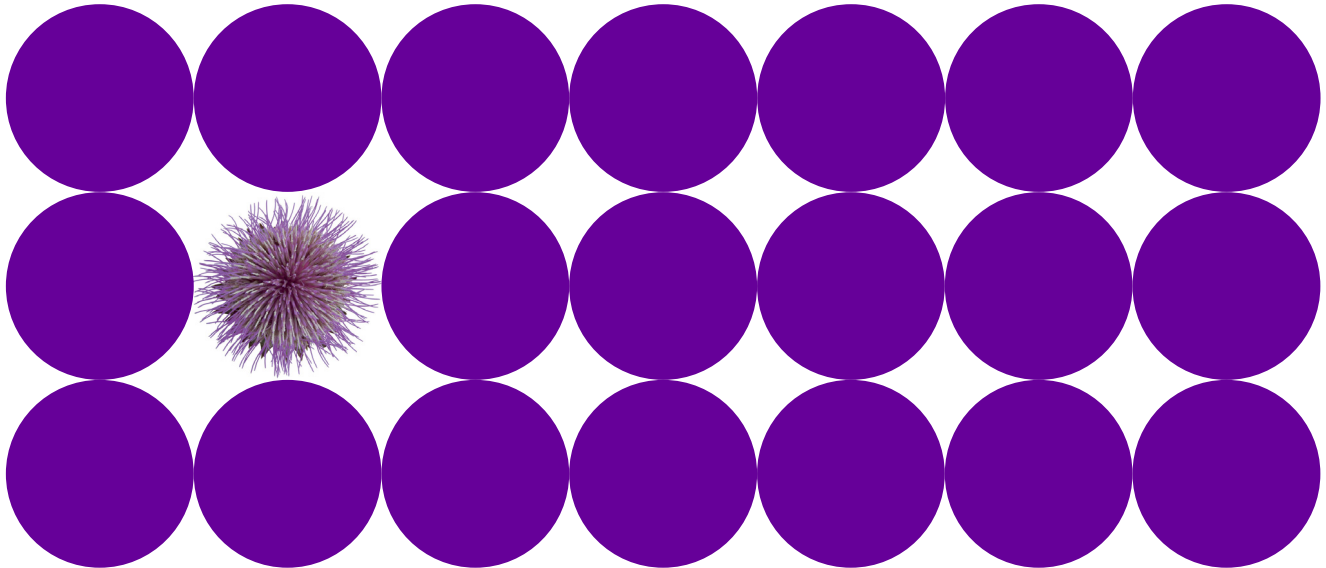


# Energy



Jørgen C. Arentz Rostrup, Executive Vice President and Head of Energy  
September 6, 2007

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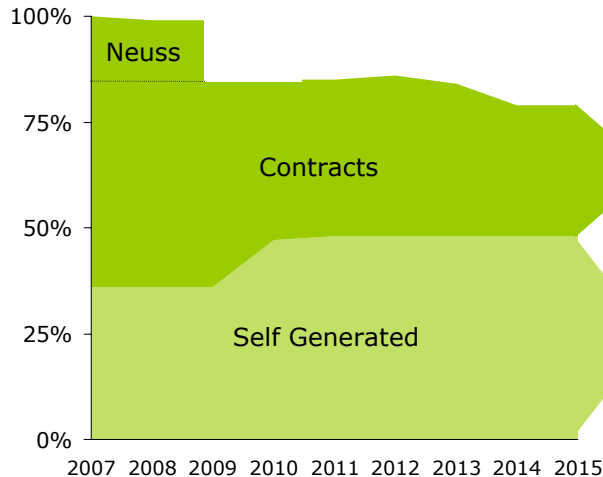
# Key messages

- Leverage energy competence for smelter growth
- Hydropower portfolio provides significant cash generation
- Promising Solar prospects

# Competitive power sourcing

## Critical for aluminium smelting

### Power coverage



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

Based on existing smelter capacity and decided smelter projects

# Norway's second largest power producer



- 9 TWh/year (7-11) production
- Norway's largest private producer
- Norway characterized by many producers and public ownership

Source: Pareto 2006  
\* Excluding ownership in associated companies

# Renewable production in Norway



- Telemark
  - 6 power stations, 500 MW installed capacity
  - 3.2 TWh normal production
  - Basis for early industrial developments at Rjukan

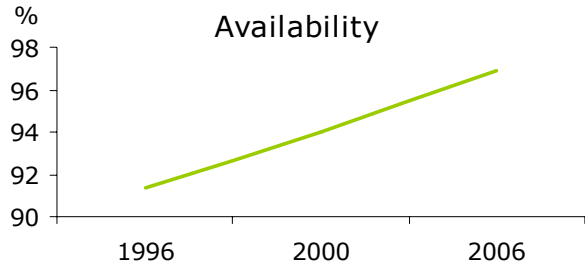


- Røldal-Suldal
  - 7 power stations, 580 MW installed capacity
  - 2.7 TWh normal production
  - Developed to supply smelter at Karmøy in 1960s

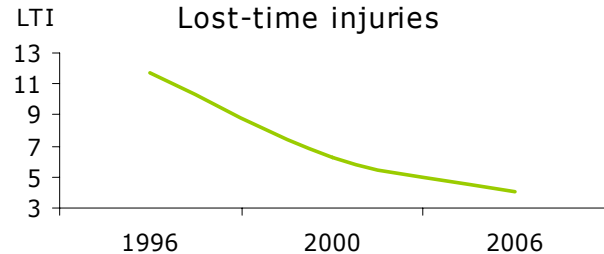
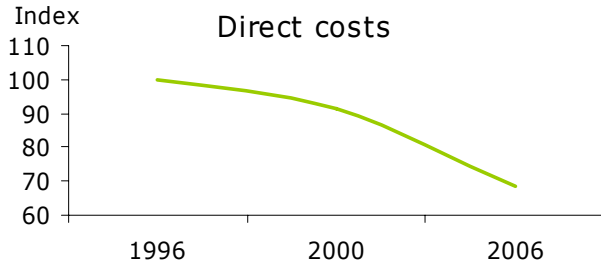


- Sogn (Tyn and Fortun)
  - 4 power stations, 682 MW installed capacity
  - 3.0 TWh normal production
  - Developed to supply smelter in Årdal
  - Tyn is Hydro's largest power station

# Improved operational performance

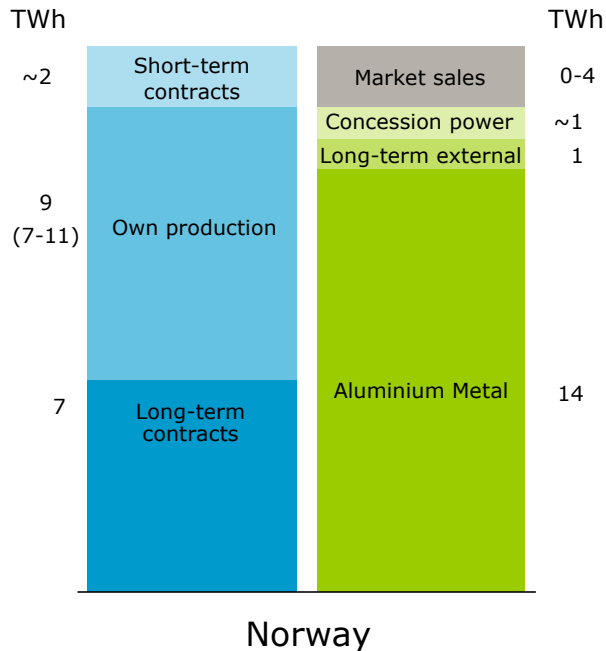


- Efficient maintenance and upgrade investment programs
- Synergies across production areas
- Safety and environmental focus



# Generation and industrial sourcing

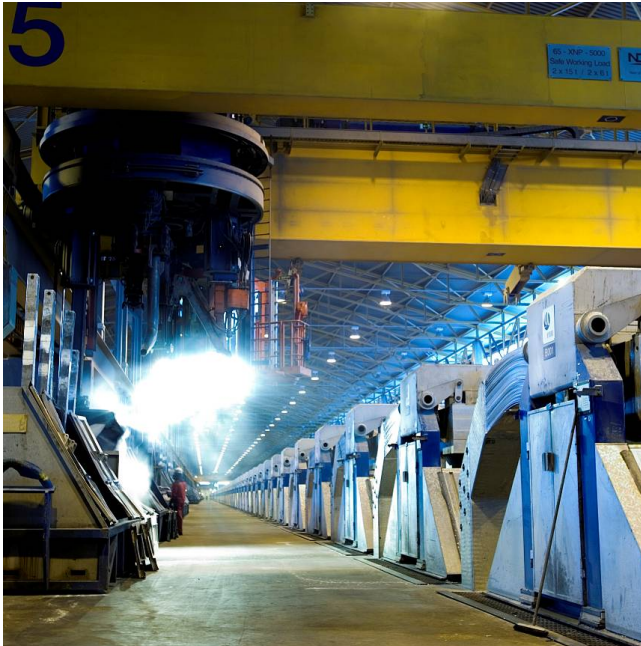
## Managed on net portfolio basis



- Power portfolio optimized versus market within concession, contractual and operational restrictions
- Maintain power position in Norway as protection against production shortfalls
- Hydropower offers flexibility

# Leverage energy competence

## Vital to aluminium smelter growth



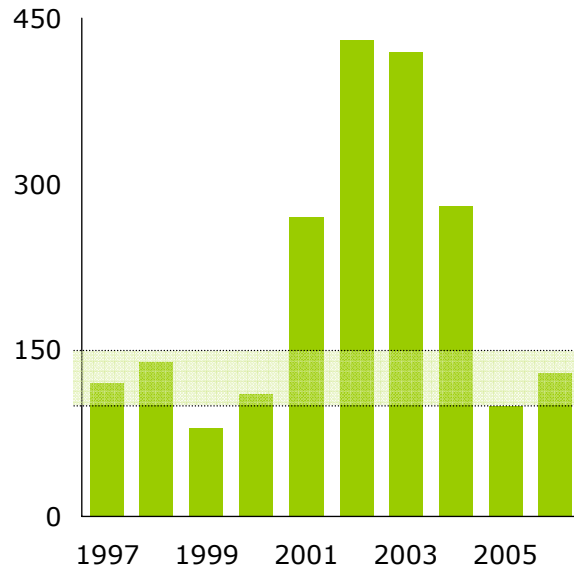
- Secure sustainable long-term contracts
- Support global smelter growth with energy competence
- Support of overseas and part-owned smelters
- Drive sourcing and security of supply strategy



# Enhancing efficiency of production assets

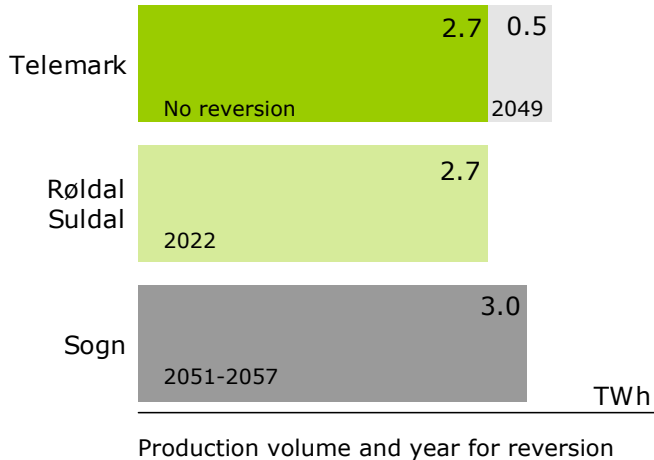
## Norwegian investments

NOK million



- NOK ~100–150 million yearly maintenance and upgrade investments
  - Essentially at level with depreciation charges
- Investments in “New Tyn” (2002-2004) has increased Hydro’s commercial flexibility
- Remaining potential for capacity increase of existing production systems
- Organic growth dependent on market prices and frame conditions

# Norwegian statutory framework



- Concession bindings
  - 60-year concession period from start-up
  - Concession power deliveries
  - Operational and industrial “own-use” restrictions

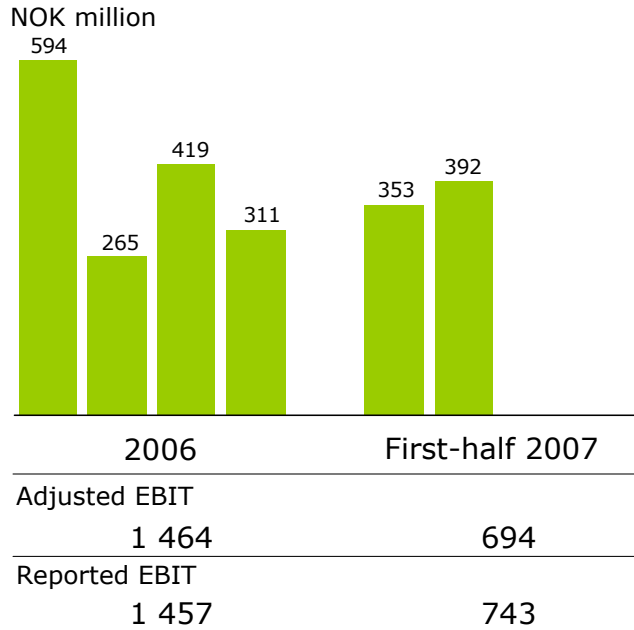
# Interim Government decree



- Decree changes
  - Only public companies granted new concessions
  - Private companies cannot renew existing concessions
  - Private companies can own up to 1/3 of publicly owned power plants
- Presently subject to hearing

# Significant cash-generation capacity

## EBIT adjusted for special items\*



\* Adjustments are unrealized derivative effects

- EBIT in range of NOK 1 - 1.4 billion historically
  - Yearly results affected by production, hydrological conditions and market prices
  - Seasonal variations in quarterly results
- 7 TWh/yr internal long-term contract deliveries
  - Surplus production sold in the market
- Production costs largely stable

# Solid foundation in solar industry

Hydro  
competence  
across the  
value chain

Long experience of industrialization  
and metallurgy

Strategic fit with Building Systems

Continuous improvement of efficiency  
and process

# Attractive partner in solar ventures



- Mono-crystalline wafers
- Plant (130 MW) under construction in Årdal
- 16% ownership

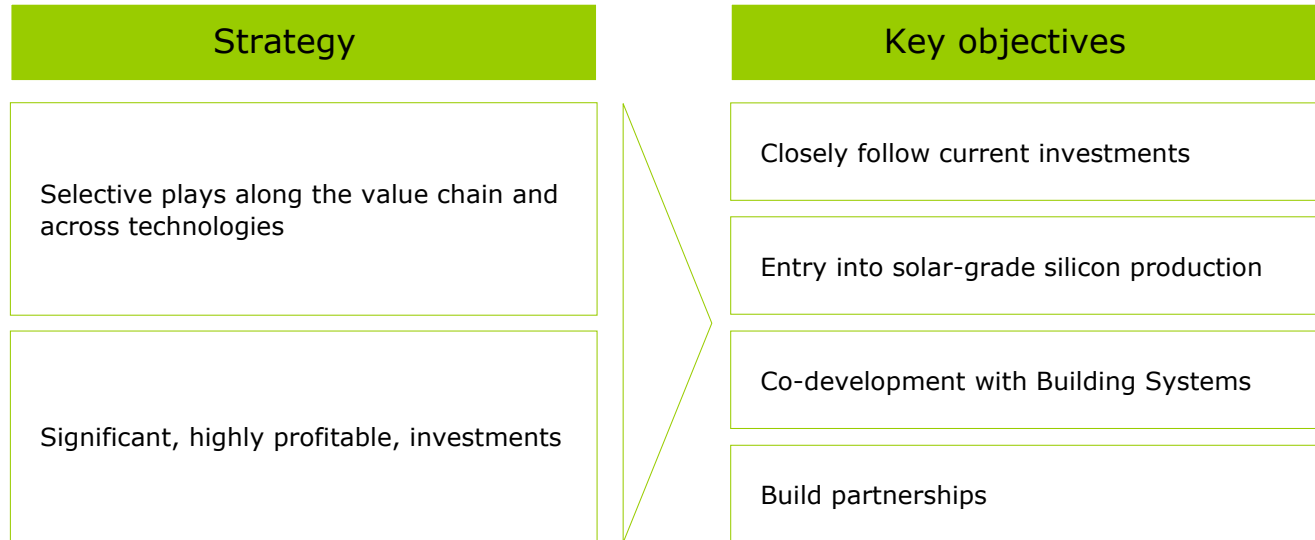


- Thin-film, roll-to-roll technology
- Pilot plant (1.5 MW) due in 2008
- 23% ownership

## HyCore

- Solar grade silicon
- Pilot plant with commercial products in 2010
- 49% ownership (JV with Umicore)

# Solar strategy with clear objectives



# Key messages

- Leverage energy competence for smelter growth
- Hydropower portfolio provides significant cash generation
- Promising Solar prospects



# 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 review – Risk factors" on page 134 of Hydro's Annual Report 2006 (including Form 20-F) and subsequent filings on Form 6-K with the US Securities and Exchange Commission.

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# 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.