Second quarter 2005

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26.07.2005

Highlights second quarter

- **High oil price – strong results**
- **Promising exploration results**
- **Weaker results for Metals, mixed result downstream**
- **Solid financials**

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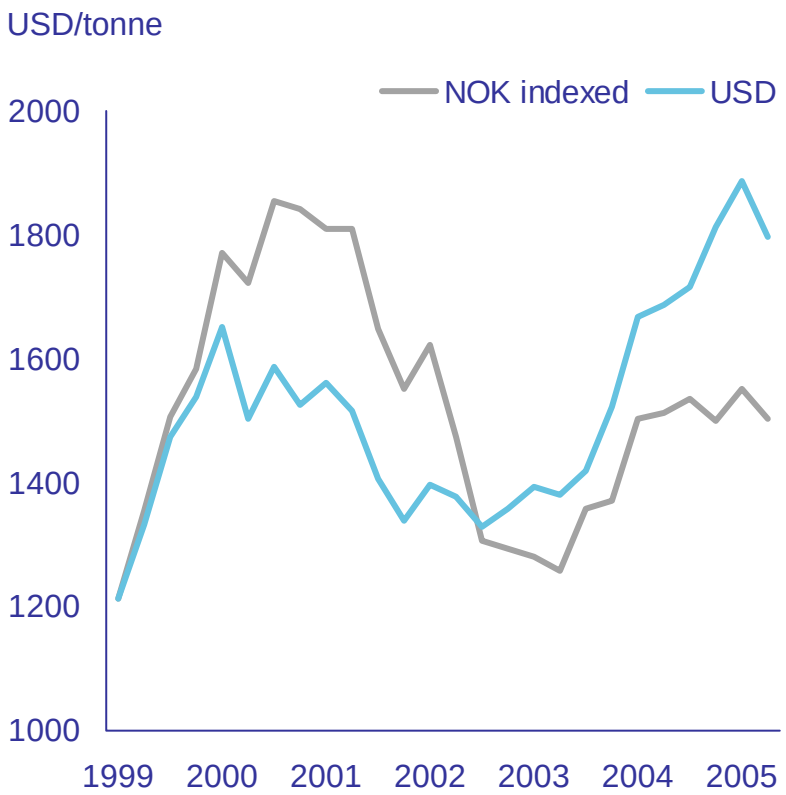
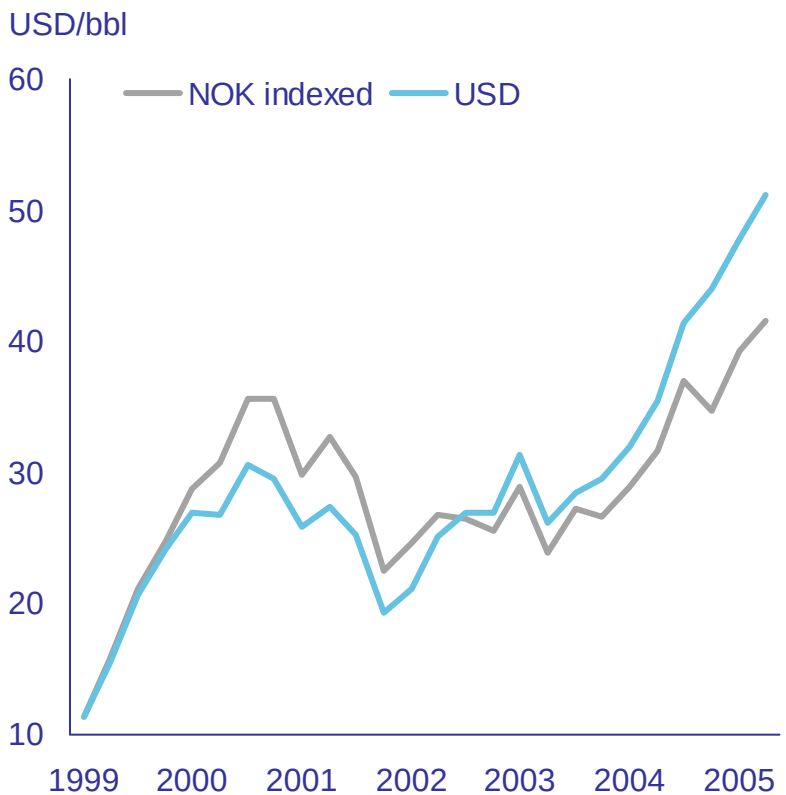
High commodity prices

Aluminium price – LME 3 months



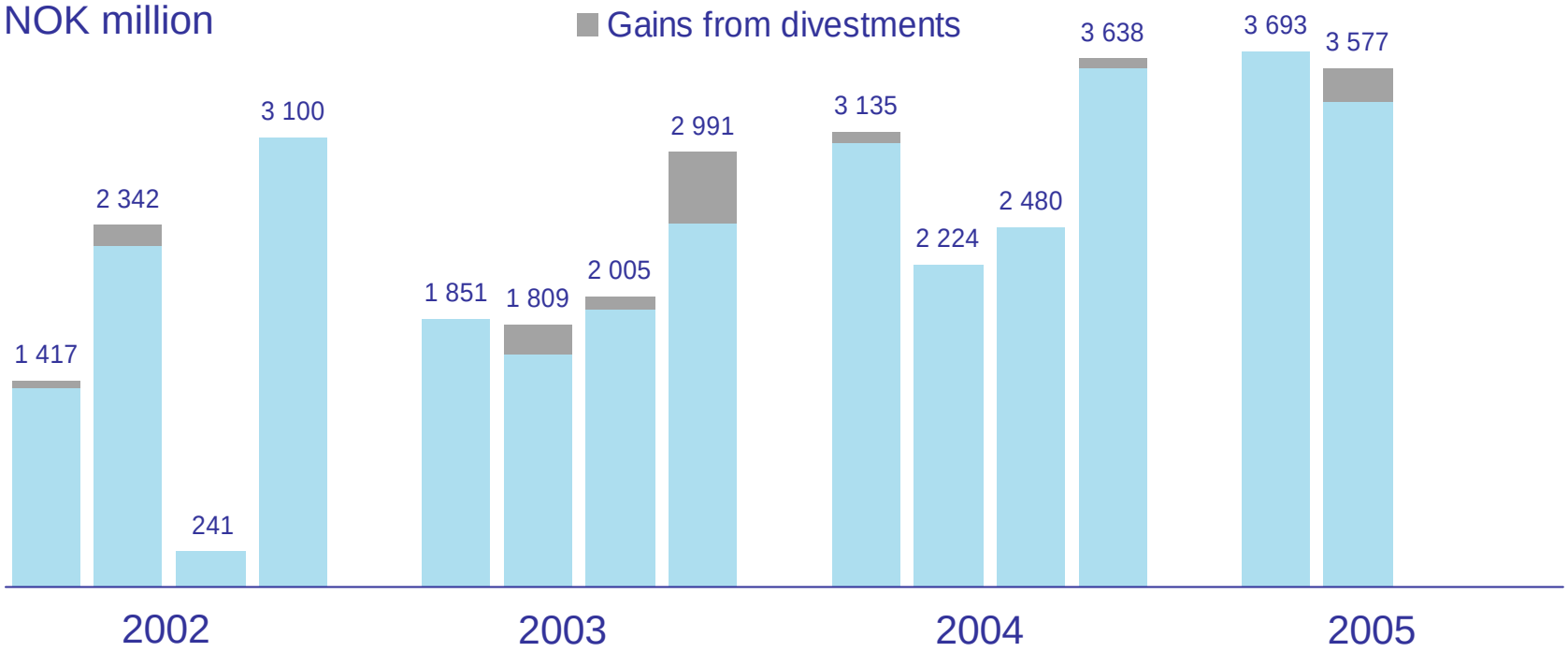
Oil price – Brent



Income from continuing operations*

By quarter

NOK million



Accumulated

2002	2003	2004	2005
7 100	**8 656**	**11 477**	**7 270**

* Including the effect of change in accounting principles for 1st quarter 2003 amounting to a positive effect of NOK 281 million

Consolidated income statements

NOK million	2nd quarter 2005	2nd quarter 2004
Operating revenues	42 119	37 864
Operating income	11 255	8 290
Non-consolidated investees	246	121
Financial income (expense), net	(558)	(447)
Other income, net	233	-
Income from continuing operations before tax and minority interest	11 176	7 964
Income tax expense	(7 430)	(5 605)
Minority interest	(169)	(135)
Income from continuing operations	3 577	2 224
Net income	3 577	2 224
Earnings per share from continuing operations - NOK	14.30	8.70
Earnings per share - NOK	14.30	8.70

For calculation of EPS, 2nd quarter 2005: 251 023 680 shares, 2nd quarter 2004: 255 508 793 shares

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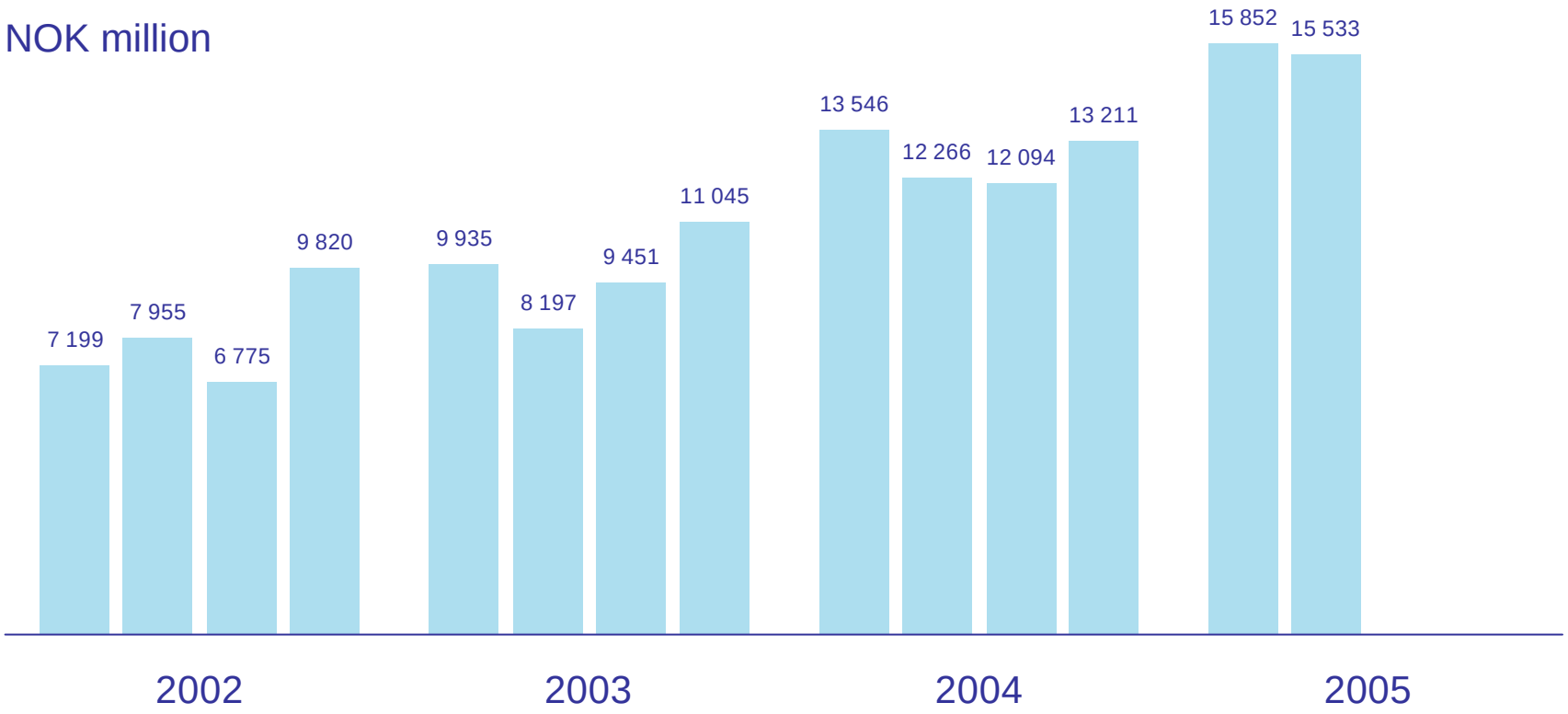
Adjusted EBITDA

NOK million



Accumulated

2002	2003	2004	2005
31 749	**38 628**	**51 117**	**31 385**

Oil & Energy – operating income

Operating income, NOK million	2nd quarter 2005	1st quarter 2005	2nd quarter 2004
Exploration and Production	9 049	9 057	6 606
Energy and Oil Marketing	660	1 046	573
Eliminations	(262)	(261)	5
Oil & Energy	9 447	9 842	7 184

Operational data	2nd quarter 2005	1st quarter 2005	2nd quarter 2004
Oil and gas production (1,000 boe/day)	539	584	569
Realized oil price, USD/bbl	49.80	46.40	34.70
Realized oil price, NOK/bbl	317.90	291.70	238.00
Realized gas price, NOK/Sm^3	1.31	1.47	0.98
Exploration expense, NOK million	240	308	199

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Aluminium – operating income

Operating income, NOK million	2nd quarter 2005	1st quarter 2005	2nd quarter 2004
Metals	715	1 239	839
Rolled Products	308	230	278
Extrusion and Automotive	59	(36)	182
Other and eliminations	255	(92)	(30)
Aluminium	1 337	1 341	1 269

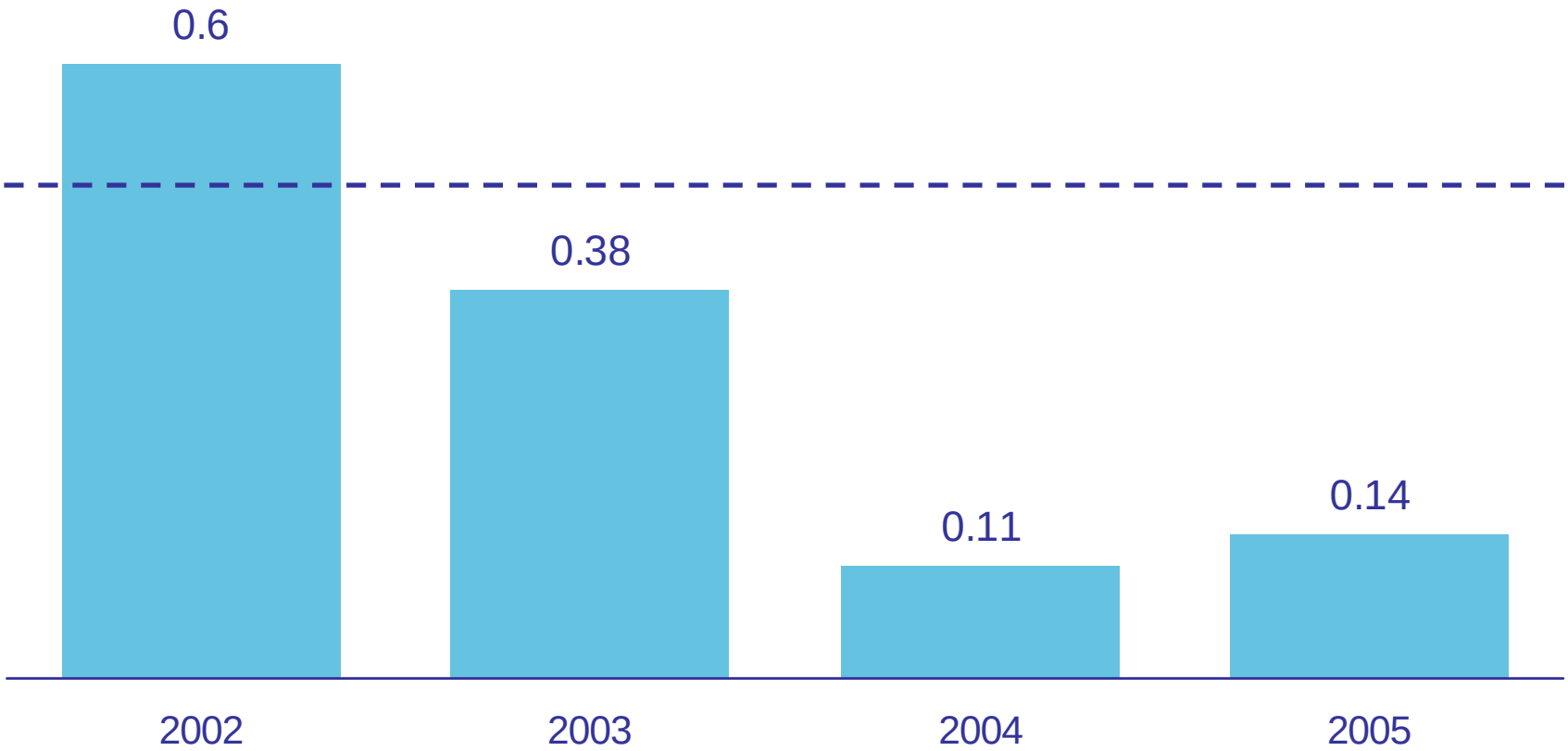
Operational data	2nd quarter 2005	1st quarter 2005	2nd quarter 2004
Realized aluminium price, USD/tonne	1 856	1 793	1 657
Primary aluminium production, kt	457	444	418

Operating income

Individual operating segment

NOK million	2nd quarter 2005	1st quarter 2005	2nd quarter 2004
Exploration and Production	9 049	9 057	6 606
Energy and Oil Marketing	660	1 046	573
Eliminations	(262)	(261)	5
Oil & Energy	9 447	9 842	7 184
Metals	715	1 239	839
Rolled Products	308	230	278
Extrusion and Automotive	59	(36)	182
Other and eliminations	255	(92)	(30)
Aluminium	1 337	1 341	1 269
Other activities	109	175	47
Corporate and eliminations	362	396	(210)
Total	11 255	11 754	8 290

Adjusted net debt/equity ratio



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

Oil & Energy – highlights

- **Strong result – all-time high oil price**
- **High maintenance activity – increased unit production cost**
- **Exploration activity bearing fruit**
- **Ormen Lange/Langeled on track – 38 percent complete**

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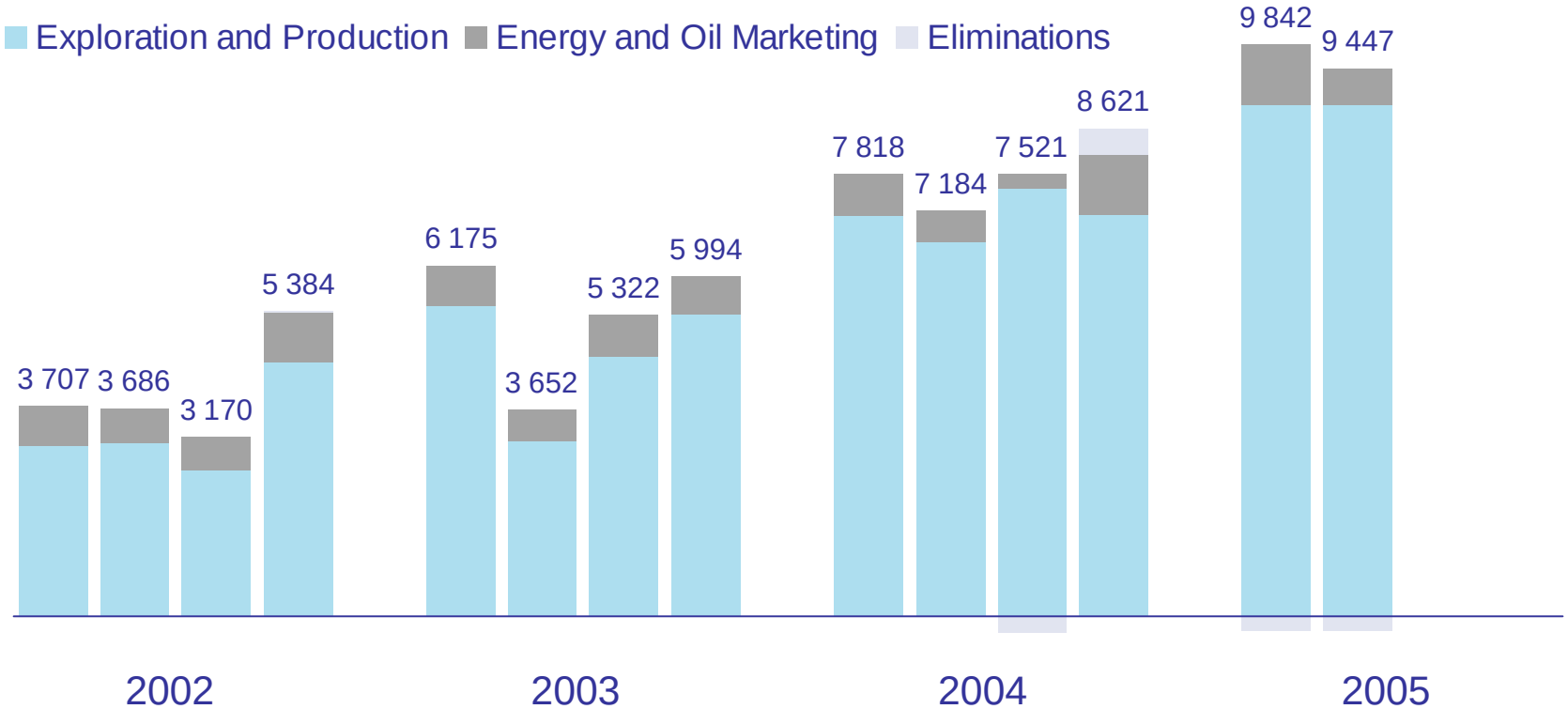
Oil & Energy – operating income

NOK million

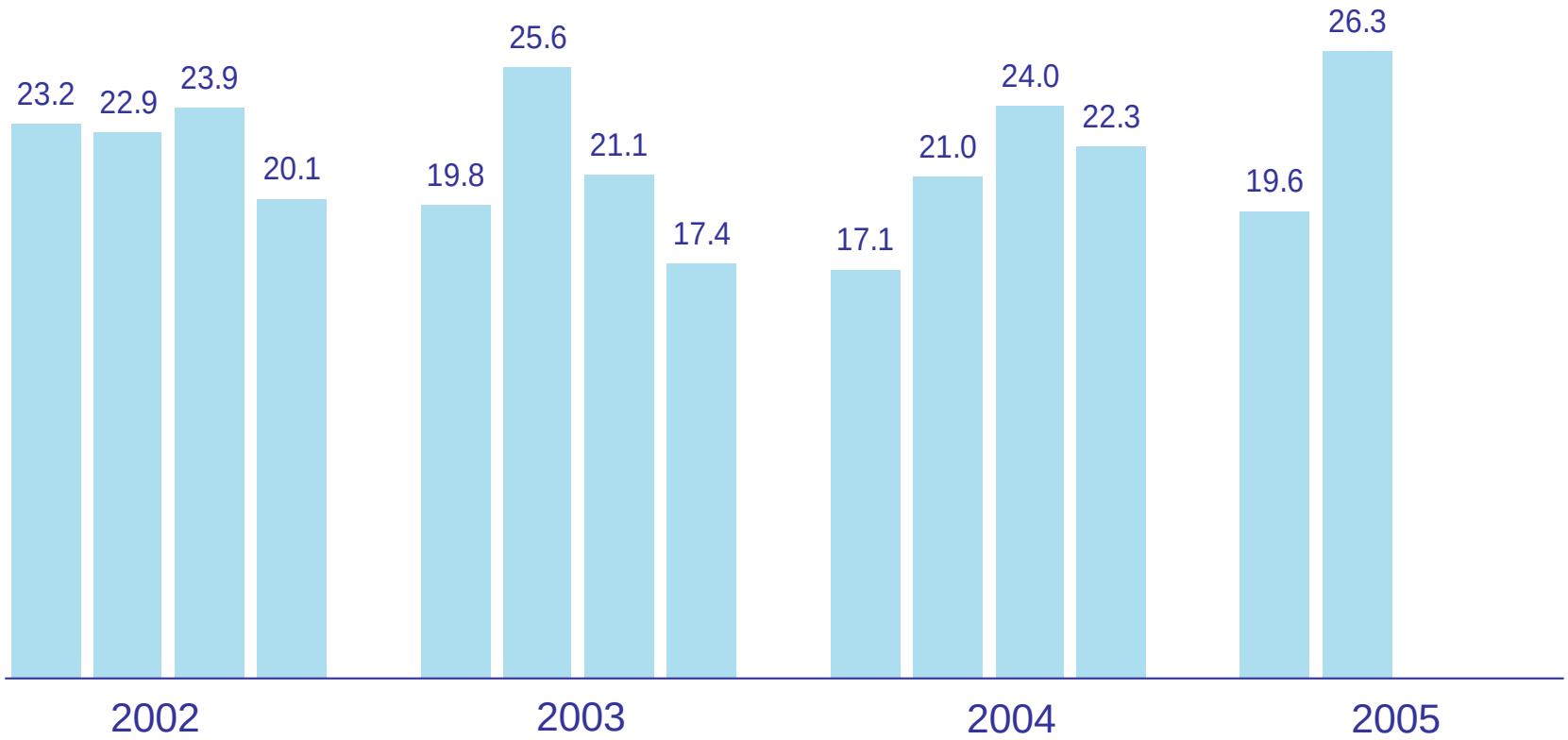


Accumulated

2002	2003	2004	2005
15 947	**21 143**	**31 144**	**19 289**

Production costs per barrel

NOK/boe



Weighted average - YTD

2002	2003	2004	2005
22.6	**20.7**	**20.7**	**22.8**

Promising potential in Iran

- **Azar discovery – Anaran**
  - Promising flow tests
  - Commerciality studies ongoing
  - Exclusive right to negotiate a development contract
  - Exploration drilling to start on nearby structure in August
- **Successful bid for Khorramabad block**
  - Exploration and development contract to be signed in second half of 2005

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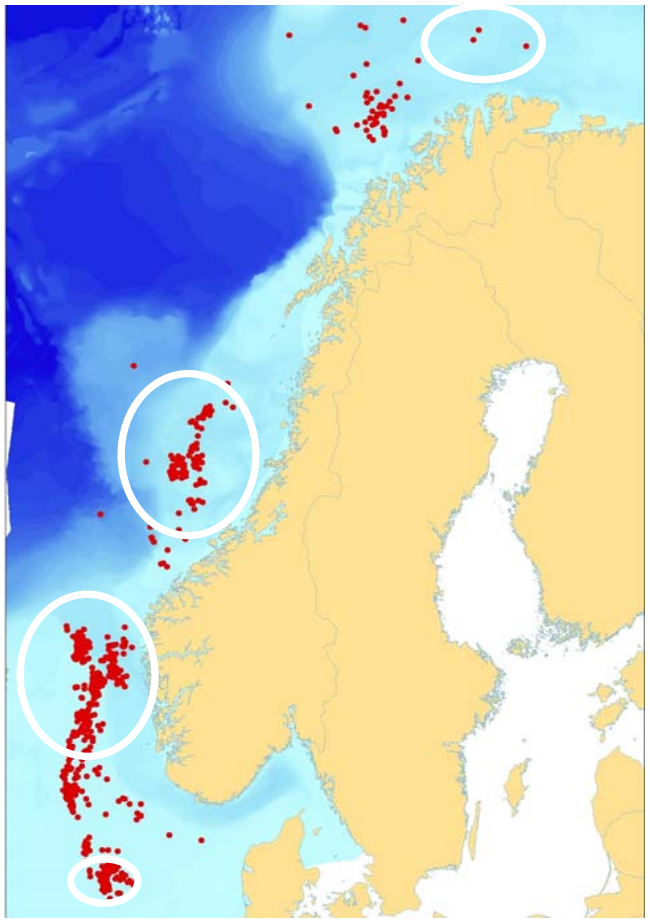
Hydro sees increased NCS opportunities

- **High oil price provides new commercial opportunities**
- **Thorough review of prospects**
  - Significant potential to increase resource base
  - Supported by competence and technology
- **Actively pursuing new opportunities**
  - Increased recovery factor
  - High exploration activity



Exploration areas 2005 - 2006

Securing future growth

- **Exploration – Norway and international**
  - Eight wells completed, four discoveries in the first half of 2005
  - Currently drilling six wells
  - Spudding of 15-20 wells planned in the second half of 2005

- **Plans for Development and Operation submitted in 2005**
  - Two Hydro-operated projects (Fram Øst, Oseberg Delta)
  - Two partner-operated projects (Volve, Tyrihans)

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Oil & Energy – prospects

- **Continued high energy prices**
- **2005 targets maintained**
  - Production 575 000 boe/day
  - Production cost NOK 24/boe
- **High exploration activity**
  - Rig capacity secured
- **Actively pursue increased NCS opportunities**
- **Promising potential in Iran**

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Aluminium – highlights

- **Metals – weaker results**
  - Sourcing and Trading reported an operating loss of NOK 127 million
  - Higher operating costs and higher metal cost negatively impacted margins
- **Mixed development in downstream sectors**
  - Weaker result in Extrusion
  - Improved results in Rolled Products and Automotive
- **Intensified restructuring - decision to close primary capacity**

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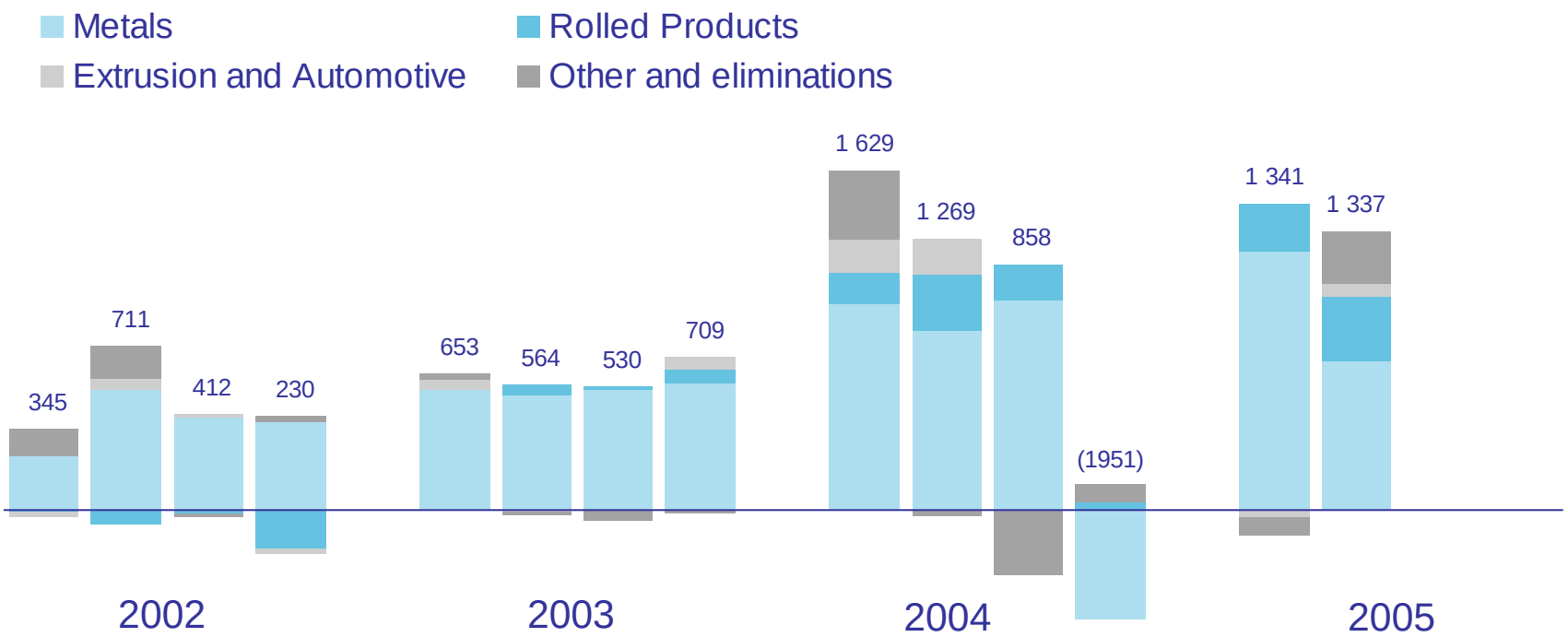
Aluminium – operating income

NOK million



Accumulated

2002	2003	2004	2005
1 698	**2 456**	**1 805**	**2 678**

Cost reductions to strengthen competitive position*

Manning reduction in 2005	**Man years**
● **Aluimprover and restructuring**	**550**
- Aluimprover (Norway)**	
- Raufoss (Norway)	
- Toulouse (France)	
- Holland (USA)	
- Leeds (UK)	
● **Rationalization initiatives - all sectors**	**650**
● **Total**	**1200**

● **Profit & Loss charge**
- 1H'05 NOK 286 million
- 2H'05 NOK 200 million (estimated)

* Excluding effects of announced closures of Stade and Hamburg(Germany) and Søderberg capacity in Norway

** Manning reductions for Aluimprover in 2005 is 135 man years. Total manning reducion for Aluimprover is 725 man years

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Aluminium – prospects

- **Strong primary market fundamentals**
- **Lower results expected second half 2005**
  - Seasonal effects
  - Limited impact from hedging in second half
  - Continued margin pressure expected on standard rolled products
  - Continued improvement measures
- **Restructuring for future competitiveness**
- **Qatar – Startup 2009**

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Hydro – priorities

- **Operational improvements**
- **First-class project execution**
- **Improve Aluminium profitability**
- **Strengthen oil & gas resource base**

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Additional information

Adjusted income second quarter 2005

NOK million	Reported income	Adjustments	Adjusted income
Exploration and Production	9 049	-	9 049
Energy and Oil Marketing	660	-	660
Eliminations	(262)	272	10
Oil & Energy	9 447	272	9 719
Metals	715	-	715
Rolled Products	308	(123)	185
Extrusion and Automotive	59	63	122
Other and eliminations	255	(294)	(39)
Aluminium	1 337	(354)	983
Other activities	109	-	109
Corporate and eliminations	362	(535)	(173)
Total operating income	11 255	(617)	10 638
Non-consolidated investees	246	33	279
Financial income (expense), net	(558)	561	3
Other income (loss), net	233	(233)	-
Income from continuing operations before tax and minority interest	11 176	(256)	10 920
Income tax expense	(7 430)	18 *	(7 412)
Minority interest	(169)	-	(169)
Income from continuing operations	3 577	(238)	3 339

* Estimated tax effect on income statement adjustments

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Infrequent and other special items impacting income statement second quarter 2005

		NOK million
Eliminations of unrealized loss on internal gas contracts	Oil & Energy eliminations	272
Metal effect from FIFO valuation	Rolled Products	(83)
Settlement Malaysia	Rolled Products	(40)
Rationalization costs	Extrusion and Automotive	63
Unrealized gain on LME contracts	Aluminium Other and Elimination	(294)
Elimination of unrealized gain on internal power contracts	Corporate and Eliminations	(535)
Net impact on operating income		**(617)**
Non-consolidated investees – currency gain for Alunorte	Metals	(116)
Non-consolidated Investees - closure cost	Metals	149
Financial income (expense) net – net currency loss	Hydro group	561
Other income – gain on sale		(233)
Net impact on income from continuing operations before tax and minority interest		**(256)**

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Adjusted income - YTD 2005

NOK million	Reported income	Adjustments	Adjusted income
Exploration and Production	18 106	-	18 106
Energy and Oil Marketing	1 706	(250)	1 456
Eliminations	(523)	543	20
Oil & Energy	19 289	293	19 582
Metals	1 954	6	1 960
Rolled Products	538	(214)	324
Extrusion and Automotive	23	237	260
Other and eliminations	163	(208)	(45)
Aluminium	2 678	(179)	2 499
Other activities	284	-	284
Corporate and eliminations	758	(1 224)	(466)
Total operating income	23 009	(1 110)	21 899
Non-consolidated investees	459	43	502
Financial income (expense), net	(1 468)	1 512	44
Other income (loss), net	233	(233)	-
Income from continuing operations before tax and minority interest	22 233	212	22 445
Income tax expense	(14 713)	* (133)	(14 846)
Minority interest	(250)	-	(250)
Income from continuing operations	7 270	79	7 349

* Estimated tax effect on income statement adjustments

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Infrequent and other special items impacting income statement - YTD 2005

		NOK million
Accounting imbalance gas portfolio	Energy and Oil Marketing	(250)
Eliminations of unrealized loss on internal gas contract	Oil & Energy eliminations	543
Rationalization cost due to Aluimprover	Metals	6
Metal effect from FIFO valuation	Rolled Products	(74)
Reversal contract provisions	Rolled Products	(100)
Settlement Malaysia	Rolled products	(40)
Rationalization costs	Extrusion and Automotive	237
Unrealized loss on LME contracts	Aluminium Other and Elimination	(208)
Elimination of unrealized (gain) loss on power contract	Corporate and Eliminations	(1 070)
Elimination of demanning cost	Corporate and Eliminations	(154)
Net impact on operating income		**(1 110)**
Non-consolidated investees – currency gain for Alunorte	Metals	(106)
Non-consolidated investees – closure cost	Metals	149
Financial income (expense) net – net currency loss	Hydro group	1 512
Other income – gain on sale		(233)
Net impact on income from continuing operations before tax and minority interest		**212**

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Adjusted income second quarter 2004

NOK million	Reported income	Adjustments	Adjusted income
Exploration and Production	6 606	-	6 606
Energy and Oil Marketing	573	(31)	542
Eliminations	5	-	5
Oil & Energy	7 184	(31)	7 153
Metals	839	-	839
Rolled Products	278	(121)	157
Extrusion and Automotive	182	46	228
Other and eliminations	(30)	(18)	(48)
Aluminium	1 269	(93)	1 176
Other activities	47	-	47
Corporate and eliminations	(210)	(198)	(408)
Total operating income	8 290	(322)	7 968
Non-consolidated investees	121	65	186
Financial income (expense), net	(447)	226	(221)
Other income (loss), net	-	-	-
Income from continuing operations before tax and minority interest	7 964	(31)	7 933
Income tax expense	(5 605)	16 *	(5 589)
Minority interest	(135)	-	(135)
Income from continuing operations	2 224	(15)	2 209

* Estimated tax effect on income statement adjustments

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Infrequent and other special items impacting income statement second quarter 2004

Item		NOK million
Oil price effect from FIFO valuation	Energy and Oil Marketing	(31)
Metal effect from FIFO valuation	Rolled Products	(121)
Rationalization costs due to closure of plant	Extrusion and Automotive	46
Unrealized gains on LME contracts	Other and Elimination	(18)
Elimination of unrealized loss on internal power contracts	Corporate and Eliminations	(198)
Net impact on operation income		(322)
Non-consolidated investees – currency loss for Alunorte	Metals	65
Financial income (expense) net – net currency loss	Hydro group	226
Net impact on income from continuing operations before tax and minority interest		**(31)**

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Operating income – Adjusted EBIT – Adjusted EBITDA

Second quarter 2005

NOK million	Operating income	Non-cons. investees	Interest income	Selected fin. items	Other income	Adjusted EBIT	Depr. and amort.	Adjusted EBITDA
Exploration and Production	9 049	1	4	-	-	9 054	2 294	11 348
Energy and Oil Marketing	660	41	10	(2)	-	709	172	881
Eliminations	(262)	(1)	-	1	-	(262)	-	(262)
Oil & Energy	9 447	41	14	(1)	-	9 501	2 466	11 967
Metals	715	139	3	4	-	861	406	1 267
Rolled Products	308	(6)	1	-	-	303	161	464
Extrusion and Automotive	59	26	3	1	-	89	378	467
Other and eliminations	255	-	-	(1)	-	254	1	255
Aluminium	1 337	159	7	4	-	1 507	946	2 453
Other activities	109	47	26	51	233	466	124	590
Corporate and eliminations	362	(1)	150	4	-	515	8	523
Total	11 255	246	197	58	233	11 989	3 544	15 533

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Adjusted EBITDA

Individual operating segment

NOK million	2nd quarter 2005	2nd quarter 2004
Exploration and Production	11 348	8 990
Energy and Oil Marketing	881	769
Eliminations	(262)	5
Oil & Energy	11 967	9 764
Metals	1 267	1 305
Rolled Products	464	456
Extrusion and Automotive	467	605
Other and eliminations	255	(31)
Aluminium	2 453	2 335
Other activities	590	224
Corporate and eliminations	523	(57)
Total	15 533	12 266

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Variance analysis Hydro group

NOK million	1st half	2nd quarter
2005 2004	31 385 25 812	15 533 12 266
Variance adjusted EBITDA	5 573	3 267
- Prices and currency, Exploration and Production (E&P) - Margin incl. currency effects [1)] - Volume - Fixed costs - Depreciation - Production and exploration costs, E&P - Infrequent items - Trading and unrealized LME effects, Aluminium - Other	6 740 (95) (1 240) 705 235 (520) 65 (230) (215)	3 395 (445) (425) 115 95 (235) 70 255 140
Variance operating income	5 443	2 965
- Non-consolidated investees - Interest income and other - Other income - Depreciation and amortization	209 42 123 (244)	127 32 233 (90)
Variance adjusted EBITDA	5 573	3 267

1) Including positive variance for elimination of unrealized gain/loss on electricity contracts (NOK 731 million for the year and 343 million for the quarter) and negative variance for elimination of the gain/loss on gas contracts (NOK 543 million for the year and NOK 272 for the quarter)

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Depreciation, depletion and amortization

Individual operating segment

NOK million	2nd quarter 2005	2nd quarter 2004
Exploration and Production	2 293	2 371
Energy and Oil Marketing	170	153
Oil & Energy	2 463	2 524
Metals	396	387
Rolled Products	147	166
Extrusion and Automotive	378	382
Aluminium	921	935
Other activities	125	128
Corporate and eliminations	6	5
Total	3 515	3 592

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Net financial income (expense)

NOK million	2nd quarter 2005	2nd quarter 2004
Interest income Dividends and net gain (loss) on securities	197 58	201 21
Interest income and other financial income	255	222
Interest expense Capitalized interest Net foreign exchange gain (loss) Other	(457) 231 (561) (26)	(600) 166 (226) (9)
Interest expense and foreign exchange gain (loss)	(813)	(669)
Net financial income (expense)	(558)	(447)

Equity in net income of non-consolidated investees

Individual operating segment

NOK million	2nd quarter 2005	2nd quarter 2004
Exploration and Production	1	-
Energy and Oil Marketing	41	25
Eliminations	(1)	-
Oil & Energy	41	25
Metals	139	50
Rolled Products	(6)	(3)
Extrusion and Automotive	26	39
Aluminium	159	86
Other activities	47	9
Corporate and eliminations	(1)	1
Total	246	121

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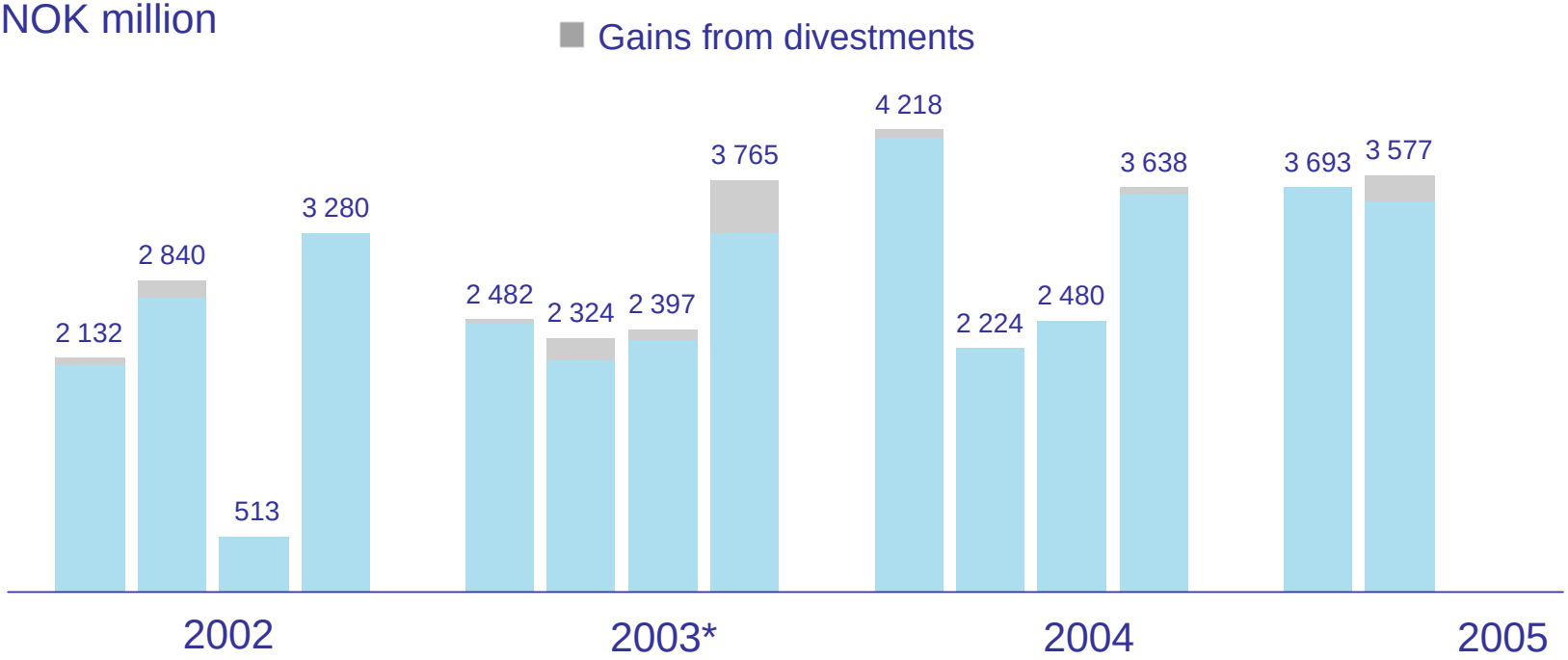
Net income*

By quarter

NOK million



Accumulated

2002	2003*	2004	2005
8 765	**10 968**	**12 560**	**7 270**

* Including the effect of change in accounting principles for 1st quarter 2003 amounting to a positive effect of NOK 281 million

Investments [1)]

Individual operating segment

NOK million	2nd quarter 2005	2nd quarter 2004
Exploration and Production	2 858	2 175
Energy and Oil Marketing	715	378
Oil & Energy	3 573	2 553
Metals	345	758
Rolled Products	74	67
Extrusion and Automotive	270	216
Other and eliminations	-	1
Aluminium	689	1 042
Other activities	276	322
Corporate and eliminations	20	8
Total	4 558	3 925

1) Additions to property, plant and equipment (capital expenditures) plus long-term securities, intangibles, long-term advances and investments in non-consolidated investees

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Consolidated balance sheet

NOK million	30.06.2005	31.03.2005	31.12.2004
Cash and cash equivalents	11 120	15 467	14 366
Short-term investments	13 815	15 392	10 970
Receivables and other current assets	36 565	38 539	32 219
Inventories	13 660	13 824	12 851
Non-current assets	132 682	130 567	129 837
Total assets	207 842	213 789	200 243
Short-term interest-bearing debt	4 379	4 547	3 785
Current portion of long-term debt	398	746	568
Other current liabilities	43 857	48 780	41 724
Long-term interest-bearing debt	20 817	20 396	19 487
Other long-term liabilities	19 754	18 476	17 703
Deferred tax liabilities	29 304	29 448	29 515
Minority interest	1 542	1 513	1 571
Shareholders' equity	87 791	89 883	85 890
Total liabilities and shareholders' equity	207 842	213 789	200 243
Shareholders' equity per share, NOK	349.80	358.30	342.40

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Statement of cash flow

NOK million	1st half 2005	1st half 2004
Operating activities:		
Net income	7 270	6 442
Depreciation, depletion and amortization	7 062	7 288
Other adjustments	(2 580)	(1 513)
Net cash provided by operating activities	11 752	12 217
Investing activities:		
Purchases of property, plant and equipment	(7 651)	(6 958)
Purchases of other long-term investments	(436)	(399)
Purchases of short-term investments	(11 812)	(10)
Proceeds from sales of property, plant and equipment	1 241	374
Proceeds from sales of other long-term investments	678	1 042
Proceeds from sales of short-term investments	9 150	3
Net cash used in investing activities	(8 830)	(5 948)
Financing activities:		
Loan proceeds	1 119	2 213
Principal repayments	(1 138)	(2 724)
Ordinary shares purchased	(1 032)	(729)
Ordinary shares issued	40	14
Dividend paid	(5 021)	(2 811)
Net cash used in financing activities	(6 032)	(4 037)
Foreign currency effect on cash	(136)	94
Net cash provided by discontinued operations	-	9 574
Net increase (decrease) in cash and cash equivalents	(3 246)	11 900
Cash and cash equivalents at beginning of period	14 366	14 873
Cash and cash equivalents at end of period	11 120	26 773

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Financial solidity – calculation

Amounts in NOK million		31 December 2001	31 December 2002	31 December 2003	31 December 2004	30 June 2005
[A]	Cash and cash equivalents	27 148	5 965	15 249	14 366	11 120
[B]	Short-term investments	2 421	2 647	1 581	10 970	13 815
[C]	Bank loans and other interest-bearing short-term debt	(8 458)	(7 306)	(5 569)	(3 785)	(4 379)
[D]	Current portion of long-term debt	(1 966)	(1 958)	(1 242)	(568)	(398)
[E]	Long-term debt	(37 853)	(30 902)	(28 568)	(19 487)	(20 817)
[F]=[A]+[B]+[C]+[D]+[E]	Net interest-bearing debt	(18 708)	(31 554)	(18 549)	1 496	(659)
[G]	Net pension liabilities at fair value	(2 133)	(10 107)	(11 973)	(10 056)	(10 560)
[H]	Expected income tax benefit 30%	640	3 032	3 592	3 017	3 168
[I]=[G]+[H]	Net pension liabilities tax adjusted	(1 493)	(7 075)	(8 381)	(7 039)	(7 392)
[J]	Operating lease commitments discounted at 4.8% (2004: 10%)	(5 072)	(4 924)	(4 916)	(3 500)	(4 062)
[K]=[F]+[I]+[J]	Adjusted net interest-bearing debt	(25 272)	(43 552)	(31 846)	(9 043)	(12 113)
[L]	Net pension liabilities not recognized without equity effect	(2 767)	(6 994)	(7 862)	(6 341)	(6 337)
[M]	Expected income tax benefit 30%	830	2 098	2 358	1 902	1 901
[N]=[L]+[M]	Equity adjustment off-balance sheet pension liabilities	(1 937)	(4 896)	(5 504)	(4 439)	(4 436)
[O]	Minority interest	1 051	1 143	660	1 571	1 542
[P]	Shareholders' equity	74 793	75 867	88 080	85 890	87 791
[Q]=[N]+[O]+[P]	Adjusted shareholders' equity and minority	73 907	72 114	83 236	83 022	84 897
[R]=[K]/[Q]	Adjusted debt / equity ratio	0.34	0.60	0.38	0.11	0.14

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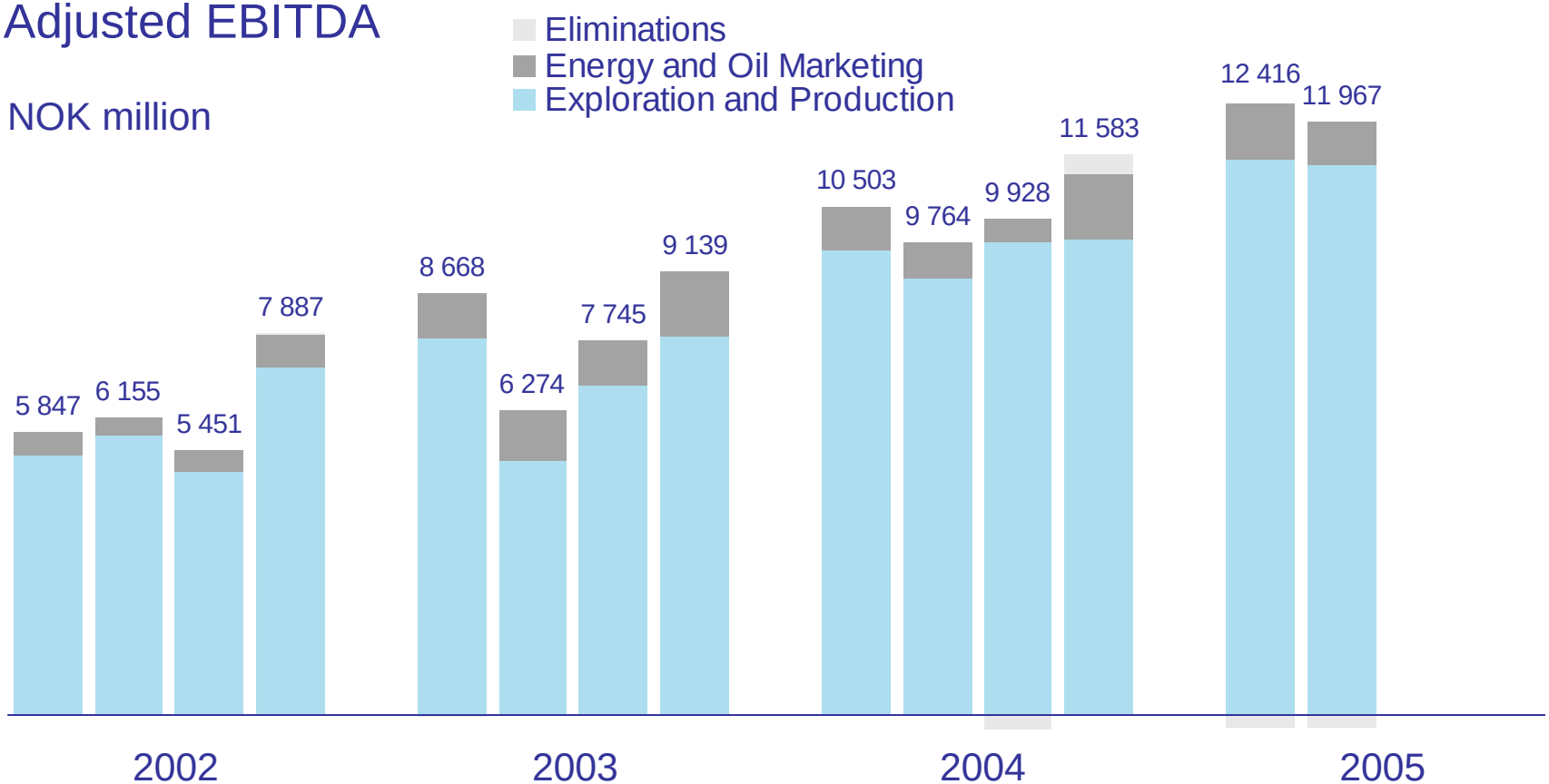
Oil & Energy

Adjusted EBITDA

NOK million



Accumulated

2002	2003	2004	2005
25 340	**31 826**	**41 778**	**24 383**

Variance analysis Oil & Energy

NOK million	1st half	2nd quarter
2005 2004	24 383 20 267	11 967 9 764
Variance adjusted EBITDA	4 116	2 203
- Prices and currency - Oil - Gas - Currency	 6 260 1 745 (1 265) 6 740	 3 085 860 (550) 3 395
- Margin - Volume - Fixed costs - Depreciation - Production costs - Exploration costs - Other	(470) (1 120) 55 145 (420) (100) (540)	(395) (485) 10 65 (195) (40) (90)
Variance operating income	4 288	2 264
- Non-consolidated investees - Interest income and other - Other income - Depreciation and amortization	26 (44) - (154)	16 (7) - (70)
Variance adjusted EBITDA	4 116	2 203

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Variance analysis Exploration and Production

NOK million	1st half	2nd quarter
2005 2004	22 804 18 583	11 348 8 990
Variance adjusted EBITDA	4 221	2 358
Prices and currency		
- Oil	6 260	3 085
- Gas	1 745	860
- Currency	(1 265)	(550)
	6 740	3 395
- Volume	(1 425)	(705)
- Depreciation	155	80
- Production costs	(420)	(195)
- Exploration costs	(100)	(40)
- Other	(530)	(90)
Variance operating income	4 418	2 443
- Non-consolidated investees	1	1
- Interest income and other	(45)	(8)
- Depreciation and amortization	(153)	(78)
Variance adjusted EBITDA	4 221	2 358

Variance analysis Energy and Oil Marketing

NOK million	1st half	2nd quarter
2005 2004	2 101 1 676	881 769
Variance adjusted EBITDA	425	112
- Margin - Volume - Fixed costs - Depreciation - Other	60 305 55 (10) (10)	(130) 220 10 (15) -
Variance operating income	400	87
- Non-consolidated investees - Interest income and other - Depreciation and amortization	25 1 (1)	15 1 9
Variance adjusted EBITDA	425	112

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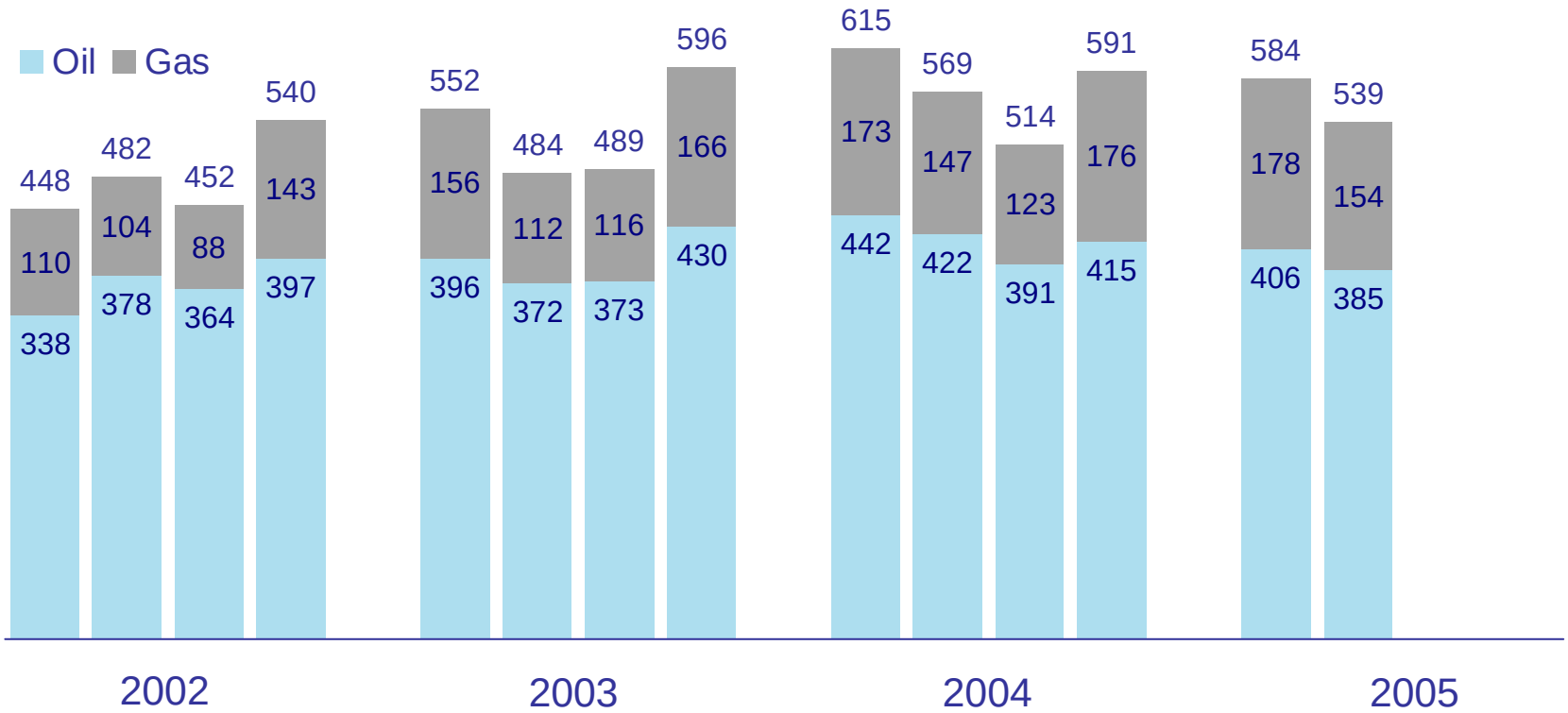
Petroleum production per quarter

1 000 boe/day



Average YTD			
480	**530**	**572**	**561**

Production per field – Q2 2005

Boe/day (oil including NGL and condensate)	Share %	2Q 04	Hydro 2Q 04	2Q 05	Hydro 2Q 05
Grane	38.00	105 000	39 900	151 000	57 380
Oseberg incl C	34.00	161 000	54 740	134 000	45 560
Snorre	17.65	212 000	37 418	170 000	30 005
Ekofisk	6.65	379 000	25 204	363 000	24 120
Gullfaks inclu. Sat	9.00	249 000	22 410	234 000	21 060
Åsgard	9.60	237 000	22 752	210 000	20 160
Oseberg South	34.00	85 000	28 900	59 000	20 060
Girasol	10.00	183 000	18 300	168 000	16 800
Terra Nova	15.00	151 000	22 650	112 000	16 800
Troll C	9.78	178 000	17 408	120 000	11 736
Troll B	9.78	149 000	14 572	119 000	11 638
Norne	8.10	127 000	10 287	113 000	9 153
Vigdis	13.28	77 000	10 226	66 000	8 765
Fram	25.00	54 000	13 500	33 000	8 250
Sleipner Area	9.42	86 000	8 101	85 000	8 007
Tordis	13.28	71 000	9 429	59 000	7 835
Njord	20.00	32 000	6 321	36 000	7 143
Kharyaga	40.00	12 000	4 800	16 000	6 400
Visund	20.30	32 000	6 397	30 000	6 090
Hibernia	5.00	205 000	10 250	119 000	5 950
Kvitebjørn	15.00	0	0	35 000	5 260
Oseberg East	34.00	31 000	10 540	15 000	5 100
Brage	20.00	31 000	6 239	23 000	4 600
Other					26 358
Oil					384 230
Gas					154 398
Total production					538 628

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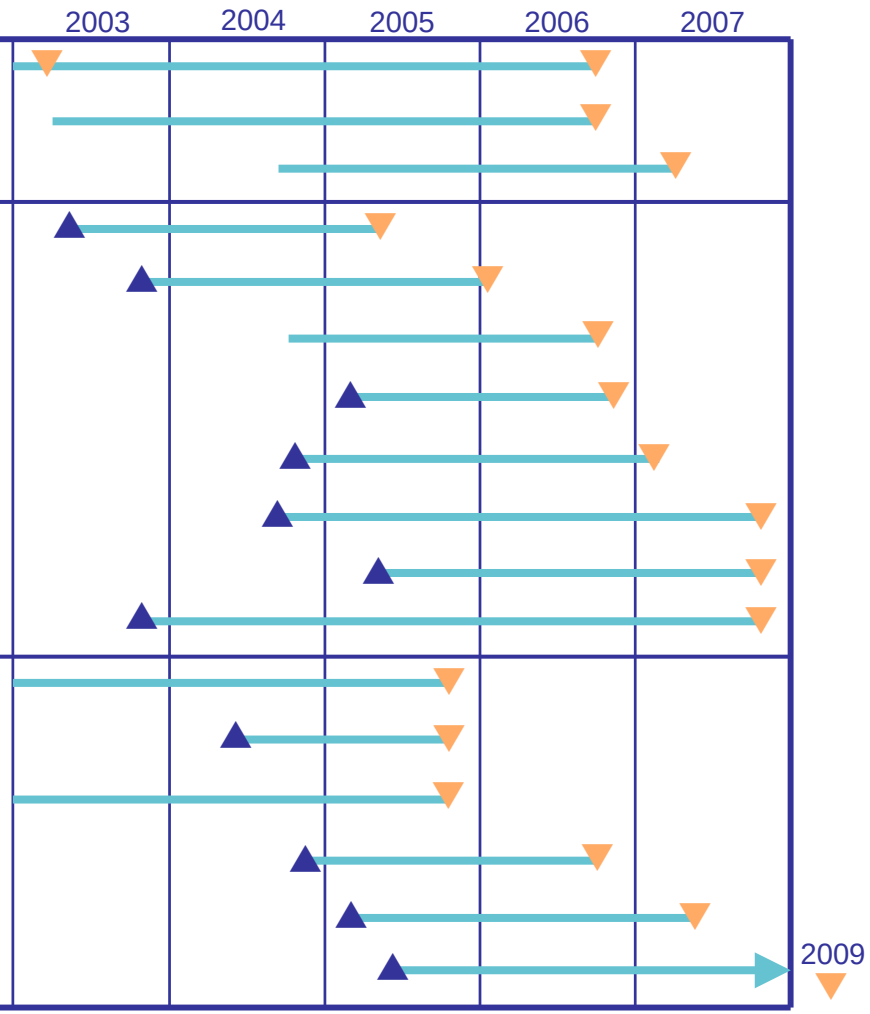
New fields on stream 2005 - 2007

	Field	Hydro Plateau (boe/day)	Plateau Year
International	Kharyaga	10 000	2007
	Dalia	24 000	2007
	Rosa	13 000	2008
Operator NCS	Oseberg South J	7 000	2006
	Oseberg Vestflanken	14 000	2007
	Oseberg East Drilling solution	6 500	2008
	Fram Øst	11 000	2007
	Vilje	9 000	2007
	Njord gas phase	7 500	2008
	Oseberg Delta	12 500	2009
	Ormen Lange	70 000	2009
Non-operator NCS	Visund gas phase	18 000	2015
	Urd (Norne satellites)	7 000	2006
	Kristin	31 500	2007
	Rimfaks/Skinfaks IOR	3 000	2011
	Volve	6 000	2008
	Tyrihans	11 000	2016



Development ▲ PDO submittal ▼ Start production

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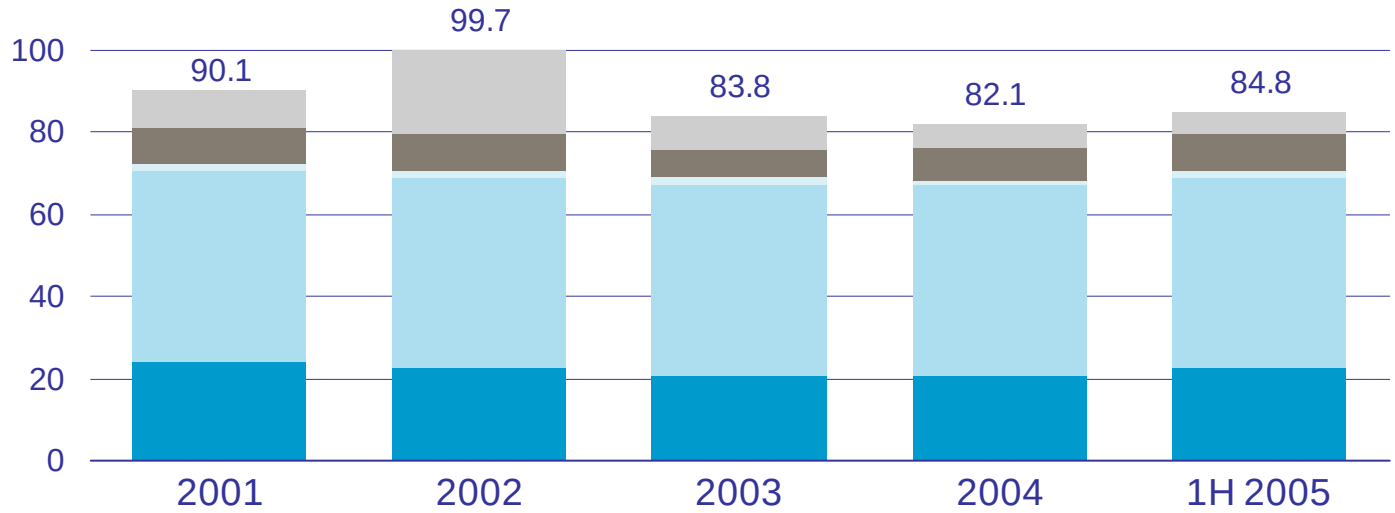
Operating costs per barrel

NOK/boe

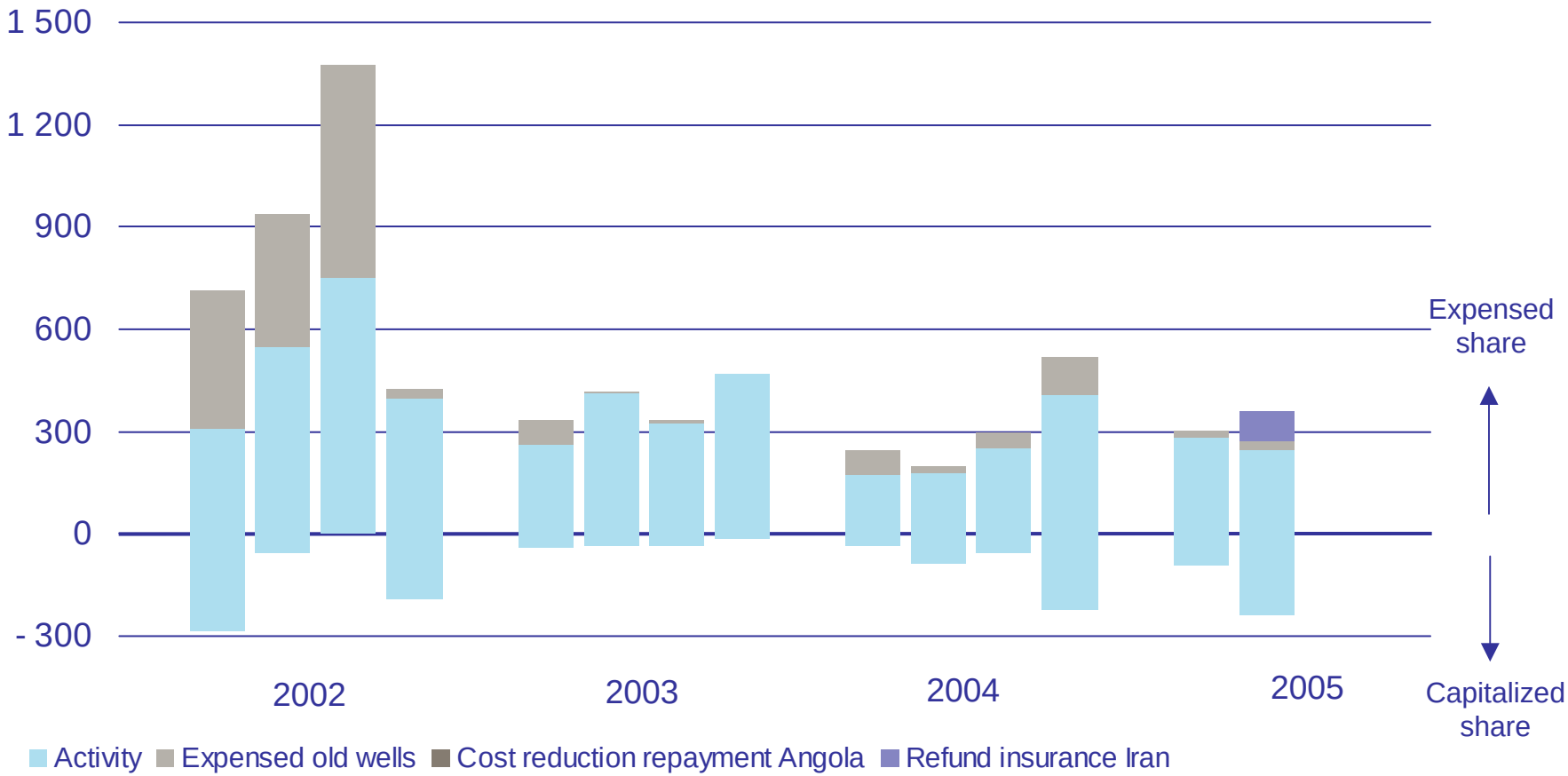


	2001	2002	2003	2004	1H 2005
Exploration	9.1	20.3	8.1	6.0	5.4
Net transportation *	8.5	9.0	6.8	8.3	9.1
Other cost/income	2.0	1.4	1.8	0.7	1.6
Deprec. and aband.	46.4	46.4	46.4	46.4	46.0
Production cost	24.1	22.6	20.7	20.7	22.8
Total	90.1	99.7	83.8	82.1	84.8
Million boe prod. YTD	**154**	**175**	**194**	**209**	**102**

* Hydro's net cost as owner and user of transportation and processing

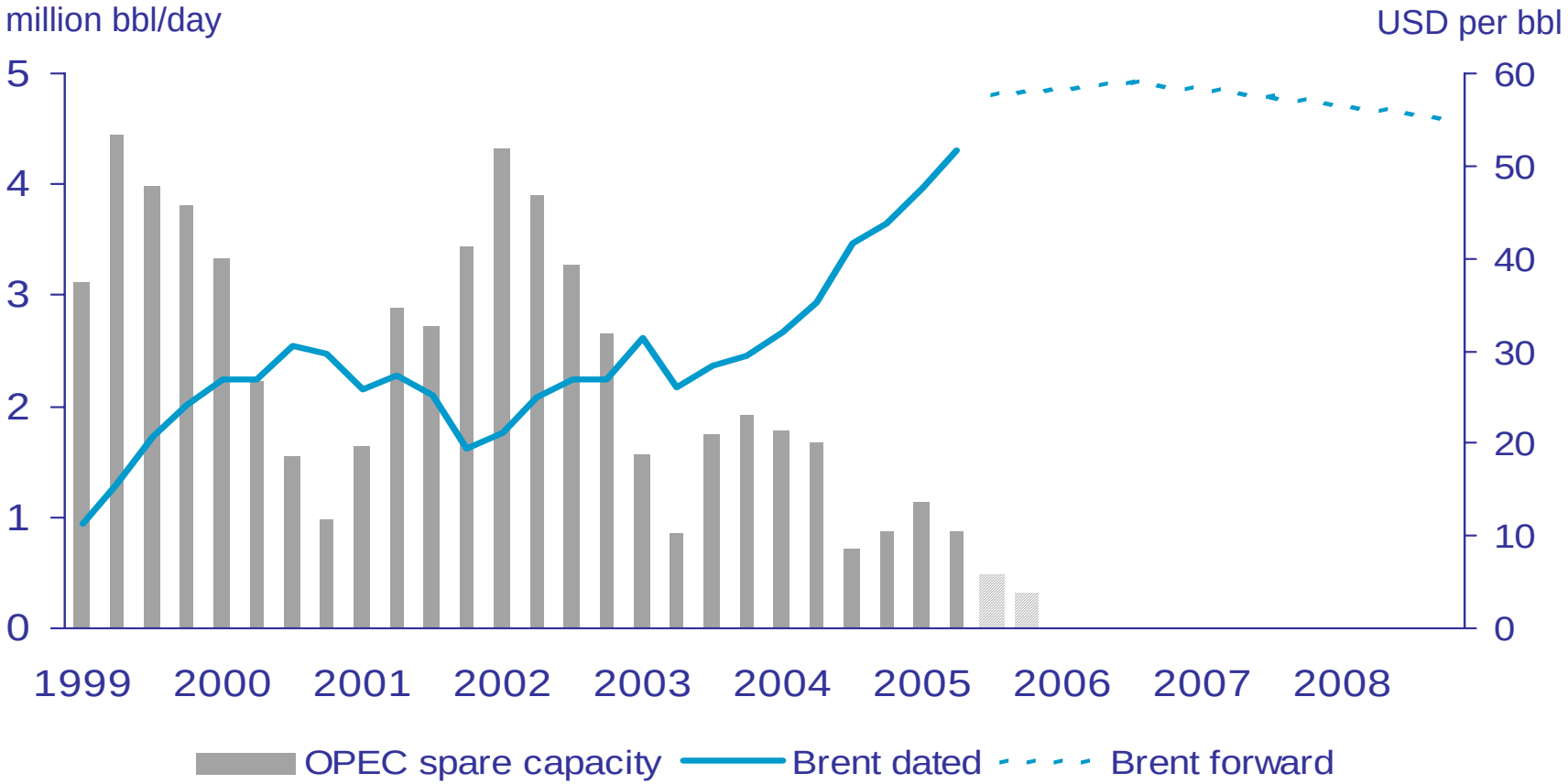
Exploration activity and costs

NOK million



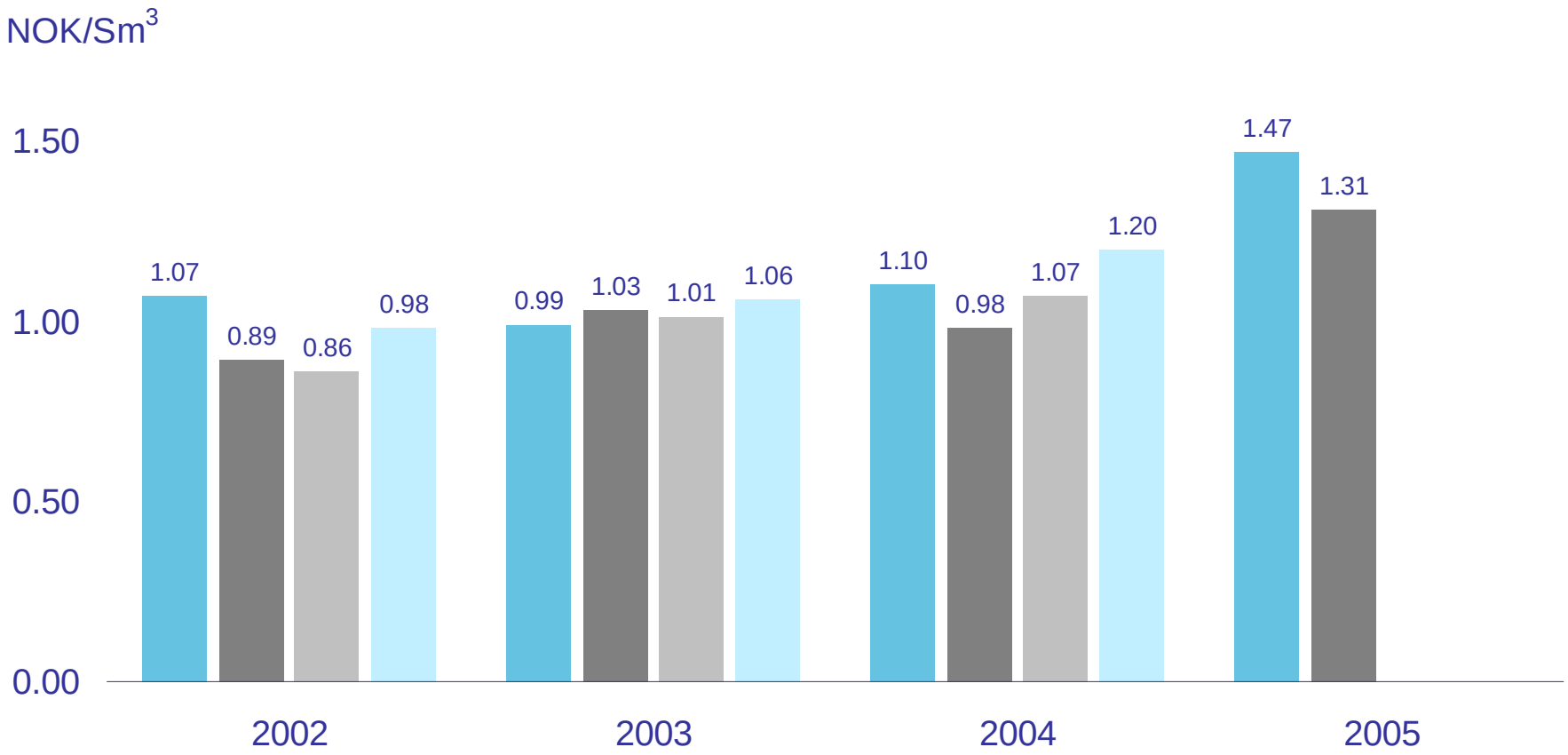
High oil price driven by supply concerns

OPEC spare capacity at low levels

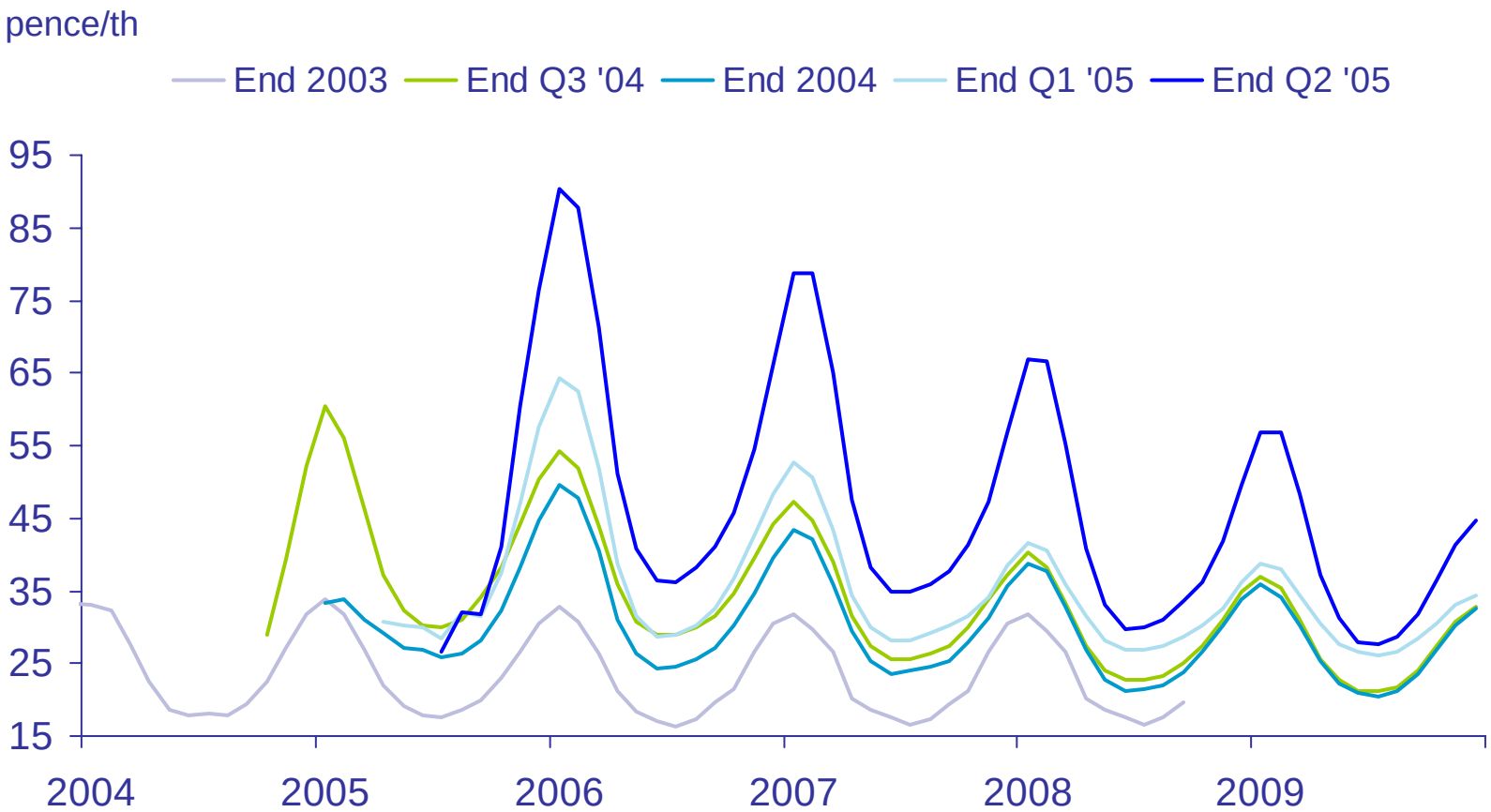


Sources: Pira, Reuters, Platts

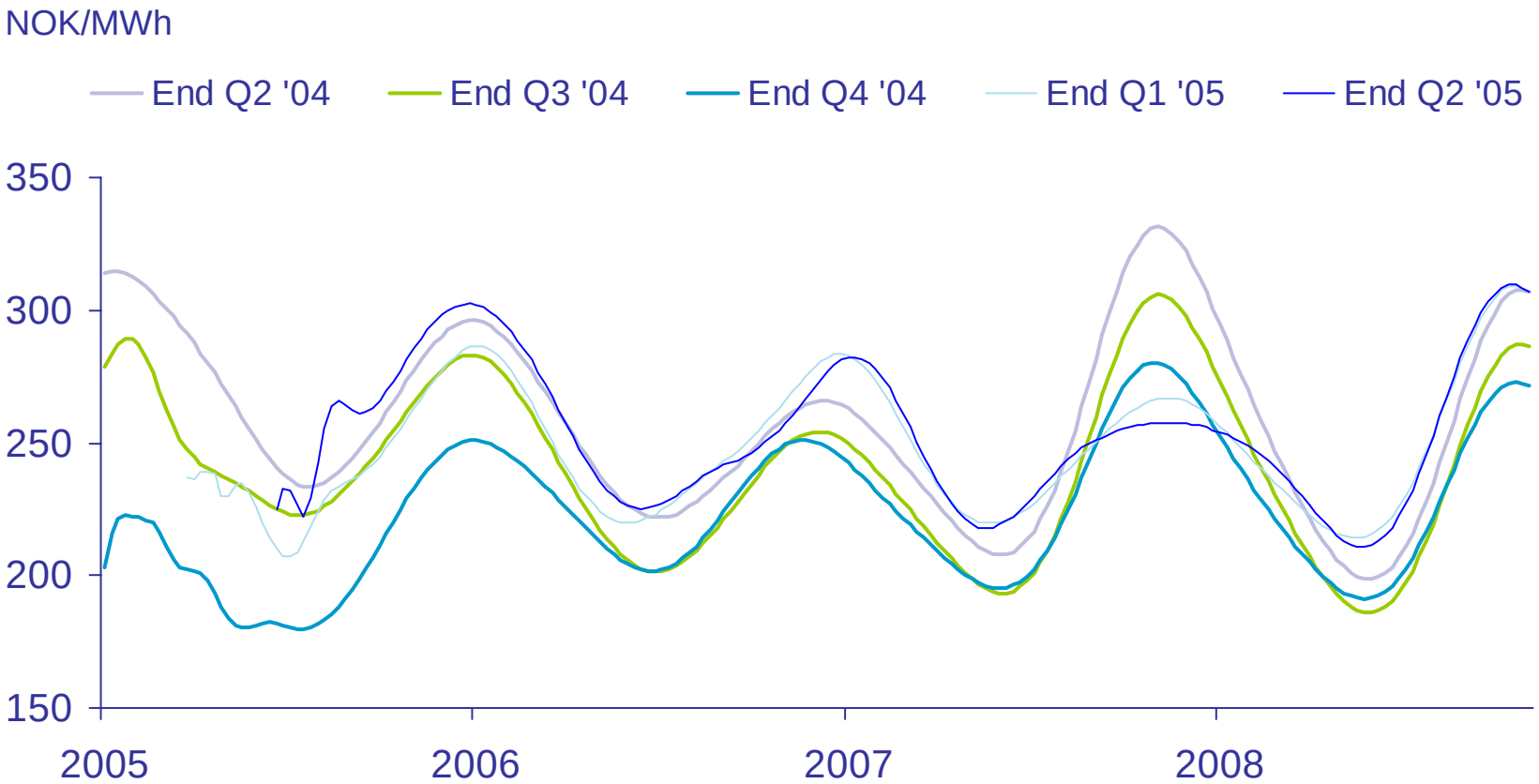
Average Realized Gas Prices



UK gas prices – NBP forward curves



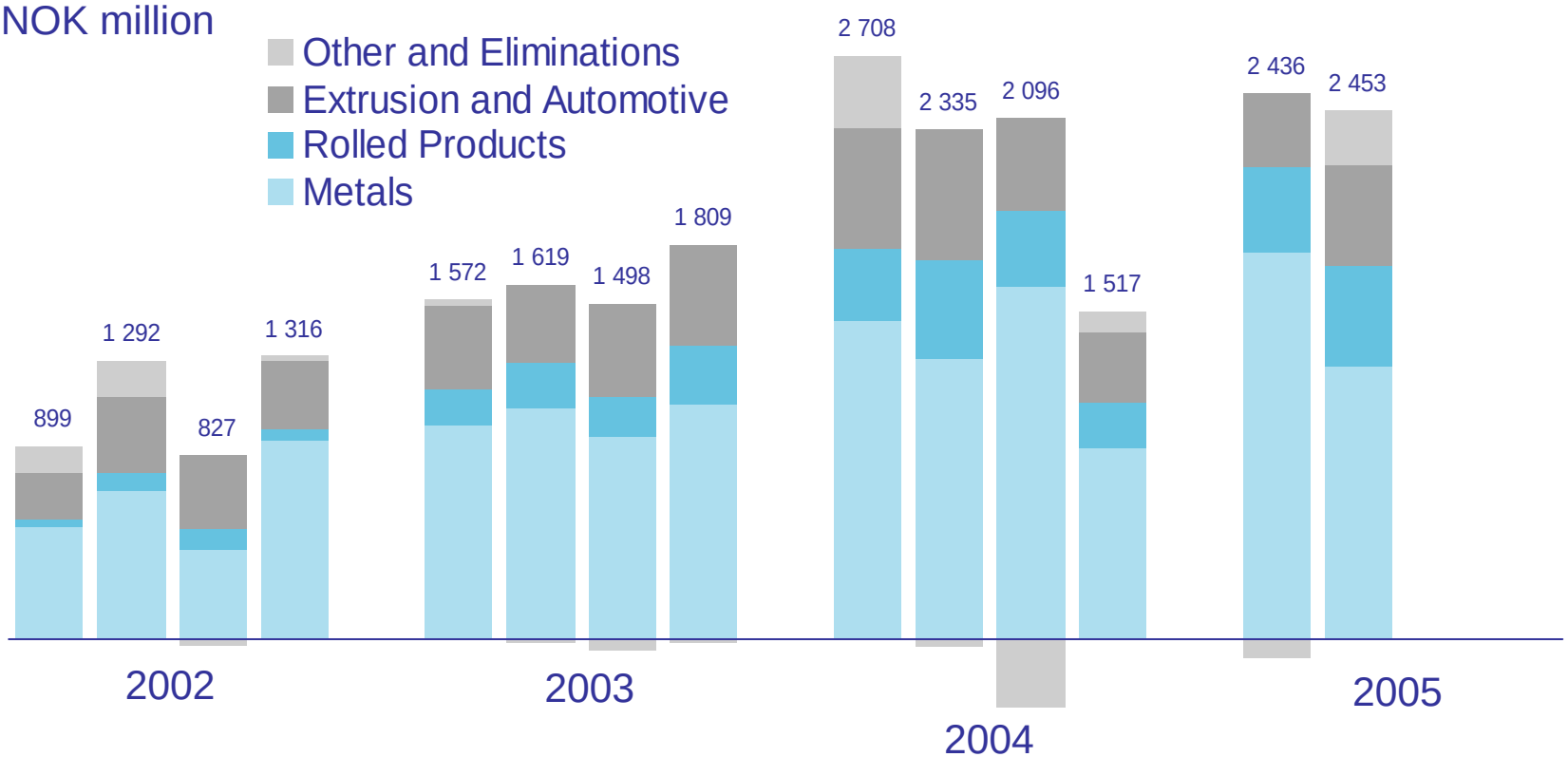
Nordic power market – forward curves



Aluminium

Adjusted EBITDA

NOK million



Accumulated

2002	2003	2004	2005
4 334	**6 498**	**8 656**	**4 889**

Aluminium – business comments

- **Metals**
  - Record output 457,000 tonnes primary aluminium
  - Sourcing and Trading reported an operating loss of NOK 127 million
  - Higher operating costs and higher metal cost negatively impacted margins
  - Decision to close Stade and Hamburg Aluminium plants

- **Rolled Products**
  - Slight increase in sales volumes
  - Litho and Foil - Increased sales of higher margin products
  - Standard products - Continued margin pressure
  - Metal effect and a settlement - Positive impact of NOK 120 million

- **Extrusion & Automotive**
  - Weak European market for general extrusion - Volume down 5%
  - Building systems – Sales volume and margins maintained
  - Automotive – Improved results
  - Rationalization cost and bad debt – NOK 120 million

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Variance analysis Aluminium

NOK million	1st half	2nd quarter
2005 2004	4 889 5 043	2 453 2 335
Variance adjusted EBITDA	(154)	118
- Margin - Volume - Fixed costs - Depreciation - Infrequent items - Trading and hedging - Unrealized LME effects - Other	(535) (50) 595 85 (85) (70) (160) -	(435) 100 65 25 70 (20) 275 (10)
Variance operating income	(220)	68
- Non-consolidated investees - Interest income and other - Depreciation and amortization	156 (3) (87)	74 (6) (18)
Variance adjusted EBITDA	(154)	118

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Variance analysis Metals

NOK million	1st half	2nd quarter
2005 2004	3 056 2 778	1 267 1 305
Variance adjusted EBITDA	278	(38)
- Margin - Volume - Fixed costs - Depreciation - Infrequent items - Trading & price hedging - Other	(290) 335 160 25 (5) (70) (10)	(320) 225 5 (5) - (20) (10)
Variance operating income	147	(124)
- Non-consolidated investees - Interest income and other - Depreciation and amortization	173 (11) (31)	89 (8) 5
Variance adjusted EBITDA	278	(38)

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Variance analysis Rolled Products

NOK million	1st half	2nd quarter
2005 2004	859 791	464 456
Variance adjusted EBITDA	68	8
- Margin - Volume - Fixed costs - Depreciation - Infrequent items - Other	(210) 35 195 40 50 -	(85) 45 10 20 45 (5)
Variance operating income	112	30
- Non-consolidated investees - Interest income and other - Depreciation and amortization	(8) 5 (41)	(3) - (19)
Variance adjusted EBITDA	68	8

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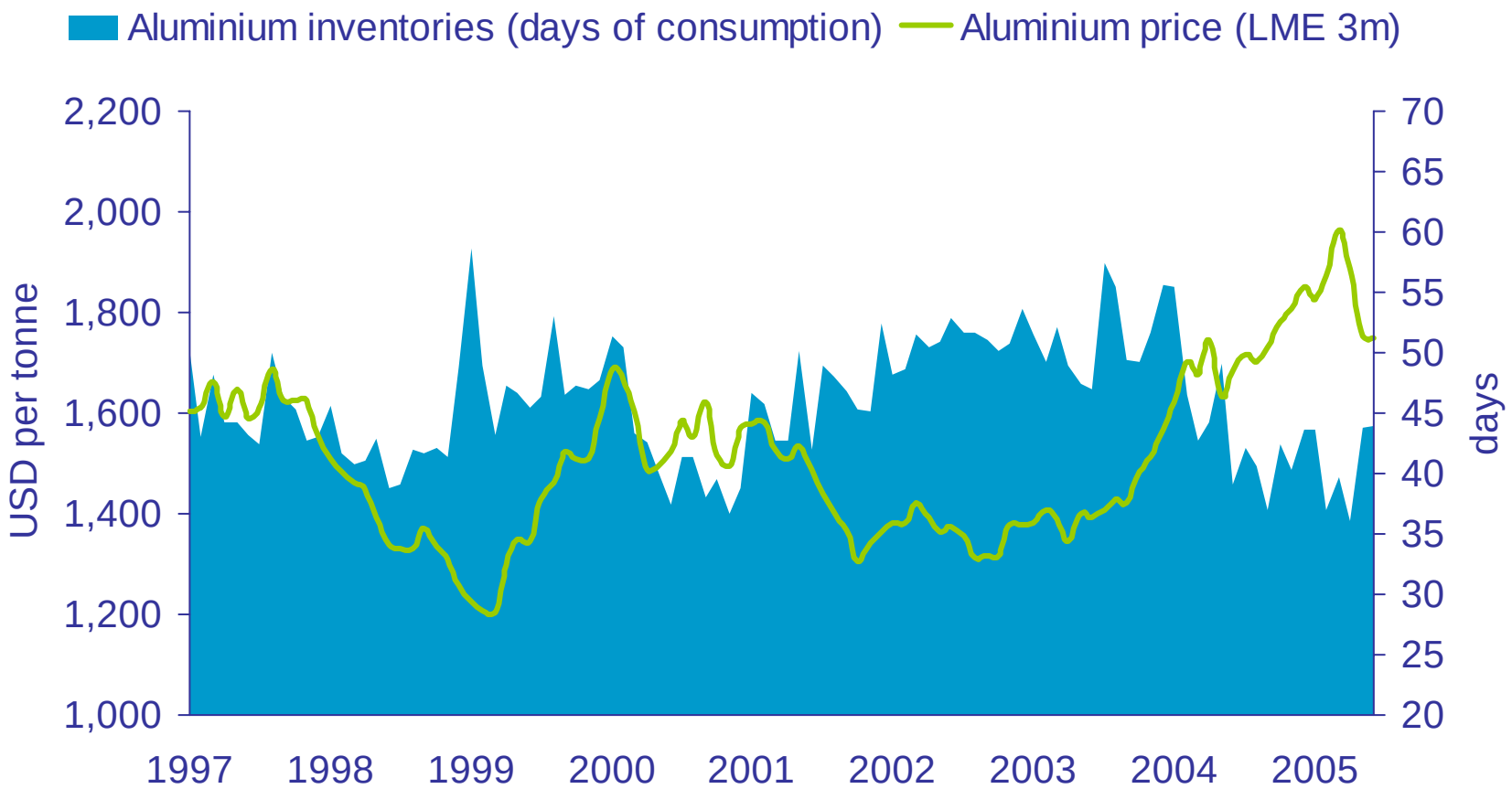
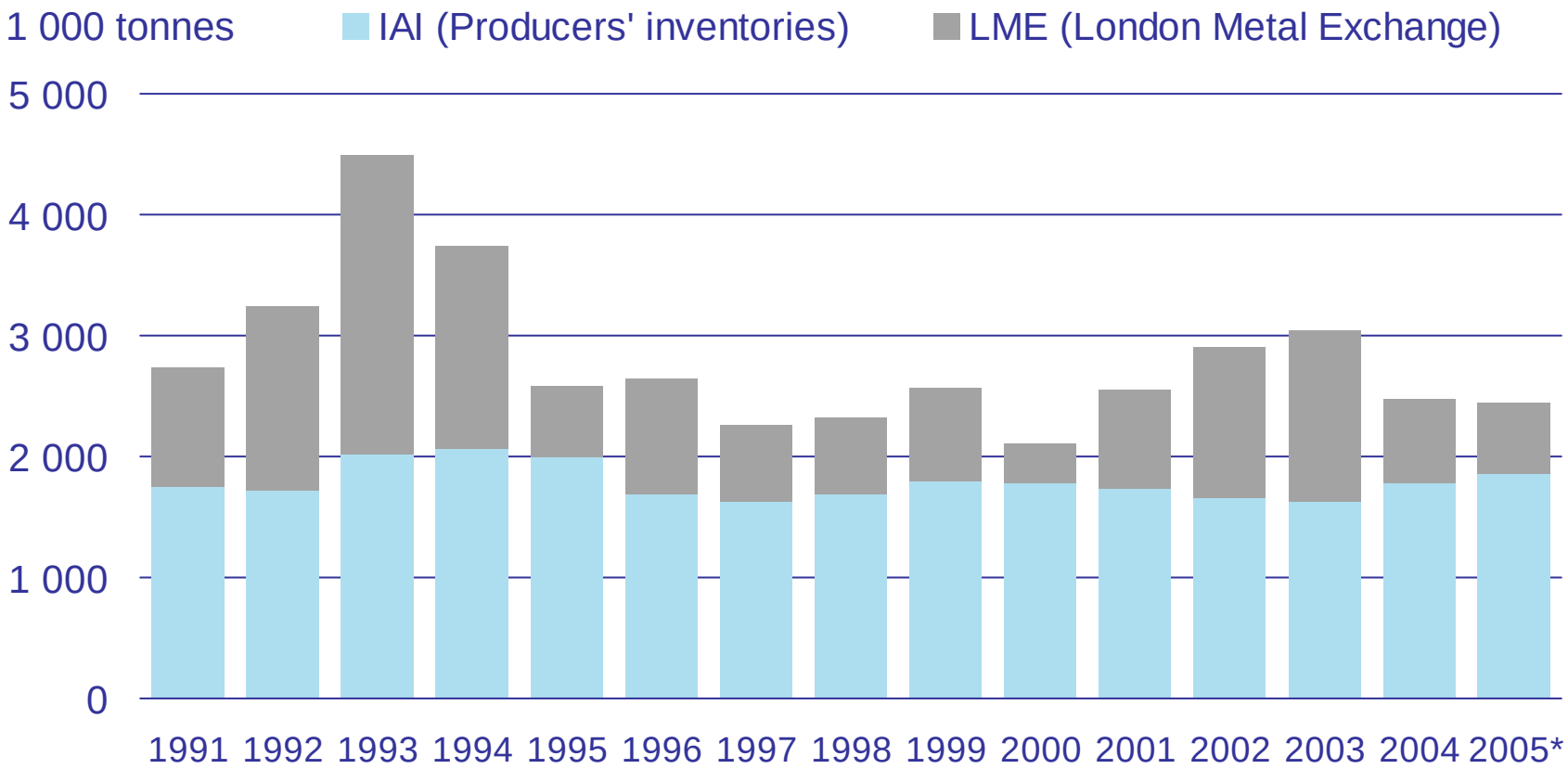
Variance analysis Extrusion and Automotive

NOK million	1st half	2nd quarter
2005 2004	810 1 173	467 605
Variance adjusted EBITDA	(363)	(138)
- Margin - Volume - Fixed costs - Depreciation - Infrequent items - Other	(60) (420) 240 20 (130) 10	(40) (170) 50 10 25 -
Variance operating income	(341)	(123)
- Non-consolidated investees - Interest income and other - Depreciation and amortization	(10) 3 (15)	(13) 2 (4)
Variance adjusted EBITDA	(363)	(138)

Primary aluminium market



Inventories – primary aluminium



Sources: IAI and LME, 2005 as of end-May*

Aluminium – operational data

Volumes and prices	Q2 2005	Q1 2005	Q4 2004	Q3 2004	Q2 2004	Q1 2004	Q4 2003	Q3 2003
Primary production (1 000 tonnes) *	457	444	446	441	418	415	388	381
Total metal products sales excluding trading (1 000 tonnes)	718	702	639	648	676	688	483	506
LME realized (USD/tonne) including hedges	1 856	1 793	1 691	1 677	1 657	1 528	1 488	1 445
USD/NOK realized including hedges **	6.49	6.58	6.65	7.04	7.10	7.13	7.10	7.33
LME realized (USD/tonne) excluding hedges	1 886	1 812	1 707	1 691	1 669	1 530	1 452	1 405
USD/NOK realized excluding hedges **	6.27	6.35	6.61	6.87	6.89	6.90	7.11	7.21
Rolled Products external shipment (1 000 tonnes)	243	239	231	234	235	240	211	225
Extrusion and Automotive external revenues (NOK million)***	7 656	7 235	7 104	7 206	7 667	7 459	6 629	6 392
Extrusion order intake (indexed, 1996=100)	169	154	137	153	177	171	148	144

* Full consolidation of Slovalco from 2004

** 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)

*** As of the first quarter 2005, Magnesium operations have been transferred from the Metal Products sector to the Automotive sector. Previous periods have been reclassified to reflect the change.

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Variance analysis Polymers

NOK million	1st half	2nd quarter
2005 2004	472 298	146 87
Variance adjusted EBITDA	174	59
- Margin - Volume - Fixed costs - Depreciation	190 (75) 40 (5)	45 (35) 25 (5)
Variance operating income	150	29
- Non-consolidated investees - Interest income and other - Depreciation and amortization	22 (1) 3	32 (4) 2
Variance adjusted EBITDA	174	59

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Forward-looking statements/ use of non-GAAP financial measures

In order to utilize the “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995, Hydro is providing the following cautionary statement:
This presentation contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Company and certain of the plans and objectives of the Company with respect to these items. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. The actual results and developments may differ materially from those expressed or implied in the forward-looking statements due to any number of different factors. These factors include, but are not limited to, changes in costs and prices, changes in economic conditions, and changes in demand for the Company's products. Additional information, including information on factors which may affect Hydro's business, is contained in the Company's 2004 Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission.

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).

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Hydro is a Fortune 500 energy and aluminium supplier founded in 1905, with 36,000 employees in nearly 40 countries. We are a leading offshore producer of oil and gas, the world's third-largest integrated aluminium supplier and a pioneer in renewable energy and energy-efficient solutions. As we look forward to our next 100 years, we celebrate a century of creating value by strengthening the viability of the customers and communities we serve.

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Progress of a different nature

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