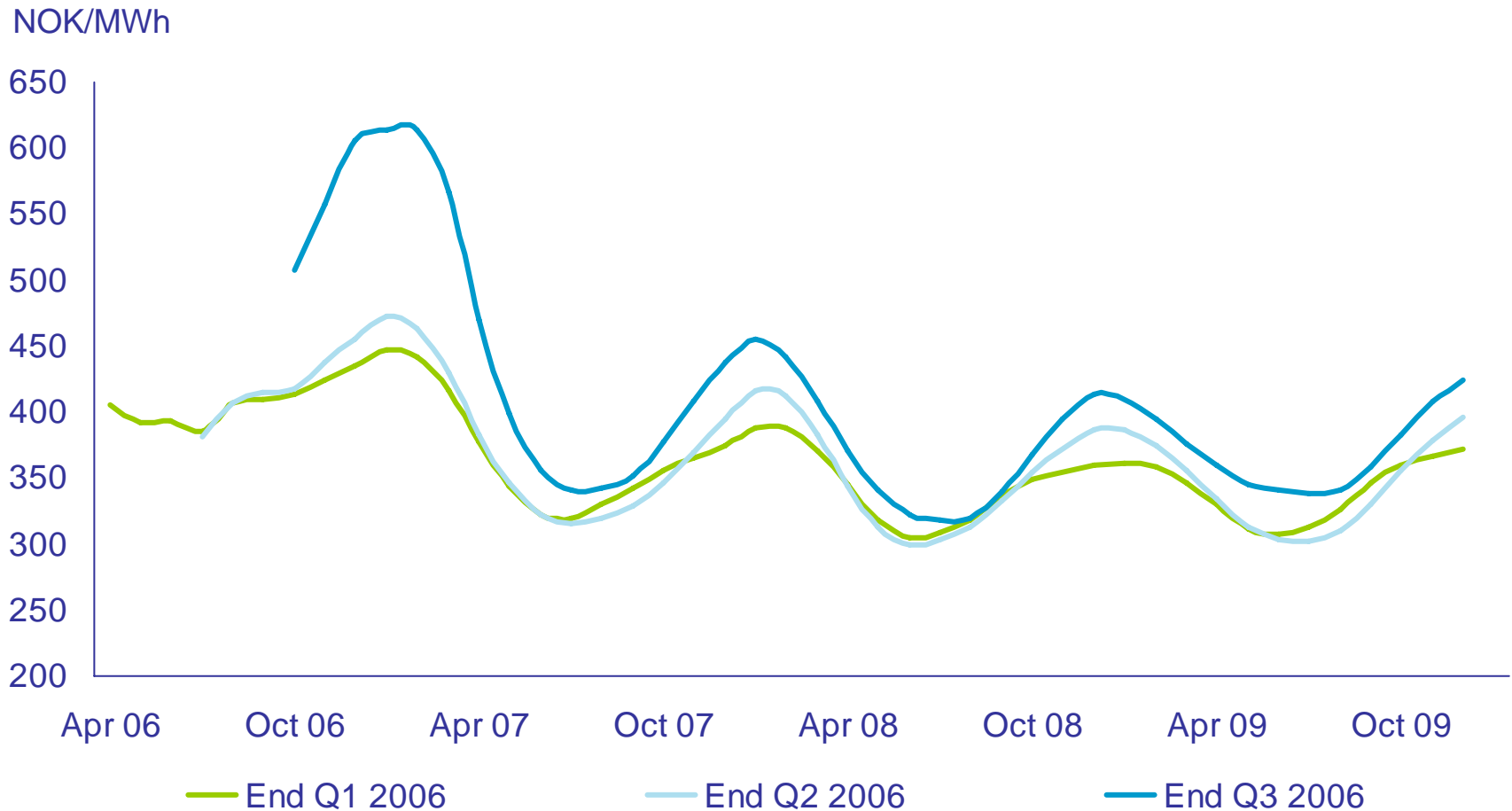
Source: Ecwin Natural Gas, Henry Hub, Spot, Close, USD, (Nominal)

- Prices secured for 2006-2008 for 35.9 million boe
  - Oil: 15.4 million boe (zero cost collar options) with quarterly settlement
  - Gas: 121 million mmbtu ~ 20.5 million boe. Put option strike price 7.5 USD/mmbtu with monthly settlement. Deferred premium 0.78 USD/mmbtu
  - Q3 2006 average prices: WTI 70.4 USD/boe and Henry Hub 6.2 USD/mmbtu
- Hedge structure preserves significant part of upside
- Hedging instruments marked-to-market with changes in fair value reported in earnings

# UK gas prices – NBP forward curves



# Nordic power market – forward curves





# Variance analysis Oil & Energy

NOK million	Jan-Sep 2006	Q3 2006
2006	50 424	16 702
2005	39 573	15 191
Variance adjusted EBITDA	10 851	1 511
Prices and currency	12 025	2 450
- Oil	8 195	1 295
- Gas	3 300	855
- Currency	60	(300)
- Options	470	600
- Margin	2 315	660
- Volume	165	(450)
- Fixed costs	(225)	(105)
- Depreciation	(2 020)	(810)
- Production costs	(1 185)	(425)
- Exploration costs	(2 145)	(670)
- Other	(235)	40
Variance operating income	8 692	687
- Non-consolidated investees	57	(9)
- Interest income and other	67	14
- Depreciation and amortization	2 035	819
Variance adjusted EBITDA	10 851	1 511

# Variance analysis Exploration and Production

NOK million	Jan-Sep 2006	Q3 2006
2006	45 854	15 222
2005	36 925	14 121
Variance adjusted EBITDA	8 929	1 101
Prices and currency	12 025	2 450
- Oil	8 195	1 295
- Gas	3 300	855
- Currency	60	(300)
- Options	470	600
- Volume	460	(280)
- Depreciation	(1 975)	(820)
- Production costs	(1 185)	(425)
- Exploration costs	(2 145)	(670)
- Other	(250)	25
Variance operating income	6 929	279
- Non-consolidated investees	4	1
- Interest income and other	20	2
- Depreciation and amortization	1 976	819
Variance adjusted EBITDA	8 929	1 101

# Variance analysis Energy and Oil Marketing

NOK million	Jan-Sep 2006	Q3 2006
2006	3 787	1 098
2005	2 811	710
Variance adjusted EBITDA	976	388
- Margin	1 370	640
- Volume	(295)	(170)
- Fixed costs	(225)	(105)
- Depreciation	(45)	10
- Other	10	10
Variance operating income	816	385
- Non-consolidated investees	53	(10)
- Interest income and other	46	11
- Depreciation and amortization	61	2
Variance adjusted EBITDA	976	388

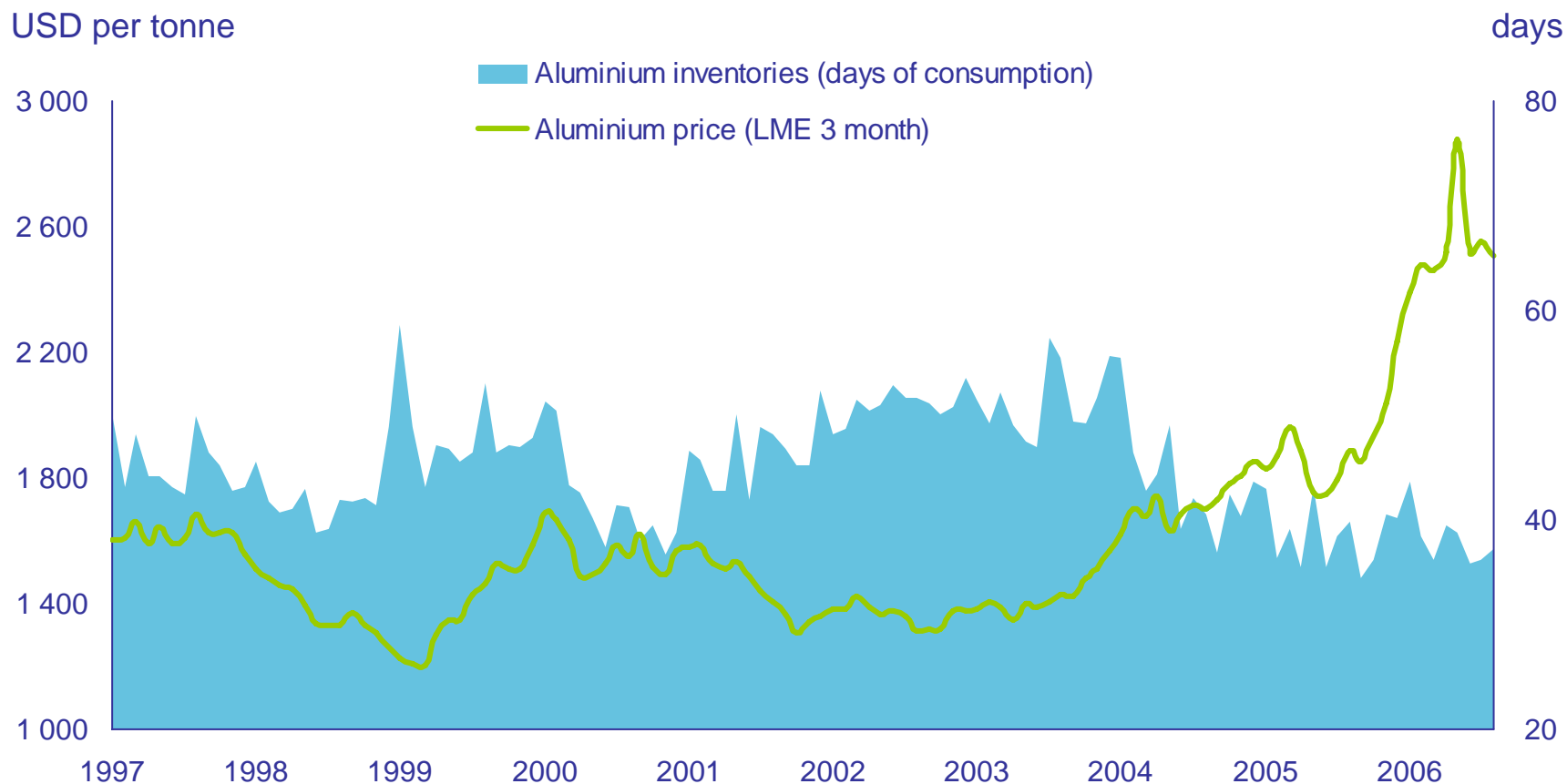
# Primary aluminium production per quarter

1 000 mt



Slovalco consolidated from Q1 2004

# Primary aluminium market



# Current Position – Power Market

EEX Power market development. Baseload contract one year ahead. Avg. spot prices for the year

Eur/Mwh



- Current prices slightly lower due to mild weather and low consumption.
- Price are expected to increase significantly when the consumption picks up. Especially due to the relatively tight hydro situation in the Nordics.

\* Grid cost & taxes come in addition: Smelters +4-5 €/Mwh Rolling + 10-20€/Mwh

# Aluminium Metal hedge programs <sup>1)</sup>

	2006	2007	2008
2006-2008 program – volume mt <sup>2)</sup>	130 000	163 800	167 100
2006-2008 program – LME price USD/mt	2 140	2 300	2 200
2003-2007 program (Sunndal) – volume mt <sup>3)</sup>	96 900	108 900	-
2003-2007 program (Sunndal) – LME price USD/mt	1 500	1 500	-
2003-2007 program (Sunndal) – currency hedge USD thousand <sup>4)</sup>	149 789	162 789	-
2003-2007 program (Sunndal) – NOK/USD rate	9.40	9.50	-

- 1) All hedges are designated as cash flow hedges of forecasted sales of primary metal production. Realized gains and losses on the hedges are recognized in earnings when the actual sales are made. All unrealized gains and losses on the hedges are booked directly to shareholders' equity.
- 2) Volumes are spread evenly throughout the year, except for 2006 when the volumes are spread from second to fourth quarter. The hedge program is aimed at mitigating the effects of higher power prices.
- 3) Volumes are spread evenly throughout the year. The Sunndal hedge program was implemented in connection with the Sunndal metal plant expansion which was completed in 2004.
- 4) 2006 amount is divided between 80 percent in first half and 20 percent in second half.  
2007 amount is evenly spread throughout the year.

# Aluminium – operational data

Volumes and prices *	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005
Primary production (1 000 mt)	449	451	449	464	461	457	444
LME realized (USD/mt) including hedges	2 462	2 368	2 146	1 851	1 770	1 842	1 783
NOK/USD realized including hedges **	6.36	6.47	6.85	6.56	6.47	6.51	6.54
LME realized (NOK/mt) including hedges	15 662	15 331	14 697	12 145	11 453	11 992	11 664
LME realized (USD/mt) excluding hedges	2 614	2 476	2 192	1 883	1 796	1 886	1 812
NOK/USD realized excluding hedges **	6.33	6.32	6.66	6.51	6.39	6.29	6.31
LME realized (NOK/mt) excluding hedges	16 537	15 638	14 591	12 257	11 468	11 865	11 435
Total metal products sales excluding trading (1 000 mt)	783	856	869	736	741	835	802
Rolled Products external shipment (1 000 mt)	251	252	254	227	244	243	239
Extrusion and Automotive external revenues (NOK million)	7 404	7 862	7 359	6 470	6 137	6 870	6 511
Extrusion order intake (indexed, 1996=100)	216	256	244	203	194	223	210

\* Certain historical figures have been adjusted to be consistent with the Q3 2006 figures

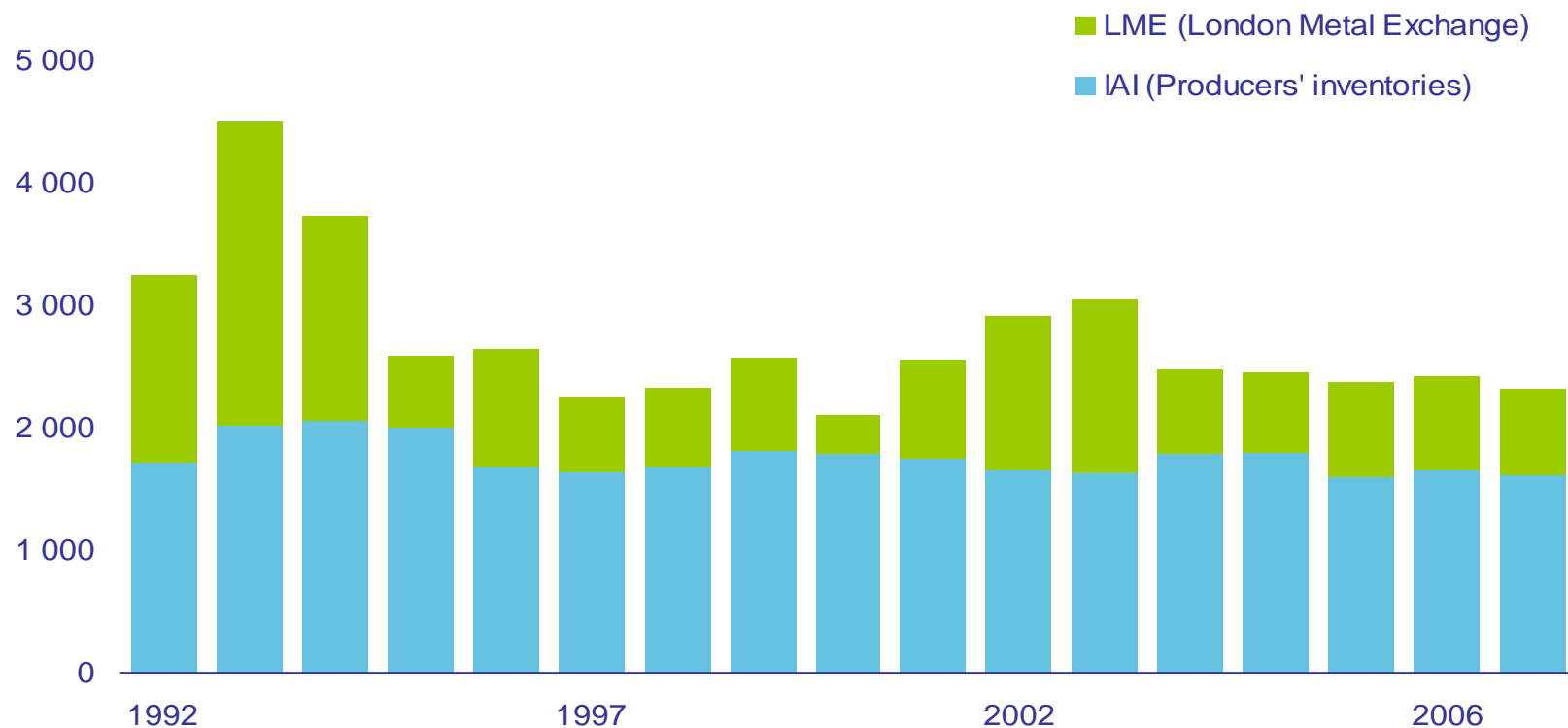
\*\* Difference between realized exchange rate and spot rate at the transaction date is reported as currency gain/loss and not included in EBITDA (except currency hedges where hedge accounting is applied)



# Inventories – primary aluminium

## IAI and LME

1 000 tonnes



Sources: IAI and LME

# Variance analysis Aluminium

NOK million	Jan-Sep 2006	Q3 2006
2006	9 733	3 009
2005	6 837	1 948
Variance adjusted EBITDA	2 896	1 061
- Margin	2 520	1 065
- Volume	1 225	365
- Fixed costs	(495)	(185)
- Depreciation	205	85
- Trading and hedging <sup>1)</sup>	(810)	(570)
- Unrealized LME effects	760	170
- Infrequent items	(995)	(70)
- New / disposed business, net	(5)	(5)
- Other	(10)	(35)
Variance operating income	2 392	815
- Non-consolidated investees	244	22
- Interest income and other	63	22
- Depreciation and amortization	197	202
Variance adjusted EBITDA	2 896	1 061

1) Includes realized effects from the Sunndal hedge program

# Variance analysis Aluminium Metal

NOK million	Jan-Sep 2006	Q3 2006
2006	7 781	2 706
2005	4 425	1 053
Variance adjusted EBITDA	3 356	1 653
- Margin	2 945	1 270
- Volume	80	55
- Fixed costs	90	25
- Depreciation	20	30
- Trading & price hedging <sup>1)</sup>	(810)	(570)
- Unrealized LME effects	970	600
- Infrequent items	(495)	-
- Other	30	(5)
Variance operating income	2 831	1 407
- Non-consolidated investees	474	253
- Interest income and other	67	22
- Depreciation and amortization	(16)	(29)
Variance adjusted EBITDA	3 356	1 653

1) Includes realized effects from the Sunndal hedge program

# Variance analysis Aluminium Products

NOK million	Jan-Sep 2006	Q3 2006
2006	2 113	308
2005	2 433	872
Variance adjusted EBITDA	(320)	(564)
- Margin	(290)	(185)
- Volume	1 140	305
- Fixed costs	(580)	(205)
- Depreciation	185	55
- Unrealized LME effects	(210)	(430)
- Infrequent items	(500)	(70)
- Other	(45)	(35)
Variance operating income	(300)	(563)
- Non-consolidated investees	(231)	(232)
- Interest income and other	(4)	-
- Depreciation and amortization	215	231
Variance adjusted EBITDA	(320)	(564)

# Variance analysis Rolled Products

NOK million	Jan-Sep 2006	Q3 2006
2006	1 176	212
2005	1 202	343
Variance adjusted EBITDA	(26)	(131)
- Margin	310	(45)
- Volume	165	35
- Fixed costs	(450)	(130)
- Depreciation	55	20
- Infrequent items	(55)	-
Variance operating income	26	(121)
- Non-consolidated investees	15	11
- Interest income and other	(4)	-
- Depreciation and amortization	(63)	(21)
Variance adjusted EBITDA	(26)	(131)

# Variance analysis Extrusion

NOK million	Jan-Sep 2006	Q3 2006
2006	676	298
2005	659	233
Variance adjusted EBITDA	17	65
- Margin	30	90
- Volume	520	145
- Fixed costs	(155)	(130)
- Depreciation	25	-
- Infrequent items	(475)	(20)
- Other	(25)	(20)
Variance operating income	(80)	62
- Non-consolidated investees	5	1
- Interest income and other	1	-
- Depreciation and amortization	91	2
Variance adjusted EBITDA	17	65

# Variance analysis Automotive

NOK million	Jan-Sep 2006	Q3 2006
2006	405	84
2005	513	154
Variance adjusted EBITDA	(108)	(70)
- Margin	(630)	(220)
- Volume	460	135
- Fixed costs	15	45
- Depreciation	105	30
- Infrequent items	30	(55)
- Other	(20)	(15)
Variance operating income	(39)	(76)
- Non-consolidated investees	(251)	(243)
- Interest income and other	(1)	-
- Depreciation and amortization	183	249
Variance adjusted EBITDA	(108)	(70)

# Variance analysis Polymers

NOK million	Jan-Sep 2006	Q3 2006
2006	794	323
2005	563	91
Variance adjusted EBITDA	231	232
- Margin	(295)	95
- Volume	620	155
- Fixed costs	(20)	(5)
- Depreciation	(15)	-
Variance operating income	291	242
- Non-consolidated investees	(76)	(14)
- Interest income and other	-	1
- Depreciation and amortization	16	3
Variance adjusted EBITDA	231	232



# Investor Relations in Hydro

	<b>Ada Christiane Rieker</b>	Vice President	<b><a href="mailto:ada.christiane.rieker@hydro.com">ada.christiane.rieker@hydro.com</a></b>	m +47 951 82 718
	<b>Gudmund Isfeldt</b>	Investor Relations Officer	<b><a href="mailto:gudmund.isfeldt@hydro.com">gudmund.isfeldt@hydro.com</a></b>	t +47 22 53 24 55 m +47 480 01 180
	<b>Stefan Solberg</b>	Investor Relations Officer	<b><a href="mailto:stefan.solberg@hydro.com">stefan.solberg@hydro.com</a></b>	t +47 22 53 35 39 m +47 917 27 528
	<b>Irene Raposo</b>	Investor Relations Secretary	<b><a href="mailto:irene.raposo@hydro.com">irene.raposo@hydro.com</a></b>	t +47 22 53 31 53 m +47 414 02 174

For more information: **[www.hydro.com/ir](http://www.hydro.com/ir)**

Hydro is a Fortune 500 energy and aluminium company with 33,000 employees in nearly 40 countries. We are a leading offshore producer of oil and gas, a major aluminium supplier and a leader in the development of renewable energy sources. Our mission is to strengthen the viability of the customers and communities we serve.

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



**HYDRO**

Progress of a different nature