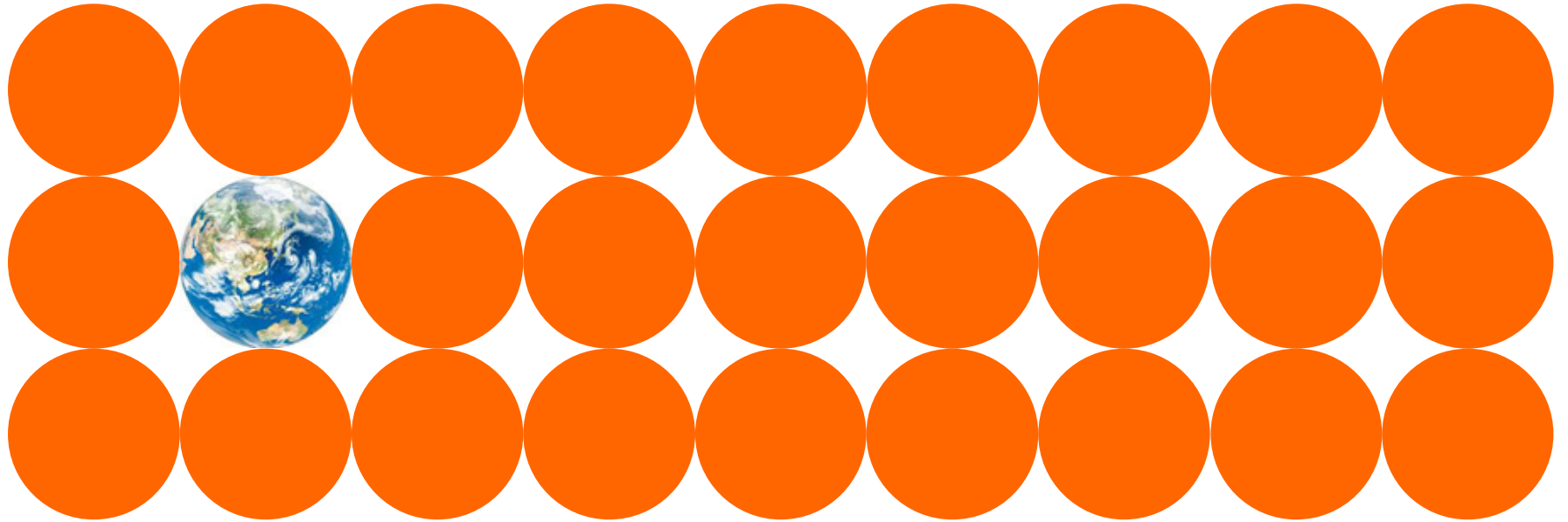


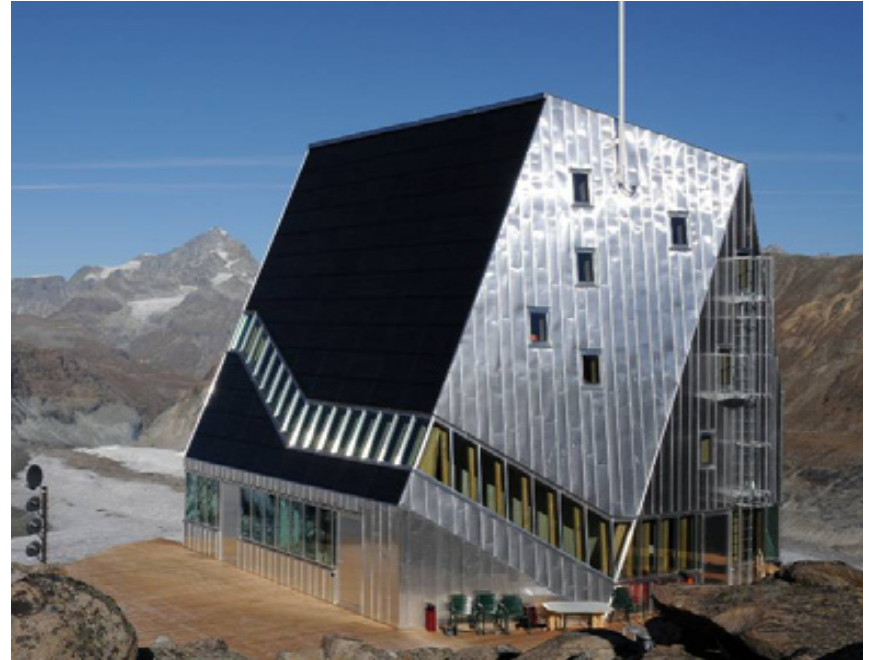
Capital Markets Day: Shaping the future



Svein Richard Brandtzæg, President and CEO
January 13, 2011

Hydro's value proposition

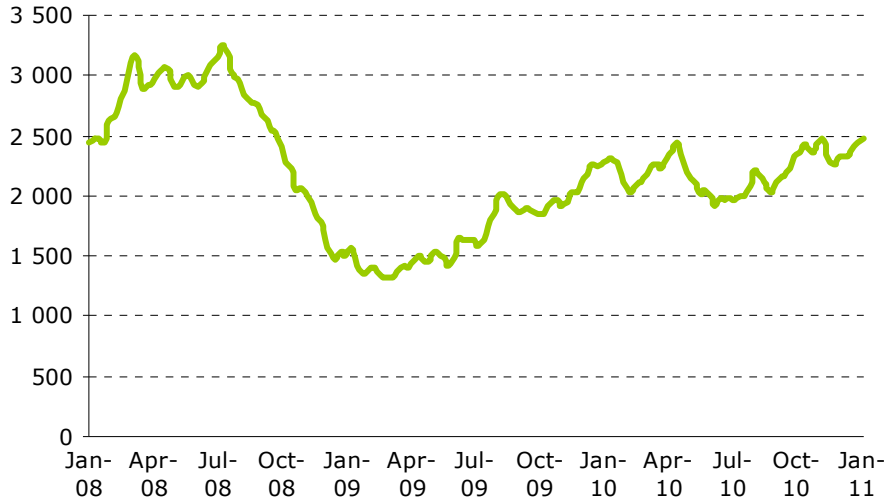
- Transforming bauxite and alumina acquisition enhances earnings robustness and provides long alumina position for decades to come
- Repositioning of Primary Metal on track for USD 300 per tonne cost improvement by end-2013
- World-class Qatalum smelter in full production from June 2011
- Increasing value of Energy business and competence
- Exciting prospects for high-end downstream business in mature and emerging markets
- Proactive portfolio, performance and margin management



Encouraging price signals

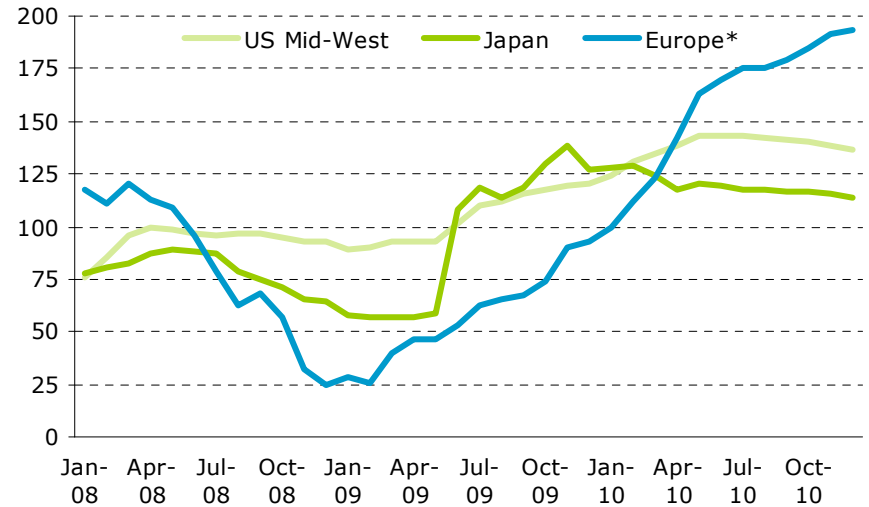
Recovering aluminium price

LME 3-month in USD/tonne



Increasing ingot premiums

USD per tonne

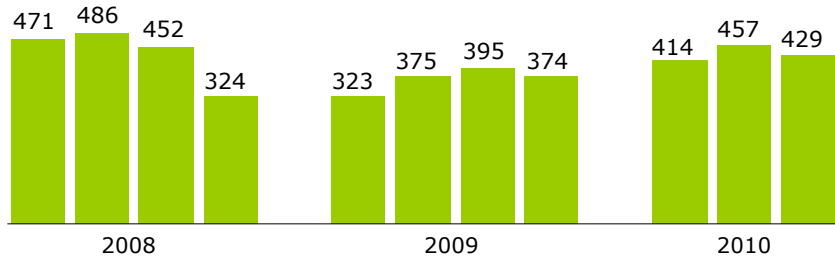


* Duty-paid

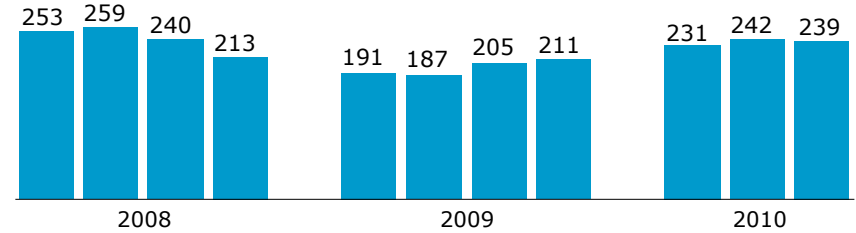
Source: Metal Bulletin, MW/MJP: Platts

Sales approaching pre-crisis level

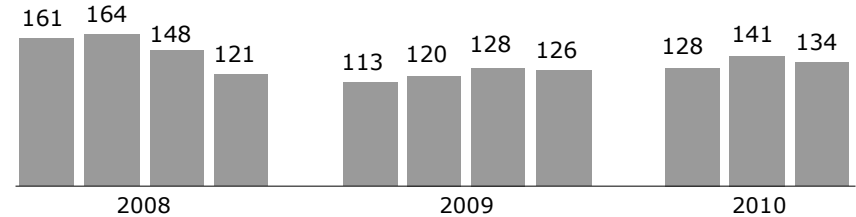
Metal Markets quarterly external sales, 1 000 tonnes



Rolled Products quarterly sales, 1 000 tonnes

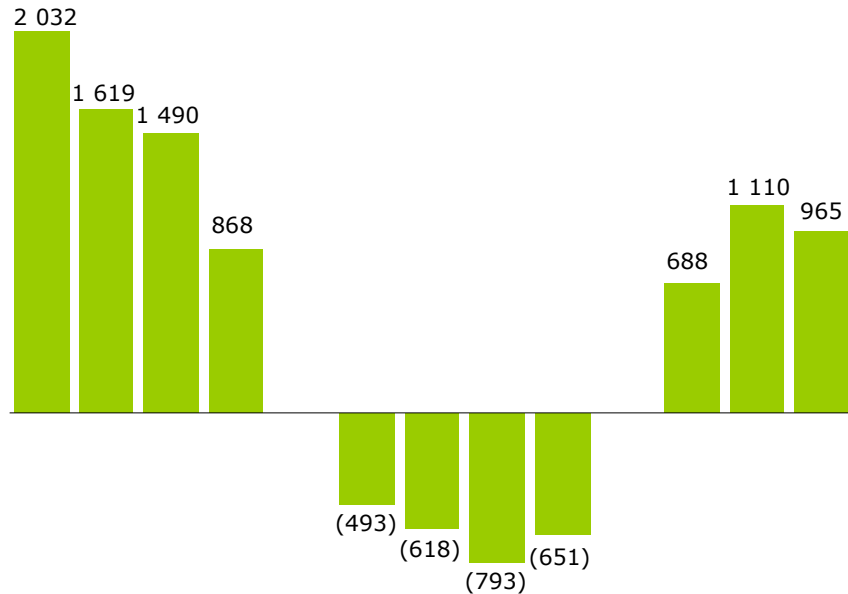


Extruded Products quarterly sales, 1 000 tonnes



Results improved

Hydro underlying EBIT quarterly, NOK million



- Reduced costs and curtailment of high-cost production capacity
- Manning reductions
- Firm margins downstream
- Improved sales volumes
- Higher LME prices
- Solid Energy results

Agenda 2010: a stronger Hydro



Navigate
the storm



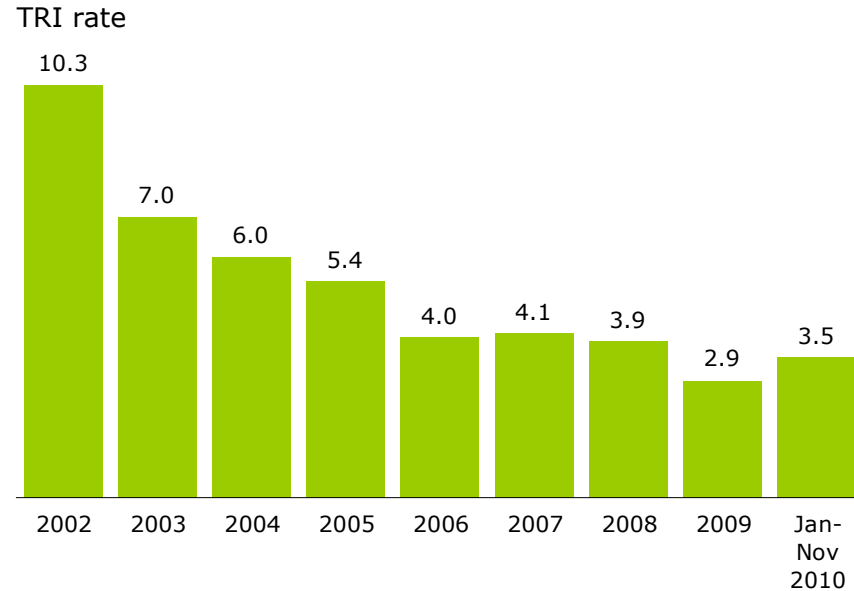
Stay
focused



Shape
the future

Responsible business is our license to operate

Safety remains a top priority



Commitment to sustainable operations

- Reducing specific energy consumption and climate gas emissions
- Helping our customers reduce their climate footprint
- Responsible restructuring
- Welcoming new colleagues from Vale – drawing on their competence
- Hydro is recognized on key indexes

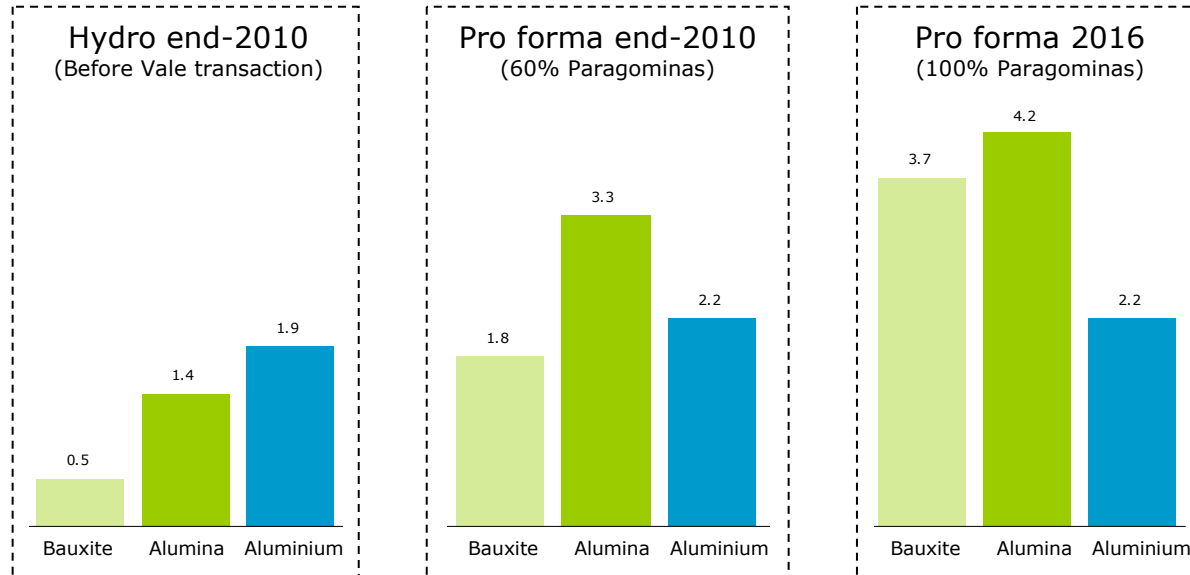


1

Transforming bauxite and alumina acquisition

Hydro becomes long in bauxite and alumina

Aluminium equivalent equity capacity, million tonnes



Includes idled capacity. Assumed assets included on a pro rata basis. 2016 includes Paragominas at 15 million tonnes and CAP first phase.

- Hydro's position transformed from large share of long-term contract sourcing to full resource ownership
- Excess alumina sold on standard industry contracts until 2015
- Portfolio of bauxite and alumina sourcing contracts strengthens equity position
 - Hydro will annually purchase 6.8 million tonnes of bauxite on an evergreen contract from MRN
 - Hydro's current alumina sourcing contracts will remain in portfolio

Gives Hydro control of world-class assets



Paragominas, bauxite mine

- Capacity: 10 million tonnes
- Ownership: 60%, 100% from 2015



Alunorte, alumina refinery

- Capacity: 6.3 million tonnes
- Ownership: 91%
- First quartile cash cost position including Paragominas bauxite



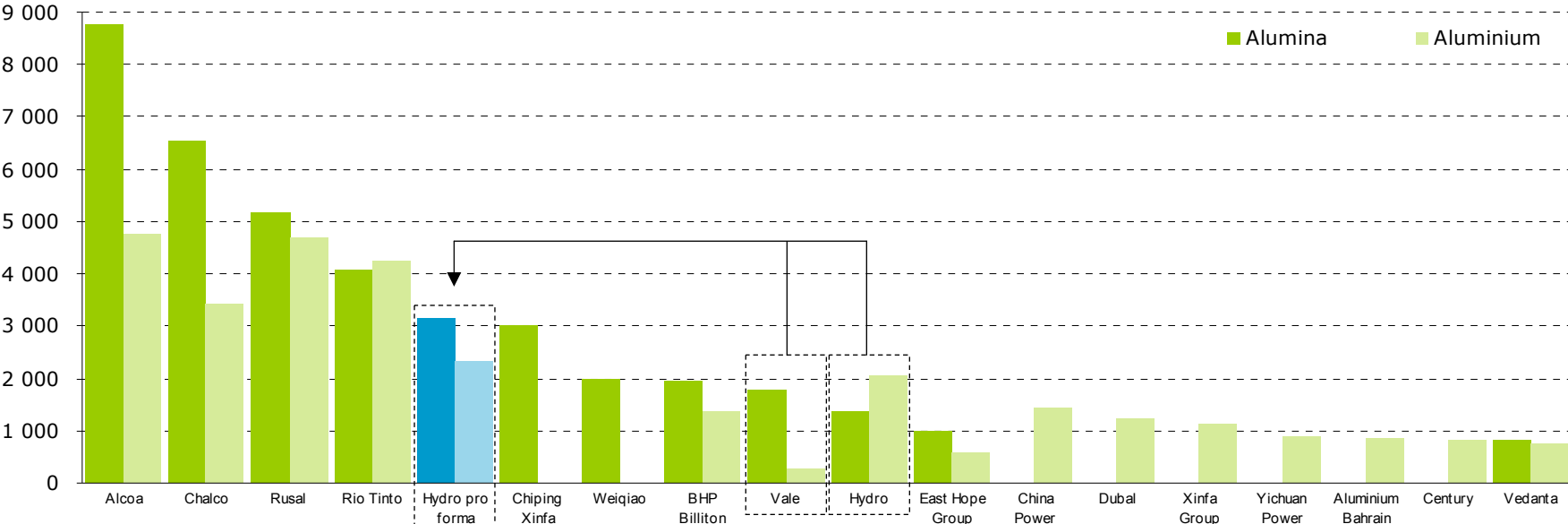
Albras, aluminium smelter

- Capacity: 460 000 tonnes
- Ownership: 51%
- Upper second quartile cash cost position

Bauxite licenses
CAP alumina refinery project
MRN bauxite purchase agreement
Competence

Lifts Hydro to first tier in aluminium industry

Production capacity for 2010 in aluminium equivalents, million tonnes



Source: CRU





Attractive commercial foundation for alumina

- Scarcity of high-quality bauxite
- Large alumina and bauxite deficit in China seems to continue
- Growth expectations for aluminium requires new alumina capacity next decade
- Development and construction costs for new capacity increasing
- Future pricing needs to reflect economic fundamentals of the bauxite and alumina value chain

2

Bauxite & Alumina

Johnny Undeli, Executive Vice President
and Head of Bauxite & Alumina

New global Bauxite & Alumina Business area



MRN bauxite mine

5% ownership
Signed volume
off-take agreement
for Vale's 40% stake



Paragominas bauxite mine

Taking over 60%,
increasing to 100%
by 2015



CAP alumina refinery project

81% ownership



Alunorte alumina refinery

91% ownership



Alpart alumina refinery

35% ownership

Bauxite licenses

Refining and mining competencies

External supply contracts

Sales contract portfolio

Successful integration process well underway



- Global Bauxite & Alumina organization
 - Headquarter in Rio de Janeiro
 - Commercial operations in Lausanne
- 4 100 employees in Brazil
 - Ready to take leadership at operation
 - Strong management team in place
- Improve capacity utilization
- Operational excellence
- Become benchmark in performance including HSE and CSR

Alunorte – from world's largest to world class



- World's largest alumina refinery
- 2010 production 5.8 million tonnes
- Target to reach 6.3 million tonnes
- Bauxite supplied from Paragominas and MRN
- First quartile integrated cash cost position

Paragominas – increased output main challenge



- One of the world's largest bauxite mines
- 2010 production 7.5 million tonnes
- Target to reach 10 million tonnes
 - Ramp-up schedule
- Possible expansion to 15 million tonnes
- Reserve life of several decades

Benchmark social and environmental commitment



Business strategy

CSR strategy

Stakeholder
engagement
and
transparency

Impact
management
activities

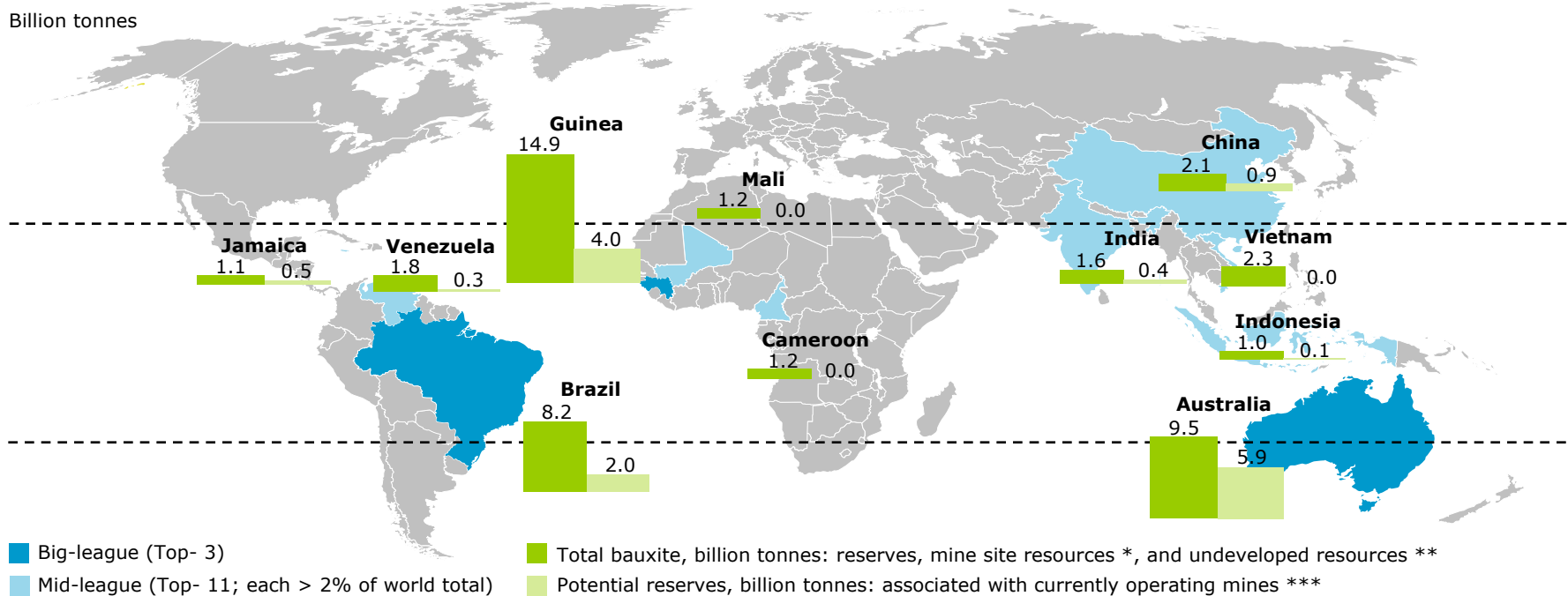
Value added
programs

Based on:

- Business needs and opportunities
- Social risks, challenges and opportunities
- Community needs and expectations

66% of bauxite availability concentrated in 3 countries

Billion tonnes



*) Mine site resources are known bauxite resources that do not currently qualify as reserves for various reasons

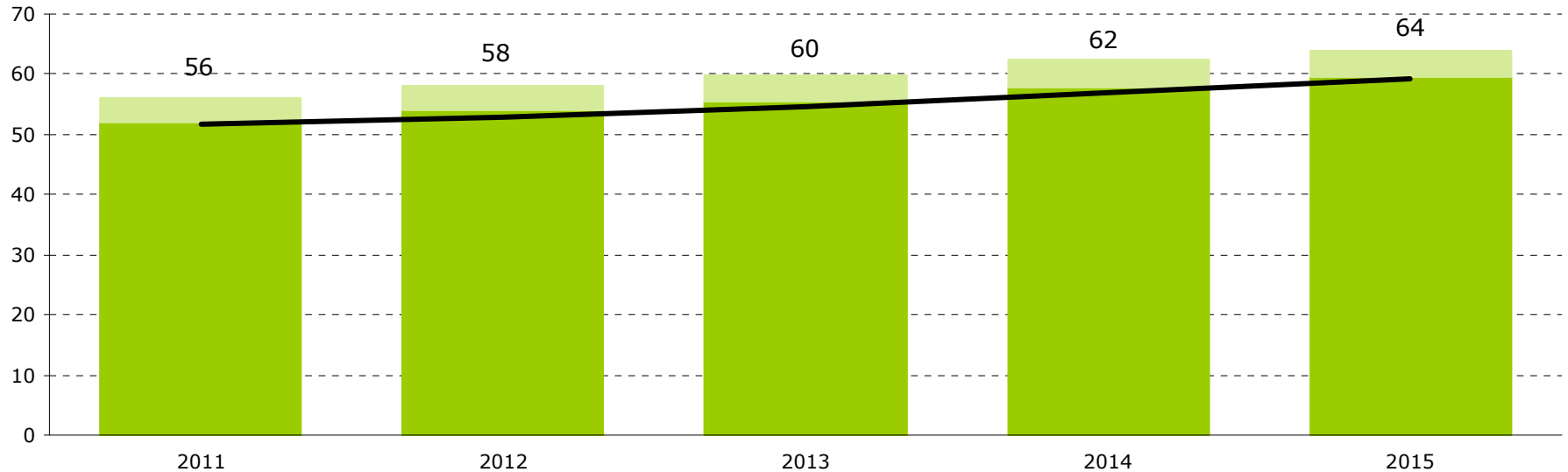
**) Undeveloped resources might or might not become feasible for new mines (quality, size, access, etc)

***) Potential reserves = current reserves (economically extractible) + 70% of mine site resources. Undeveloped resources are excluded.

Source: Roskill and Hydro analysis

Alumina market appears balanced

World outside China, million tonnes

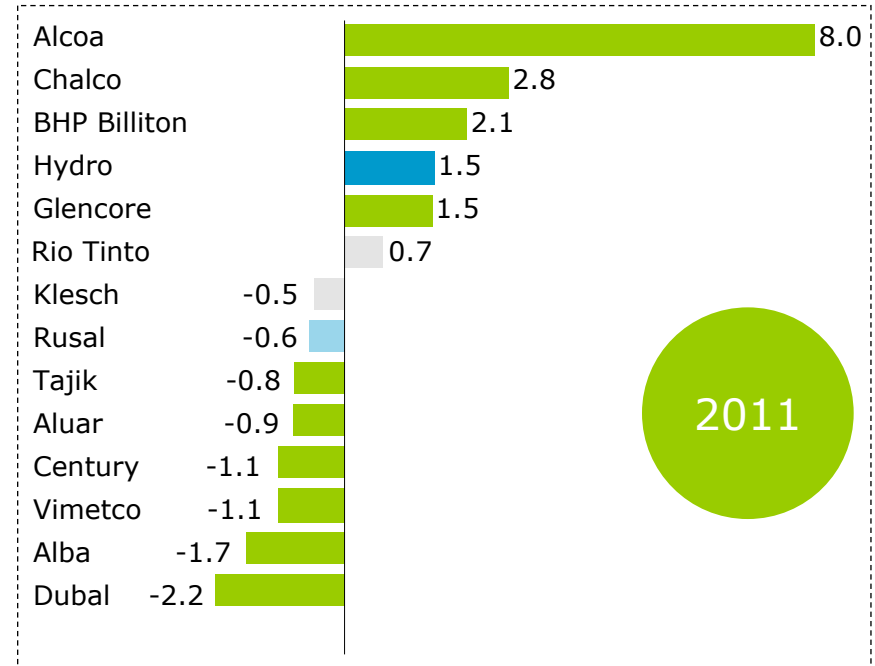
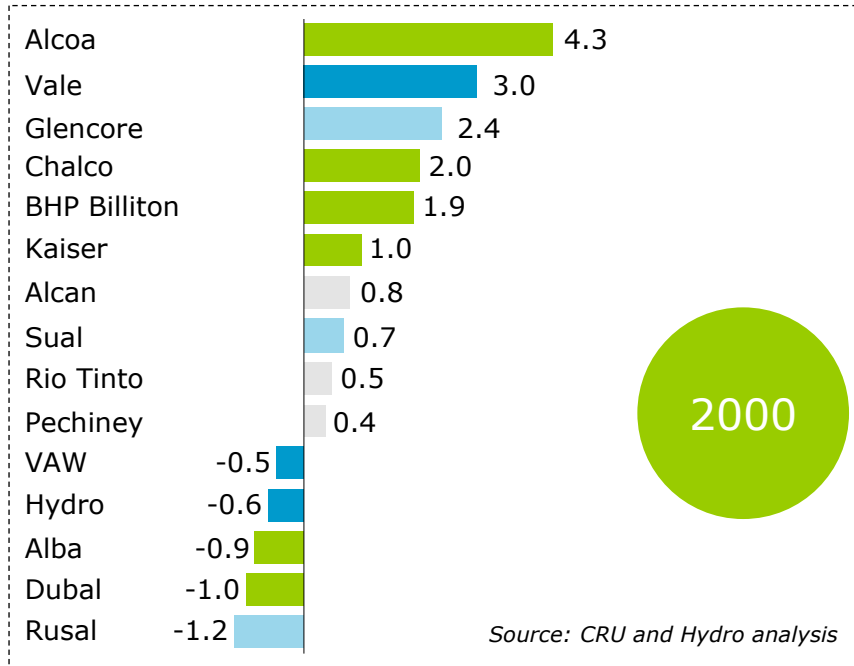


Source: CRU and Hydro analysis

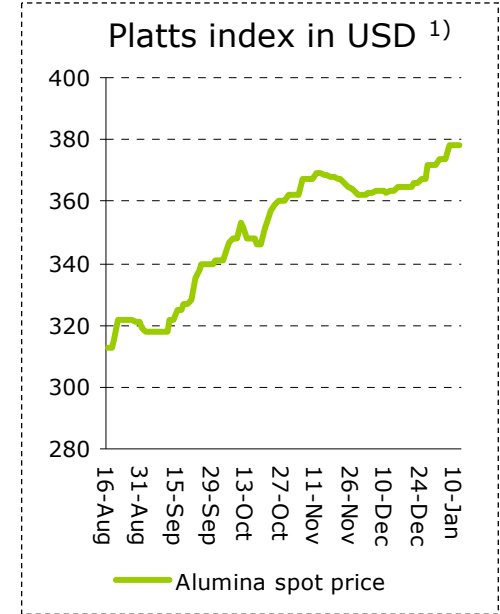
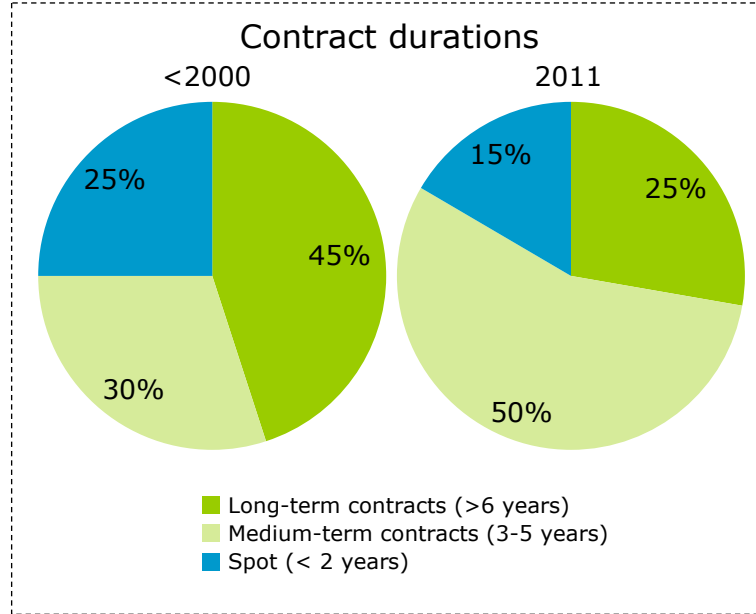
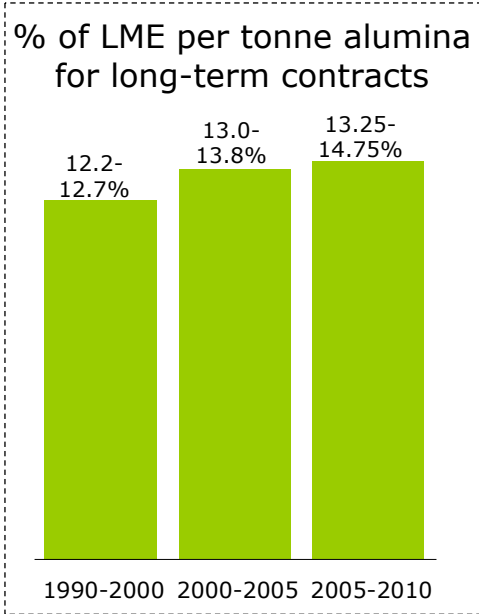
■ Production ■ Export to China — Demand

Alumina market is consolidating

Equity alumina production less equity alumina requirement, million tonnes



Shift towards shorter contract durations



Source: Platts and Hydro estimates 1) Platts, started spot notifications in August 2010

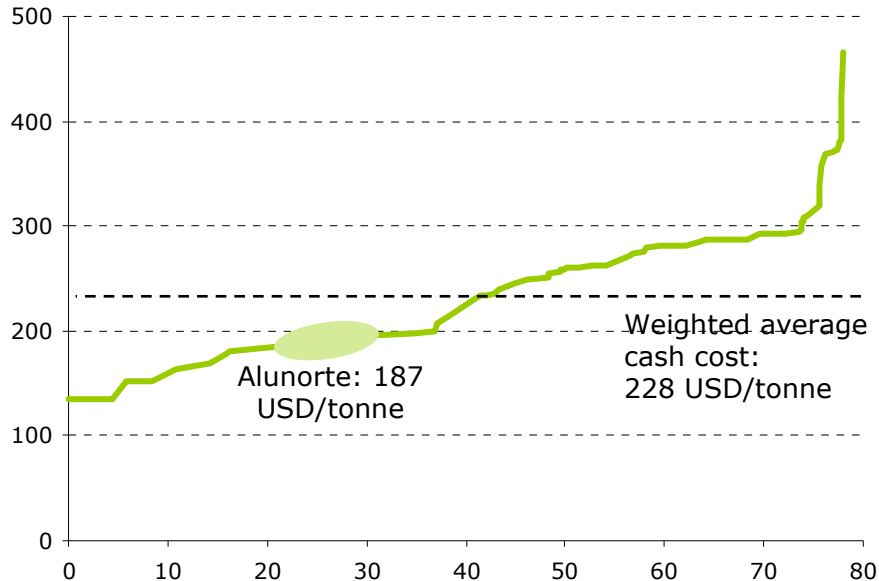
Expansion projects – CAP and Paragominas III



- Time schedule
 - CAP refinery (Phase I) is planned to be in operation in 2015
 - Paragominas expansion to be developed in parallel
- Investment estimates and expansion concepts under evaluation
- Cost position – value creation
 - Competitive cash cost
 - Full utilization of the existing bauxite pipeline
- Project building on experience from Alunorte

Strong position – ambitious targets

World cash cost curve 2009, USD/tonne



Source: CRU

- Establish Hydro as a leading global bauxite and alumina player
- Strong market organization in Lausanne
- Significant operational improvements, including improved HSE
- Establish Hydro as a good citizen in Brazil, all CSR-issues well managed
- Transaction expected to close in first half 2011

Positions Hydro for further upstream growth



Canada, aluminium

- Potential expansion of Alouette smelter from 0.6 to 0.9 million tonnes
- Low-cost operations
- 20% Hydro stake



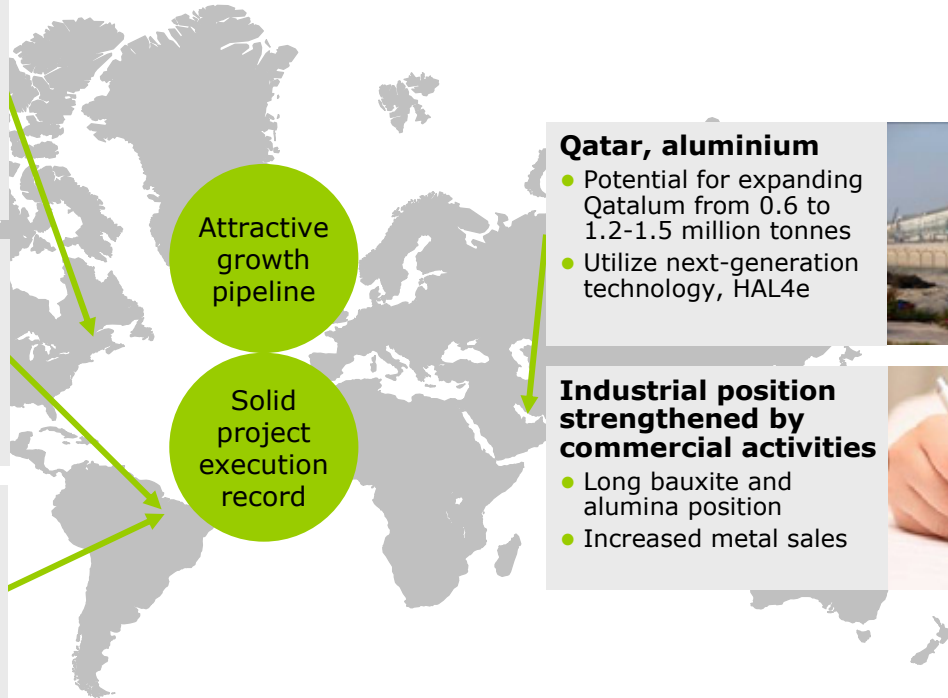
Brazil, bauxite

- Paragominas brownfield expansion from 10 to 15 million tonnes
- Supply to CAP



Brazil, alumina

- CAP alumina refinery
- First-phase capacity: 1.86 million tonnes
- Expansion potential to 7.44 million tonnes



Qatar, aluminium

- Potential for expanding Qatalum from 0.6 to 1.2-1.5 million tonnes
- Utilize next-generation technology, HAL4e



Industrial position strengthened by commercial activities

- Long bauxite and alumina position
- Increased metal sales

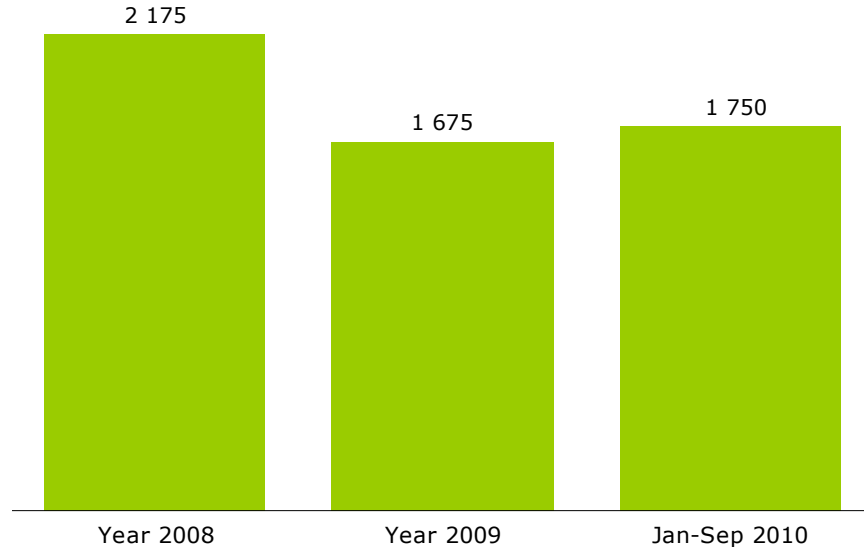


3

Repositioning Primary Metal

Ambitious cost improvement program on track

Estimated primary aluminium production cash costs
USD/tonne¹



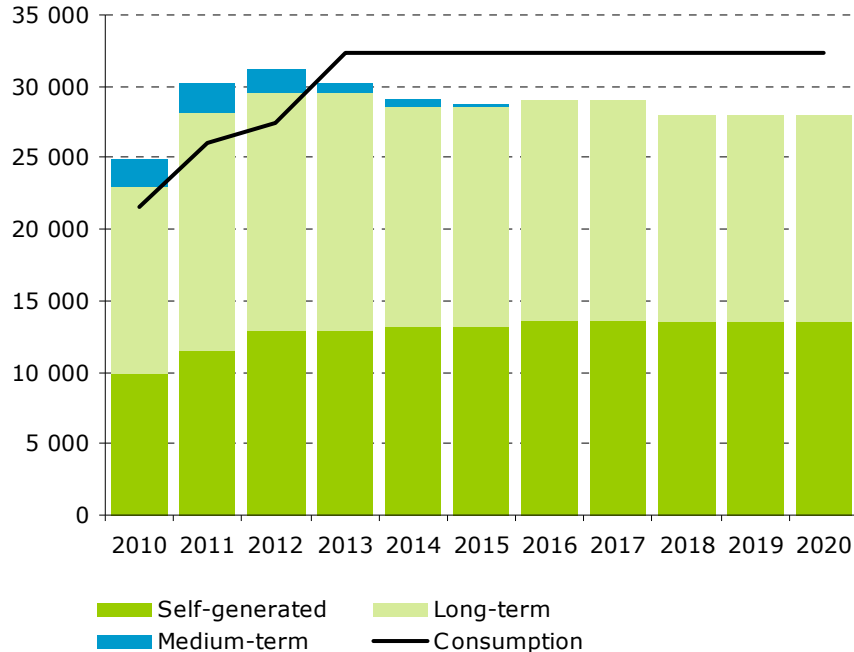
- USD 100 cost improvement program on track with USD 50 cost savings for 2010
- Further improvement potential in cash cost position
 - Estimated first nine months 2010 cash cost USD 1 750/NOK 10 600
- Extended program with additional USD 200 reduction in cash cost

1) Estimated cash cost: realized aluminium price minus EBITDA margin per tonne primary aluminium. EBITDA margin excludes bauxite, alumina and Qatalum-related earnings, but includes net earnings from primary casthouses.

Qatalum in full production from June 2011

- World-class smelter
 - First quartile position on cost curve
- Ideally located to serve all major markets
- Main tasks in 2011
 - Reach full capacity
 - Stabilize production

Solid long-term power coverage for Primary Metal



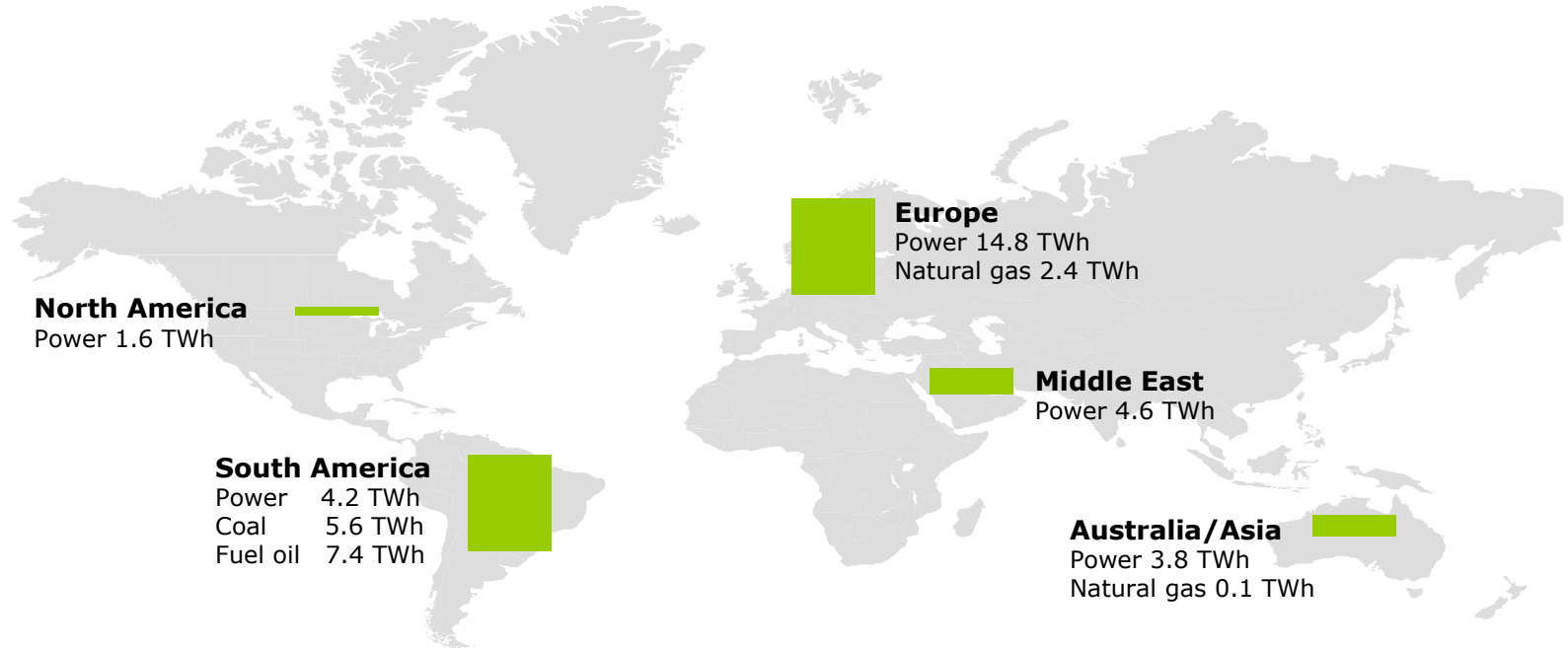
- 90% of power needs secured until 2020
- High share of renewable energy
 - More than 2/3 of power needs from renewable sources
- Albras smelter in Brazil has hydropower based contracts through 2024
- High share of general inflation linked and fixed price contracts
 - Limited commodity price exposure
- Securing acceptable power sourcing in Europe requires CO₂ compensation

4

Increasing value of Energy business and competence

Hydro is a global energy player

Energy consumption in smelters, rolling mills and alumina refineries



2011 estimate for Hydro's equity production including Vale assets acquisition. Sunndal 3 line and Alpart curtailed, Neuss and Søral at current production level.

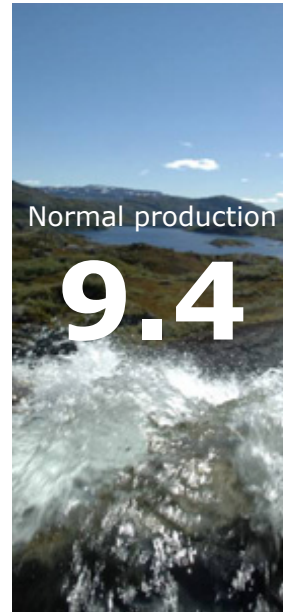
Substantial values in long-term assets in Norway

- Stable and solid cash generation
 - Indicative annual EBITDA NOK 1.6 – 1.8 billion
- Hydro's power balance, normal year

| | |
|-------------------------------------|-----------|
| Normal production | ~9.4 TWh |
| Sourcing on long-term contracts | ~7.0 TWh |
| Consumption in Primary Metal* | ~12.5 TWh |
| Contract sales and concession power | ~1.0 TWh |
| Spot sales | ~3.0 TWh |
- Value enhancement potential
 - Growth opportunities in Norway
 - Holsbru project to add 84 GWh from 2012
 - Optimization of power value in market, and in cooperation with smelters

*Including Sunndal 3 line currently curtailed

Power production capacity (TWh) per region and reversion year



| | | |
|---------------|-----|-----------|
| Telemark | 3.0 | 0.5 |
| No reversion | | 2044-2049 |
| Sogn | 3.1 | |
| 2051-2057 | | |
| Røldal-Suldal | 2.8 | |
| 2023 | | |

Reversion regime secures Hydro's values

- Pursue value enhancement strategy
 - Develop and enhance value of power assets
 - Power assets remain an integrated part of aluminium production in Norway
 - Power and smelter portfolio will be reviewed concurrently
 - Participate in restructuring of power sector
 - Actively working on framework conditions (CO2 and grid)
- Value of assets protected by several possible types of transaction
 - Sell or merge into state or municipality owned entity (minimum 2/3 of asset)
- Maintaining ownership to Røldal-Suldal assets means owning an option



5

**Exciting prospects for
high-end downstream
business in mature and
emerging markets**

Leading metal products supplier in Europe

Metal Markets



- Growing marketing position in U.S. and Asia through Qatalum volumes
- Enhance value of market system and optimize value on top of LME price
- Strengthen margin management and contribute to improved earnings in primary casthouses
- Capitalize on strong market position through sourcing and trading strategies
- Firm operational LME risk management

No. 1 flat rolled products producer in Europe

Rolled Products



Packaging & building

Revenues: NOK 8.8 billion



Automotive, heat exchangers & general engineering

Revenues: NOK 4.7 billion



Litho

Revenues: NOK 2.9 billion

- World leading positions in high-end products: foil, litho and automotive
- Record results in 2010
- Strategy
 - Margin management and cash generation
 - Focus production system on core assets
 - High-grading product portfolio

Strong position in Europe, U.S. and Brazil

Extruded Products



Extrusion Eurasia

Revenues: NOK 8.0 billion



Building Systems

Revenues: NOK 6.3 billion



Precision Tubing

Revenues NOK 1.9 billion



Extrusion North America

Revenues: NOK 2.1 billion



Extrusion South America

Revenues: NOK 0.6 billion

Strong entrepreneur-ship, management culture and competence

Product innovation through strong customer relations

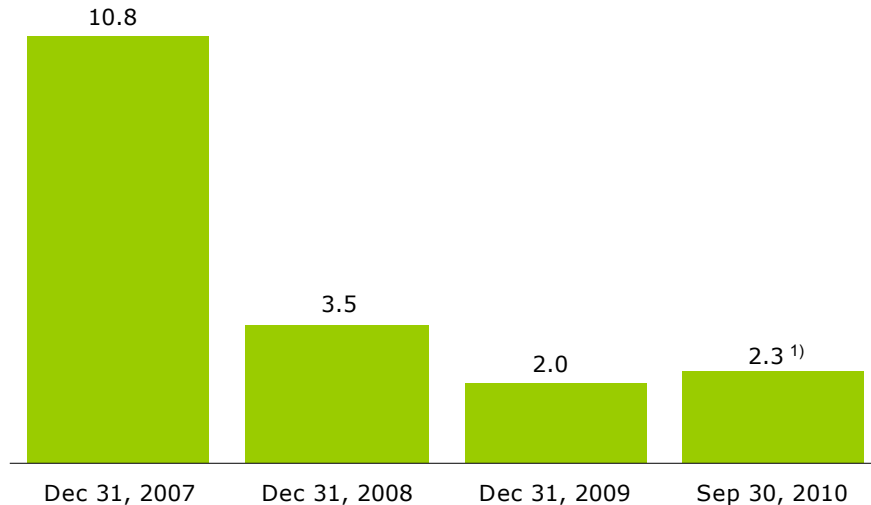
- Leading position in Europe in Extrusion and Building Systems
- Strong position in the U.S. and Brazil
- Global leader in precision tubing
- Strategy
 - Reinforce European extrusion base
 - Specialist in energy-neutral building solutions, including solar
 - Selective acquisitions
 - Entry into emerging markets

6

**Shaping
the future**

Solid financial position

Net cash, NOK billion



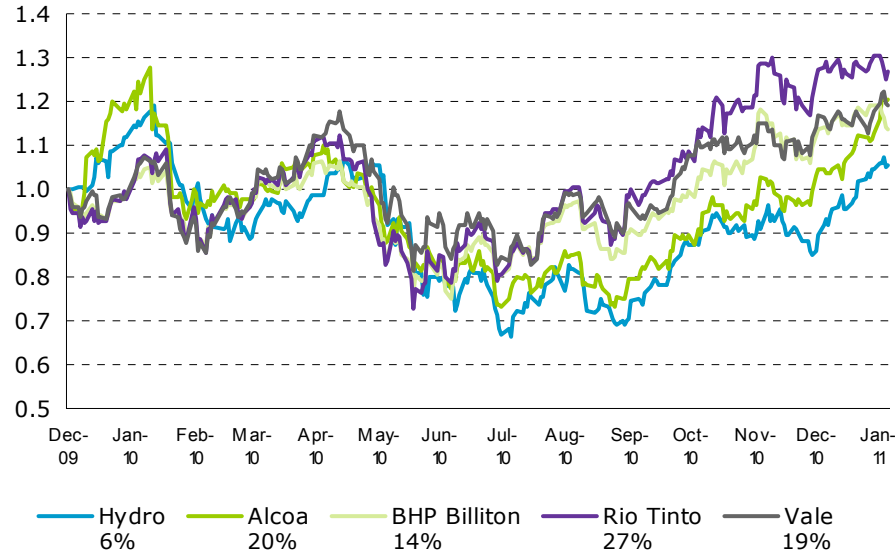
1) Adjusted for cash consideration to Vale

2) In addition to 1), net interest-bearing debt in equity accounted investments, net pension liability, operating lease commitments and other

- Financial position end-Q3 2010
 - Net cash: NOK 2.3 billion ¹⁾
 - Net adjusted debt: NOK 14.9 billion ²⁾
- Completed 2010 rights issue preserves financial flexibility
 - Funded cash component in Vale transaction
 - Supports investment grade credit rating
 - Provides ability to fund expansion potential in assets acquired and current portfolio
- Maintaining robust financial position prioritized

Competitive shareholder returns prioritized

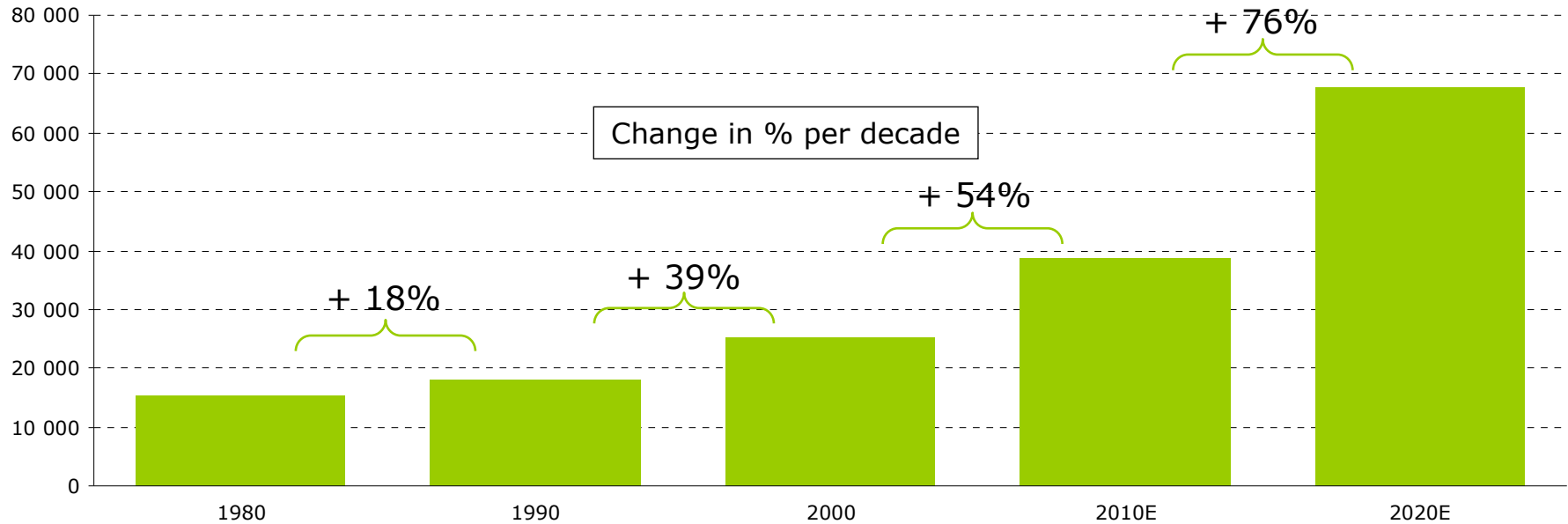
Relative share price development in USD
Capital Markets Day Dec 2, 2010 – Jan 7, 2011



- Hydro aims to give its shareholders competitive returns compared to alternative investments in peers
- Maintained dividend policy
 - Ordinary dividend: 30% of net income over the cycle
 - Average ordinary pay-out ratio 2007-2009: 37%
 - Share buybacks and extraordinary dividends as supplement in periods with strong financials

Firm long-term demand for aluminium

World primary aluminium demand, 1 000 tonnes



Source: CRU

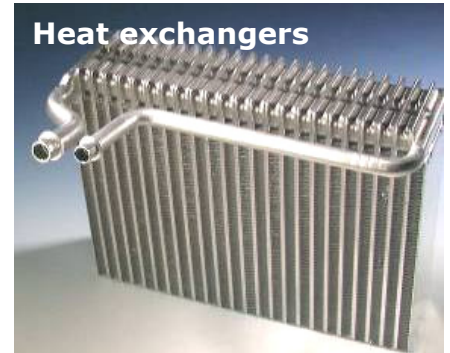
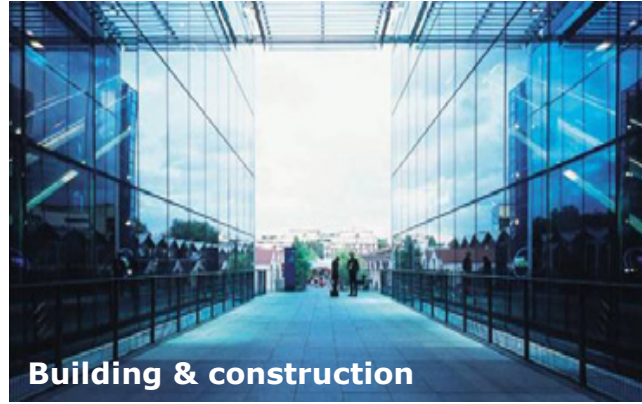
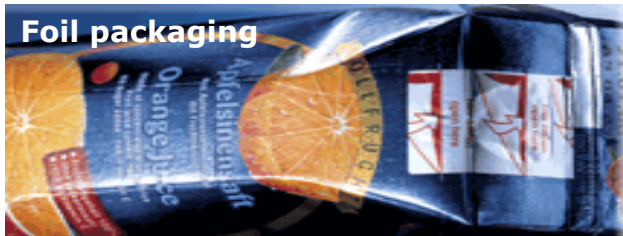
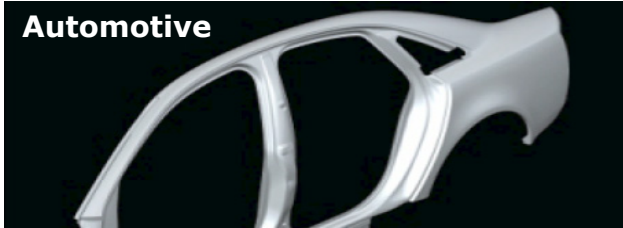
Aluminium is the metal of the future



Properties drive increased market share

- Lightweight
- Recyclability
- Corrosion resistant
- Formability
- Excellent conductivity
- Alloying technology gives a wide range of physical properties

Hydro innovation drives product demand

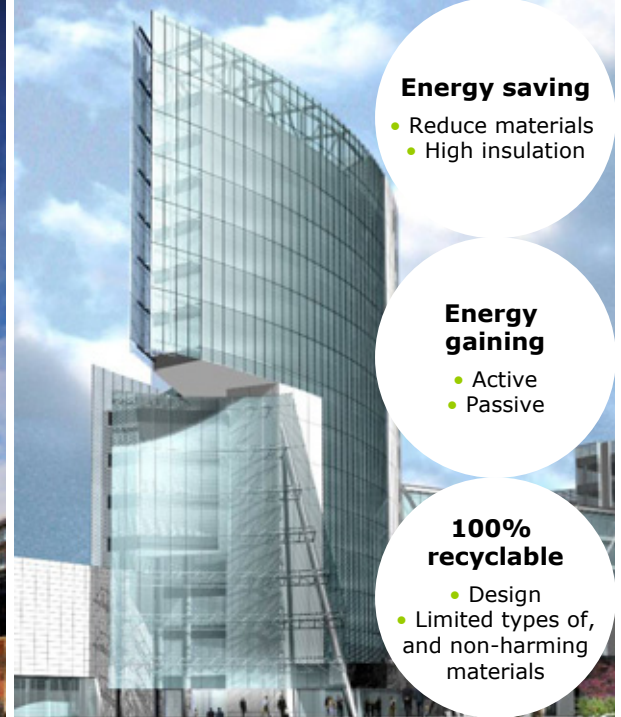
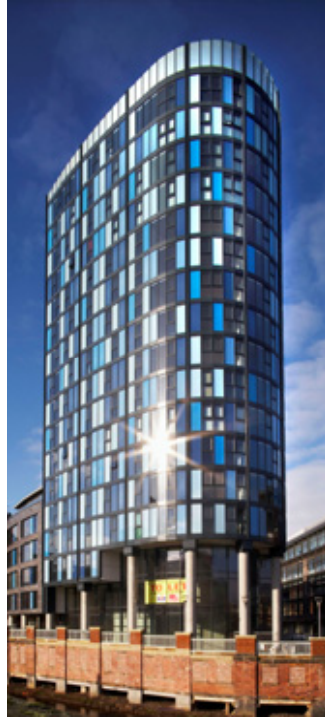


Building the future with aluminum



Aluminium
used for
construction
to double by
2020

The future is
energy-
neutral
buildings



Energy saving

- Reduce materials
- High insulation

Energy gaining

- Active
- Passive

100% recyclable

- Design
- Limited types of, and non-harming materials

Strategy for further value creation

Bauxite & Alumina



- Integrate
- Expand
- Commercialize

Primary Metal



- Reposition
- Keep solid cash flow in current assets
- Expand in high-class assets

Energy



- Increase value of business and competence
- Focus on operation and commercialization of current assets
- Implement global approach to power sourcing

Mid- and downstream



- Continue proven high-end product strategy
- Pursue profitable life-cycle investments: recycling, energy-efficient building systems, aluminum in transport
- Expand selectively in emerging markets

Shaping the future

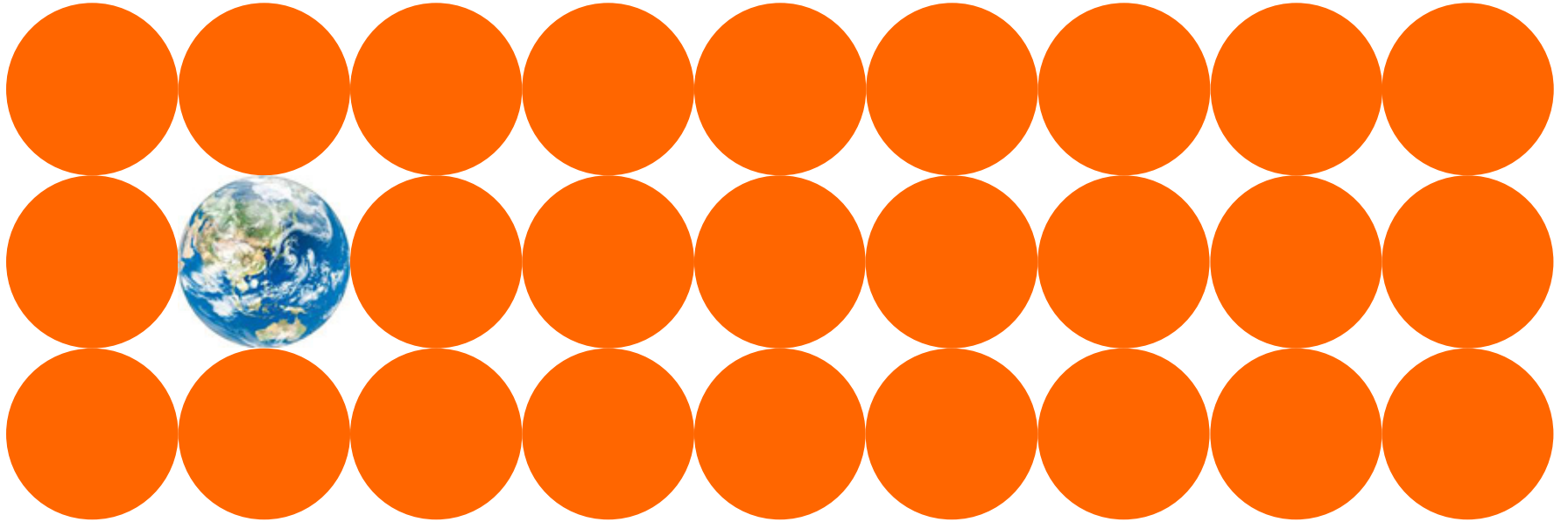
- Innovation and technology
- Operational excellence
- Value creation





www.hydro.com

Aluminium market outlook



Arvid Moss, Executive Vice President and Head of Energy and Corporate Business Development
January 13, 2011

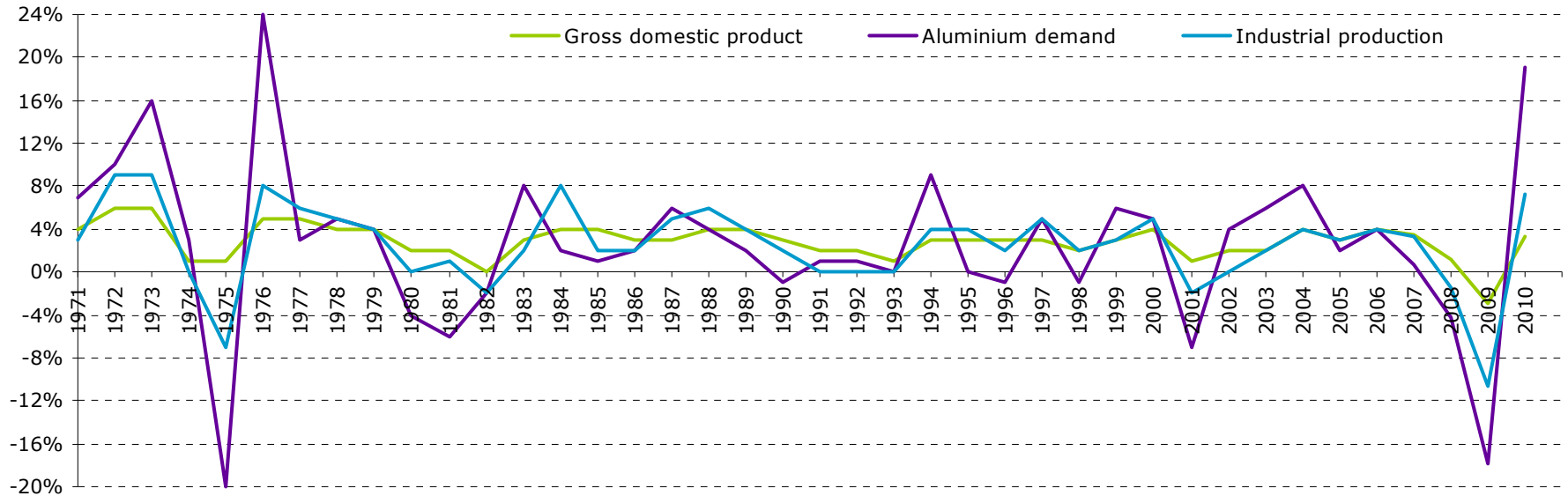
Agenda

- Market situation 2010
 - Status development from 2009
 - Restocking effect
 - Downstream development
- Mid-term development 2011 – 2014
 - Possible scenarios
 - China
 - Cost curve



Strong recovery in 2010 from crisis

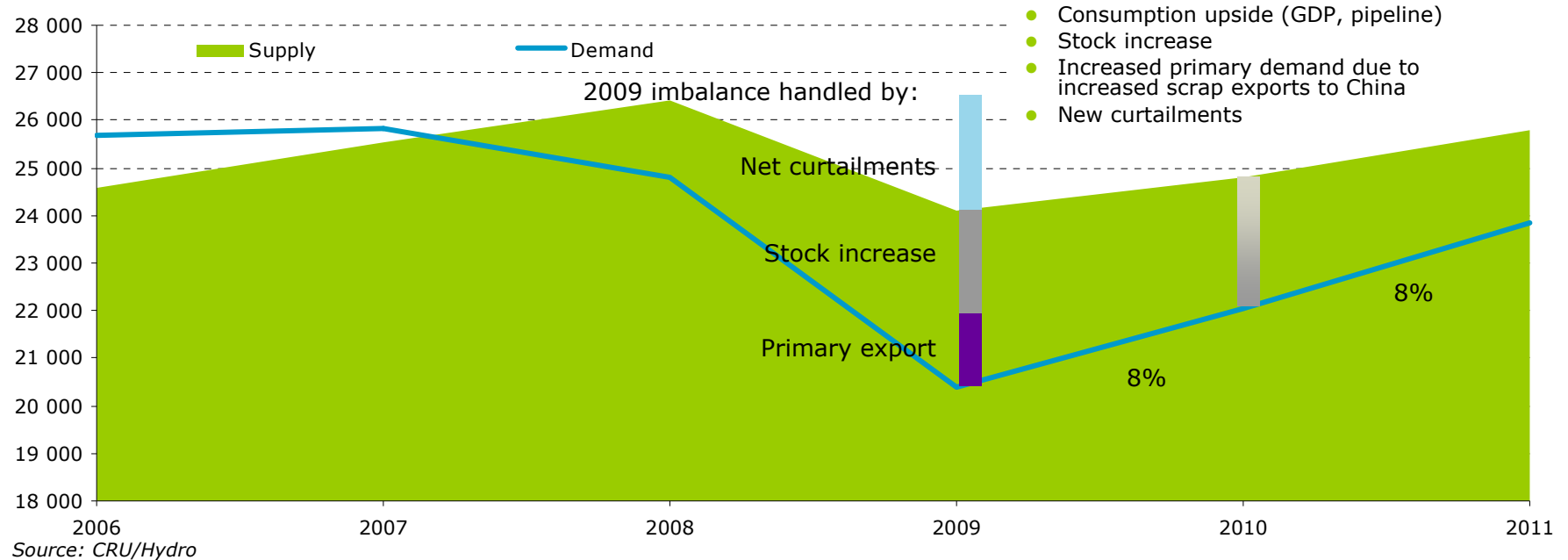
Change year-on-year world outside China



Source: Global Insight/CRU/Hydro

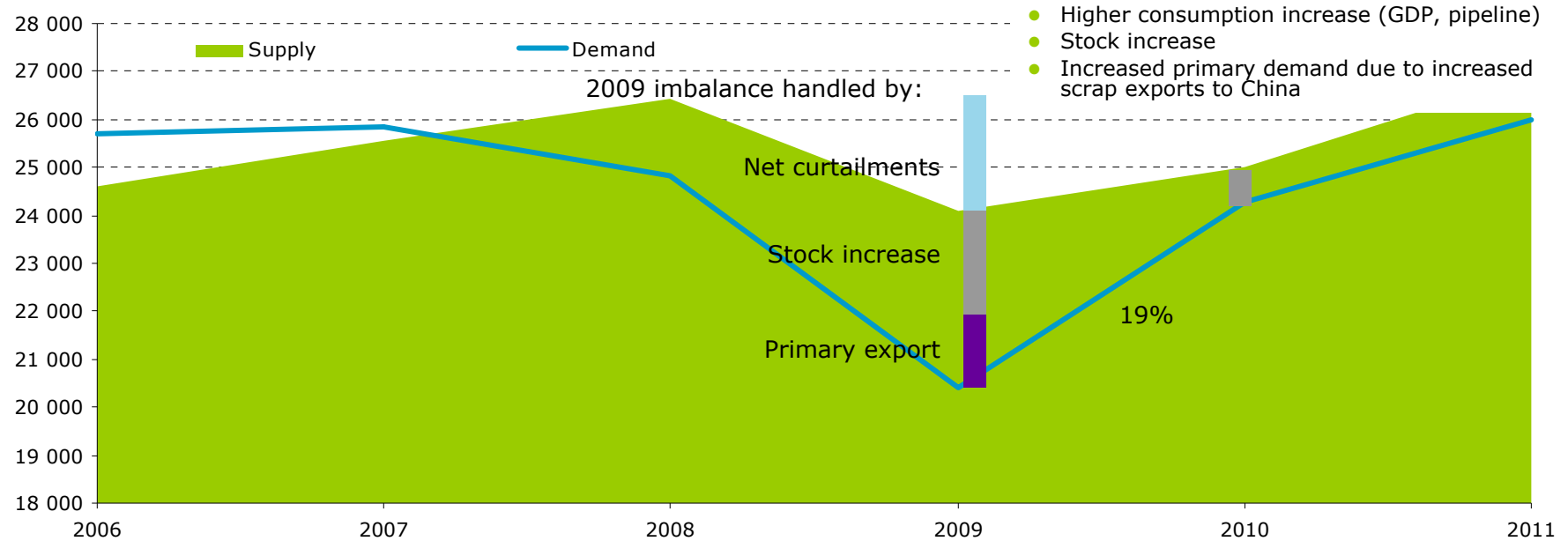
2010 balance – our expectations

World outside China, 1 000 tonnes



2010 balance - outcome

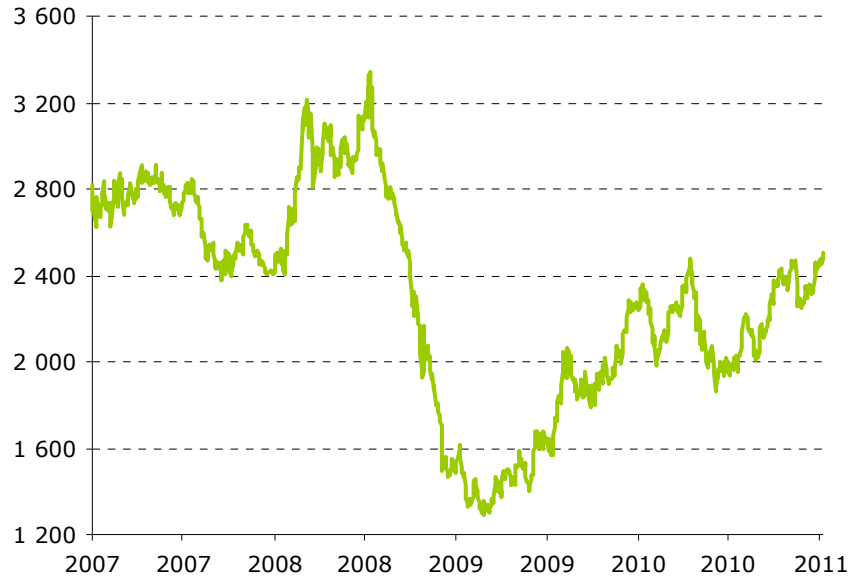
World outside China, 1 000 tonnes



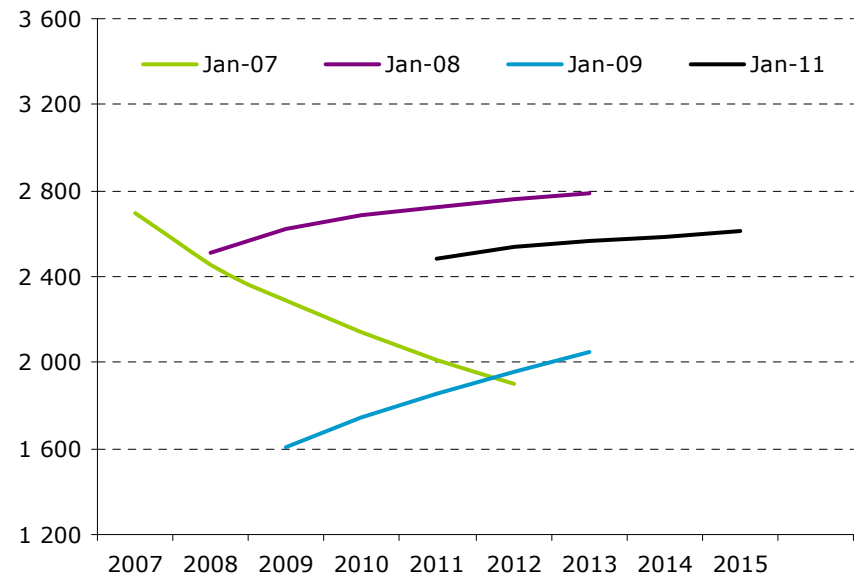
Source: CRU/Hydro

Commodity as asset class affects aluminium

LME 3-month, USD/tonne



LME USD/tonne

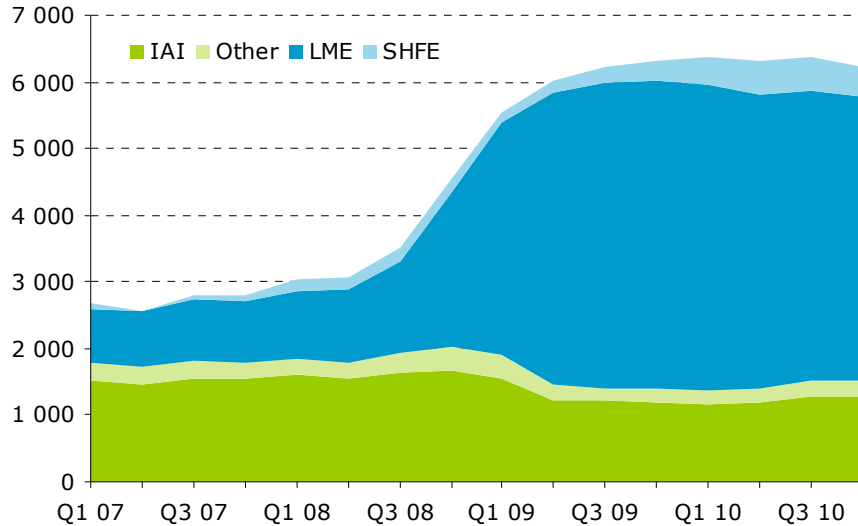


Source: Reuters Ecowin/Hydro

High inventories well known in market

World reported primary aluminium inventories

1 000 tonnes

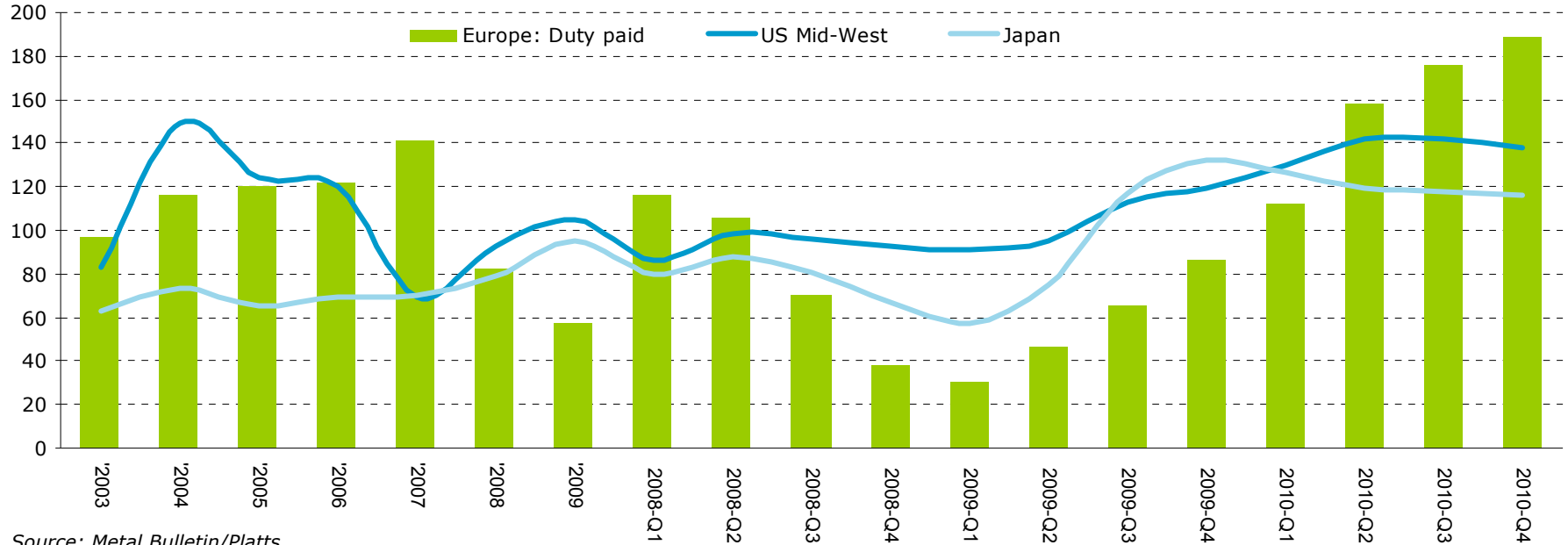


Source: CRU

- Different views on unreported inventories
- Estimated total reported and unreported inventories ~11 million tonnes
 - Represents ~3 months of consumption
- Financial deals locking up metal

Tight physical market despite high inventories

Ingot premium, USD/tonne

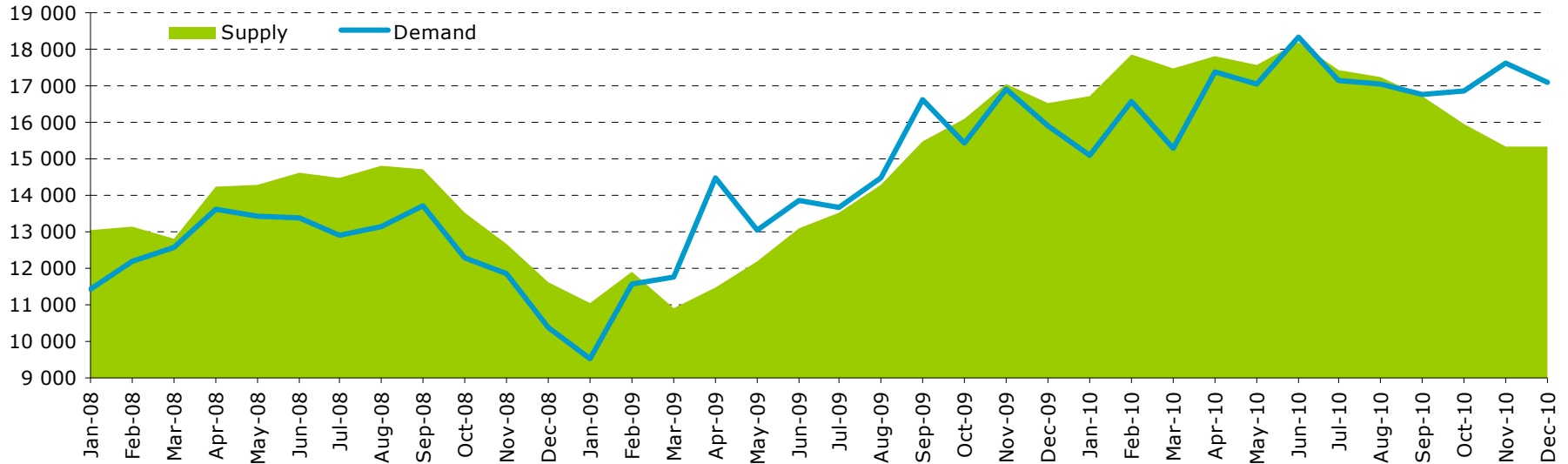


Source: Metal Bulletin/Platts

Production cuts in China due to energy issues

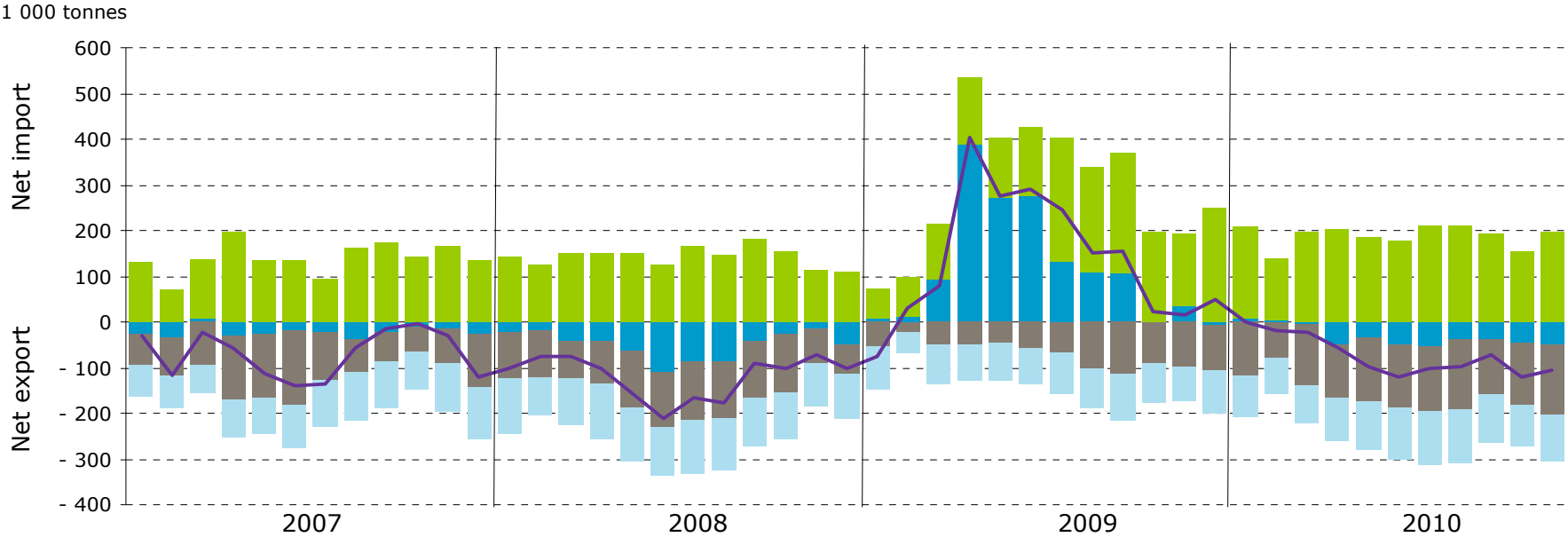
China (annualized)

1 000 tonnes



Source: CRU

China remains balanced in aluminium



Source: Antaika/Hydro

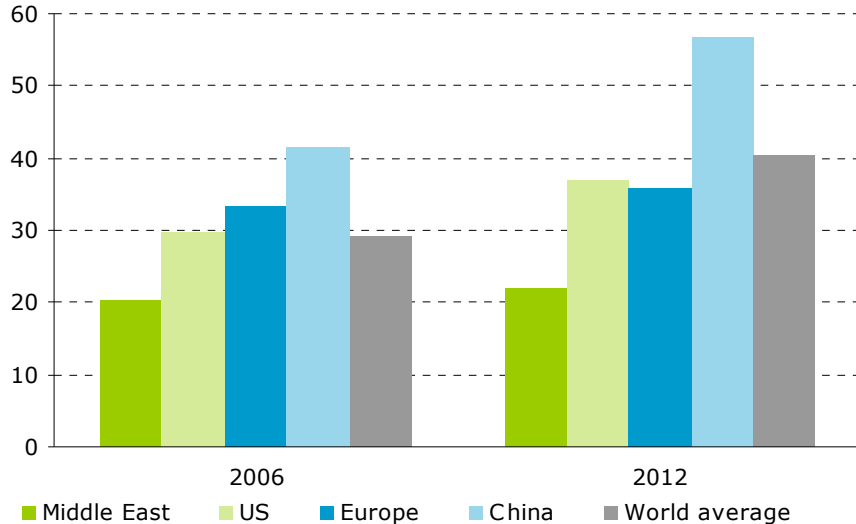
Primary / alloyed Scrap metal Semis Fabricated Total net



Significant rise in Chinese power prices

Average power prices for aluminium industry

USD/MWh

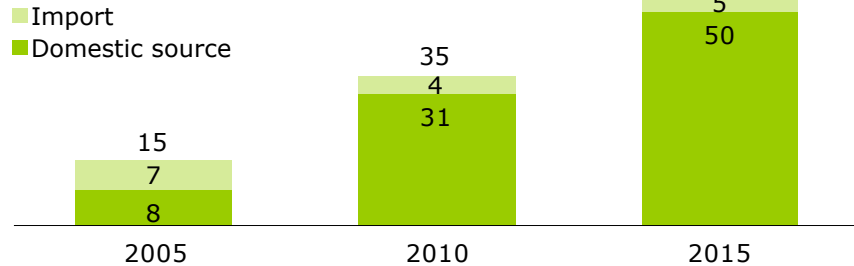


Source: CRU

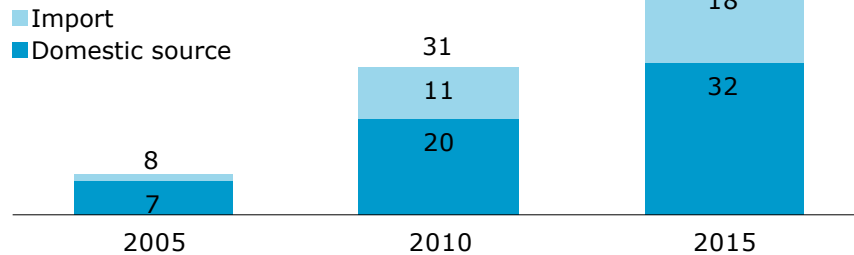
- Short-term actions to meet 2010 target of 20% reduction in energy consumption/GDP vs 2005
- Average power costs continues to increase
 - Industry restructuring taking place
- Aluminium's share of power has increased
 - From ~2% in 2000 to >5% in 2010
- Power price not expected to decrease

China is dependent on bauxite imports

Alumina coverage aluminium production



Bauxite coverage alumina production



- Share of imported bauxite in China in 2010: ~35%
- Quality of domestic bauxite resources is deteriorating
- New capacity mainly based on domestic bauxite
- Indonesia supplies 75% of imported bauxite

Source: Antaike / Hydro

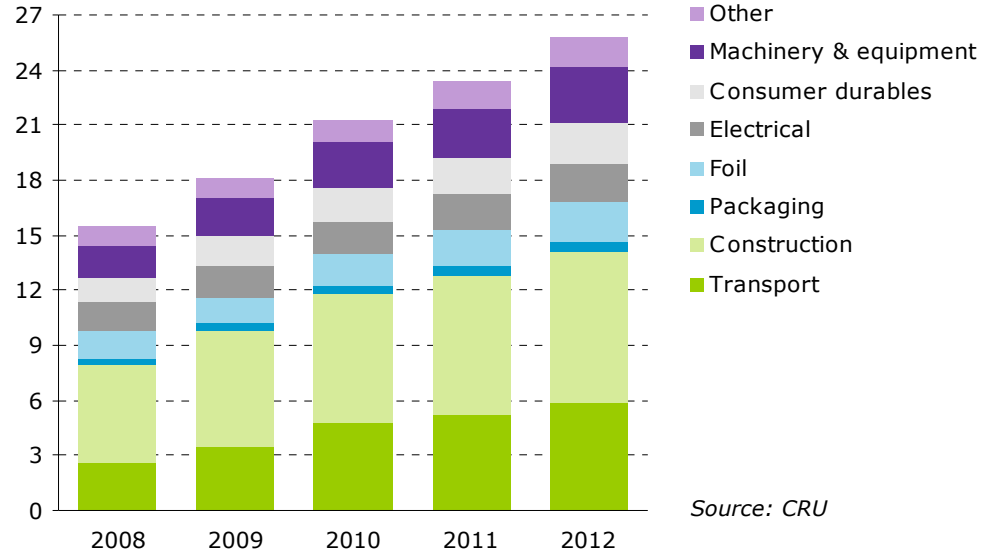
China expected to remain balanced medium term

Potential long-term importer

- Primary aluminium exports continue to be discouraged through export taxes
- Potential long-term imports partly based on Chinese companies investing abroad
- Continued exports of value-added products expected
 - China focus more on domestic markets
 - Continued imports of scrap

Semis demand China

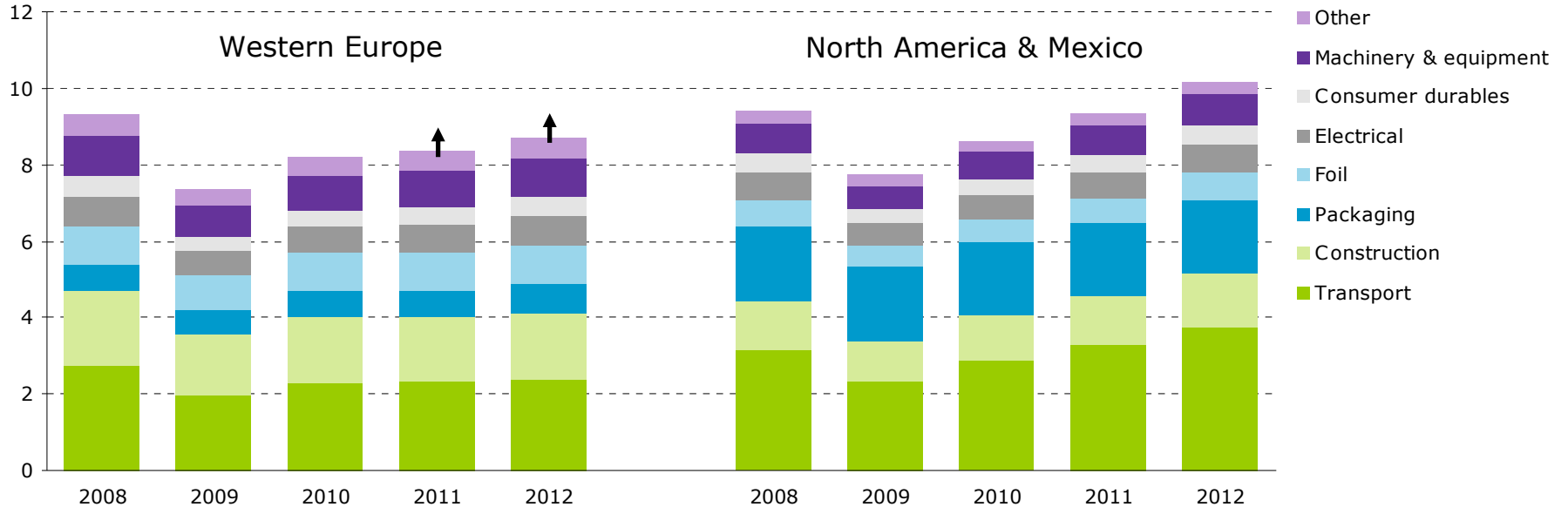
million tonnes



Source: CRU

Downstream development indicates return to underlying growth

Demand, million tonnes

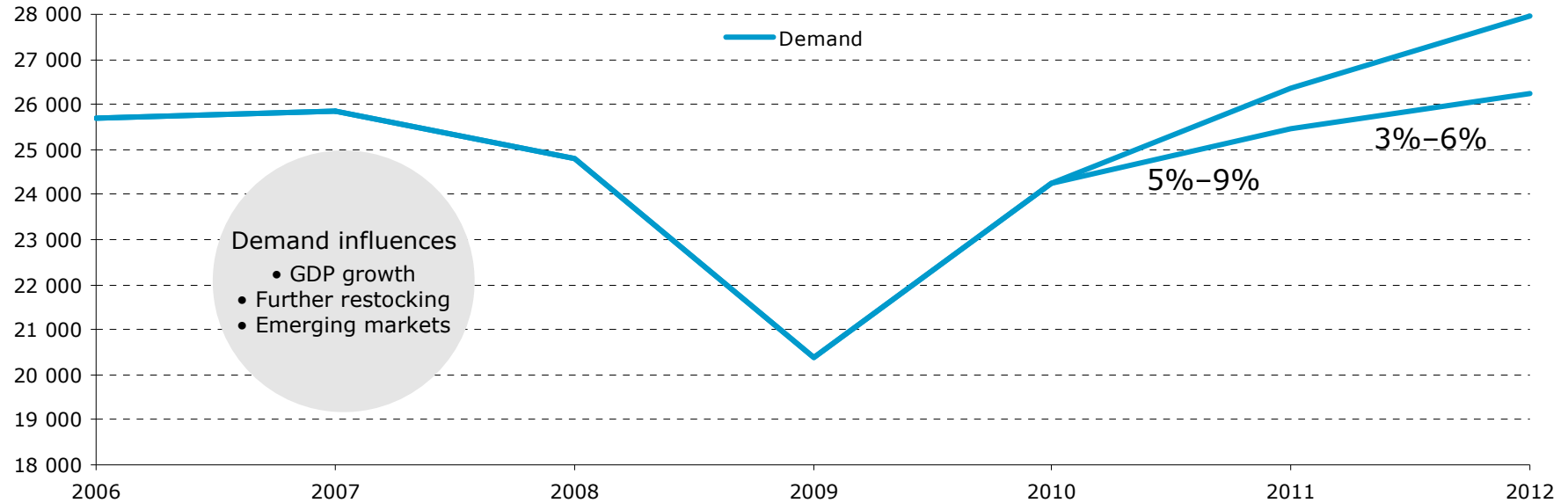


Source: CRU

Mid-term development scenario thinking

World outside China

1 000 tonnes

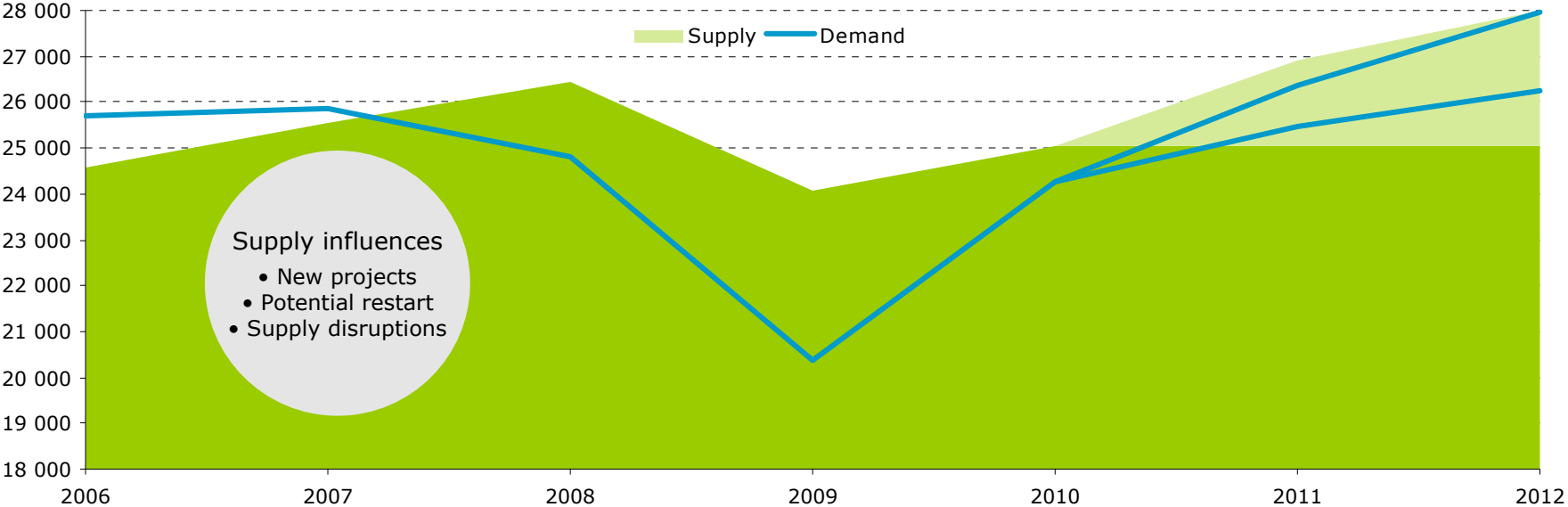


Source: CRU/Hydro

Mid-term development scenario thinking

World outside China

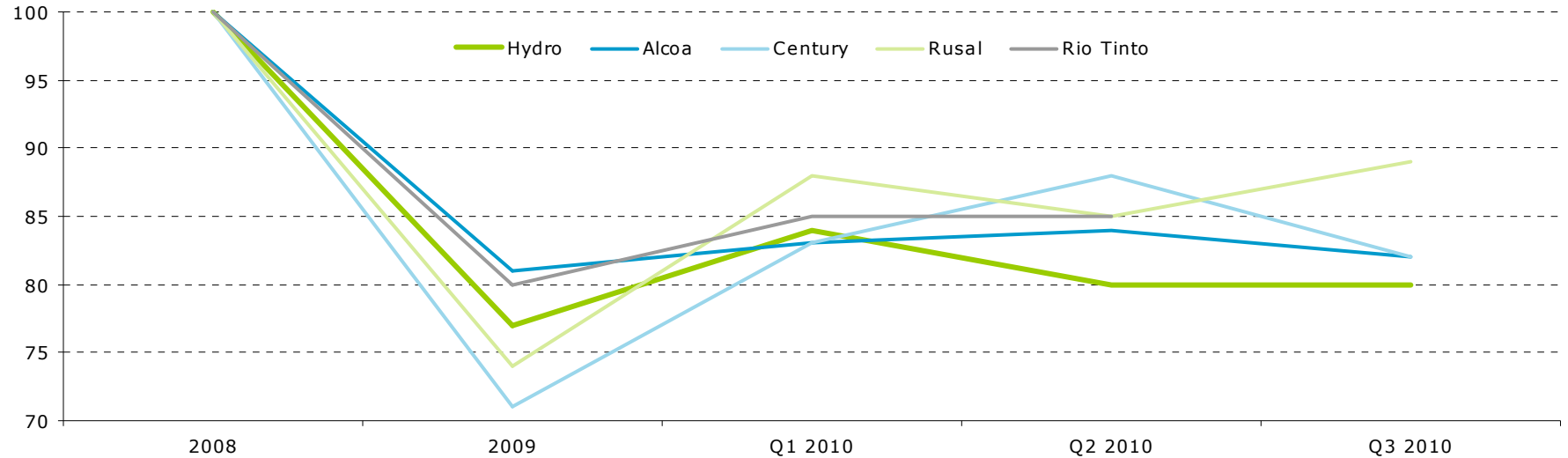
1 000 tonnes



Source: CRU/Hydro

Relative improvement in cost position

Cash cost indexed

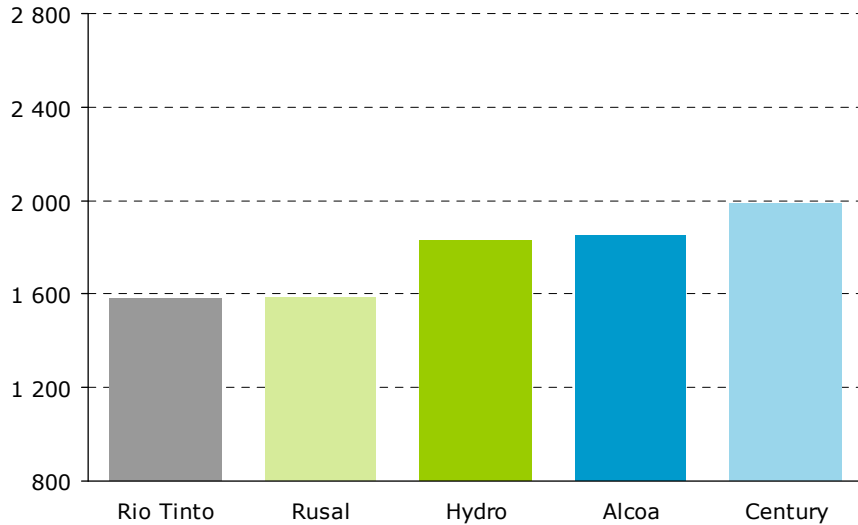


Estimated primary aluminium production cash costs including casthouse margin based on company reports. Assumptions: Hydro cash costs increased by USD 50/tonne for relining cost in order to compare with Alcoa. Pricing: Century 1 month LME cash lag, Hydro 3 months and 20 days LME forward lag, Alcoa, Rio Tinto and Rusal 15 days LME cash lag.

Strong focus to further improve cost position

Estimated primary aluminium production cash costs

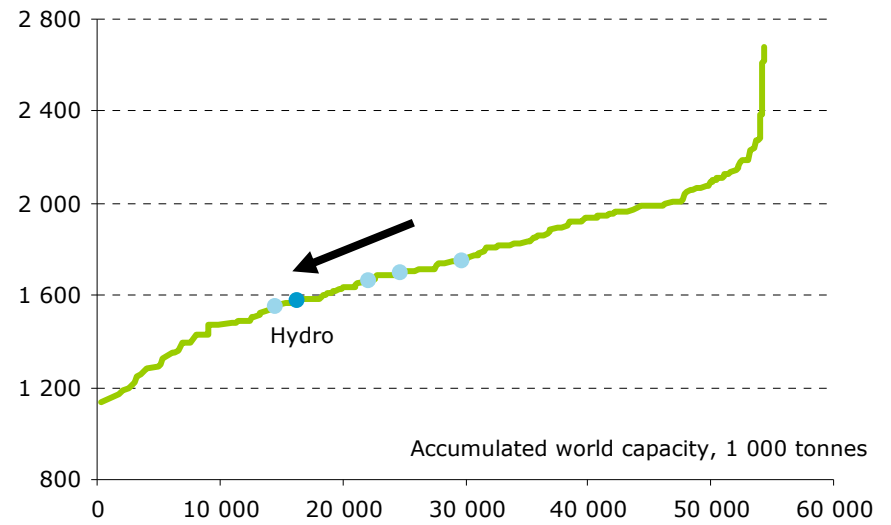
First half 2010, USD/tonne



Source: see previous slide

Business operating cost 2014

USD/tonne

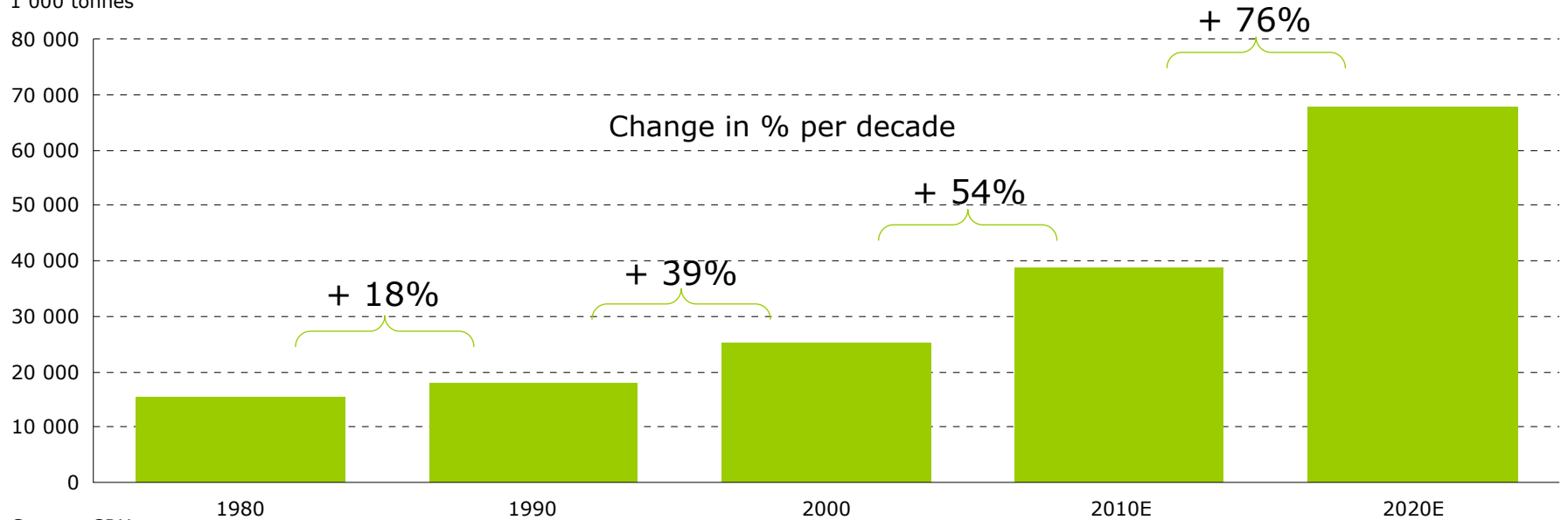


Source: CRU, BOC 2014: LME 2 145 USD/tonne (real 2010)

Firm long-term demand for aluminium

Primary aluminium consumption

1 000 tonnes



Source: CRU

Points to watch

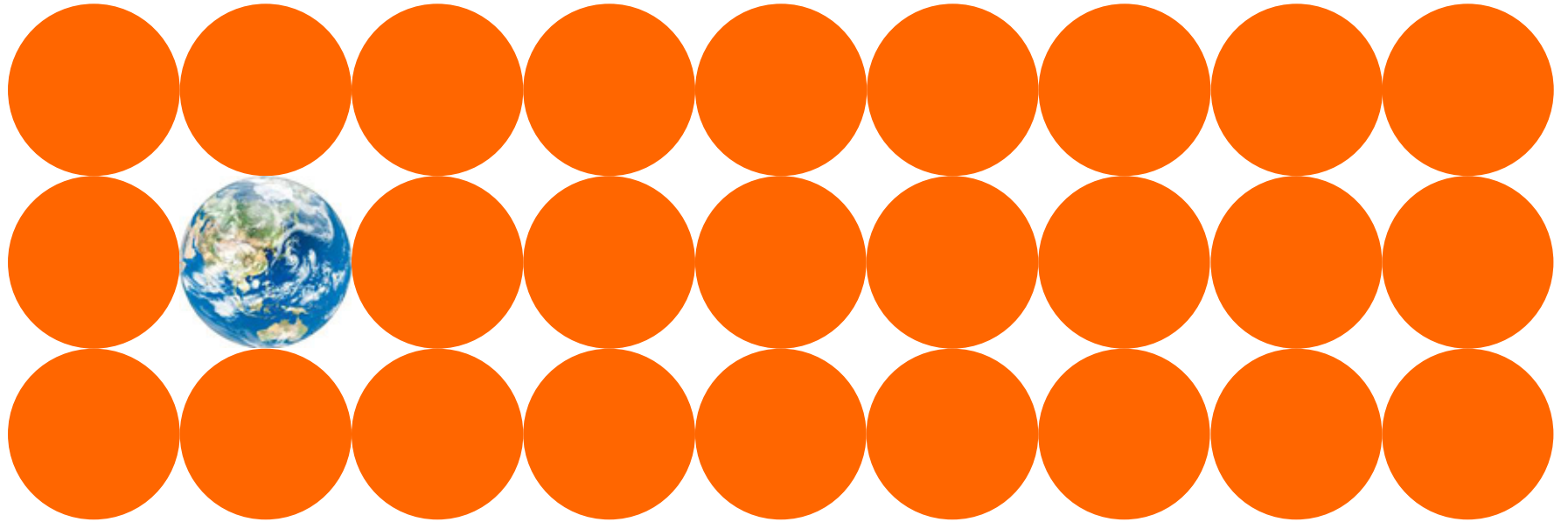
- Manageable supply/demand balance
- Demand development
 - Macro development
 - Further filling of pipeline
- Supply development
 - Restarts outside China dependant on market fundamentals
 - New capacity
- Investor influence on LME
 - Financial deals/stocks
- China balance





www.hydro.com

Rolled Products

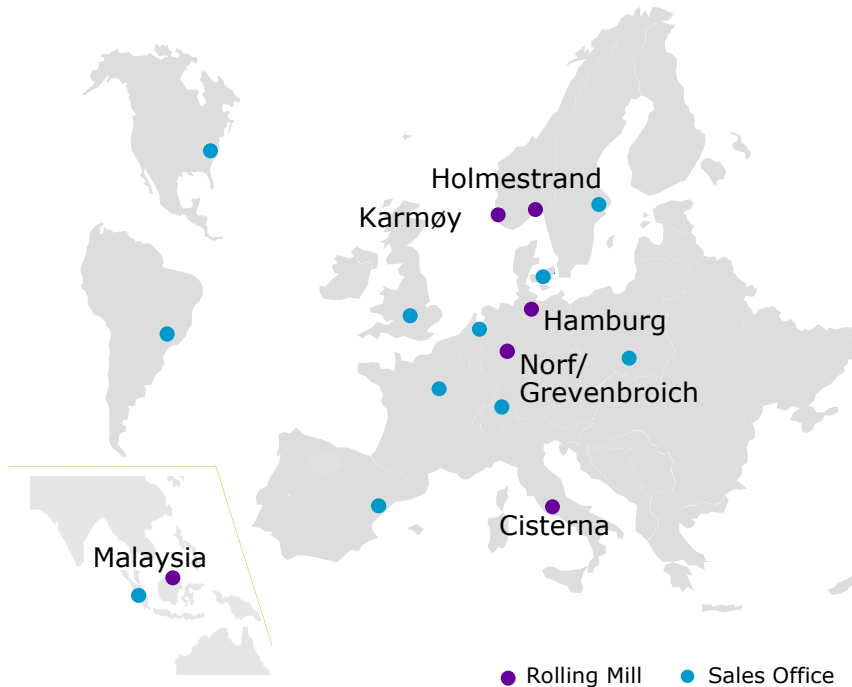


Oliver Bell, Executive Vice President and Head of Rolled Products
January 13, 2011

1

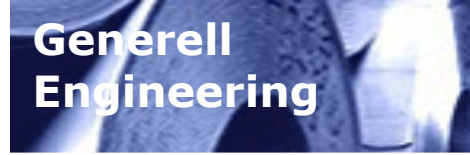
**Strong
portfolio**

Hydro's Rolled Products operations



- 1 million tonnes of flat rolled products annually
- Turnover of ~NOK 20 billion
- Hydro operates 7 rolling assets in 4 countries
- We employ ~4 000

We focus on these applications



Strengthened business through the downturn

Decoupling cost from volume development

Portfolio adjustment



- Inasa plant divested per 31.12.2009
- Cash-neutral transaction

Managing cash



- Focus capex on minimum maintenance investments

Releasing operating capital



- "Move it out" program

Handling risks



- Strict receivables management
- No major loan default during crisis

Managing costs

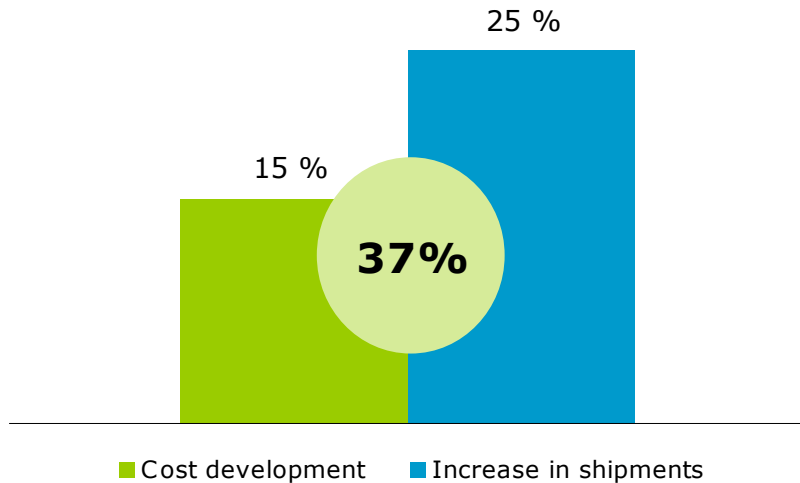


- Procurement savings
- Overhead reduction

Source: Hydro analysis; performance based on 2009 actual

Decoupling cost from volume development

Jan-Sep 2010 vs Jan-Sep 2009 ¹⁾



- “Climb” program to increasingly decouple volume from cost development
- 37% of volume gain retained on bottom line
- Product focus initiated – with full run-rate in 2012

Source: Hydro analysis

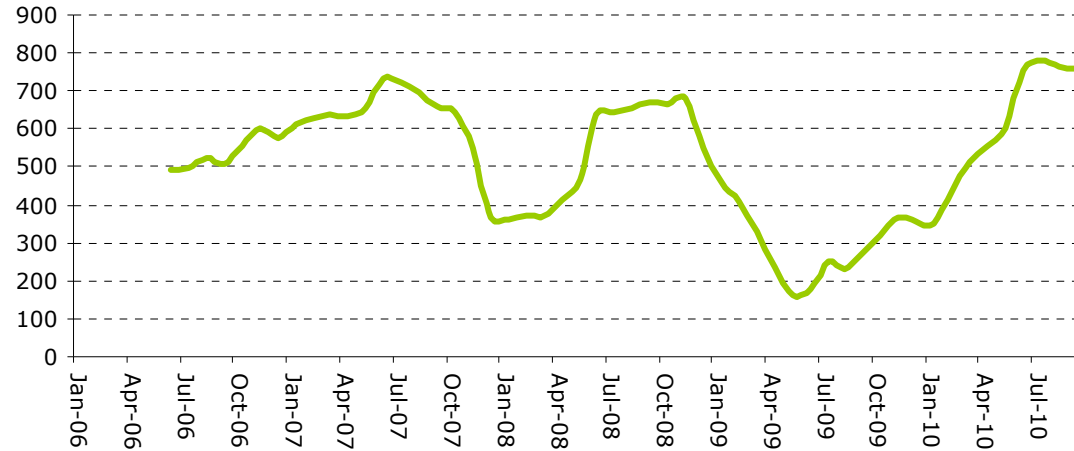
1) Cost includes all cost in production and SG&A without direct material, INASA not included divested end of 2009

Strong performance and result improvement

Systematic for success

Underlying EBITDA 6-months moving average

NOK million



- Solid cash-generation
- Initiated measures leading to new record result in 2010

EBITDA underlying = Op Result + Depreciation w/o impairment (incl. excess value depreciation AluNorf) ± infrequent items (Metal effect, unrealized LME effects and other) ± realized FX effects.

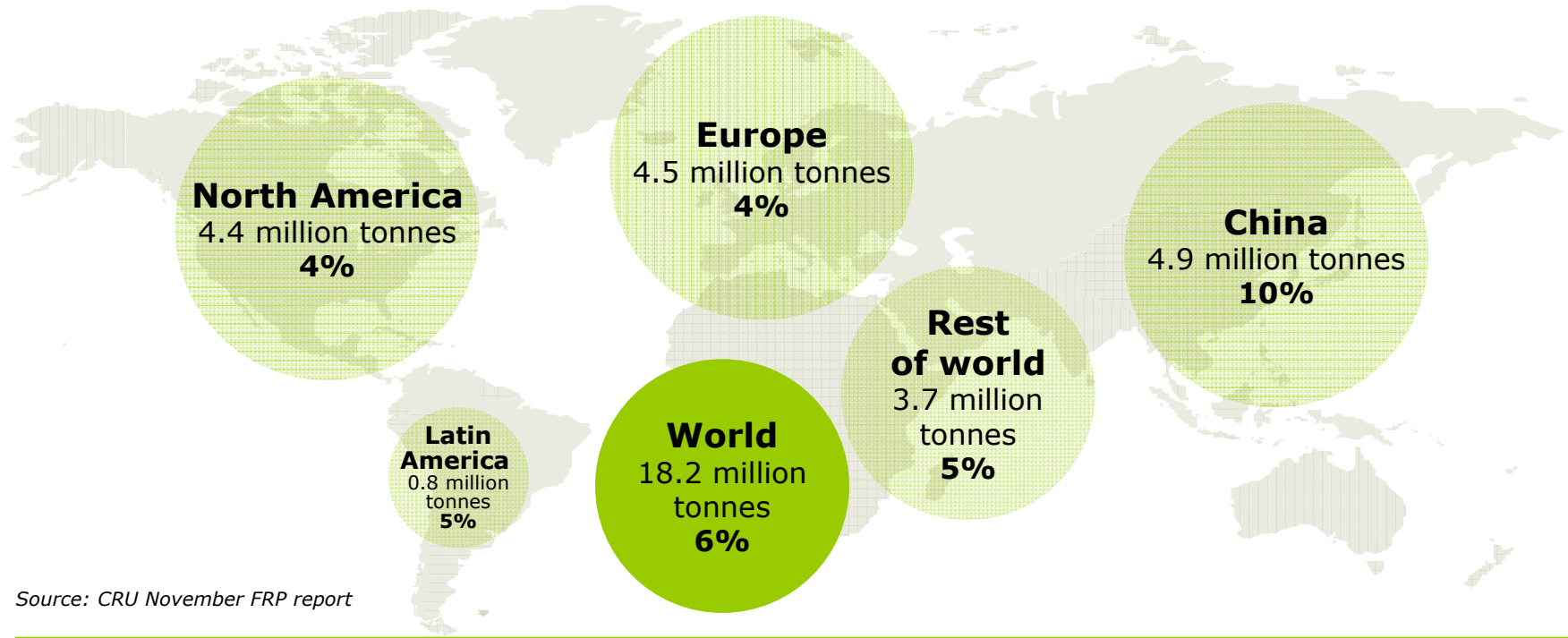
Source: Hydro analysis

2

**Well positioned in
attractive market**

Market: NOK 300 billion and 18 million tonnes

Consumption per continent 2010 and CAGR 2010 - 2015



Source: CRU November FRP report

Hydro a key player in flat rolled products



- No. 1 flat-rolled products producer in Europe
- No. 3 worldwide
- Operating world-class benchmark assets
 - Alunorf (JV 50%) - World's largest rolling mill
 - Grevenbroich plant - World's largest finishing mill
- Technology leadership and innovation

Attractive customers and market position

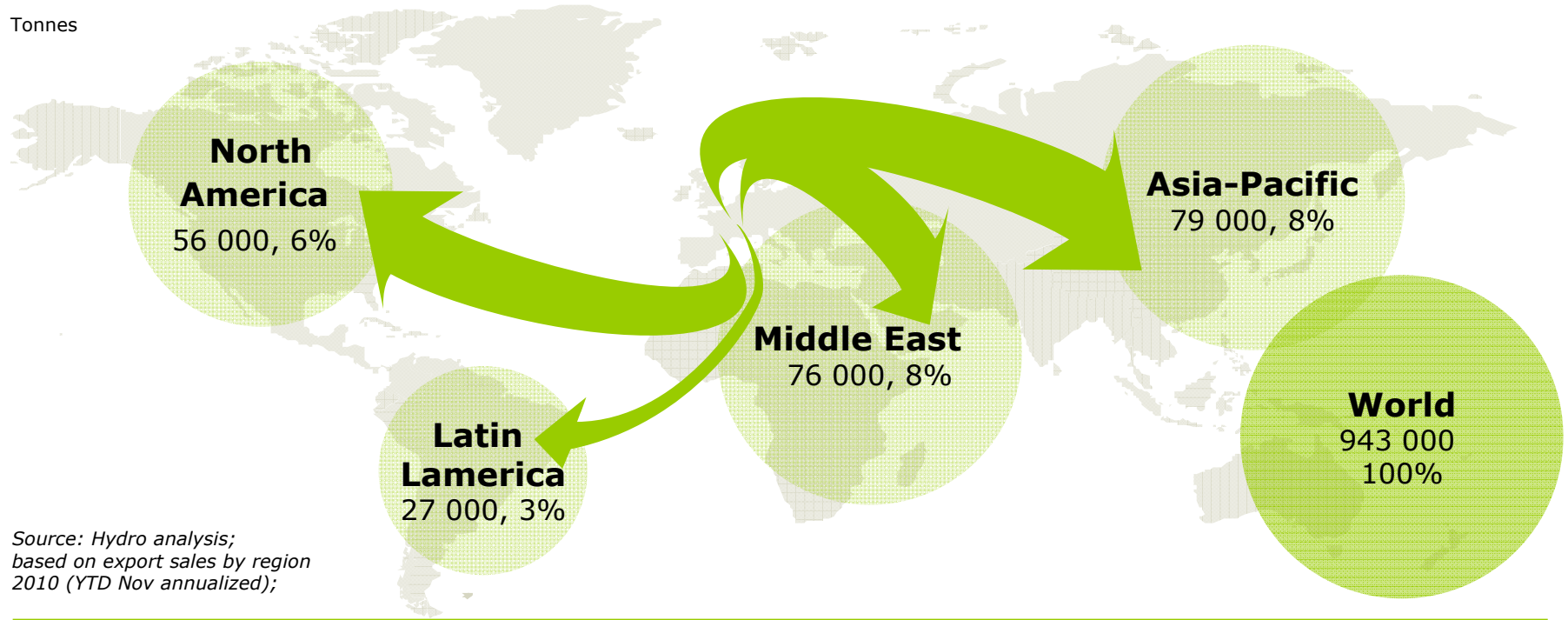
More than 50% of products with global reach

| | | Our products | Our customers | Our position |
|----------------|--|---------------------|---|----------------------------|
| Global reach | | Litho | FUJIFILM Kodak AGFA  | World market leader |
| | | Foil |  Tetra Pak  | |
| | | Can |   CROWN REXAM <small>Brand-Building Packaging™</small> | Leading position in Europe |
| Regional reach | | Auto | PSA PEUGEOT CITROËN  BEHR   <small>Mercedes-Benz</small> DENSO | Leading position in Europe |
| | | GE/ Building | VELUX®  <small>klöckner & co multi metal distribution</small> ThyssenKrupp Materials | |

Hydro European producer with global reach

25% export share for high-end markets serving key global customers & markets

Tonnes



Source: Hydro analysis;
based on export sales by region
2010 (YTD Nov annualized);

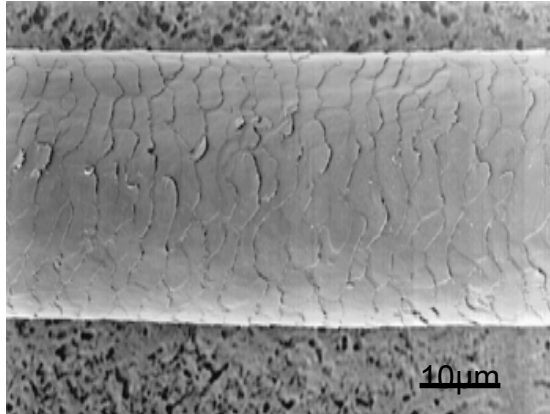
3

Leadership through differentiation

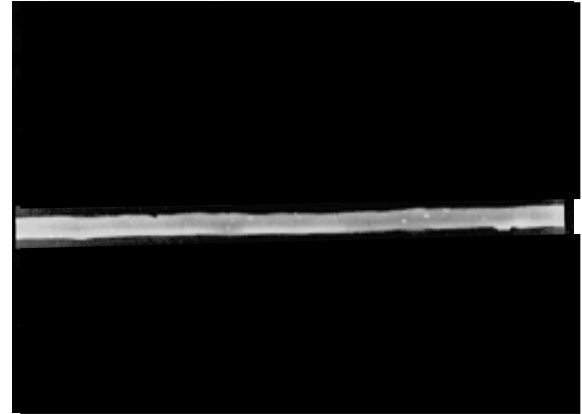
Aluminum foil – protects what's good

Minimum thickness for maximum protection

Human hair
~ 55 μm



Aluminum foil
~6.3 μm



Product example aseptic foil



With one
slab ...

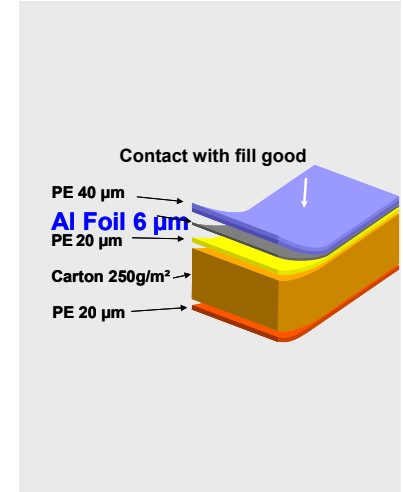
Source: HARP analysis



... we produce
740 km of foil



... and protect
12 000 000 liters
of juice

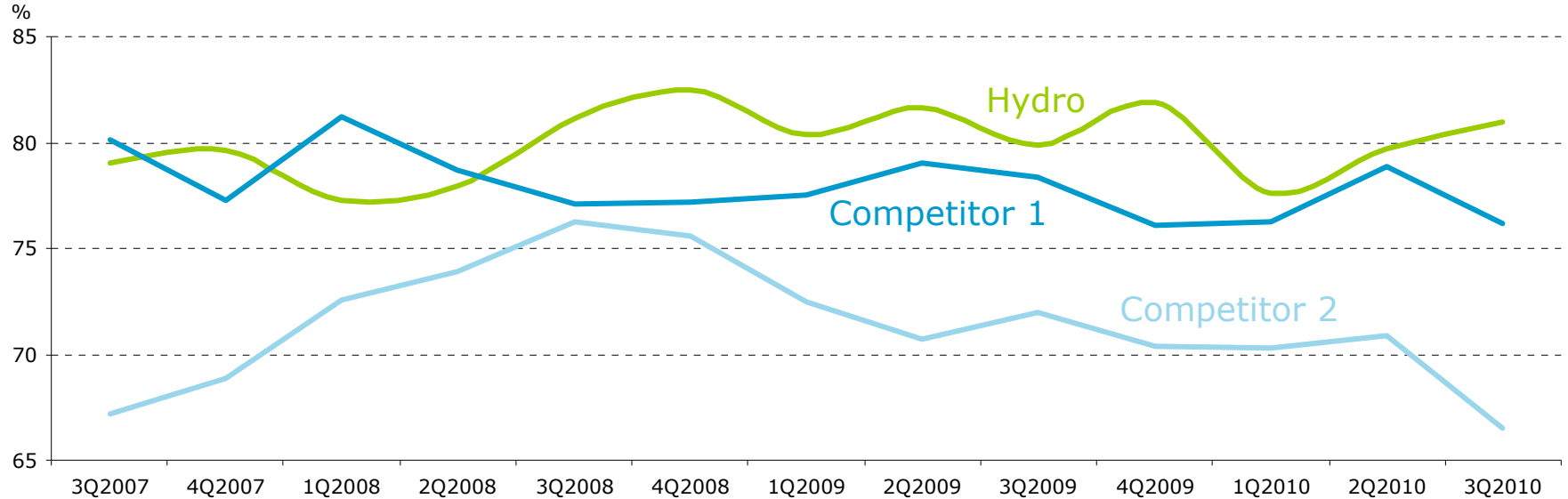


5% of packaging
weight 80%
of protection

Hydro world market leader in aseptic foil

Customer satisfaction key to success

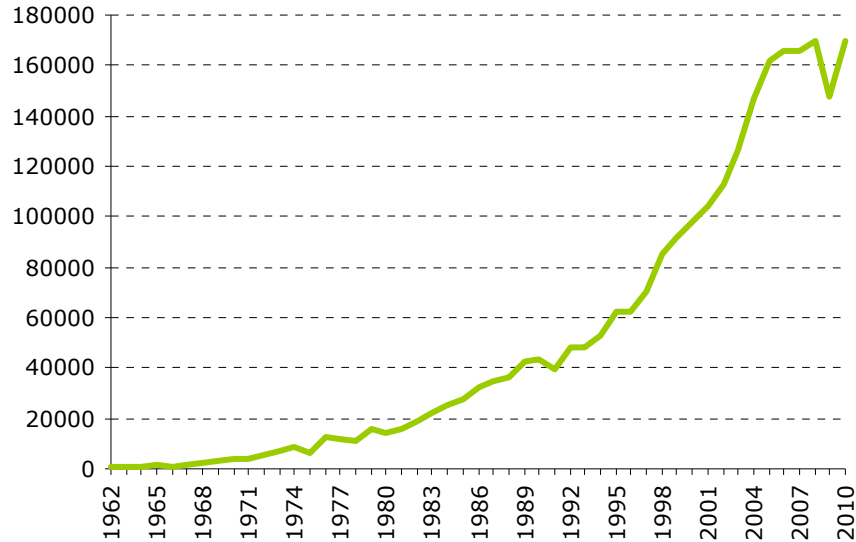
Development of supplier ranking Tetra Pak 2007 - 2010



Source: Tetra Pak analysis

World market leader in lithographic sheet

Development litho sales in metric tonnes 1962-2010

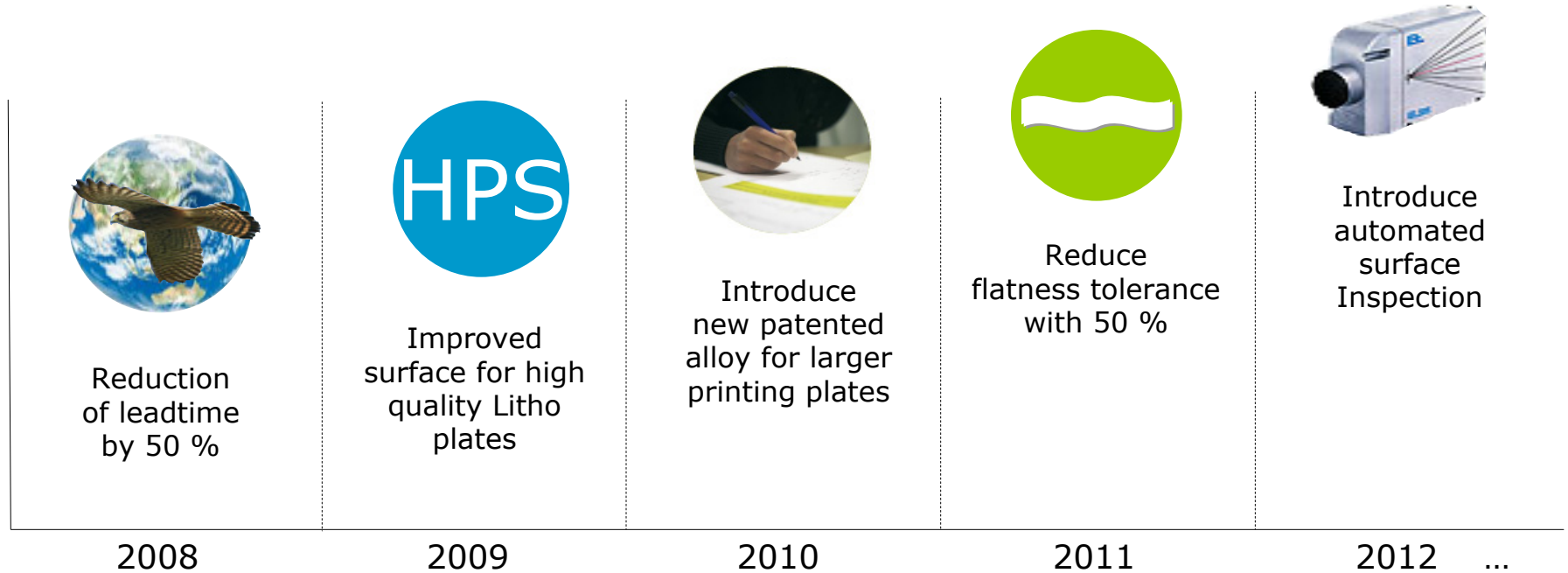


- Hydro world market leader
- Hydro technology leader
- Setting the standard

Source: Hydro analysis

Lifting the bar every year

Example litho: Differentiation through one step change per year



Source: Hydro analysis

4

Aluminum growth potentials

Megatrends drive aluminium demand

Urbanization



New middle class



Environmental sustainability

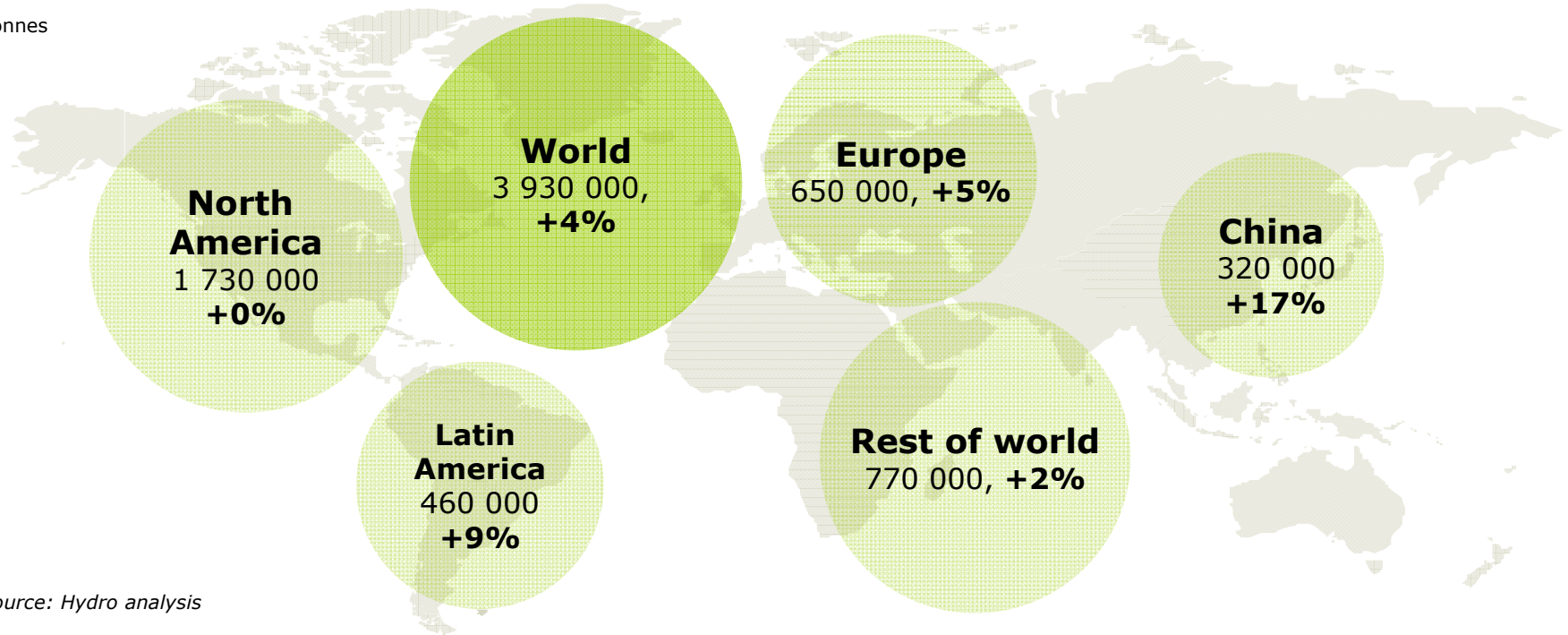


Source: Hydro analysis

Can market providing solid base for growth

Beverage can stock consumption (2010E) and CAGR (2010-2013 estimation)

Tonnes



Source: Hydro analysis

Mega trends and substitution drive demand

Automotive market with impressive growth prospects

Megatrends

Urbanization



New middle class



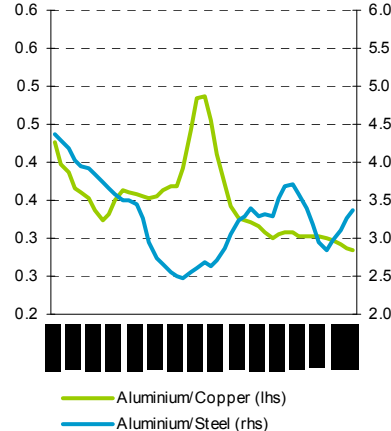
Environmental Sustainability



+

Substitution

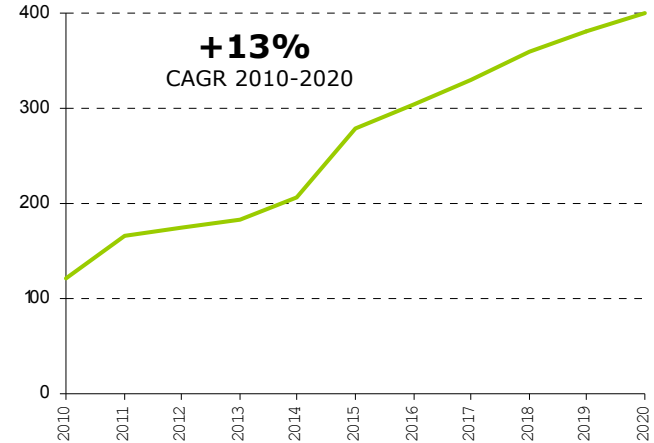
Alu vs. Copper/Steel
price ratio '07-'10
(3-month-moving-average)



=

Aluminium demand

Demand BIW (Body-in-white)
European passenger cars (1 000 tons)



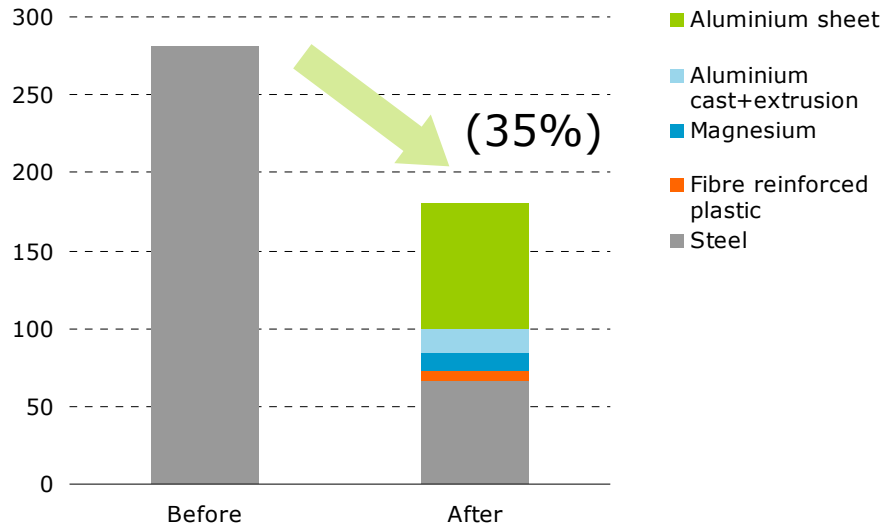
Source: Hydro analysis

Aluminum – metal of choice for weight reduction

Moving from luxury cars to volume models

Weight reduction of car body SLC project

kg body weight

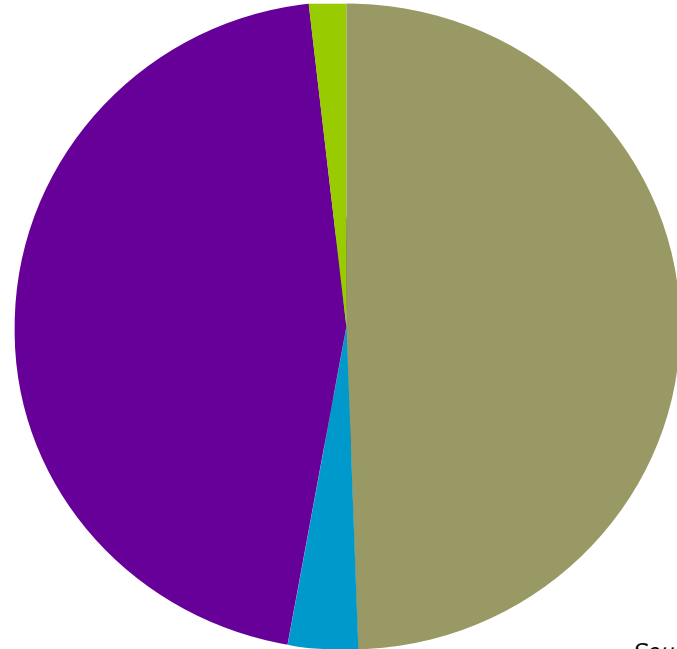
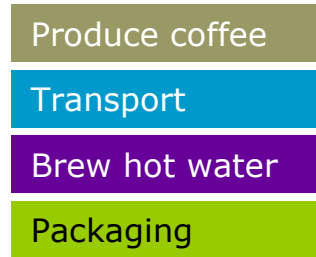


- Super-light car-project (SLC) study showed clear preference for aluminum for light-weighting
- Aluminum sheet ~45% of total weight after optimization of exemplary VW-Golf material mix

Source: www.superlightcar.com

Green aluminum packaging

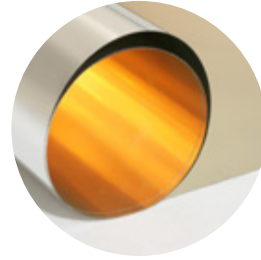
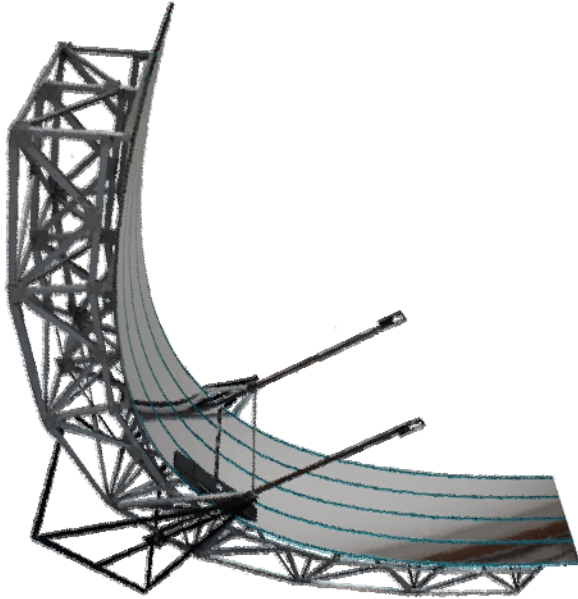
- 20% of greenhouse gas emissions from food production and consumption
- We contribute with optimised packaging to preserve food
- Example
CO2 emission of a cup of coffee:



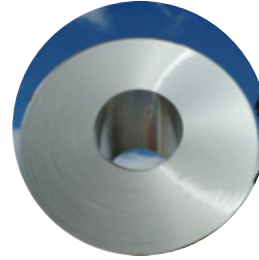
Source: EAFA study

Green aluminum – potential for future growth

Aluminum part of the solution for the climate change



New reflector foil from 3M



Hybrid^{Al} strip from Hydro



Lighter constructions from Hydro

Hydro's target:

"The most efficient mirror of the world"

- Highly reflecting, but cost efficient & light
- Robust, low maintenance effort, long-life
- 100% recyclable

5

Summary

Positioned for new levels of profitability

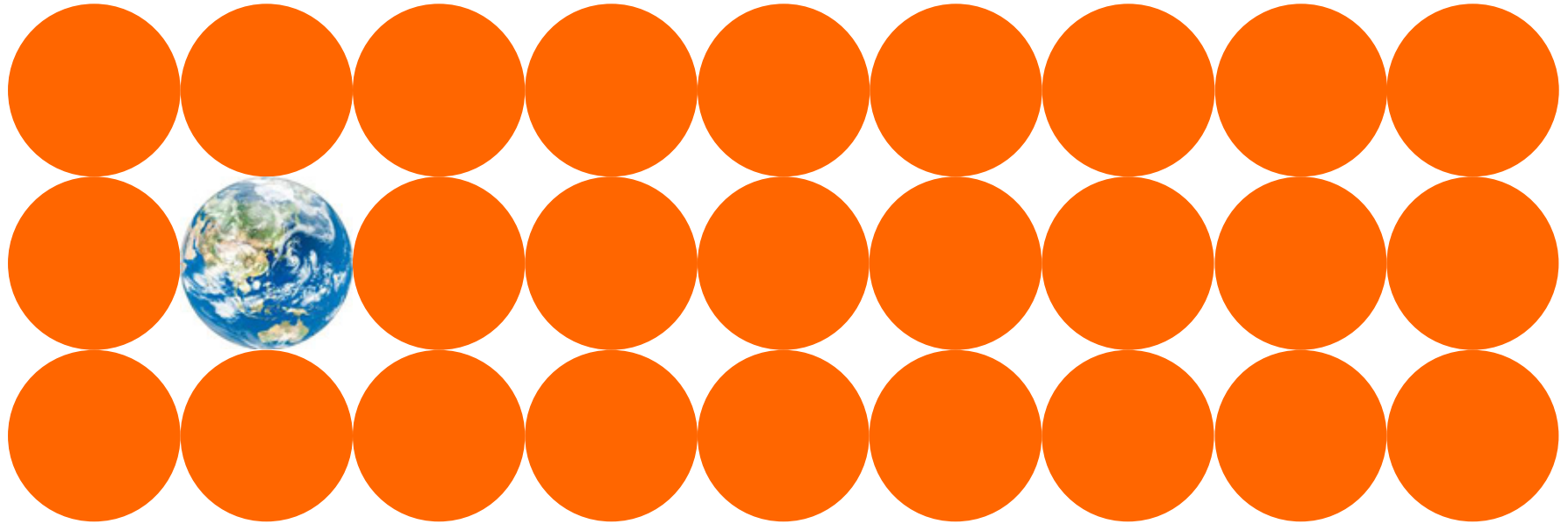


- Strengthened position in the downturn
- Emerged as a leaner and more profitable business
- “Climb” program decoupling volume from costs
- Profitable growth by leadership in quality, technology & innovation



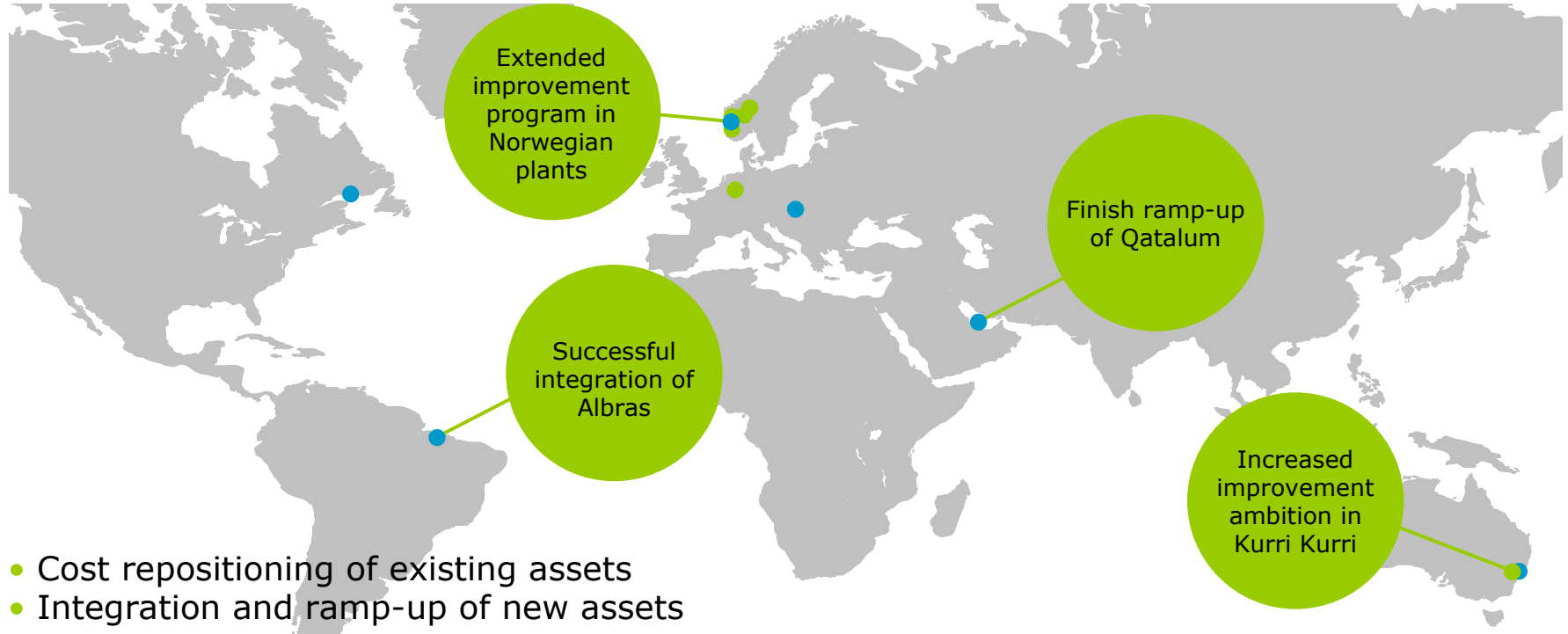
www.hydro.com

Repositioning Primary Metal



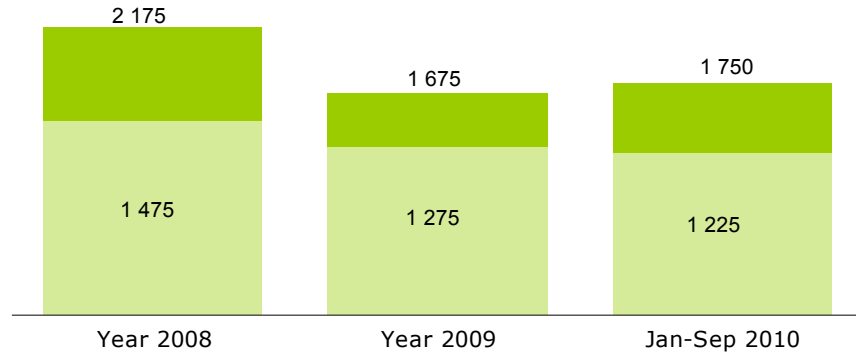
Hilde Merete Aasheim, Executive Vice President and Head of Primary Metal
January 13, 2011

Continued focus on repositioning



Improvement efforts give results

Estimated primary aluminium production cash costs
USD/tonne¹

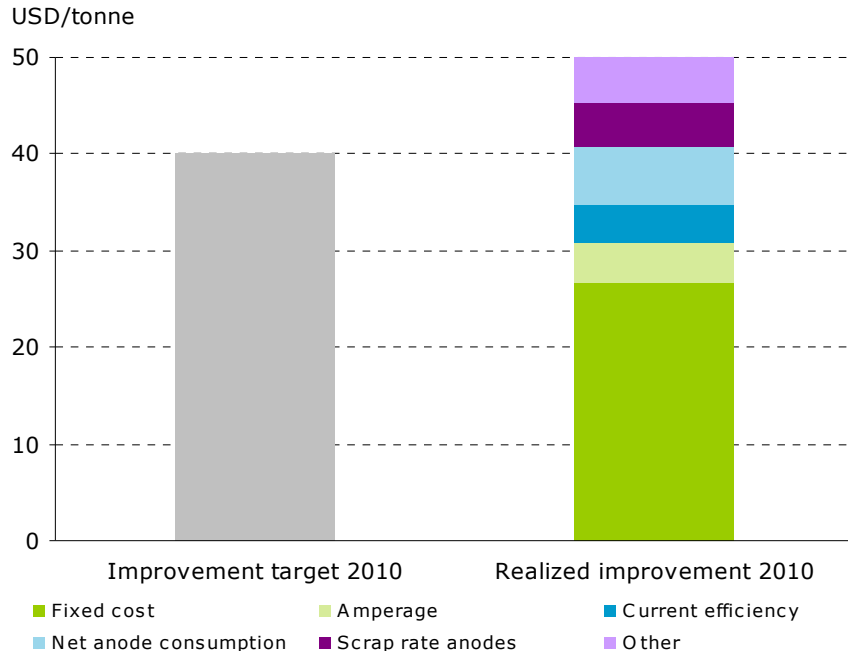


■ Estimated cash cost excluding LME-linked alumina cost²
■ Estimated LME-linked alumina cost²

- 1) Estimated cash cost: realized aluminium price minus EBITDA margin per tonne primary aluminium. EBITDA margin excludes bauxite, alumina and Qatalum-related earnings, but includes net earnings from primary casthouses.
- 2) 13% of LME 3 month price with 2.5 months delay. 1.9 tonnes of alumina is required to produce one tonne of aluminium.

- ~25% decrease in cash cost from 2008 to 2009
 - Mainly reduction in input cost driven by market and closure of high-cost capacity
- Benefit of cost reduction program
 - USD 50 decrease in cash cost excluding LME linked alumina cost from 2009 to Jan-Sep 2010
- Improvements expected to be somewhat offset by higher energy costs and may be influenced by fluctuations in raw material prices and currencies

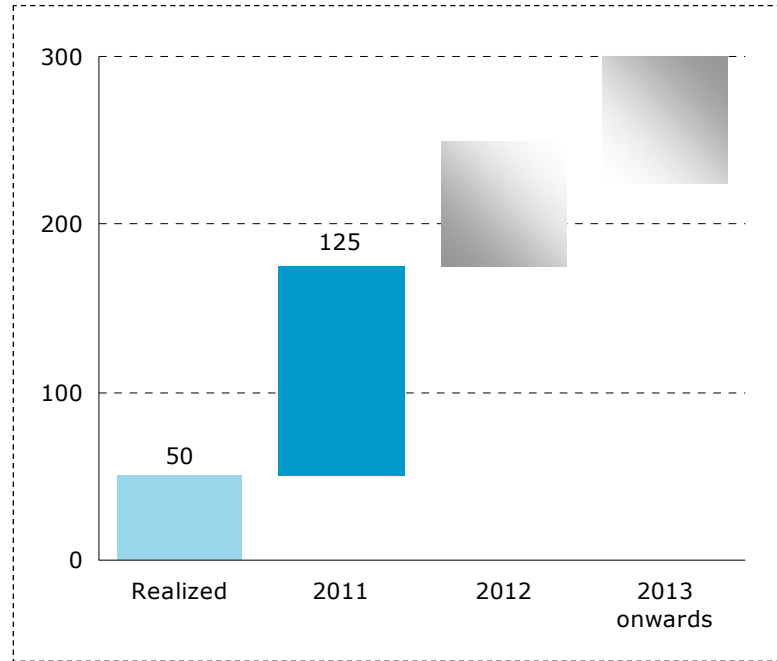
Operational excellence and fixed cost focus – delivering better than plan in 2010



- Realized improvement USD 50/tonne vs. target USD 40/tonne by end-2010
- Fixed cost and process improvements contributing equally
- Solid operational performance

Improvement program lifted to USD 300 per tonne

- Operational improvements
 - Improved current efficiency
 - Reduced power consumption
 - Reduced anode consumption
- Fixed cost reductions and lean operations
- Further operational improvements
- Technology costs/spin-offs
- Investments
- Maintenance and relining
- Procurement
- Logistics
- Organization and manning
- Casthouse product margin



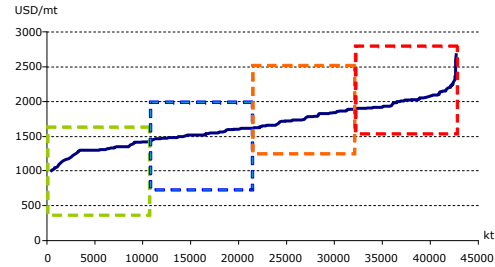
USD
300/tonne

Compared to 2009
cost level¹

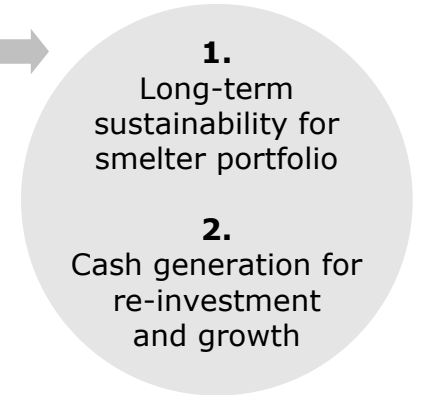
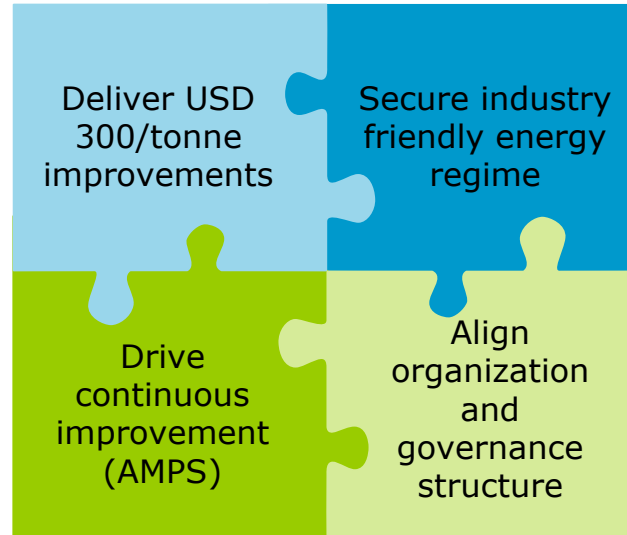
1) USD 300 real target relates to wholly-owned smelters excluding Neuss. The scope of the improvement program is broadened starting from 2011, compared to original 100 USD program. Accumulated nominal target (2011 vs 2009) 175 USD/tonne.

Roadmap to competitiveness

Business operating cost 2010



Source: CRU 2010



AMPS: Aluminium Metal Production System

Attractive Qatalum fundamentals



- Integrated power plant with long-term and low-cost gas sourcing
- Low cash cost smelter
- Potential for future expansion
- Serving markets on 3 continents

Successful handling of Qatalum outage



- Power outage and mitigating actions
 - Black-out following short circuit in external transformer on August 9, 2010
 - Studies, review of routines, tests and training part of mitigating actions
 - Qatalum has taken necessary steps to minimize future risk
- Market and customer actions
 - Prompt support from Qatalum to mitigate customer impact through remelting
 - Hydro's flexible production and marketing system key in minimizing customer impact

Status of Qatalum ramp-up

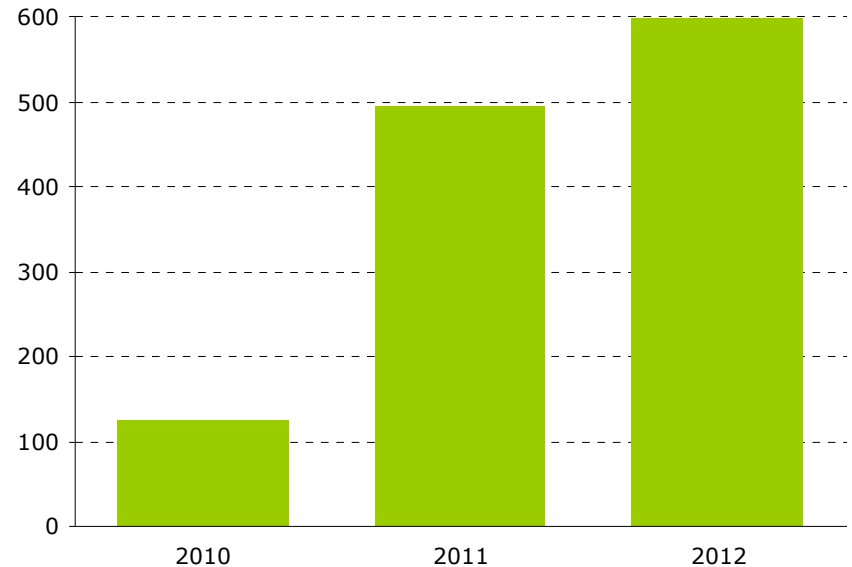


- Restart after power outage commenced on September 15, 2010 with ambition to finish ramp-up by end-Q1 2011
- By January 13 ~50% of ramp-up has been completed
- Ramp-up is currently being hampered by technical challenges related to the cooling water system for the steam turbines under the power plant contract with General Electric/Doosan
 - These challenges are unrelated to August outage
- Possible delay of 8 weeks with full production from June 2011

From ramp-up to stable operations in 2011

- Current focus on further ramp-up
- 2011 estimated production ~100 000 tonnes below capacity, dependent on timing of final ramp-up
 - 2012 production ~600 000 tonnes
- Following ramp-up: Transition phase into stable operations
 - Operational excellence
 - Cost optimization
- 2011 cash cost influenced by ramp-up
- First quartile position on cash cost curve when in full operation

Qatalum primary aluminium production, 1 000 tonnes



New presence in Brazil with Albras



- Among the largest smelters in the Americas and established in 1985-86
- Hydro is a majority owner
 - Owned 51% by Hydro and 49% by Nippon Amazon Aluminium Company
- Long-term energy coverage with hydropower based LME-indexed contract until end-2024
- Alumina sourced from Alunorte located next to Albras
- Key operational facts
 - Capacity 100%: 460 000 tonnes
 - Production 2009: 450 000 tonnes
 - Technology: AP 13
 - Product mix: Standard ingot

Integration planning well under way



- Work program defined to assess improvement opportunities
- Hydro has had a technical service agreement with Albras over several years
- Hydro has had a long-term metal purchase contract with Vale for ~1 million tonnes primary aluminium

Ambition to remain leader in primary technology



HAL 300
In operation



HAL4e
Pilot plant



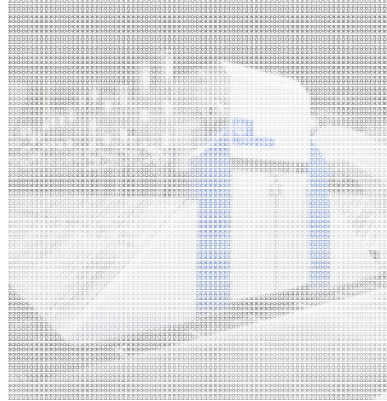
R&D portfolio
Future vision

HAL 300 – current top standard



HAL 300

- Operating for several years in Sunndal
- Ramping up in Qatar
- Qatalum power outage verified the robustness of the cells
- Operating at:
 - 13.3 kWh/kg
 - 313 kA
 - 1.6 tonne CO₂/tonne aluminium



HAL4e
Pilot plant



R&D portfolio
Future vision

HAL4e – delivering impressive results



HAL 300
In operation



HAL4e

- Benchmark technology – process parameters and environment
- 30 months of operations in Årdal
- First verification period delivered better result than target

- Currently operating at:
 - 12.5 kWh/kg
 - 424 kA
 - 1.5 tonne CO₂/tonne aluminium



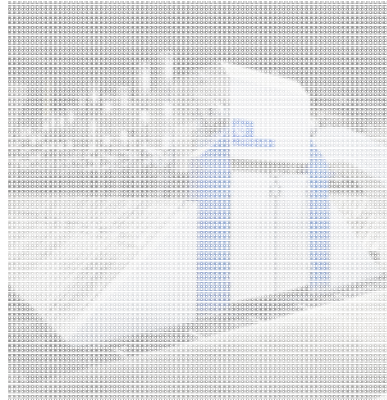
Next-generation smelter

R&D portfolio
Future vision

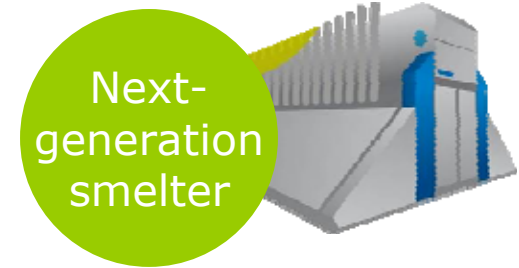
R&D portfolio – preparing for future projects



HAL 300
In operation



HAL4e
Pilot plant



R&D portfolio

- HAL4e optimization – to be ready for next project
- HAL Ultra – future vision
 - Significantly lower kWh/kg
 - Carbon capture-ready cell
 - New materials and cell design
 - Reduced investment costs

Primary Metal priorities

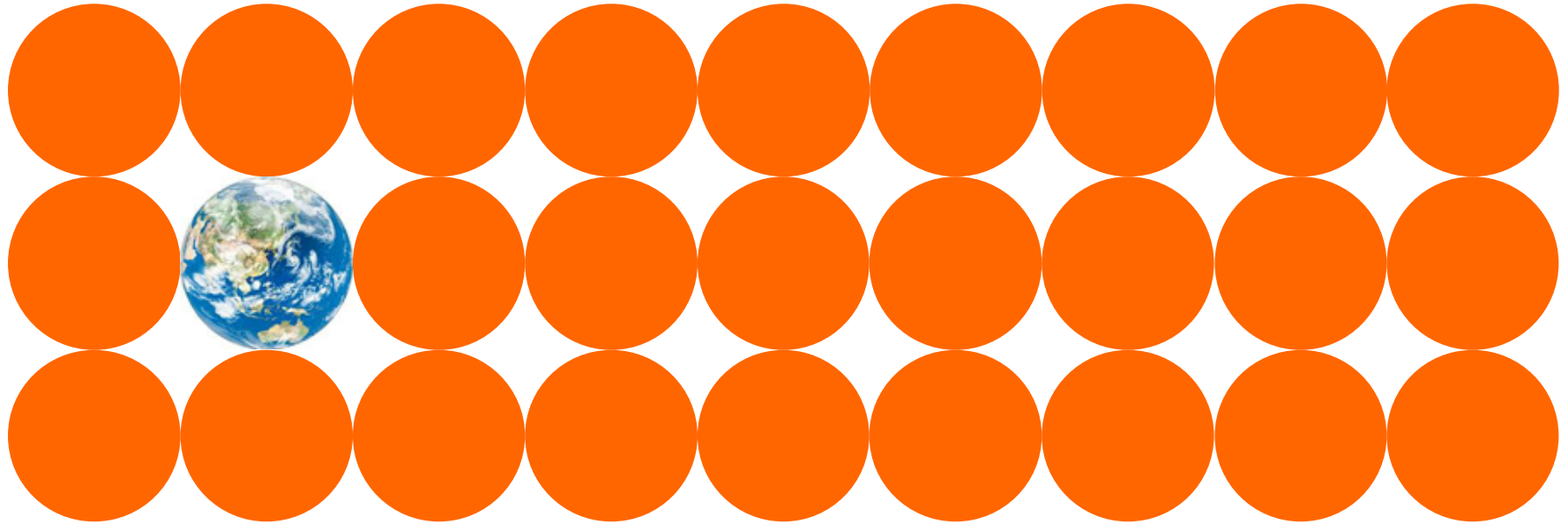


- Deliver improvements according to extended program to enhance competitiveness
- Complete ramp-up of Qatalum and realize full potential of low-cost smelter
- Successful integration of Albras – providing smelting capacity in fast-growing region
- Leader in primary technology – optimizing HAL4e for next project



www.hydro.com

Proactive portfolio, performance and margin management



Jørgen C. Arentz Rostrup, Executive Vice President and CFO
January 13, 2011

Agenda



- Performance management
- Earnings drivers
- Financial position

Strong positions across aluminium value chain

Raw materials processing and energy

Primary aluminium production, marketing and recycling

Aluminium in products

Bauxite & Alumina



- High LME sensitivity
- Ramp-up to capacity

Energy



- Production and market prices strongly linked to hydrological conditions
- Stable annual result contribution
- Stable cost base

Primary Metal



- High LME and USD sensitivity
- Improving cost position

Metal Markets



- Margin business
- Results influenced by currency fluctuations

Rolled Products



- Margin business
- Volume sensitive - high share of fixed costs

Extruded Products



- Margin business
- Volume sensitive – but flexible production system

1

Performance management

Continuous drive for improvement

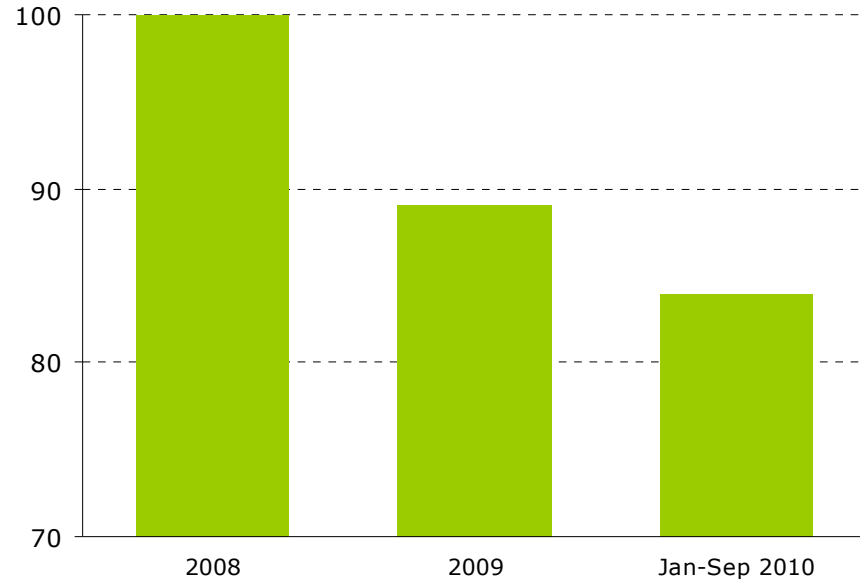
Planning and performance framework



Top-down ... integrated ... aligned ... balanced

Primary Metal repositioning continues

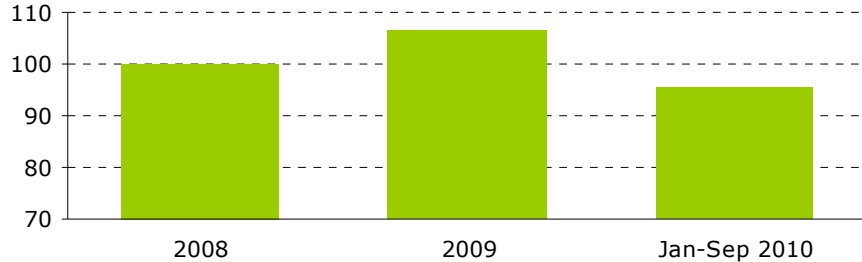
Fixed cost development quarterly average, indexed



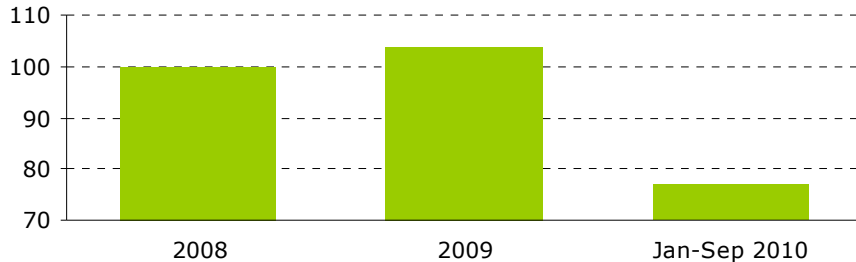
- Continuous cost focus
- Further improvement potential in cash cost position
 - Estimated first nine months 2010 cash cost USD 1 750/NOK 10 600
- USD 100 per tonne cost improvement program on track with USD 50 cost savings for 2010
 - NOK 75 million demanning charge expected in Q4 2010
- Extended program with additional USD 200 per tonne reduction in cash cost by end-2013 on target
 - Expected to be somewhat offset by increased energy costs

Strong cost focus in Extruded Products

Fixed cost per tonne quarterly average for Extrusion Eurasia, indexed



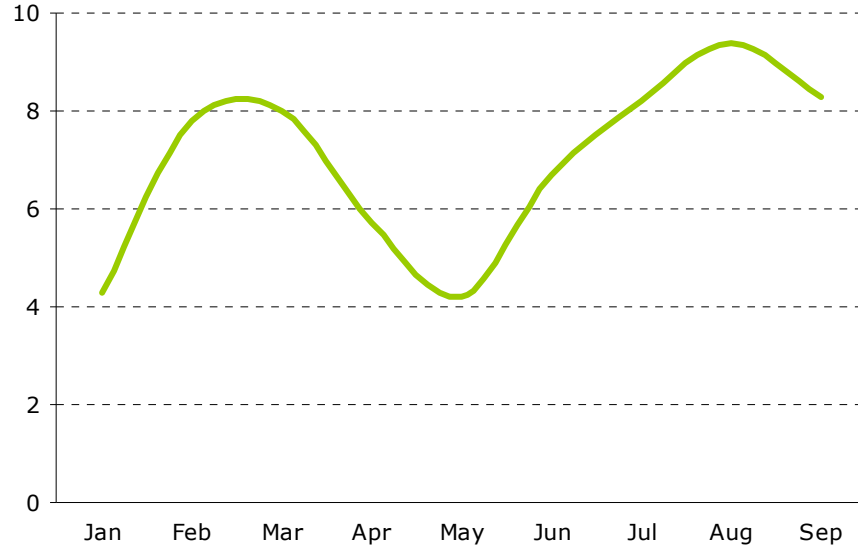
Fixed cost per tonne quarterly average for Precision Tubing, indexed



- Competitive cost base from measures implemented in 2009
- Cost per tonne down from 2008-level
- Firm cost management
- Continuous improvements with strong focus on customer needs

Solid energy market operations secure spot premium

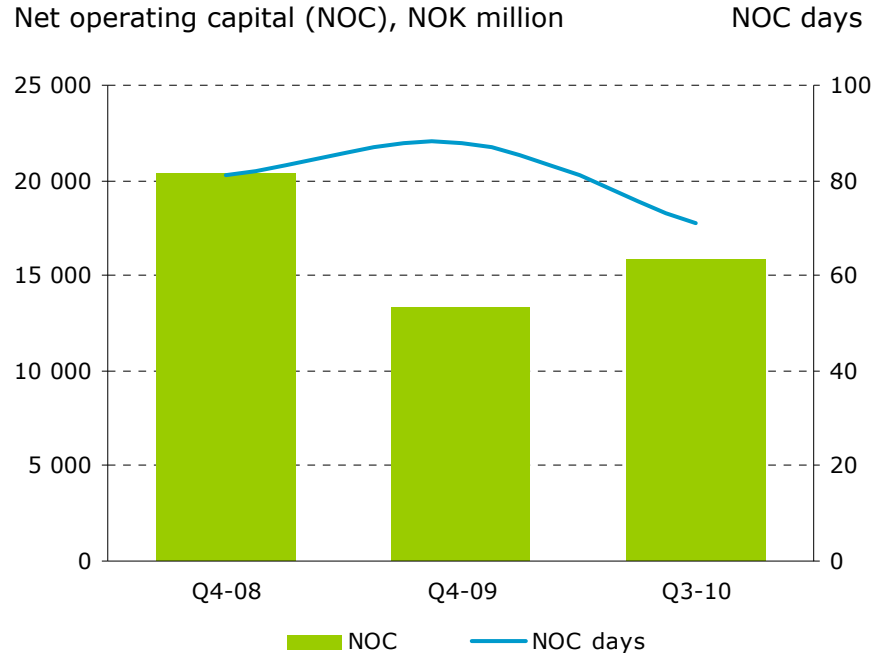
Accumulated spot price premium, NOK/Mwh



- Significant intra-day spot price volatility in Nordic power markets
- Value enhancement through optimization using asset flexibility
- Maintenance schedule adapted to market
- Flexibility depends on hydrological situation
- Optimization with smelter production

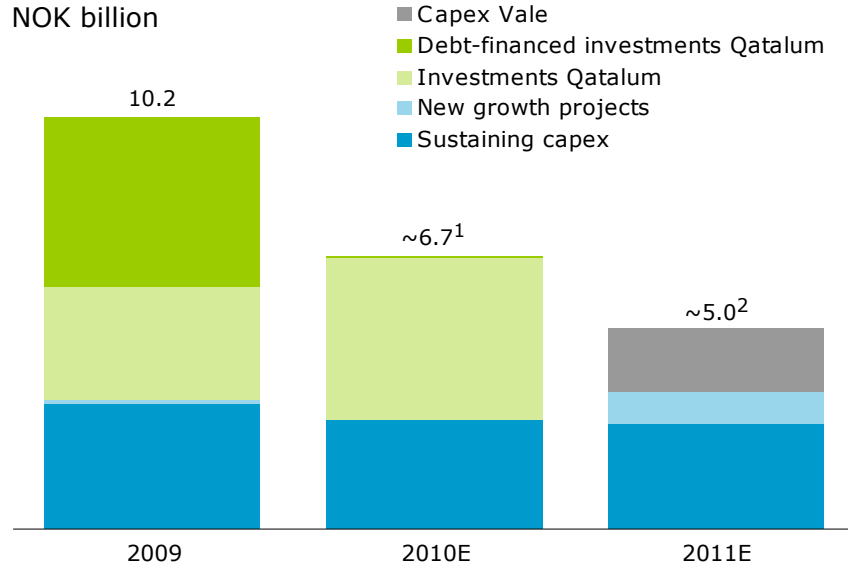
* Difference between realized spot price and monthly average spot price

Net operating capital reduced



- Reduction of NOK 5.8 billion in 2009
- Increase of NOK 2.9 billion in 2010
- Strong management focus
- Ambition 2011
 - Stable inventory levels and payable days
 - Reduction in days receivables

Capital allocation mainly upstream



1) Including net operating capital in Qatalum

2) Excluding Vale assets acquisition

- Qatalum capital expenditure completed in 2010
 - Equity contribution ~NOK 4 billion
- Sustaining capex NOK 3.5 billion annually from 2011 including Vale assets
- Growth projects in 2011
 - Holsbru hydro power development
 - Recycling center Karmøy
 - Extruded Products expansion China
 - Paragominas and CAP development under evaluation

2

Earnings drivers

Understanding of earnings drivers



- Starting point/assumptions
- Simplified models
- Negative correlations
- Complexity

Price and currency sensitivities

Aluminium price sensitivity +/- 10%

NOK million



Currency sensitivities +/- 10%

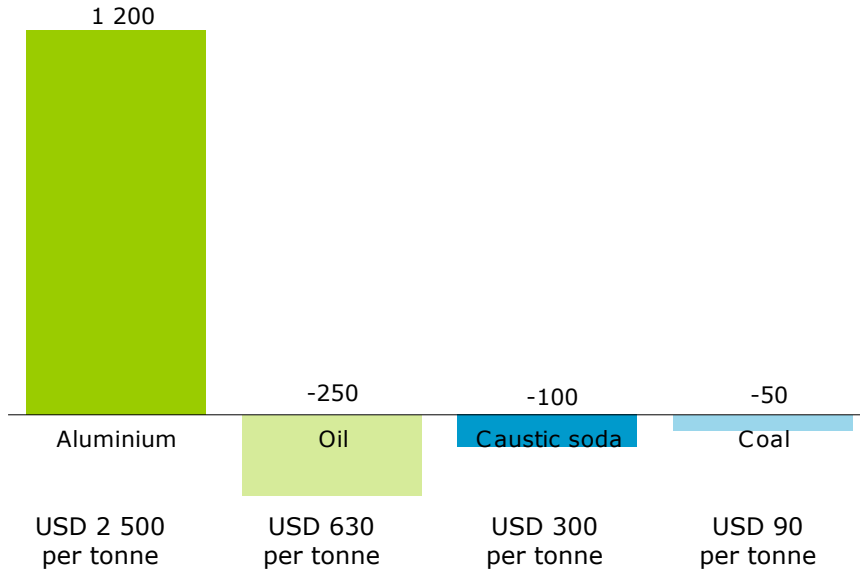
| NOK million | EBIT | Financial items | Income before tax | Net income |
|-------------|-------|-----------------|-------------------|------------|
| USD | 2 800 | (650) | 2 150 | 1 450 |
| BRL | (850) | 800 | (50) | (50) |
| EUR | (50) | (1 050) | (1 100) | (800) |

- Annual sensitivities based on expected business volumes for 2011 (including Vale assets for the full year), LME USD 2 500, NOK/USD 6.00, NOK/BRL 3.33 and NOK/EUR 7.70.
- Aluminium price sensitivity is net of aluminium price indexed costs and exclusive of Vale-hedge and unrealized effects related to operational hedging
- USD sensitivity on financial items is based on estimated year-end financial position post acquisition

Bauxite & Alumina sensitivities

Sensitivities on underlying EBIT if +/- 10% in price

NOK million



Revenue impact

- ~13-14% of 3-month LME price per tonne alumina
- ~One month lag

Cost impact

Bauxite

- ~2.4 tonnes bauxite per tonne alumina
- Pricing partly LME-linked for bauxite from MRN

Caustic soda

- ~0.09 tonnes per tonne alumina
- Formula prices based on average of CMAI and Harriman US export, pricing per quarter or per shipment.

Energy

- ~0.13 tonnes coal per tonne alumina
 - 1 year contracts
- ~0.11 tonnes heavy fuel oil per tonne alumina
 - Long-term supply commitments, price follows market
- Increased use of coal as energy source in Alunorte

Vale aluminium earnings considerations



- Ongoing purchase price allocation evaluations
 - Excess value depreciation expected to be significantly reduced compared to pro forma financial statements in Prospectus from June 2010
 - From NOK 1.5 billion to around NOK 1.0 billion
 - Subject to further verifications after closing and sensitive to currency rates and Hydro's share price development
- Effective tax rate ~20%
- Majority of LME exposure for 2011 hedged at ~USD 2 400
- Assumed debt ~USD 700 million
 - Renegotiated at competitive terms

Primary Metal sensitivities

Sensitivities on underlying EBIT if +/- 10% in price

NOK million



Revenue impact

- Realized price lags 3-month LME price by ~3-4 months
- Qatalum and Albras realized price lags spot price LME by ~1 month

Cost impact

Alumina

- ~1.9 tonnes per tonne aluminium
- ~13% of 3-month LME price per tonne alumina
- ~2-3 months lag

Alumina freight

- ~1.5 million tonnes alumina in trans-Atlantic seaborne freight

Carbon

- ~0.35 tonnes per tonne aluminium
- Raw material primarily petroleum coke
- Long-term supply commitments, priced every 6 months

Power

- 14.1 MWh per tonne aluminium
- Long-term power contracts with indexations

Attractive Qatalum fundamentals

- 2011 focus
 - Ramp-up to be completed by June 2011
 - Stabilize production
- Depreciated over ~20 years
- Marginal tax implications
- First quartile cash cost based on very competitive gas contract
- Earnings capacity
 - Cash costs estimated in the range 1 400-1 500 USD per tonne at current market conditions when in full production
- Robust insurance coverage
 - Part of insurance compensation expected to be recognized in Q4 2010 result



Metal Markets earnings drivers

Remelters

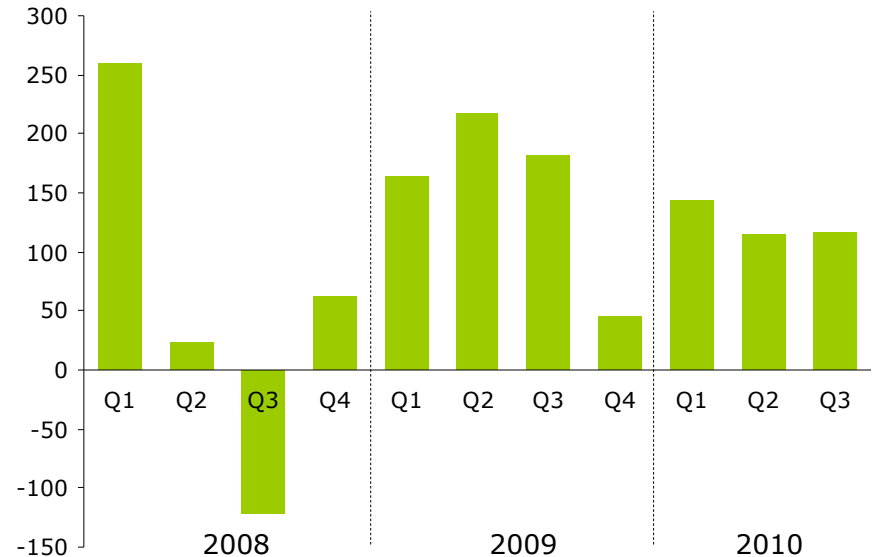
- Revenue impact – volume and product premiums above LME
- Cost impact
 - Scrap and standard ingot premiums above LME
 - Raw material mix
 - Freight cost – proximity to market
 - Gas and electricity consumption and prices

Other main businesses

- Physical and LME trading
- Third-party products
- High purity aluminium

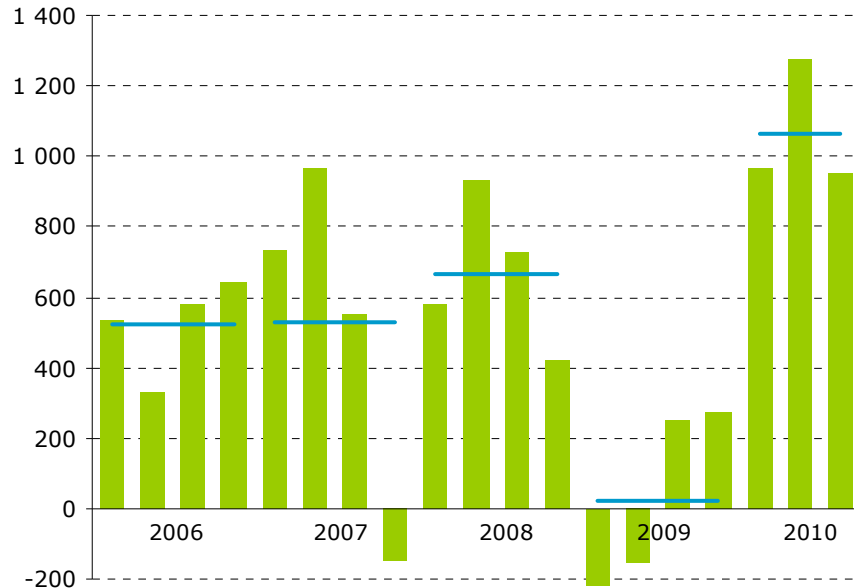
Results influenced by currency fluctuations

Underlying EBIT excluding currency effects and ingot stock valuation effect, NOK million



Rolled Products earnings drivers

Underlying EBIT per tonne, NOK



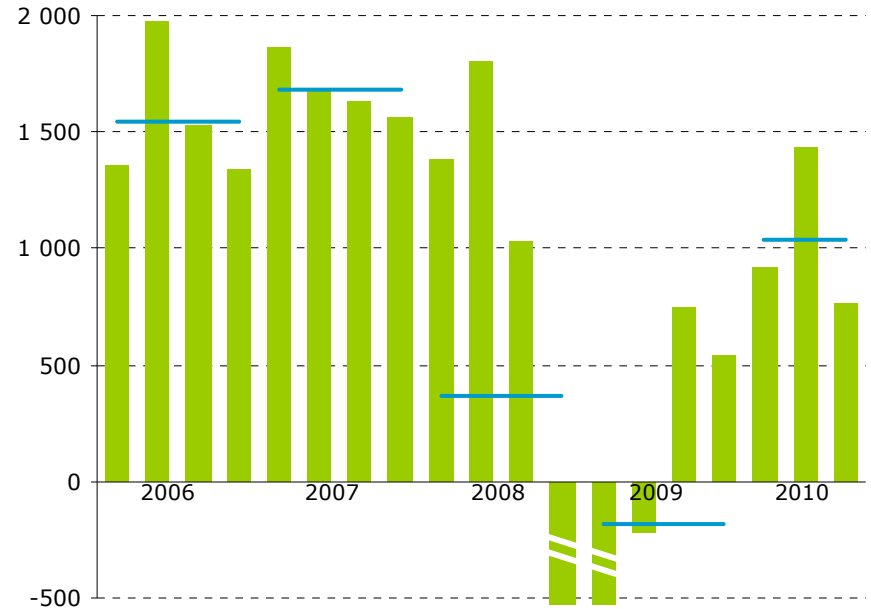
- Contract structure
 - Margin business based on conversion price
 - LME element passed on to customers
 - Medium-term contracts
 - Range from spot contracts to multi-year contracts
- High share of fixed costs - volume sensitive
- Preferred supplier market position in high-end products
- Hydro's market position key advantage in cost and volume driven industry

Extruded Products earnings drivers

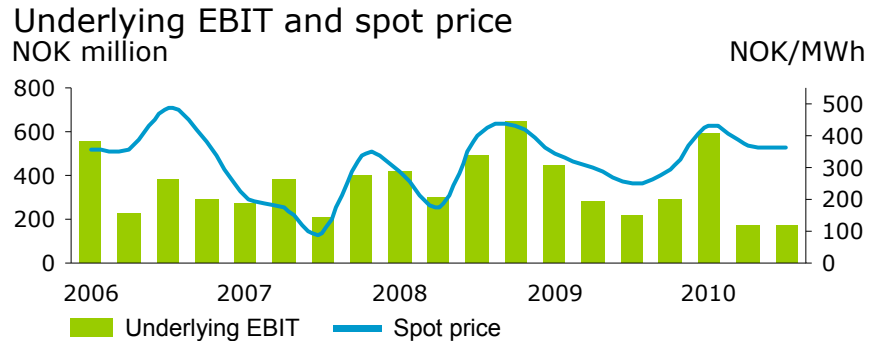
- Contract structure
 - Mainly short-term contracts
 - Large number of small orders to small/medium-sized customers
 - Produce to order - limited share of commodity type products
- Strong cost focus
- Margin management is key
- Volume sensitive - but flexible production system
- Support customers in product development
 - Focus on value creation in excess of metal price

* Excluding divested businesses (Automotive Structures, Castings, Magnesium)

Underlying EBIT per tonne, NOK



Energy earnings drivers



- Production and market prices strongly linked to hydrological conditions
- Relatively stable annual EBIT contribution
 - Large quarterly variations due to volatile spot sales and spot prices
- Seasonal market variations in demand and supply
- Occasional delink between area prices
- Power portfolio optimized versus market
- Stable cost base

* Underlying EBIT 2003–2006 based on USGAAP

Hedging policy



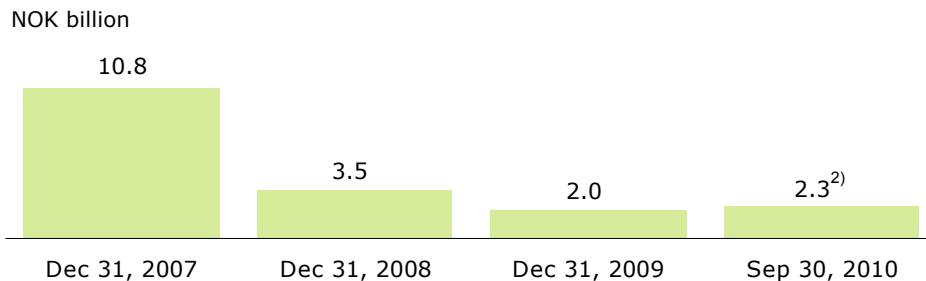
- Upstream
 - Primarily remain exposed to LME prices
 - Partly off-setting effects through raw material prices and negative currency correlations with LME
 - Majority of 2011 LME exposure in Vale transaction hedged
 - Operational LME hedging
 - Three months forward sales to manage customers' pricing
 - Currency exposure, mainly USD and BRL
 - Policy of maintaining long-term debt in USD
 - Partly natural hedge through negative correlation between LME and major exposed currencies
- Mid- and downstream
 - Operational LME and currency hedging to secure margin
- Volatility mitigated by strong balance sheet

3

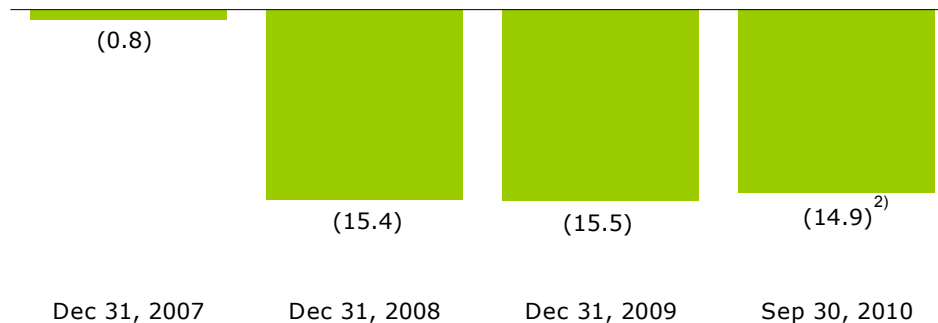
Financial position

Financial position

Cash less interest-bearing debt¹⁾



Adjusted net debt¹⁾²⁾



1) Adjusted for cash consideration to Vale

2) Net interest-bearing debt in equity accounted investments, net pension liability, operating lease commitments and other

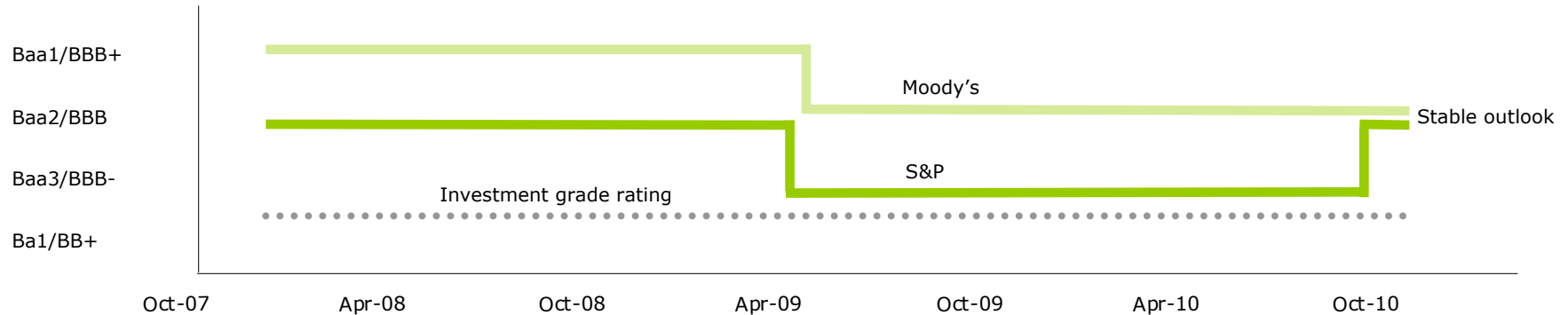
Investment grade rating confirmed

Maintain investment grade rating

- Currently: BBB (S&P), Baa2 (Moody's), both with stable outlook
- Competitive access to capital and important for Hydro's business model

Financial ratios ambitions over business cycle

- Funds from operations to net adjusted debt > 40%
- Net adjusted debt to equity < 0.55



Maintain financial flexibility



- Strong focus on liquidity
- Maintain revolving credit facility to support unexpected or short-term funding requirements
- Intention to re-establish Hydro as issuer in bond markets
 - Long-term funding of long-term funding requirements

Financial priorities



- Continuous improvements
- Vale integration
- Margin management
- Cash flow and financial flexibility
- Shareholder returns

Strategy for further value creation

Bauxite & Alumina



- Integrate
- Expand
- Commercialize

Primary Metal



- Reposition
- Keep solid cash flow in current assets
- Expand in high-class assets

Energy



- Increase value of business and competence
- Focus on operation and commercialization of current assets
- Implement global approach to power sourcing

Mid- and downstream



- Continue proven high-end product strategy
- Pursue profitable life-cycle investments: recycling, energy-efficient building systems, aluminum in transport
- Expand selectively in emerging markets

Shaping the future

- Innovation and technology
- Operational excellence
- Value creation





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