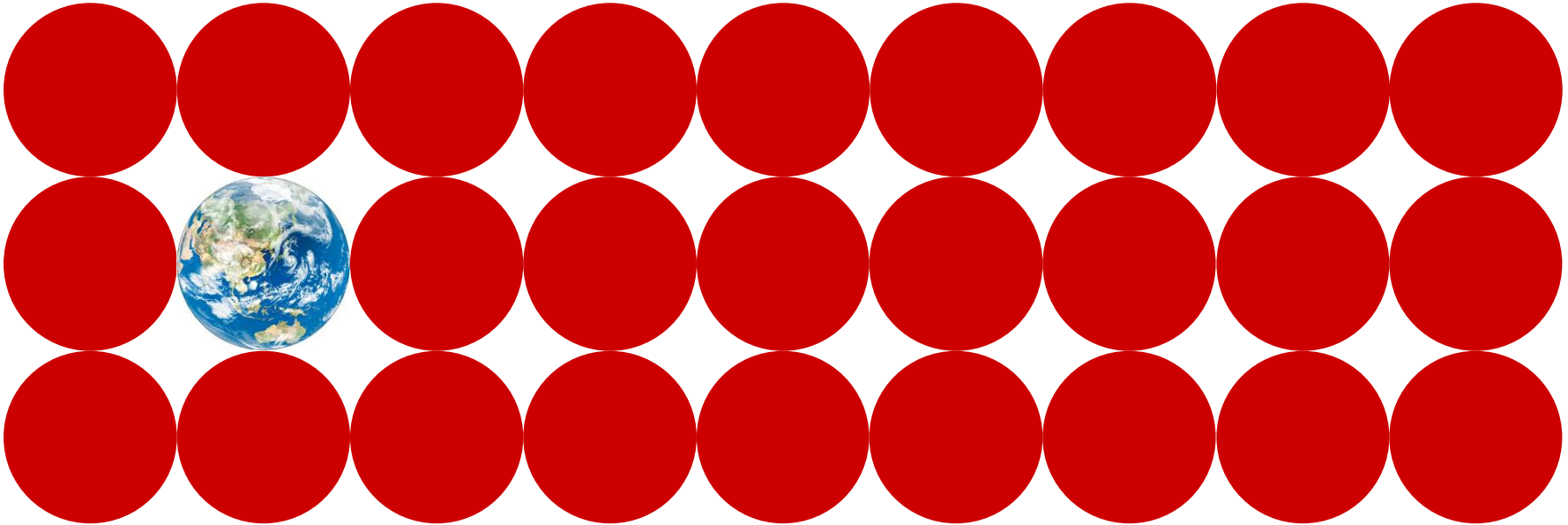
Capital Markets Day: Performance frontrunner



Svein Richard Brandtzæg, President and CEO
December 1, 2011

(1)

Hydro's value proposition

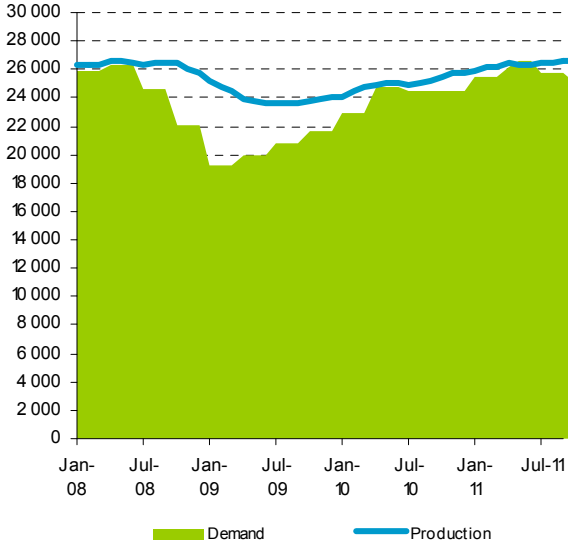
- Capturing full potential of attractive long bauxite and alumina position
- Continuing unparalleled USD 300 improvement program
- Strengthening portfolio robustness with world-class Qatalum smelter
- Securing solid financials through high-value hydropower assets
- Adding value through high-end products based on technology leadership and innovation

(2)

Improving markets in 2011

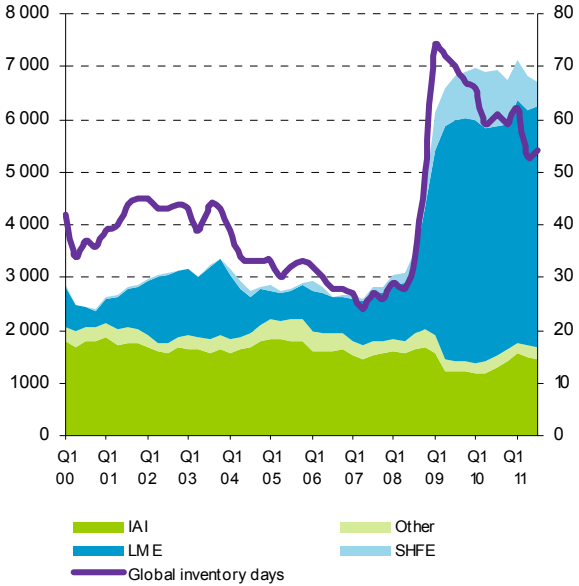
World outside China – supply/demand

1 000 mt



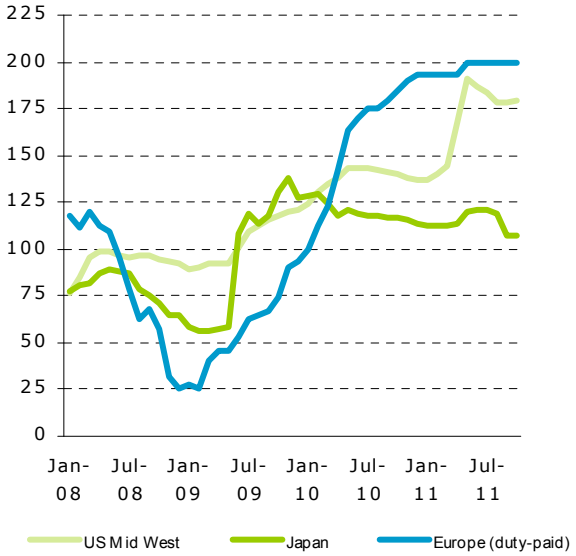
World reported primary aluminium inventories

1 000 mt Days



Regional ingot premium

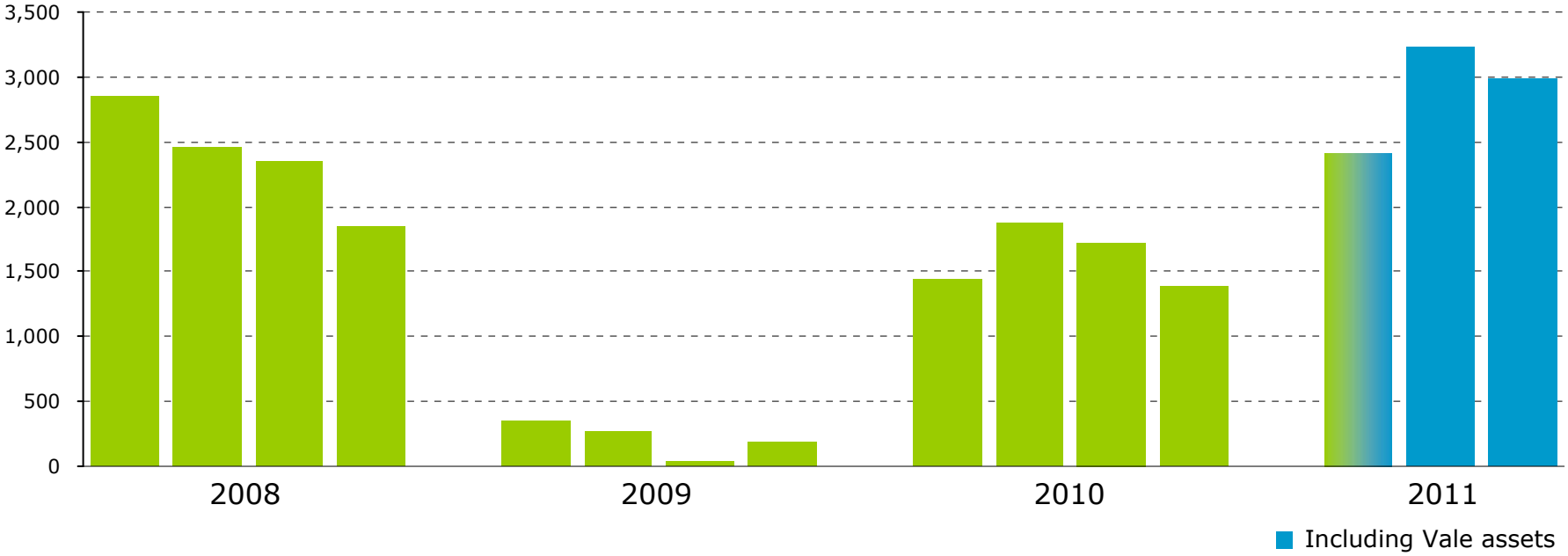
USD per mt



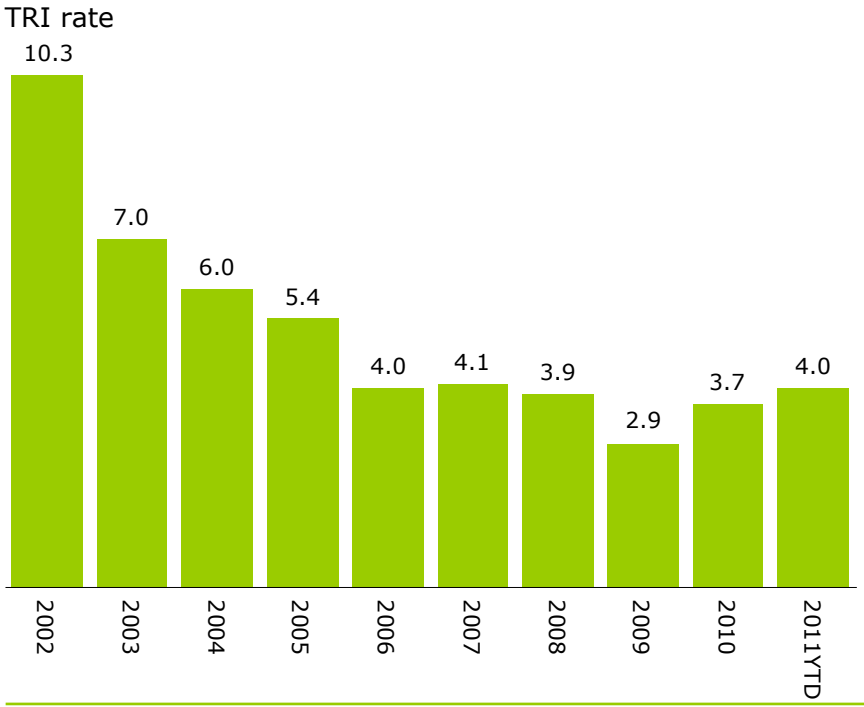
Source: CRU, Metal Bulletin, Platts

Results recover from financial crisis

Hydro underlying EBITDA quarterly, NOK million



Safe operations is a top priority



Renewed CSR focus with entry into mining

- Hydro's ambition remains to strive for excellence in CSR related matters
- Hydro reports on CSR according to Global Reporting Initiative (GRI)
- Hydro is a member of International Council on Mining and Metals (ICMM)

FTSE4Good

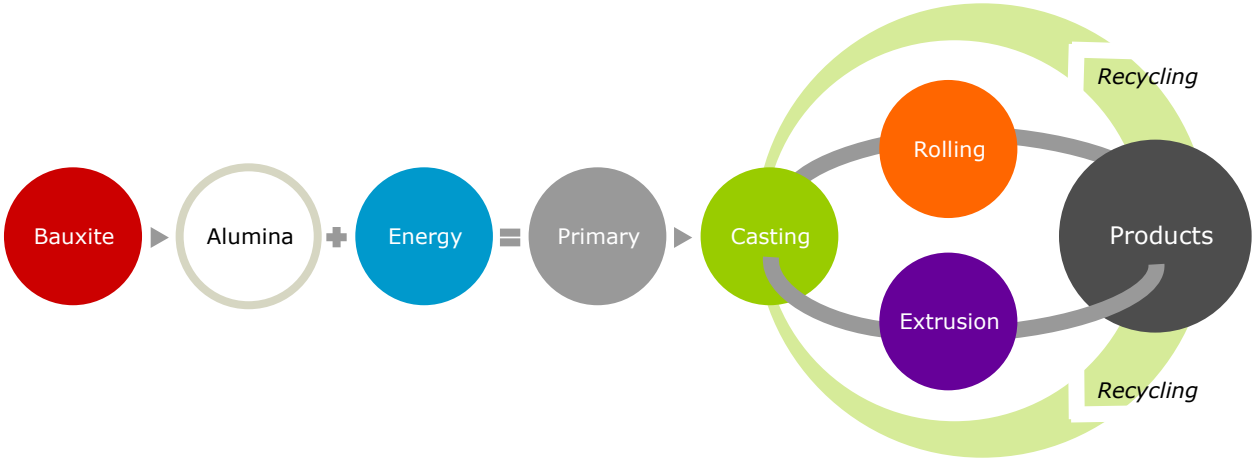
Dow Jones Sustainability Indexes
Member 2011/12

CSR strategy pillars

1. Integrity & Anti-Corruption
2. Community & stakeholder engagement
3. Human Rights
4. Supply chain and Product Stewardship

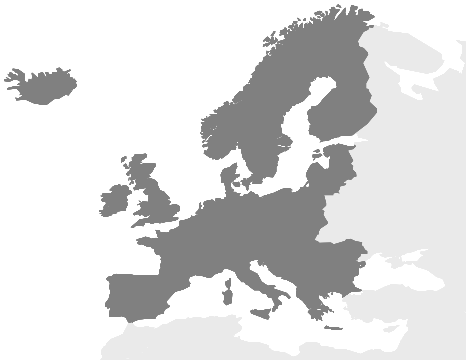
HYDRO

Fully integrated throughout the value chain

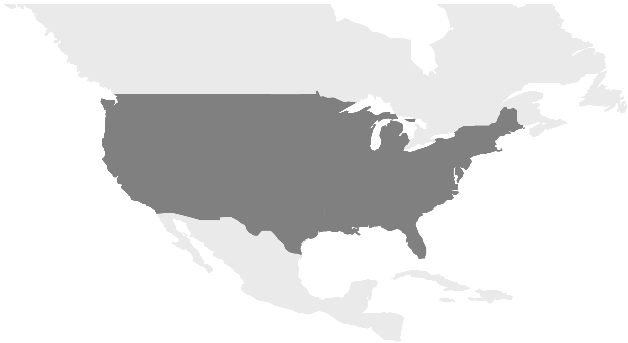


Macro economic situation – global uncertainty

Europe
Sovereign debt concern



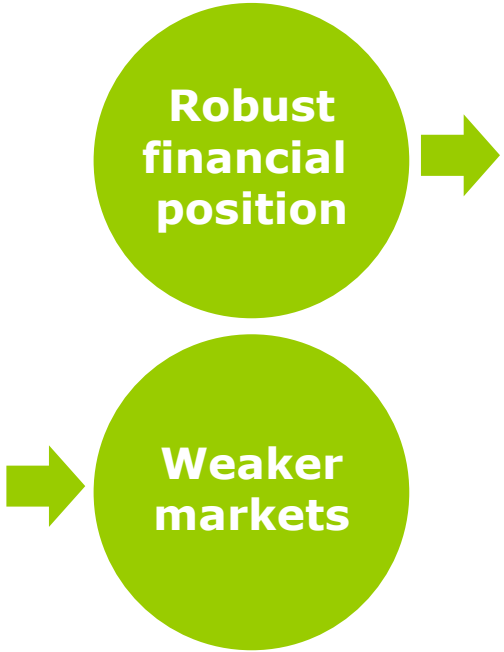
United States
Demand issue



China
Reduced growth

Proactive corrective measures

- Sovereign debt crisis
- Confidence indicators pointing downwards
- Financial market unrest
- Softening growth in emerging markets



- Capacity adjustment measures
  - Flexibility in remelt system
  - Active margin management
- Strengthened focus on improvement programs
- Financial discipline

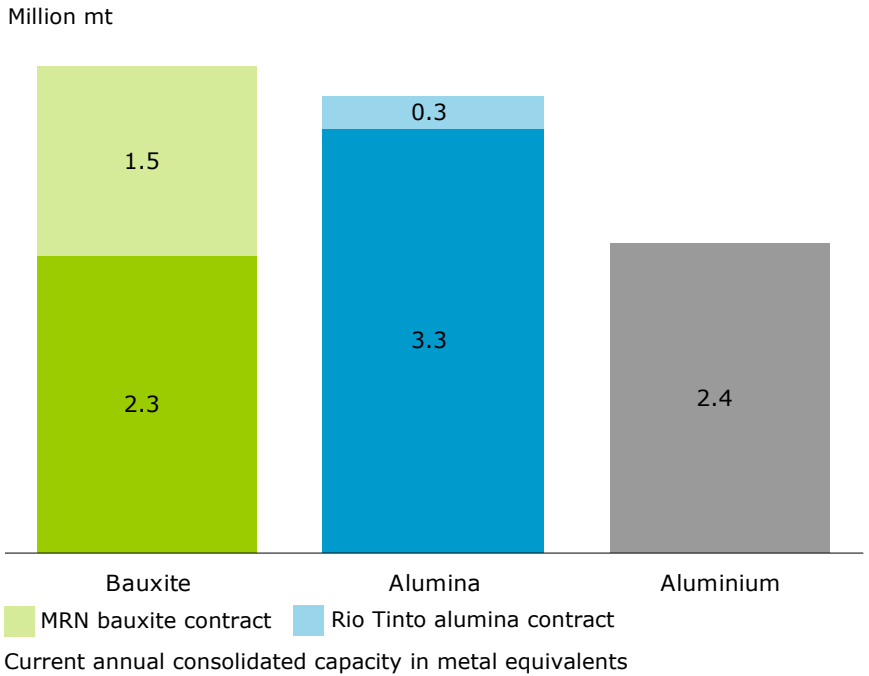
HYDRO

Capturing potential in Bauxite & Alumina

Vale transaction creates a stronger Hydro

- Strategically attractive assets
- New business opportunities
- Long position in bauxite and alumina
- Resource-constrained world

Long alumina position gives strategic flexibility



Current annual consolidated capacity in metal equivalents

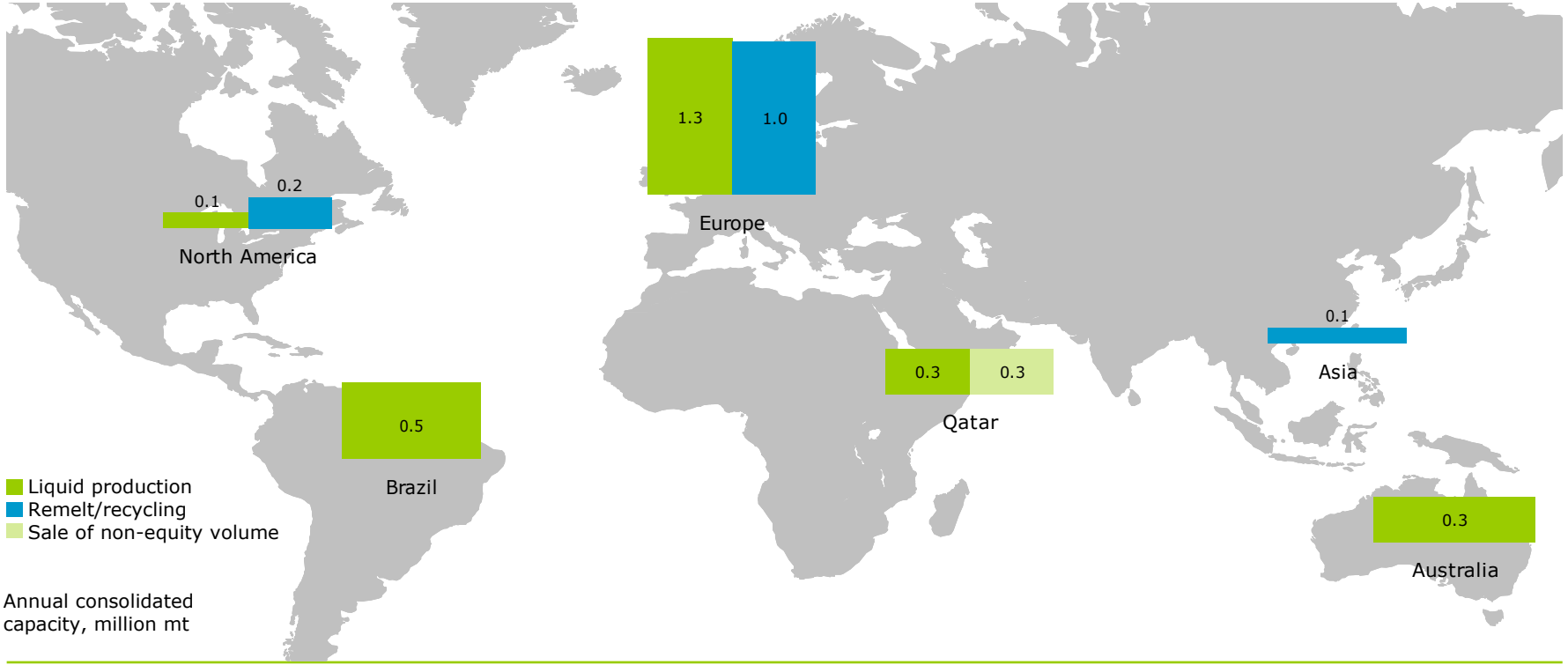
- Industry consolidation
- Long position creates flexibility
  - Growing smelter portfolio
  - Capturing commercial opportunities
- CAP and Paragominas projects will further strengthen alumina position

World-class bauxite and alumina assets

- Integrated through pipeline
- Technological frontrunner
- Competitive cost position
- Top quality alumina
- Successful integration
- Solid production improvement

Repositioning Primary Metal

Leading global portfolio of metal products



Preferred partner in casthouse products

Casthouse production
Primary production
Remelting & recycling
Commercial agreements

Extrusion ingot
1.6 million mt

Foundry alloys
0.6 million mt

Sheet ingot
0.5 million mt

- Capitalizing on value-added casthouse products portfolio
- Enhancing value of market system through margin management
- Growing market positions in US and Asia with Qatalum volumes
- Utilizing production flexibility to meet demand
- Taking advantage of strong market position through sourcing and trading strategies

Qatalum is designed for value creation

2x1.2 km of electrolysis cells

World's largest value added casthouse

Qatalum streamlining in 2012

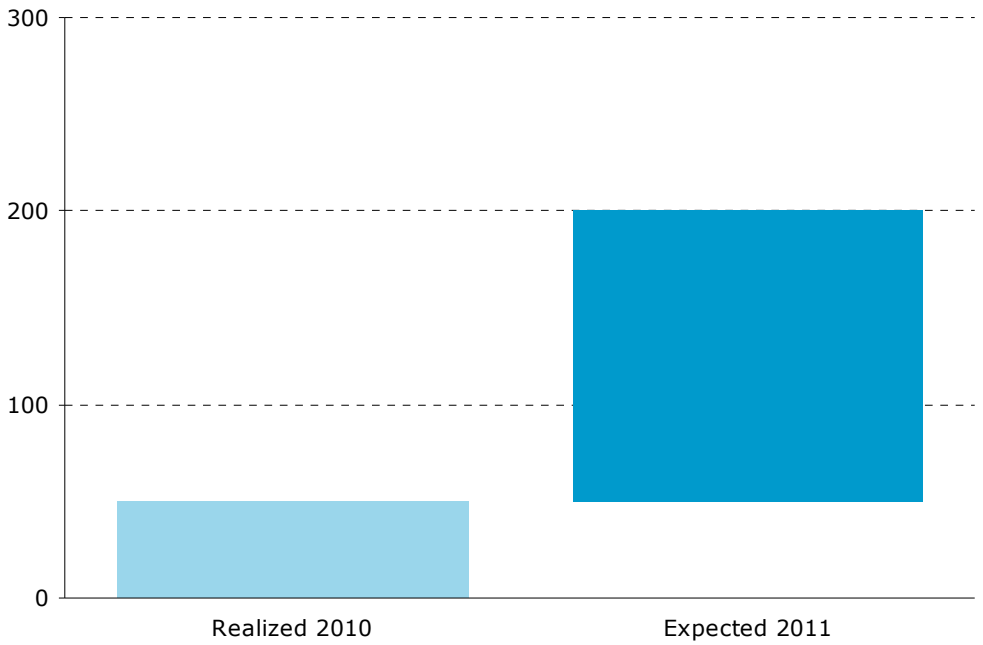
- All cells in production
- 1350 MW power plant at full capacity
- Focus on production optimization
- Target annual production of 600 000 mt

Aluminium industry facing cost pressure

- Increasing cost of input factors
- Fixed cost pressure from inflation
- Strong raw-material driven currencies

USD 300 cost improvement program on track

- Operational improvements
- Fixed cost reductions and lean operations
- Above plant level initiatives
- Casthouse product margin



USD 300 per mt real term target for fully owned smelters excluding Neuss with 2009 as baseline. Realized in nominal terms ~USD 180 per mt.
Effect of exchange rates and raw materials cost changes are neutralized

HYDRO

Solid power coverage

- Long-term solid power coverage, majority based on hydropower
- Long-term power contract signed for Tomago
- MoU signed for power to Alouette expansion
- CO_2 emission framework essential

High-value power assets

Aiming to lift power production to 10 TWh

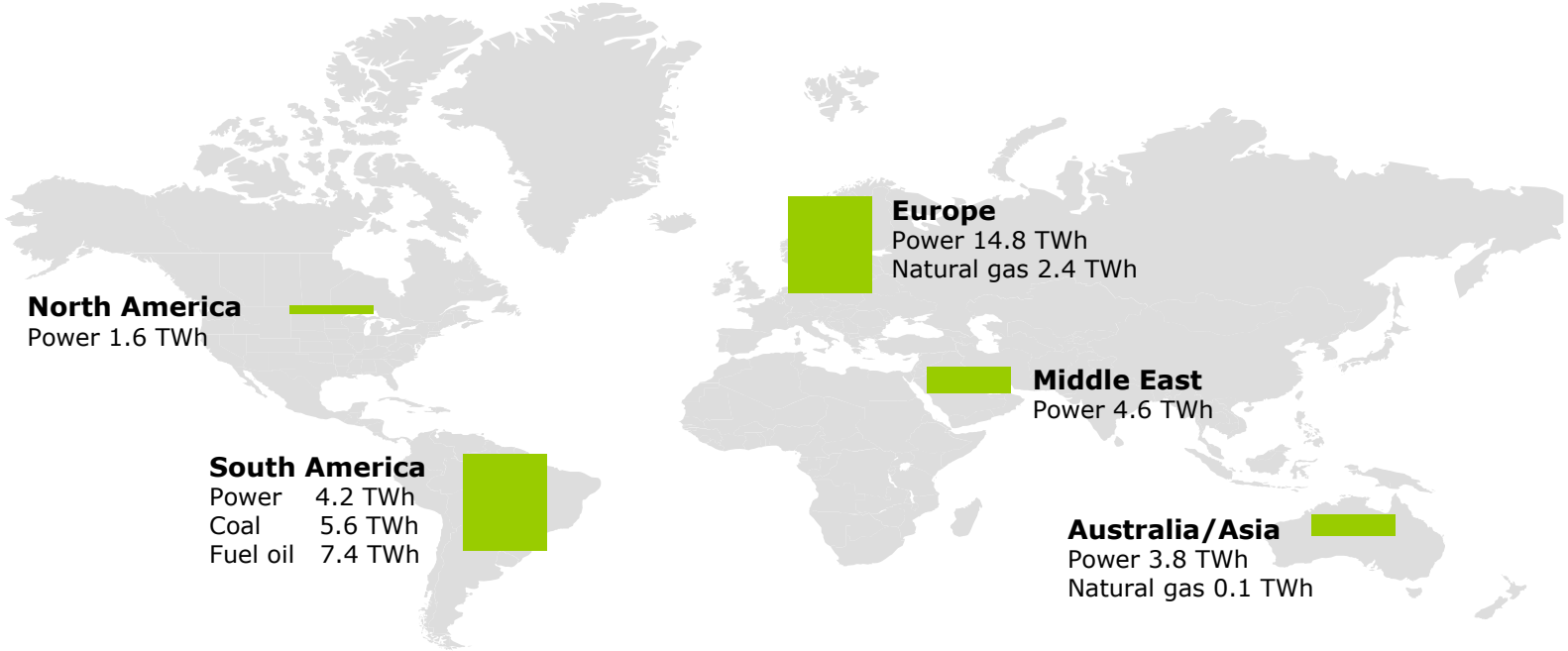
Power production capacity (TWh) per region and reversion year

- Power producing assets and ongoing projects
  - Maintain cost control in operations and projects
  - Holsbru and Vasstøl capacity into production during 2012
- New growth projects
  - Mature new equity growth options
  - Growth potential in excess of 0.5 TWh
- Framework conditions
  - Reversion regime secures full value of energy assets
  - El-certificates support investments in new capacity
- Portfolio restructuring through sale of non-strategic SKS share
  - SKS priced at NOK 3.4 billion per TWh

HYDRO

Hydro is a global energy player

Energy consumption in alumina refineries, smelters and rolling mills



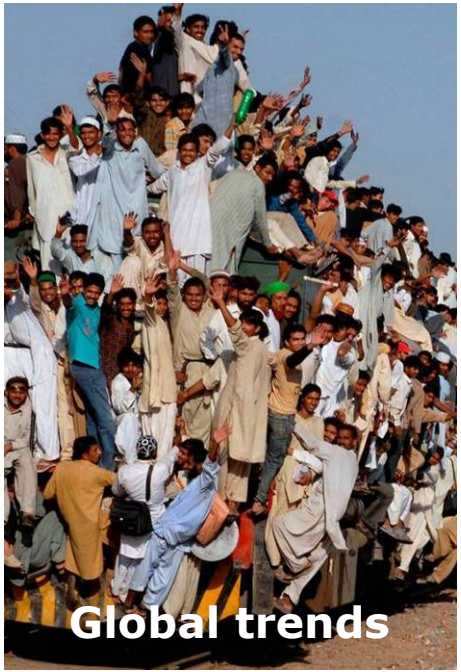
2011 estimate for Hydro's equity production including Vale assets acquisition. Sunndal 3 line, Neuss and Søral at current production level.

Hydro’s energy agenda

- Developing Norwegian assets and maximizing value creation
- Securing competitive energy globally
- Considering equity position where relevant
- Optimizing 3-4 TWh long position in Norway

High-end portfolio of products

Aluminium is part of the solution

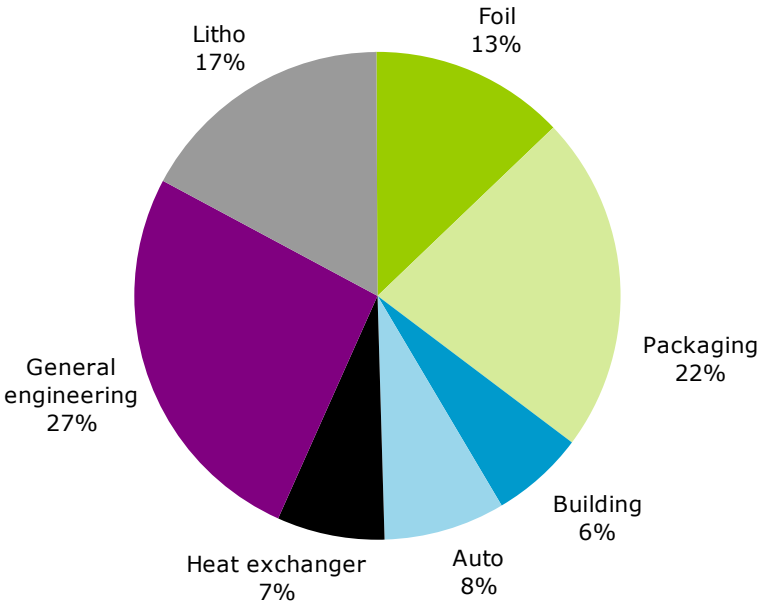


5-7% annual growth in demand

Source: CRU

No. 1 flat rolled products producer in Europe

External sales in tonnages

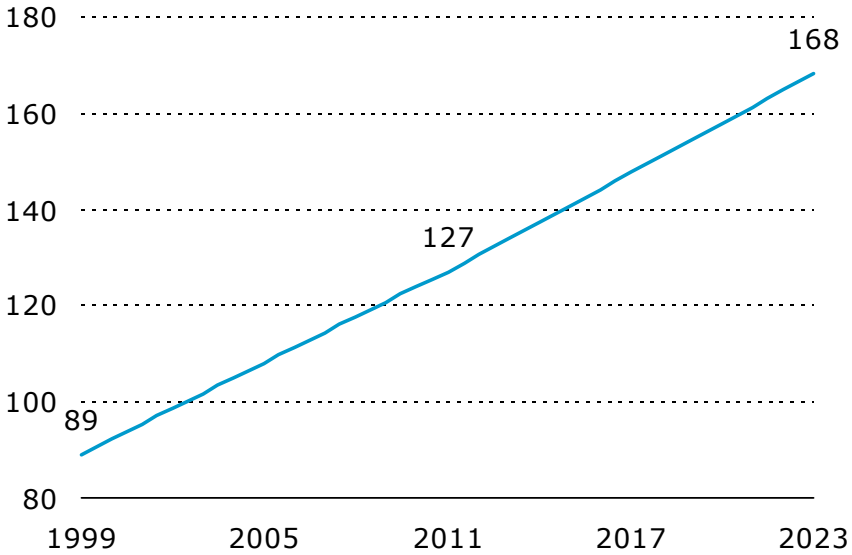


- World leader in high-end products foil and litho
- External sales of 945 000 mt in 2010
- Strategy of high-grading product portfolio
  - Margin management and cash generation
  - Focus production system on core assets

Customers are marketing our product

Aluminium in cars on a long and steady climb

Aluminium content in light vehicles, average global car (kg)



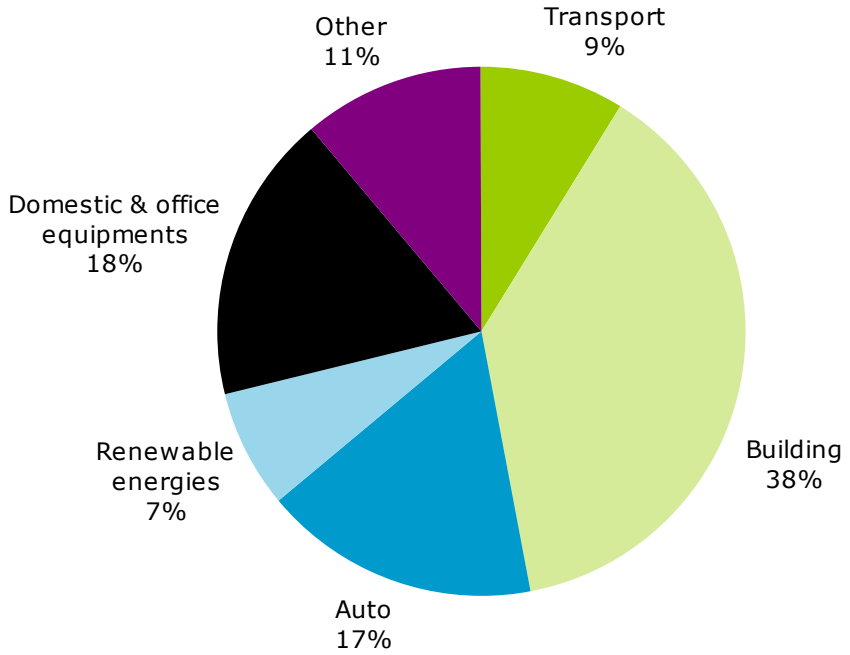
Source: Ducker Worldwide

- Continuous drive to reduce energy consumption in automotive sector
- Tailored alloys tuned for super strength
- Body-in-white market expected to grow by 13% per year over the next decade
- Ramp-up of automotive production centre in Grevenbroich

European extrusion leader with global presence

- Leading position in Europe
- Strong position in US and Brazil
- Global leader in precision tubing
- External sales of 529 000 mt in 2010
- Strategy of solidifying leading positions
  - Reinforce European extrusion base
  - Specialist in energy-neutral building solutions, including solar
  - Emerging markets expansion

External sales in tonnages

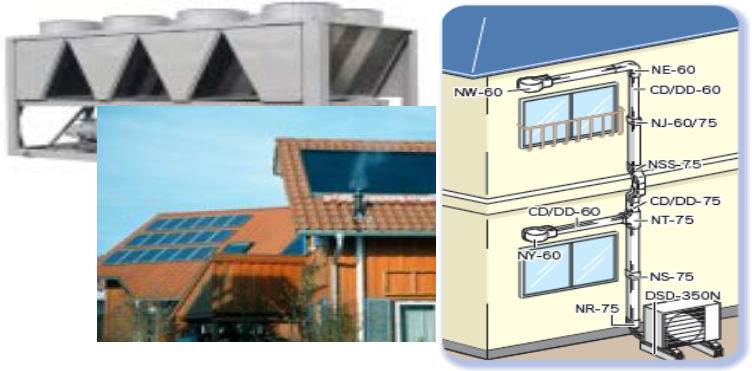


New products, solutions and applications

Making heat-exchanger technology leap from automotive…

Aluminium has almost replaced copper in automotive precision tubing over last 30 years

…into broad range of non-automotive products and applications



The leading position of copper in buildings has remained unchallenged … until now

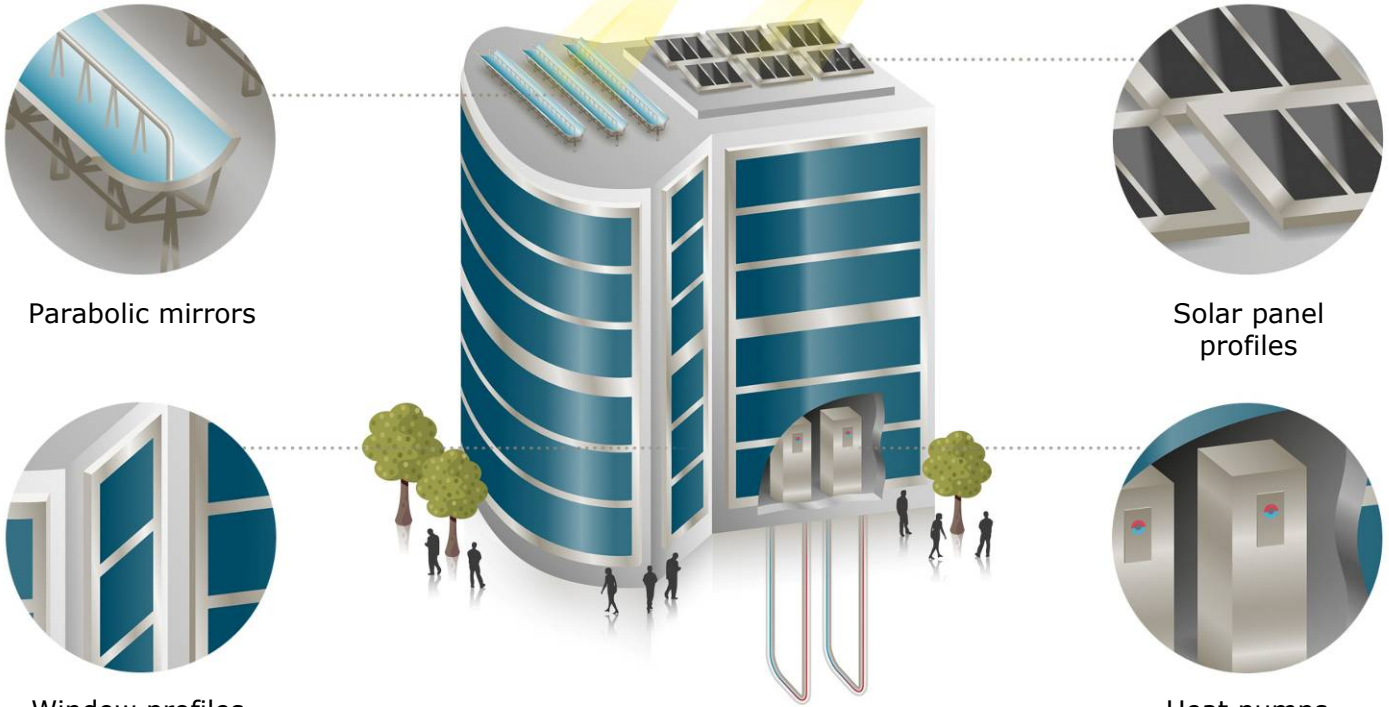
HYDRO

Copper substitution represents major potential

Total wire harness
in modern vehicle

- Substitution to aluminium: 12.5 kg/car
- Weight reduction: about 50% vs. copper
- Worldwide potential: about 875 000 mt annually

Energy saving aluminium



Parabolic mirrors

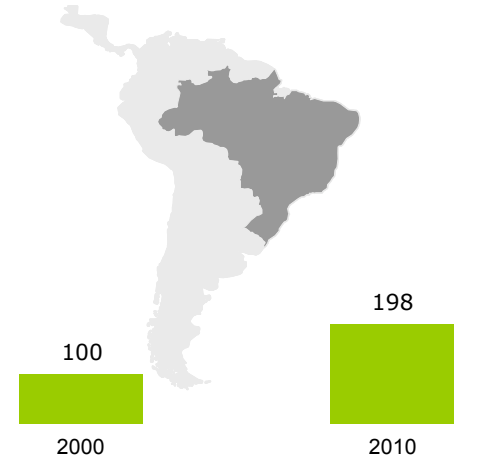
Solar panel profiles

Window profiles

Heat pumps

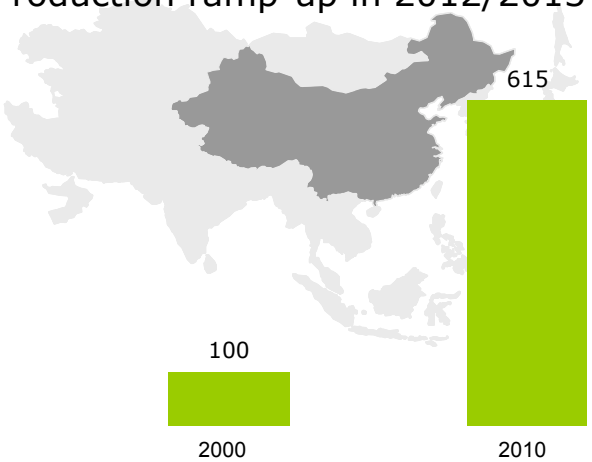
Extrusion growth in emerging markets

- New extrusion capacity in Itú
- Investment: NOK ~300 million
- Production from 2013



Demand for semis, indexed - Brazil

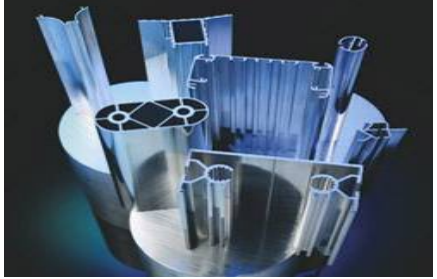
- New extrusion and precision tubing capacity in Suzhou
- Investment: NOK ~300 million
- Production ramp-up in 2012/2013



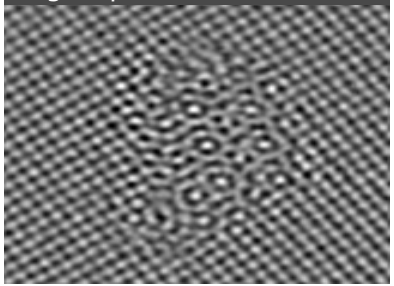
Demand for semis, indexed - China

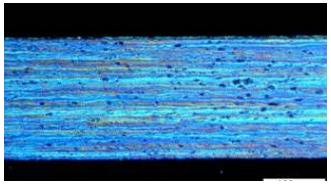
New products from Hydro’s alloying expertise

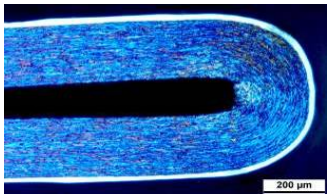
High Speed Alloys



Mg-Si prec.

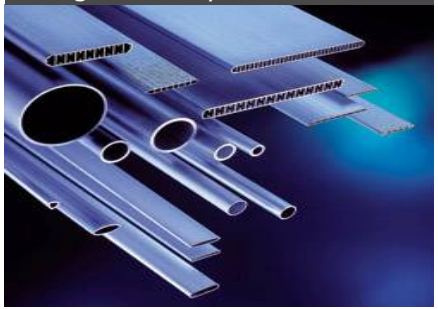






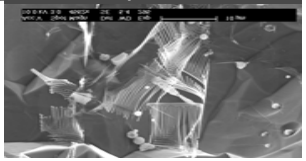
Microstructure

Long Life Alloys



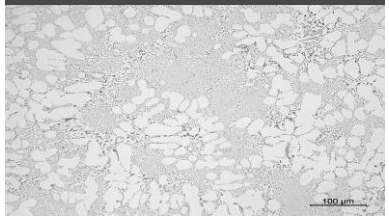
Dispersoids

Fe-rich particles



Bending behaviour

Eutectic morphology



HYDRO

Hydro innovation drives product demand

Lithographic plates

Beverage cans

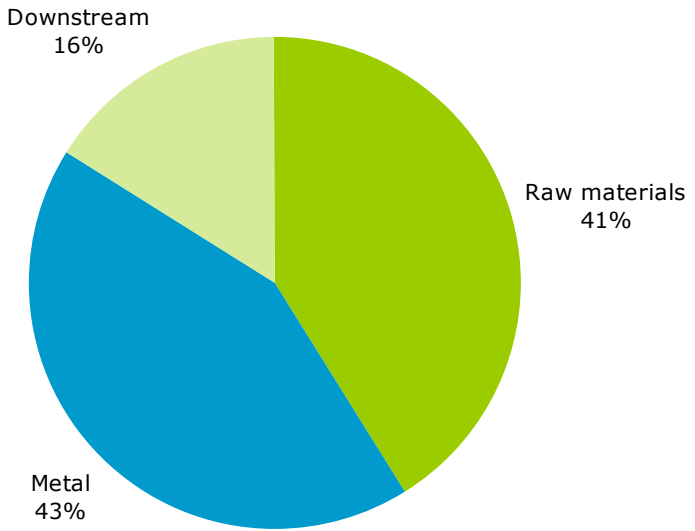
HYDRO

Shaping the future

Truly a global company

- Bauxite & Alumina
  - Alumina priced globally
  - Brazilian production portfolio
- Primary Metal
  - Aluminium is a global commodity (LME)
  - Regional premiums
  - Global production portfolio
- Downstream
  - Majority of sales to Europe
  - Increasing global reach
- Energy
  - Long position in liquid Nordic power market

Capital employed, as per September 31, 2011



Graph excludes NOK 7.0 billion in negative capital employed in Other and eliminations

HYDRO

Ideally positioned for future growth

Holsbru
Vasstøl
Hydro power

Paragominas
Bauxite

CAP
Alumina

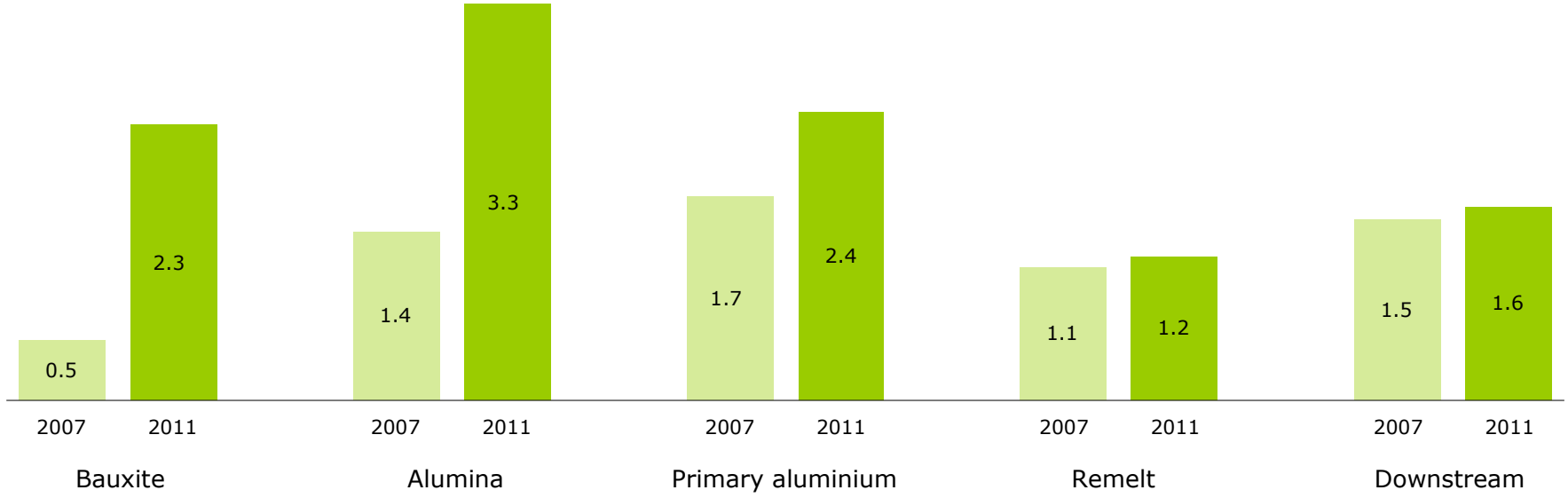
Alouette
Metal

Qatalum 2
Metal

Acro
Suzhou
Extrusion

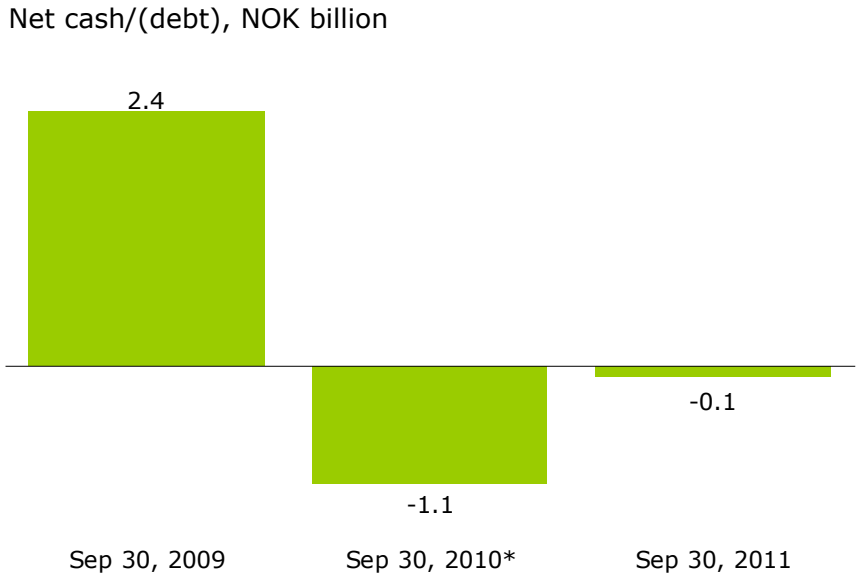
Significant capacity growth

Annual consolidated capacity in metal equivalents, million mt



Solid financial situation

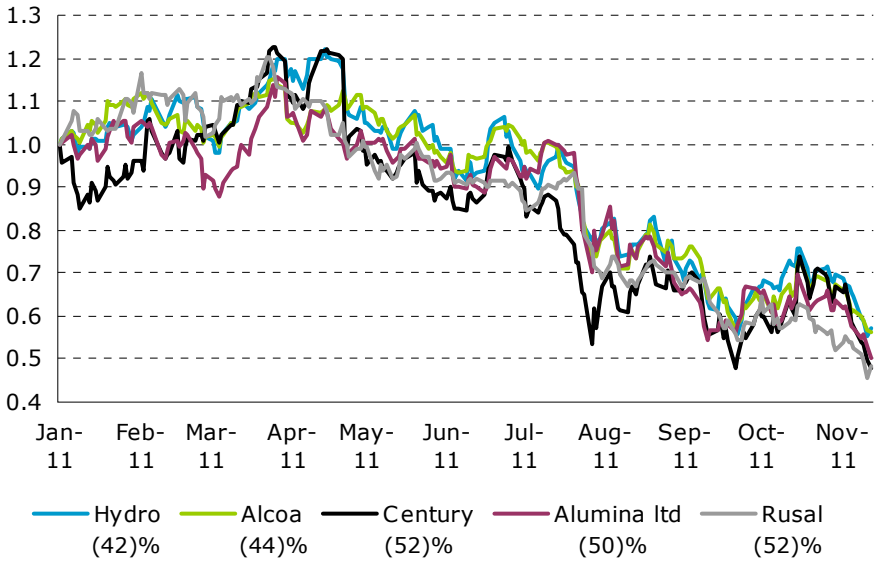
- Strong balance sheet creates financial robustness in volatile markets
- Cash generation provides capital flexibility
- Liquidity remains a top priority
- Ability to execute investments and acquisitions also in periods of uncertainty



*Sep 30, 2010 adjusted for 10 billion NOK rights issue

Competitive shareholder returns prioritized

Relative share price development in USD
Capital Markets Day Jan 13, 2011 – Nov 25, 2011



- Aiming for competitive shareholder returns compared to industry peers
- Hydro dividend policy
  - Ordinary dividend: 30% of net income over cycle
  - Share buybacks and extraordinary dividends a supplement in periods with strong financials

Strategy for further value creation

Bauxite & Alumina

- Excellence in operations
- Expand capacity
- Commercialize

Primary Metal

- Reposition
- Keep solid cash flow in current assets
- Expand in first quartile assets

Energy

- Increase value of energy business
- Develop current base
- Global approach to power sourcing

Mid- and downstream

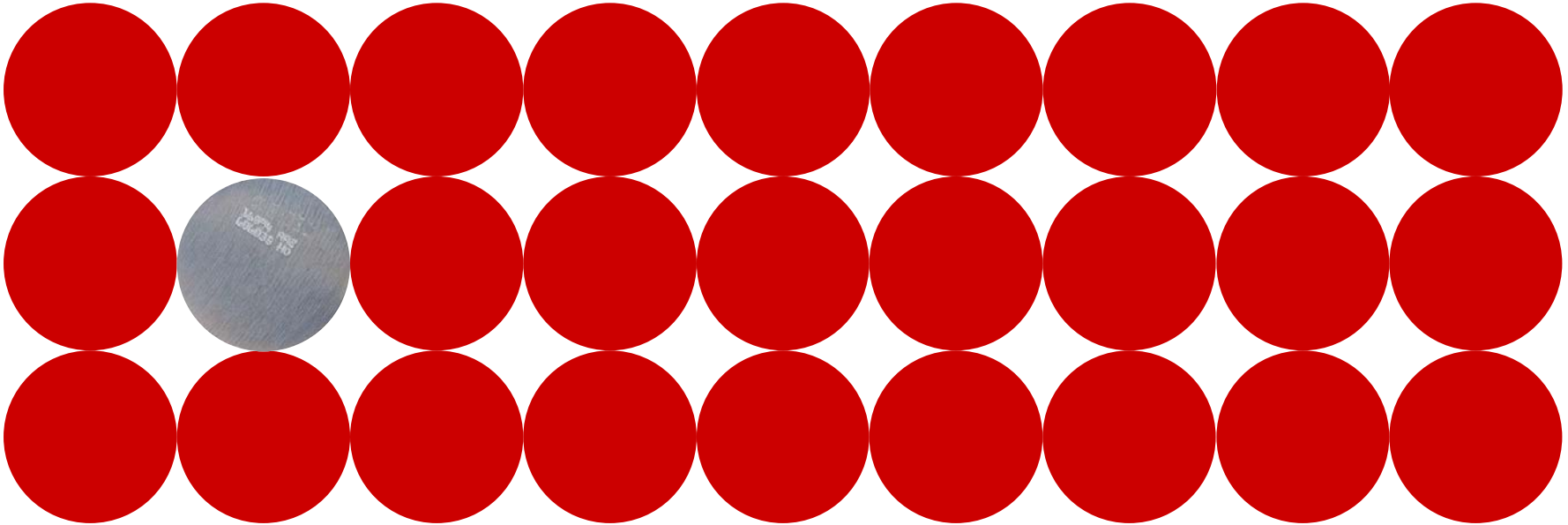
- Continue proven high-end product strategy
- Expand selectively in emerging markets

Future value creation

- Improve relative position
- Focus on operational excellence
- Develop commercial opportunities
- Manage portfolio actively

www.hydro.com

Market Outlook



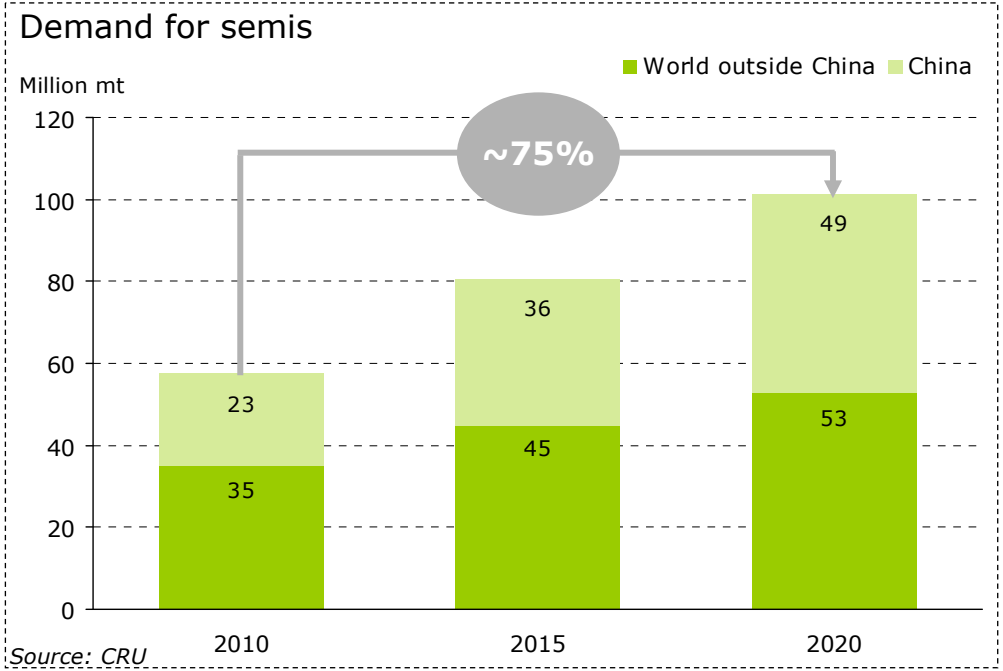
Arvid Moss, Executive Vice President and Head of Energy and Corporate Business Development
December 1, 2011

(1)

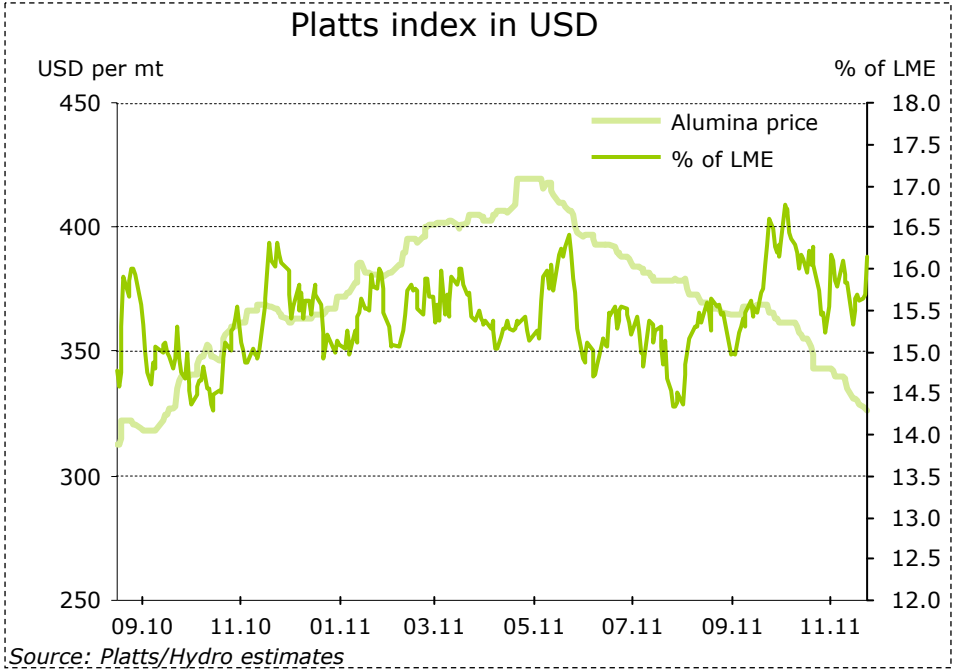
Healthy long-term growth projections

Uncertain and weakening short-term outlook

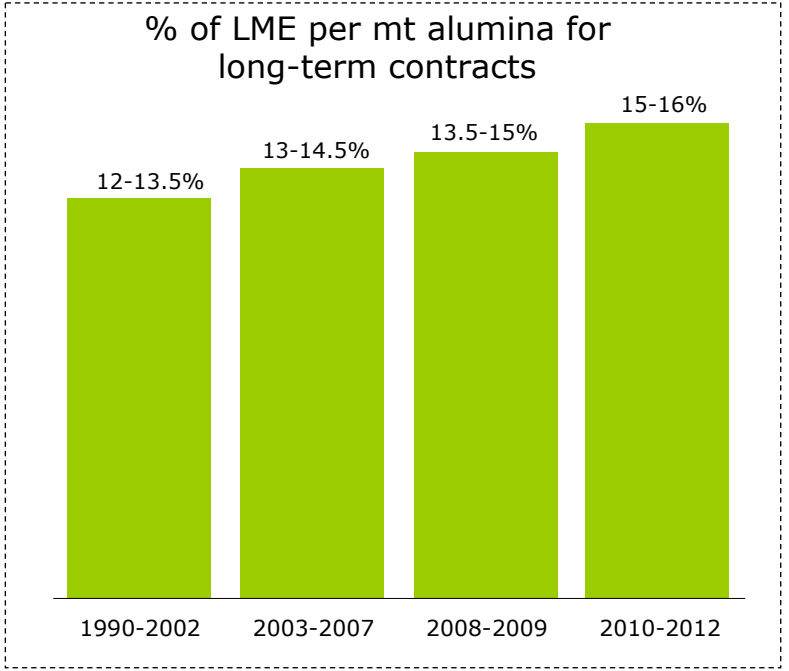
- Agenda
  - Price
  - Macro development
  - Demand
  - Aluminium value chain development
  - Energy development
  - Cost development
  - Key take aways



Alumina price increasing as percent of LME



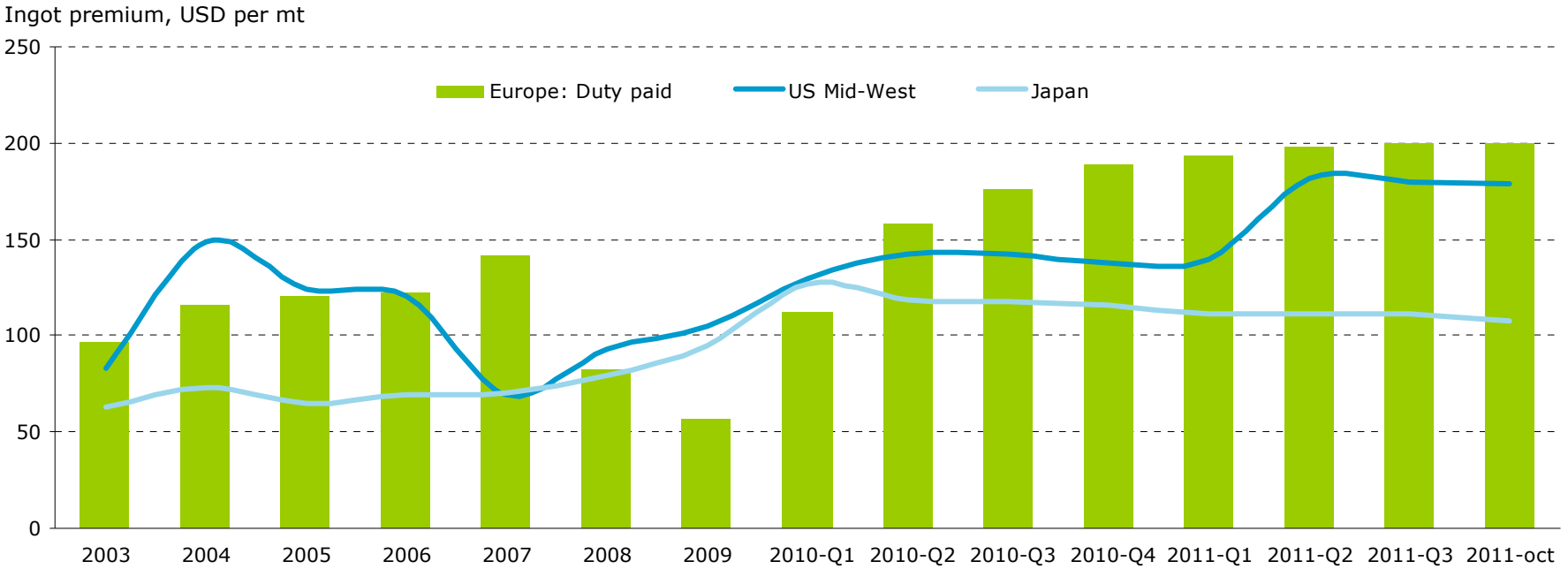
Source: Platts/Hydro estimates



Aluminium – fundamentals and financial asset

Source: Reuters Ecowin/Hydro

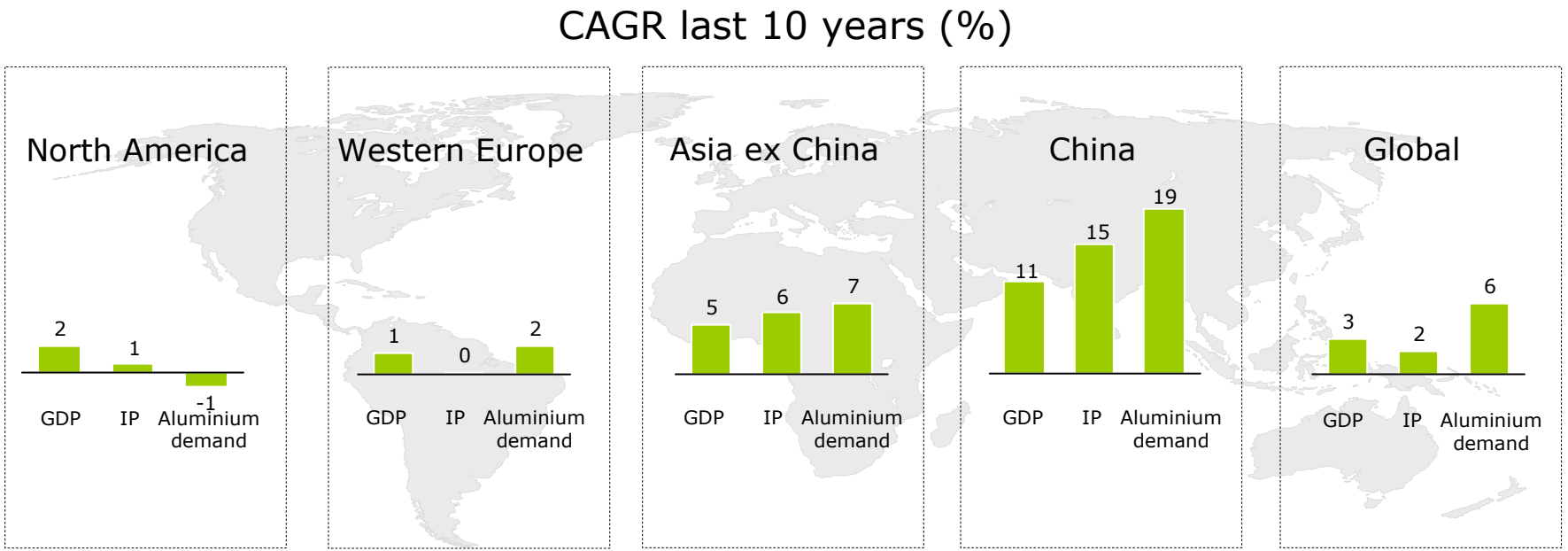
Tight physical market despite high inventories



Source: Metal Bulletin/Platts

Strong aluminium demand

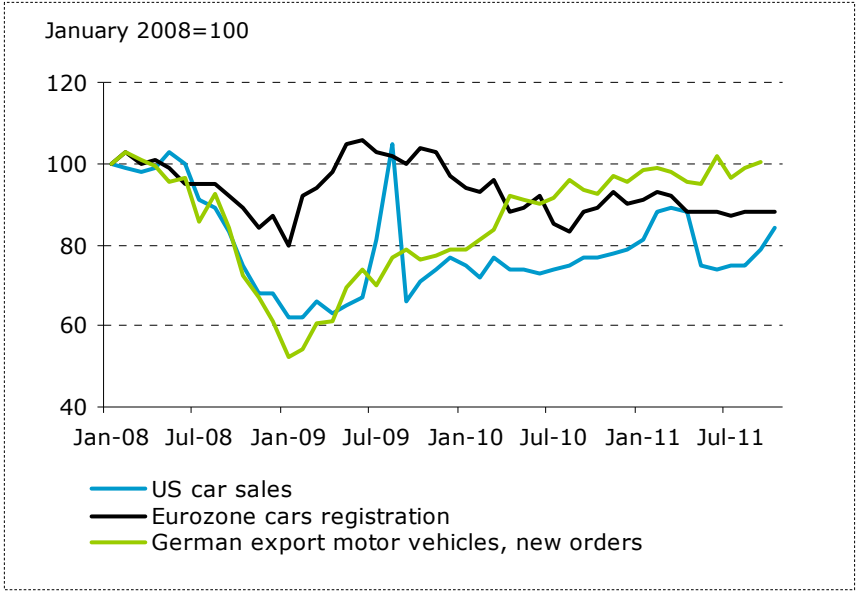
Stronger development than IP and GDP last 10 years



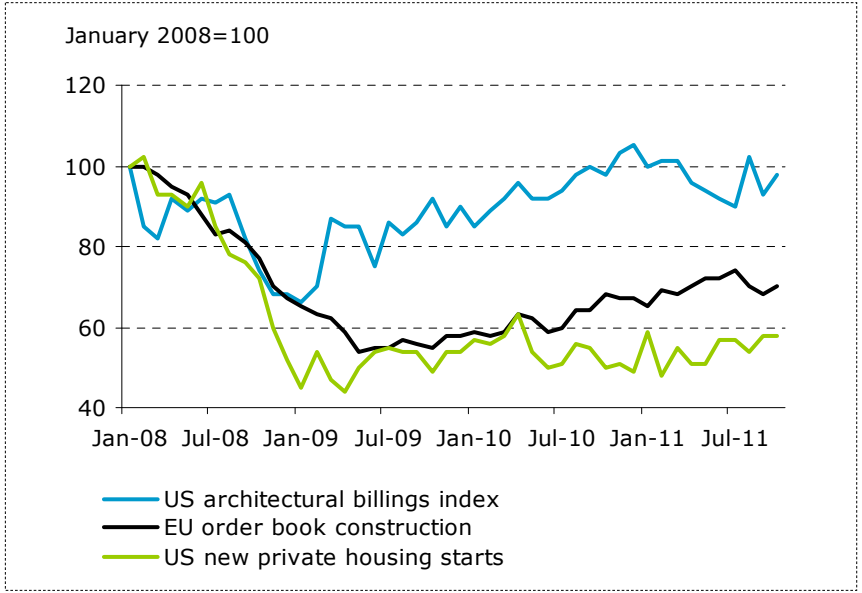
Source: CRU/Global Insight

Automotive indicators picking up - still weak construction activity

Automotive



Construction

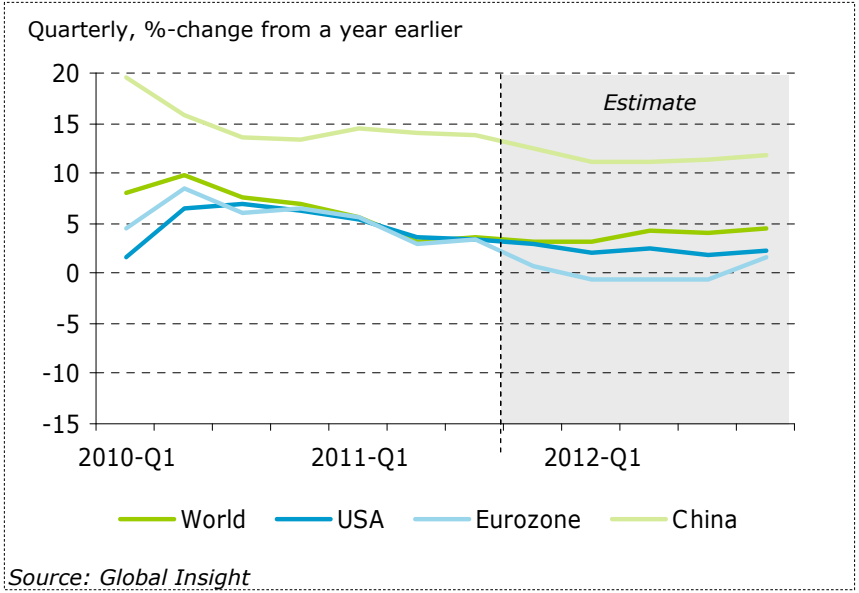


Source: US Department of Commerce, Deutsche Bundesbank, American Institute of Architects, ECB, Directorate General for Economic and Financial Affairs

IP-growth estimated to weaken

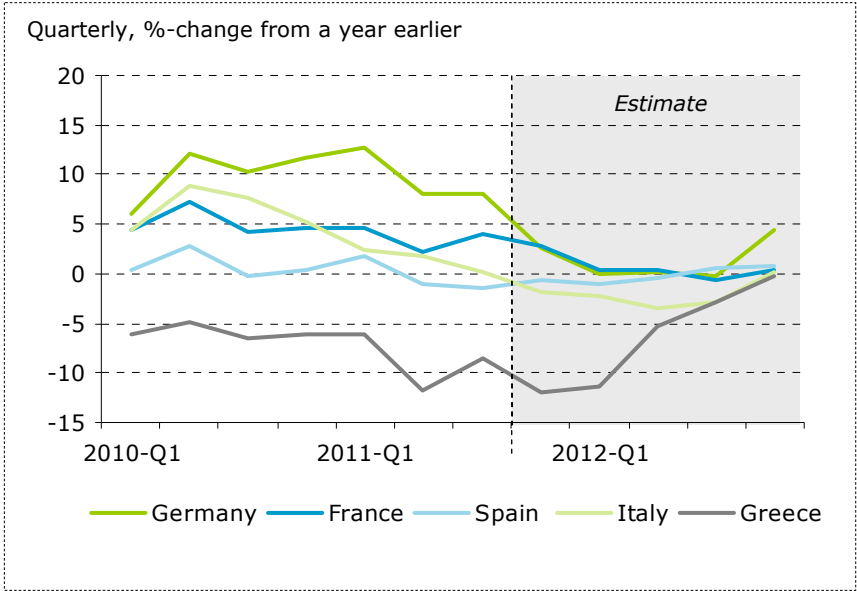
Especially in Eurozone

Global IP



Source: Global Insight

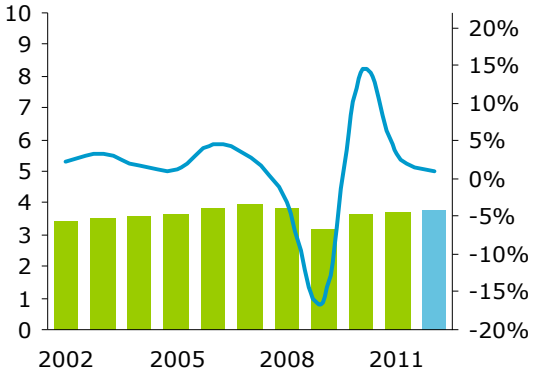
IP selected EU countries



Rolled products consumption

Western Europe

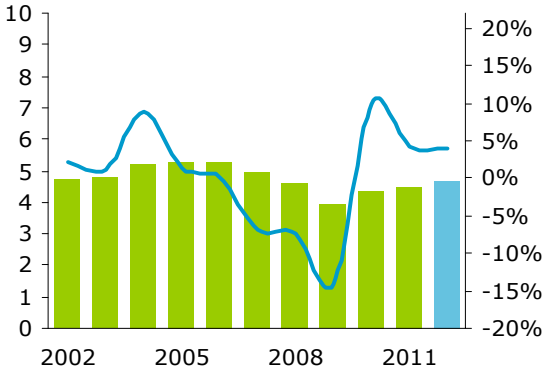
Million mt



- Soft landing assumption for 2012
- Ongoing substitution supporting demand in transport
- Normalizing stock levels

North America

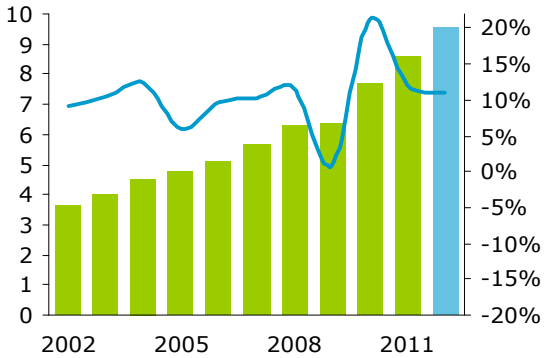
Million mt



- Strong transport markets
- Packaging market saturated
- Moderate recovery in construction during 2012

Asia Pacific

Million mt



- Growth continue on high level
- Strong domestic demand within the automotive and packaging segments
- Risks regarding to export markets

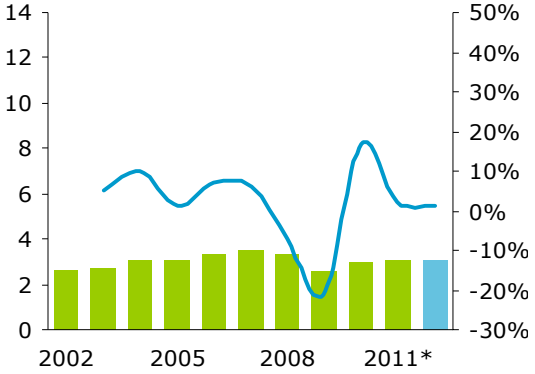
Source: CRU/Hydro

Million tonnes

% growth (RHS)

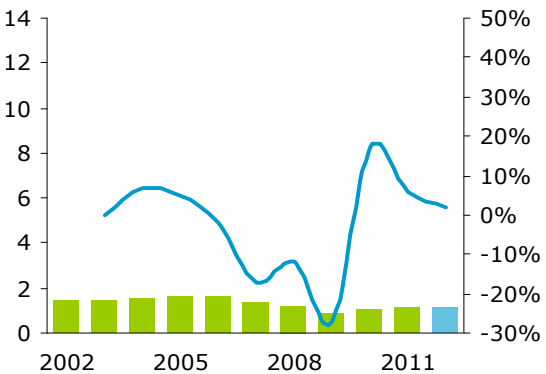
Extruded products consumption

Europe



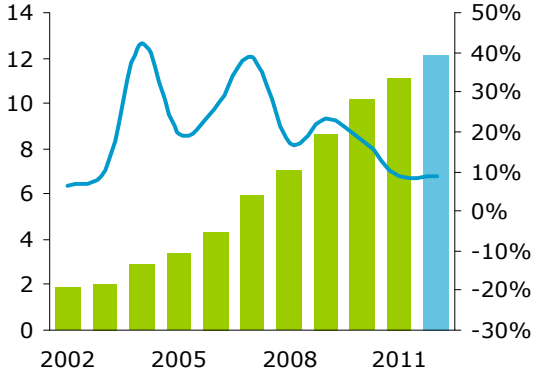
- Building activity remains weak in Europe, especially in Southern Europe
- Consumer confidence low, weak growth expected

United States



- 2011 growth in US shipments driven by duties on Chinese extrusion imports
- Transport and automotive segment expected to stay strong

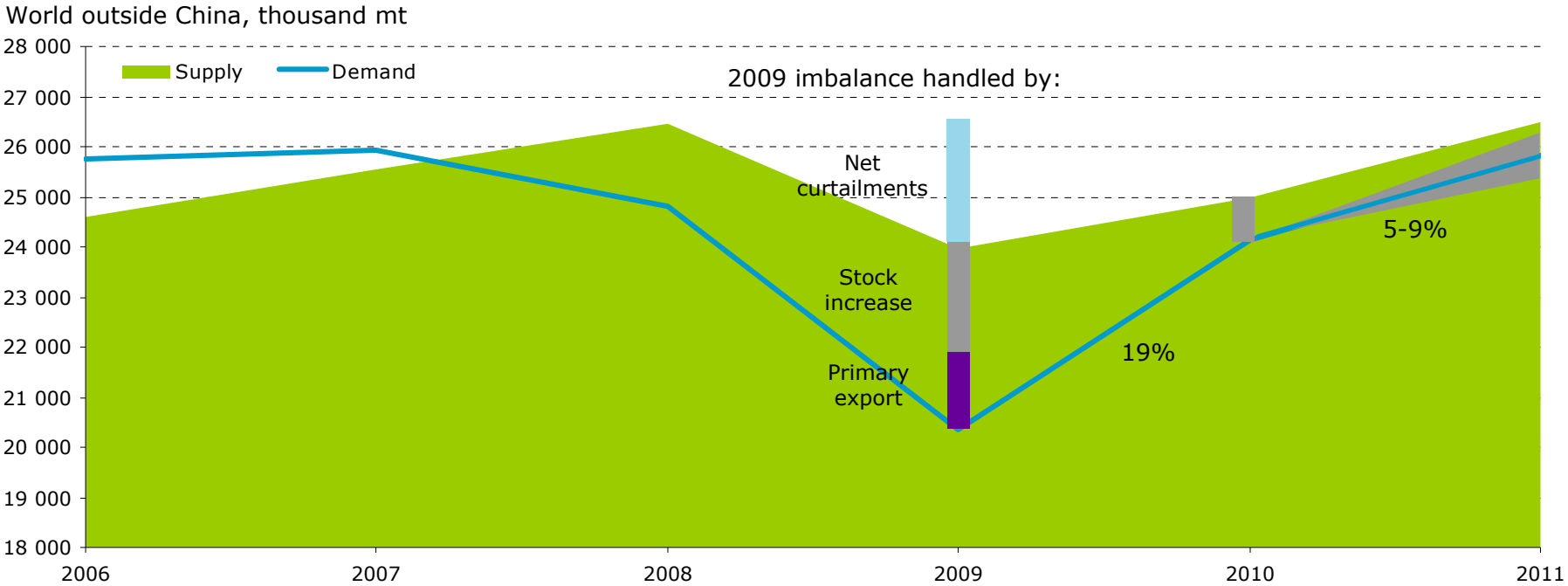
China



- Growth driven by the construction segment
- High production of motor vehicles
- Large investments within infrastructure, such as railway

Source: EAA/AA/CRU/Hydro Million tonnes % growth (RHS)

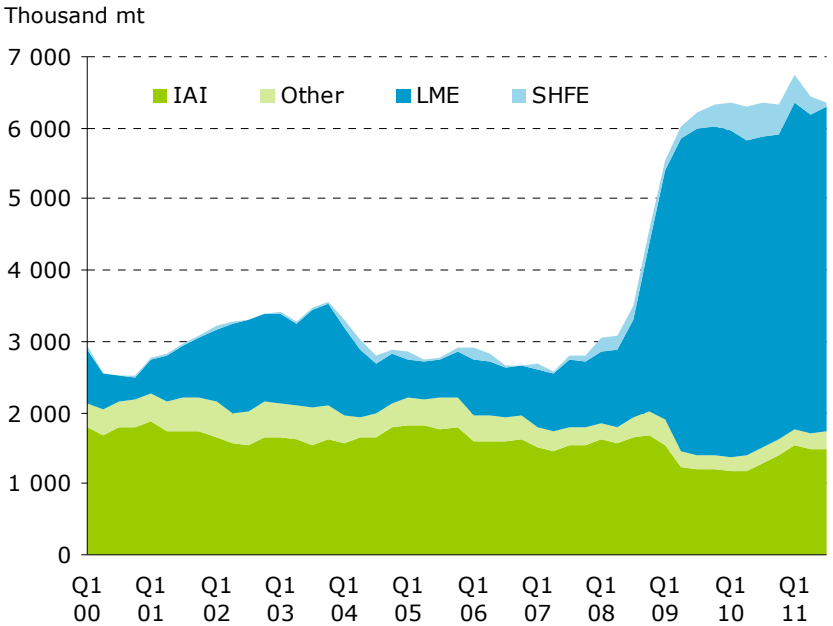
2011 balance – our expectations



Source: CRU/Hydro

Inventories at high level

World reported primary aluminium inventories



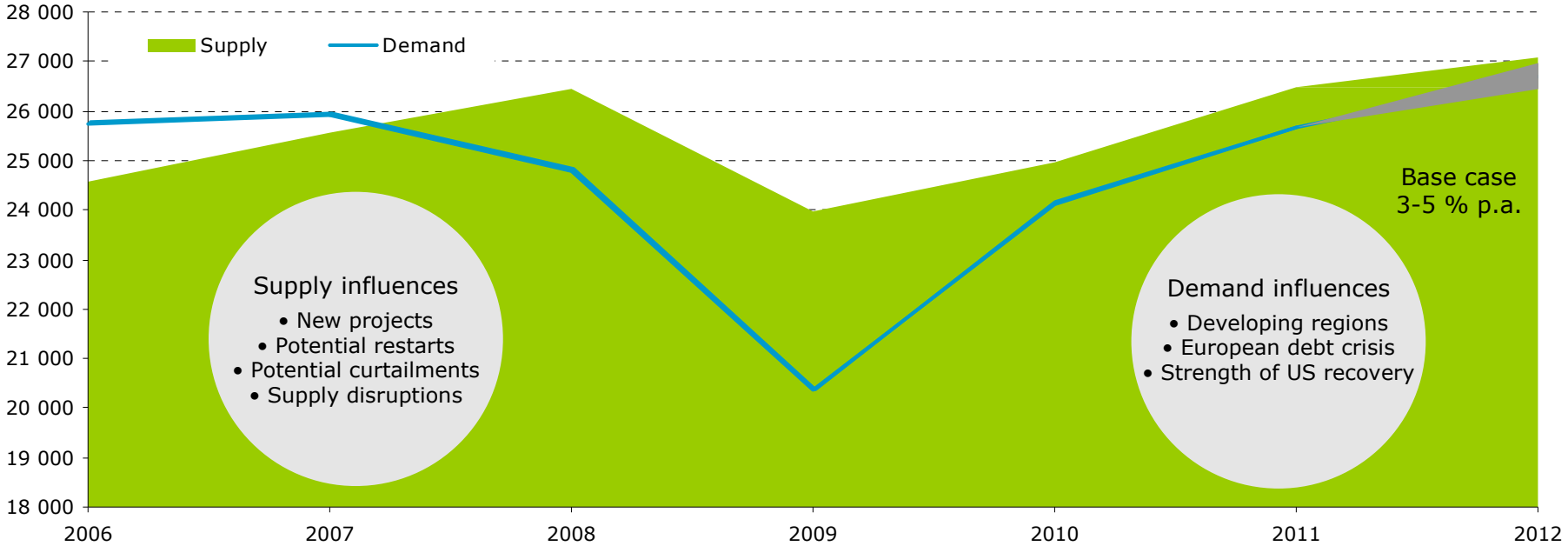
- High inventories well known in market
  - Different views on unreported inventories
- Estimated total reported and unreported inventories ~11 million tonnes
  - Represents ~3 months of consumption
- Financial deals still attractive

Source: CRU

Healthy demand growth expected

Manageable supply/demand balance

World excluding China, thousand mt

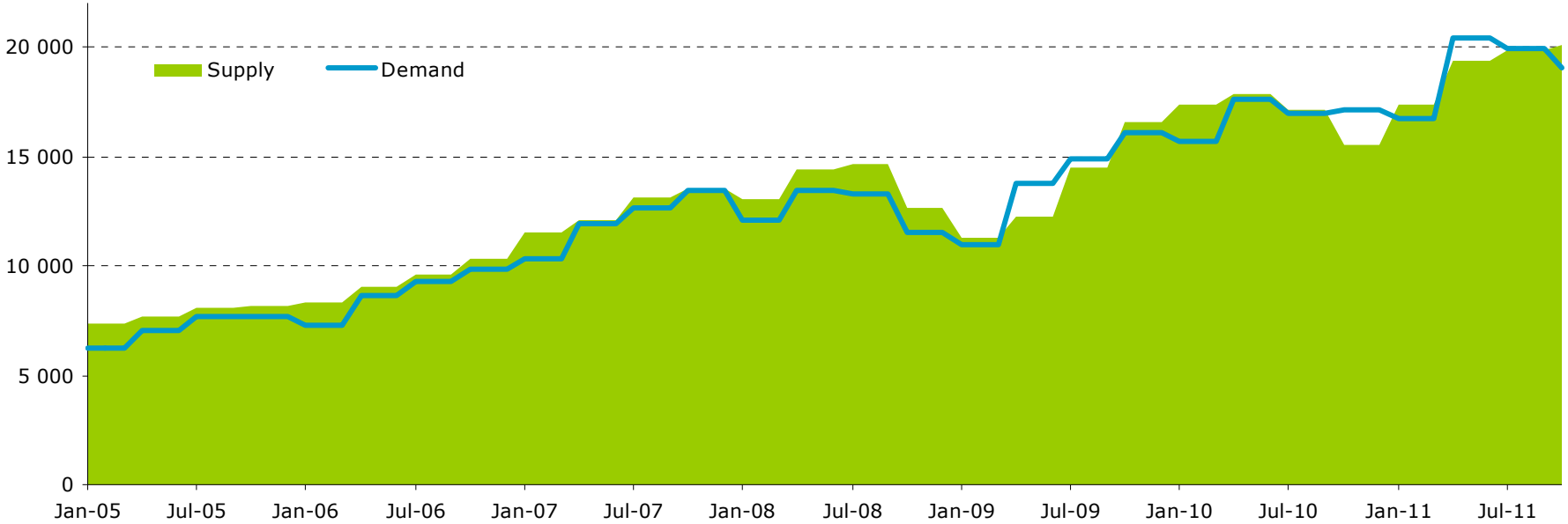


Source: CRU/Hydro

Strong Chinese primary aluminium demand

Balanced supply/demand

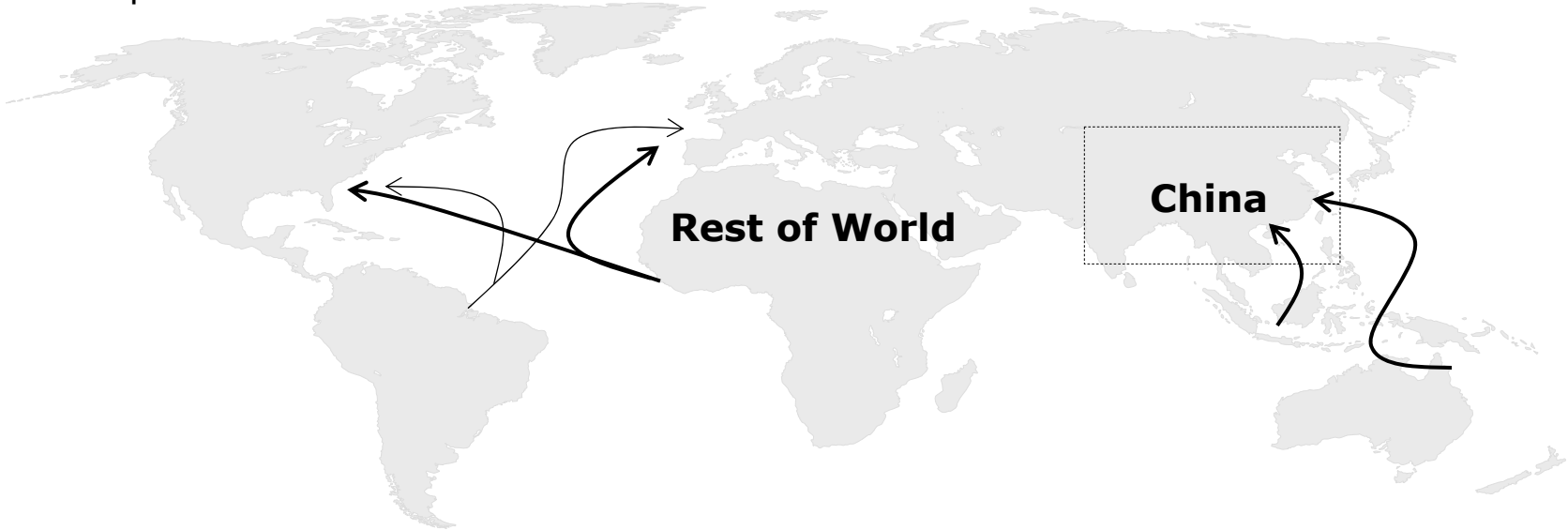
China, thousand mt, annualized



Source: CRU

Third party sales ~20% of global bauxite production

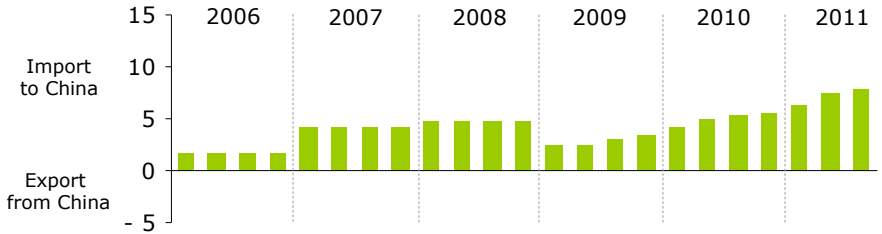
Bauxite production 2011: ~250 million mt



Source: Antaike/Hydro

China highly dependent on bauxite import

Annualized aluminium equivalents*, million mt

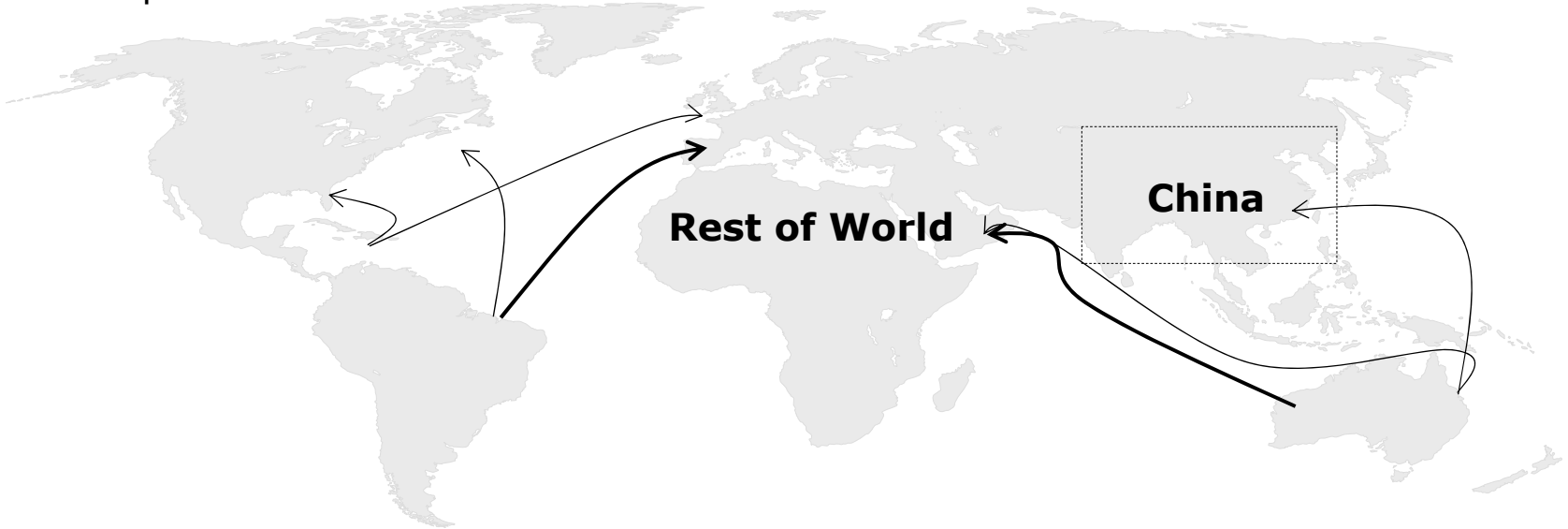


- Share of imported bauxite in China in 2011: ~43%
- Quality of domestic bauxite resources is deteriorating
- Indonesia supplies 80% of imported bauxite, Australia the remaining 20%

Source: Antaike/Hydro Bauxite *Bauxite to aluminium conversion factor: 5.4

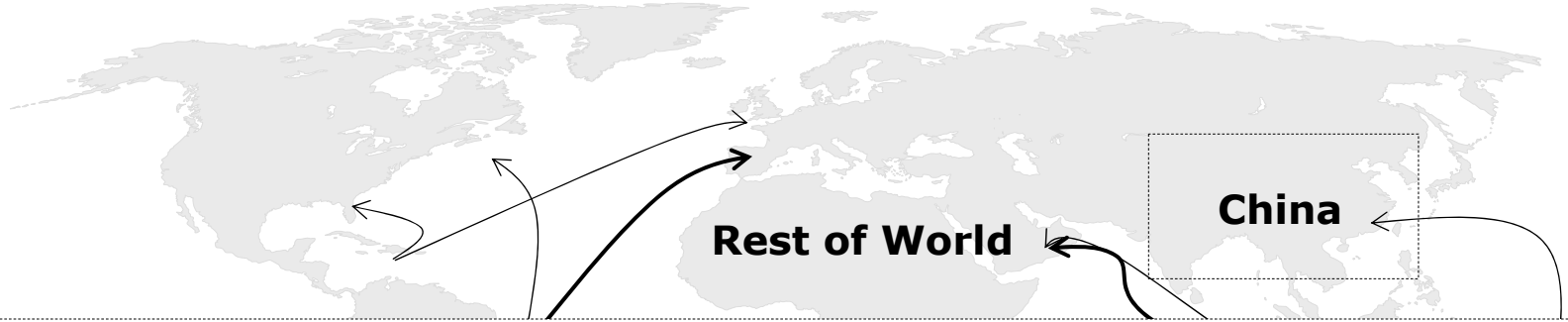
Third party sales ~35% of global alumina production

Alumina production 2011: ~90 million mt

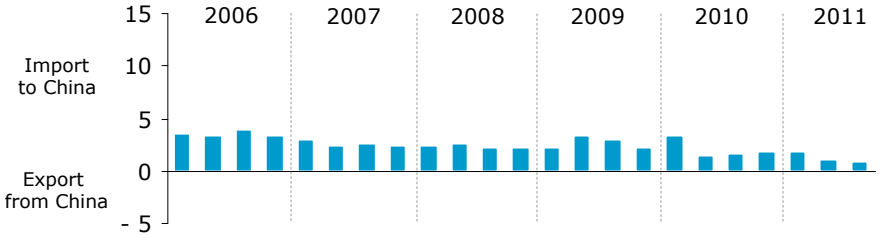


Source: Antaike/Hydro

Chinese domestic alumina capacity increasing



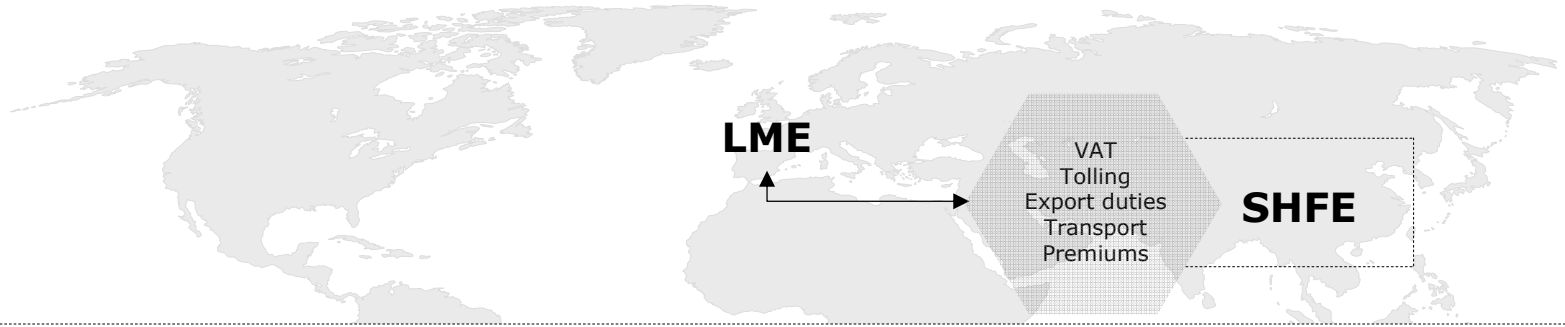
Annualized aluminium equivalents*, million mt

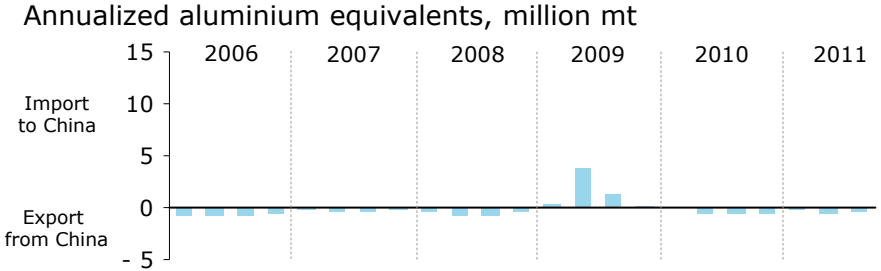


- ~65 % of smelter production in China is not integrated with alumina
- China has capacity to be balanced in alumina

Source: Antaike/Hydro Alumina *Alumina to aluminium conversion factor: 1.925

Chinese trade barriers for primary aluminium



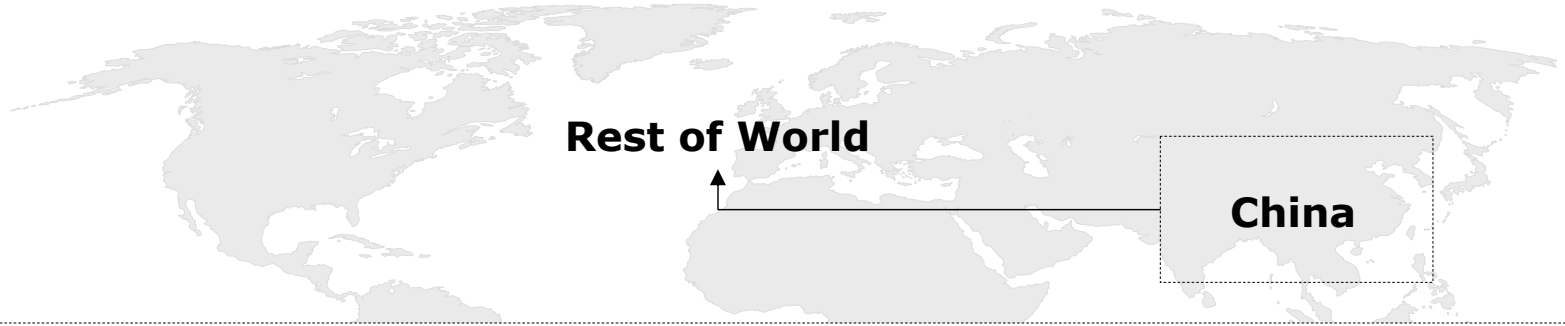


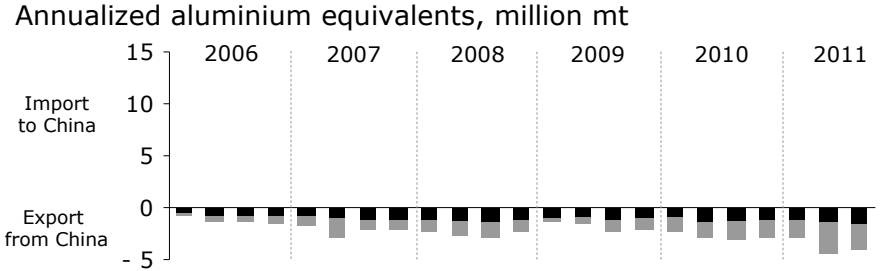
- Declared goal of self-sufficiency in primary aluminium
- Arbitrage opportunities between LME and SHFE in 2009

Source: Antaike/Hydro

Primary Aluminium

China increasing exports of fabricated and semis





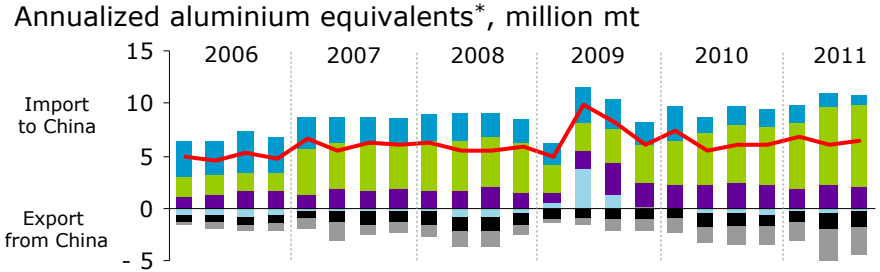
- Majority of exports to Asian markets
- Challenged by antidumping measures in the US and Europe
- Declared goal of exporting higher value added products

Source: Antaike/Hydro

Fabricated

Semis

China – significant net importer of aluminium



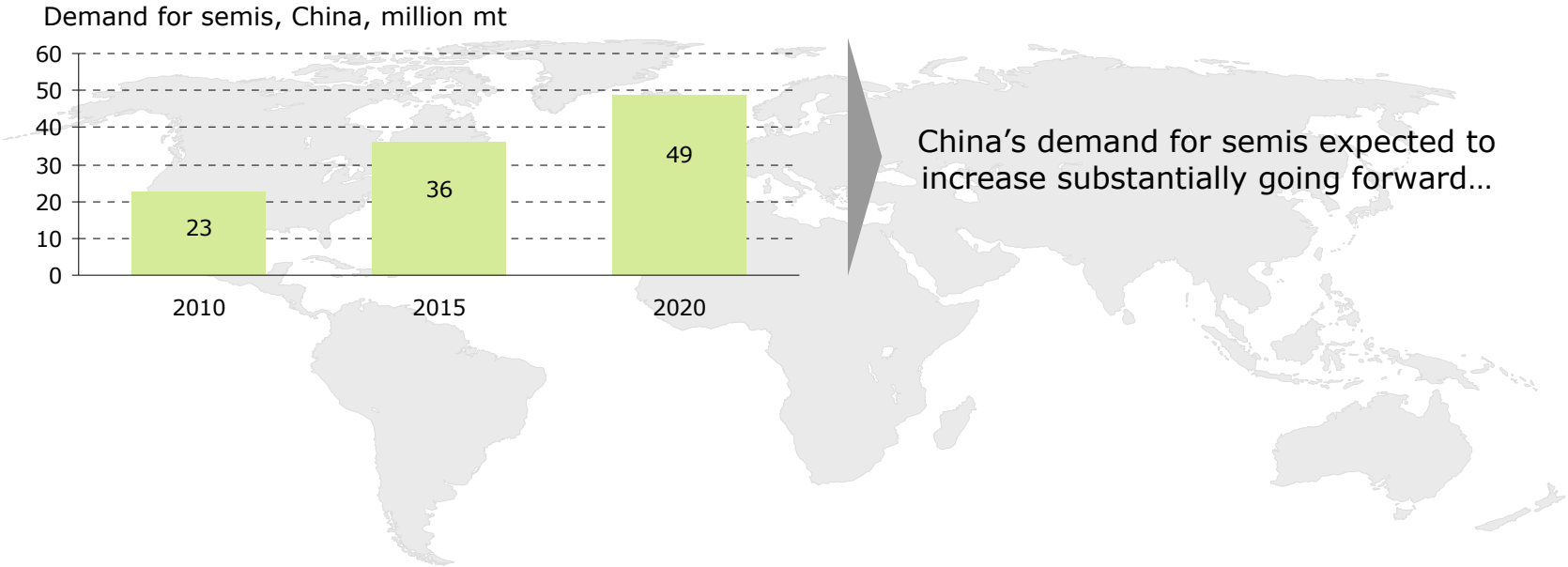
- Size of bauxite, alumina and scrap import reduces the influence of other products along the value chain

Source: Antaike/Hydro

Alumina Bauxite Scrap Primary aluminium Fabricated Semis

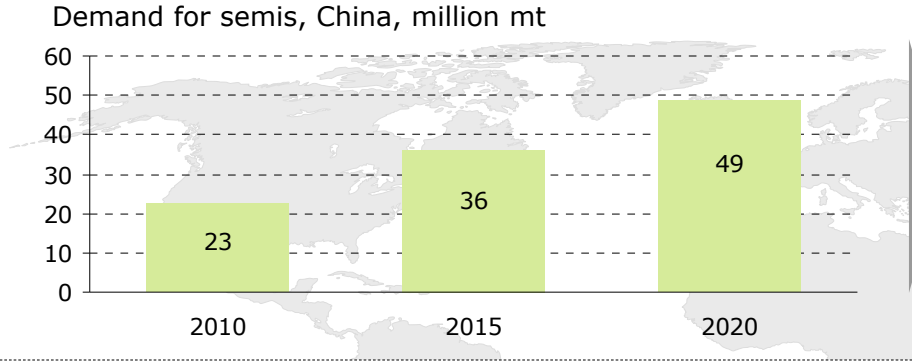
*Bauxite/alumina to aluminium conversion factor: 5.4/1.925

Demand will increase substantially…

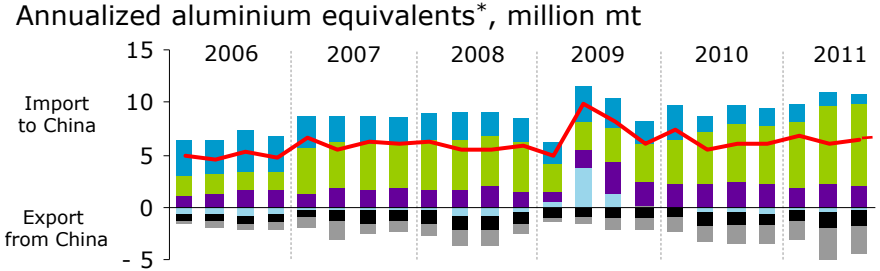


Source: CRU/Antaike/Hydro

…as a consequence, China will be increasingly short upstream



China's demand for semis expected to increase substantially going forward…



Illustrative development

…which translates to increased net imports for China upstream in the aluminium value chain

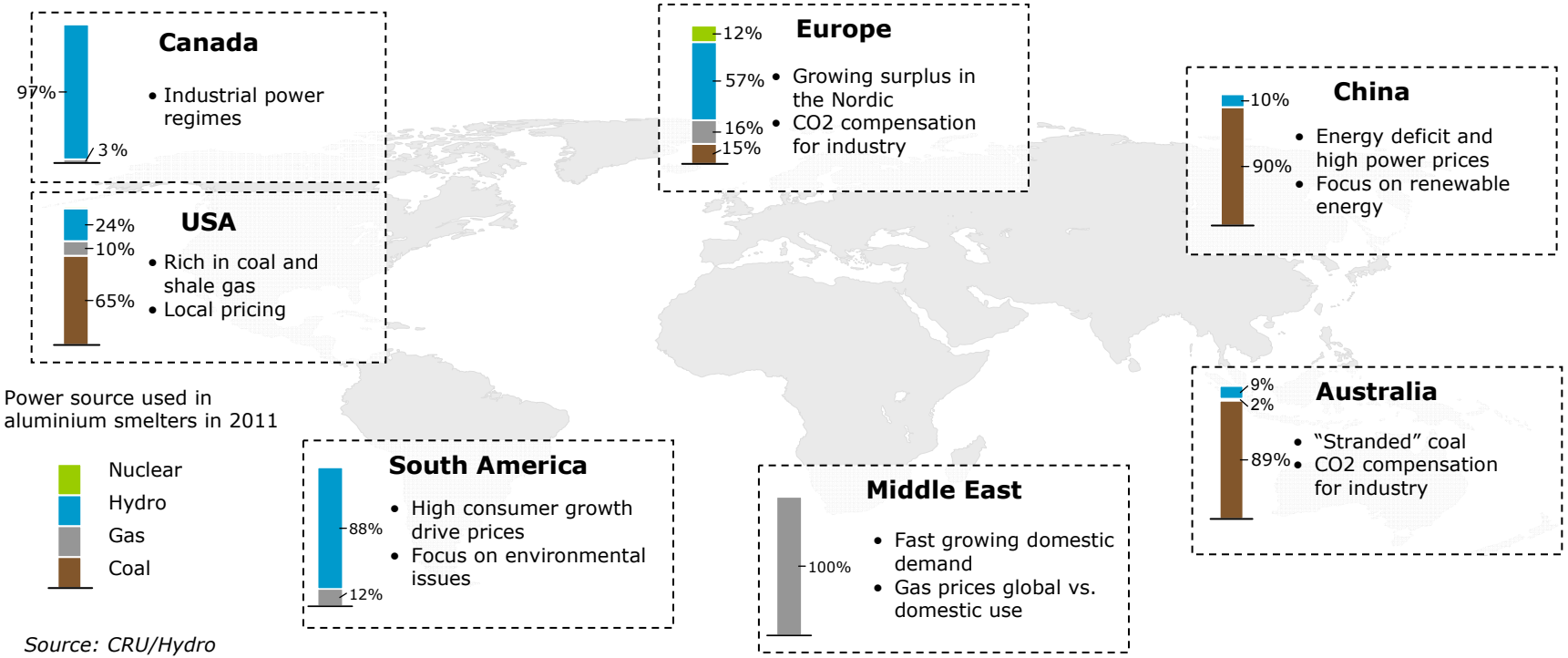
Source: CRU/Antaike/Hydro

Alumina | Bauxite | Scrap | Primary aluminium | Fabricated | Semis

*Bauxite/alumina to aluminium conversion factor: 5.4/1.925

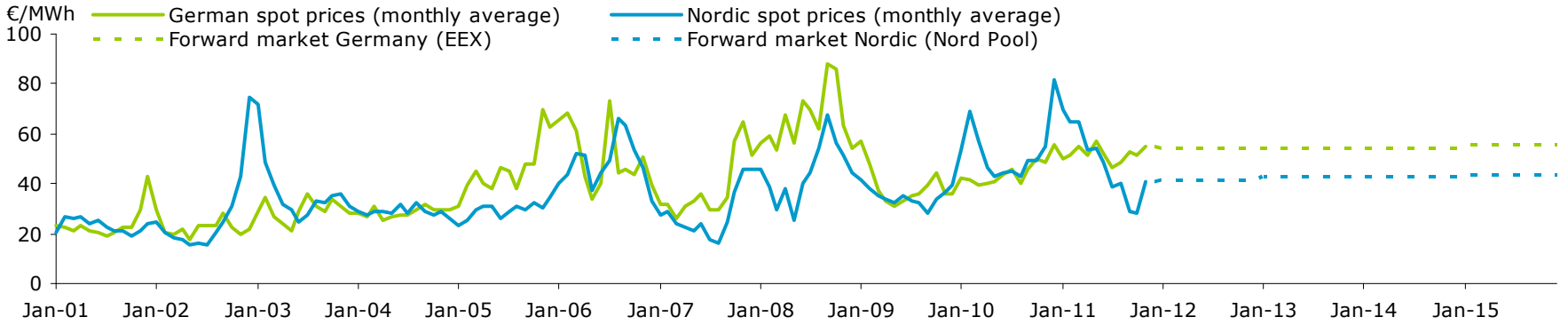
HYDRO

Regional differences in smelter power sourcing



Source: CRU/Hydro

Volatile European electricity market



German power market

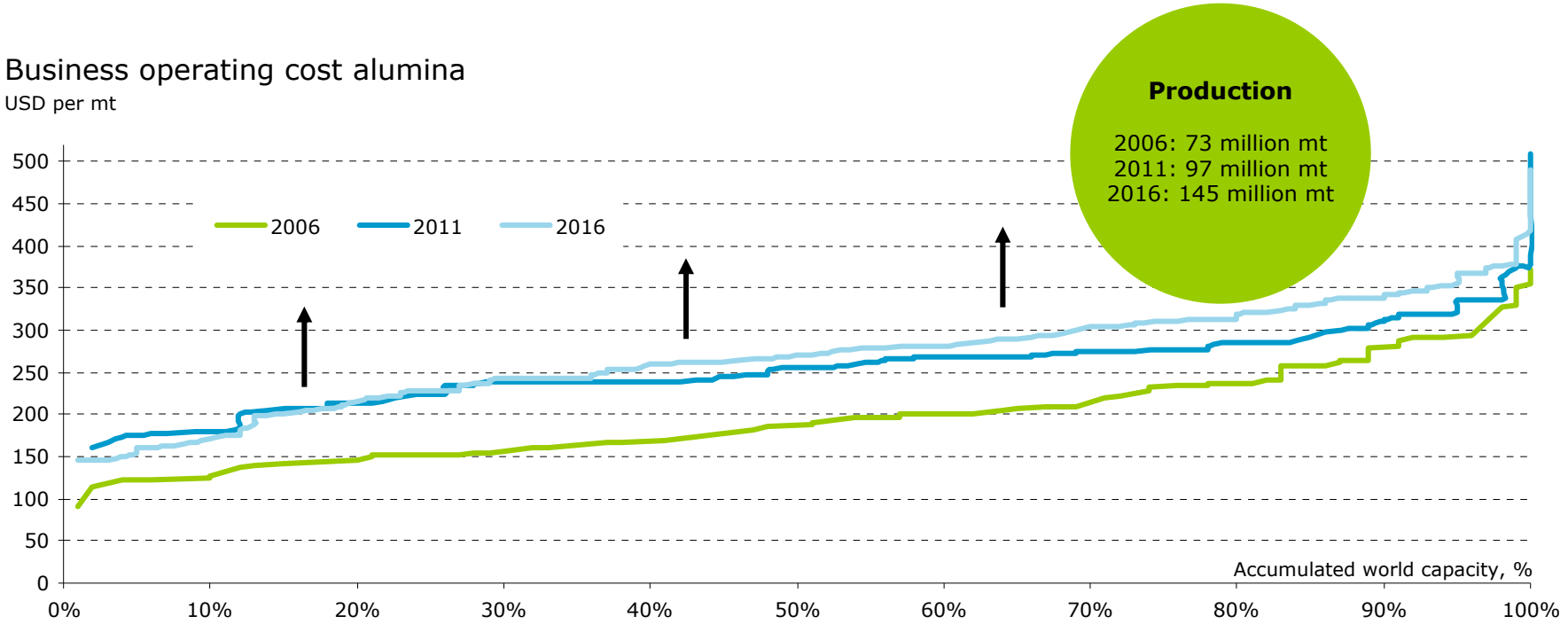
- Nuclear capacity being phased out
- Share of renewable capacity increasing strongly
- Dependent on exchange with neighbor countries
- Persisting high coal and gas prices
- Low CO_2 price
  - Less emissions due to economic slowdown

Nordic power market

- Growing energy surplus
- Increasing volatility
  - Dependency on weather
  - Dependency of unpredictable renewable power
- Persisting high coal prices
- Low CO_2 price impact due to low CO_2 price

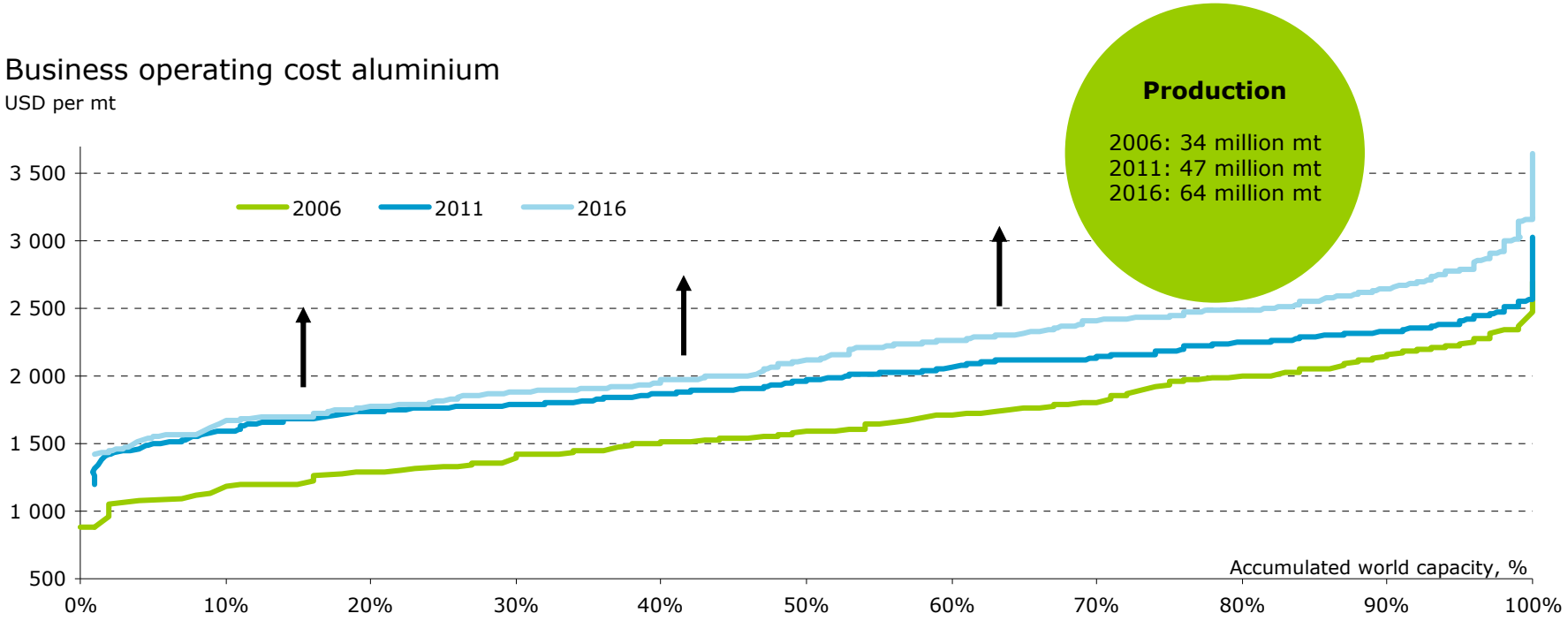
Source: Nord Pool, EEX

Alumina cost curve lifted by cost pressure



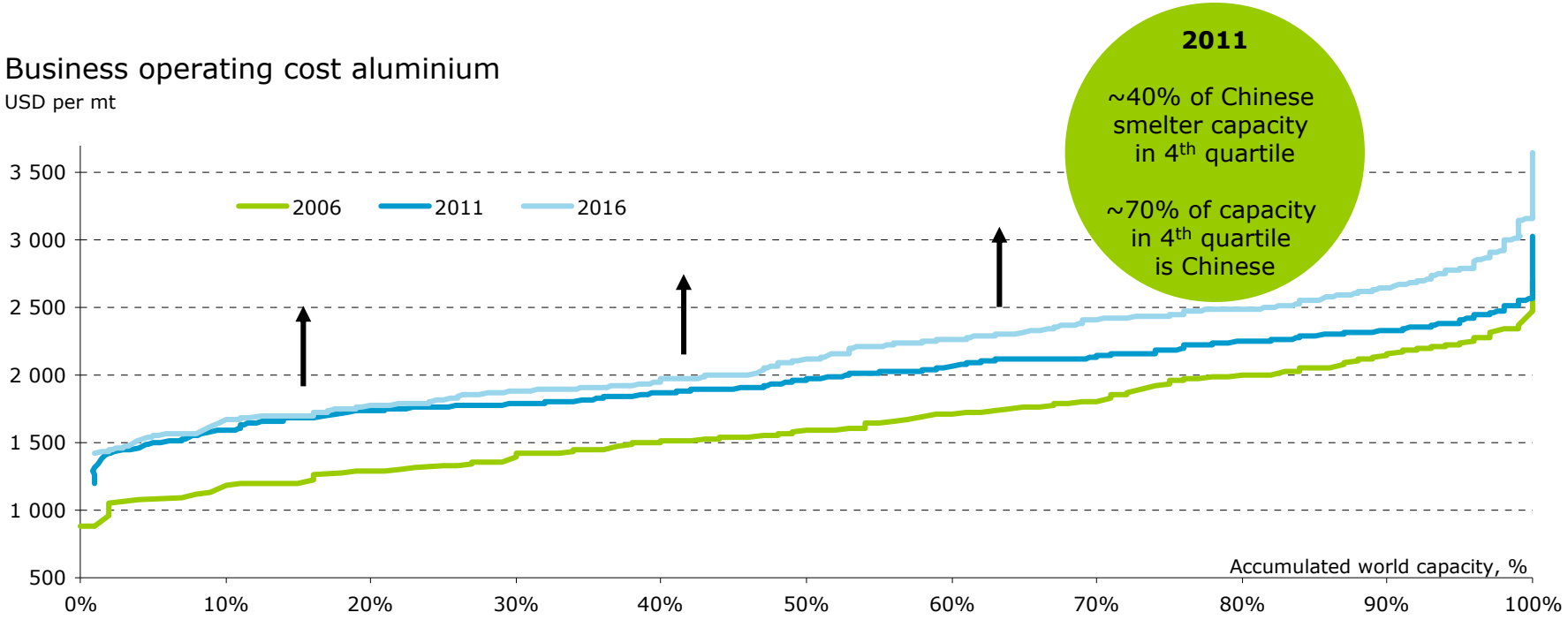
Source: CRU, 2011: LME USD 2 438 per mt. Same LME and currency assumptions

Aluminium cost curve lifted by cost pressure



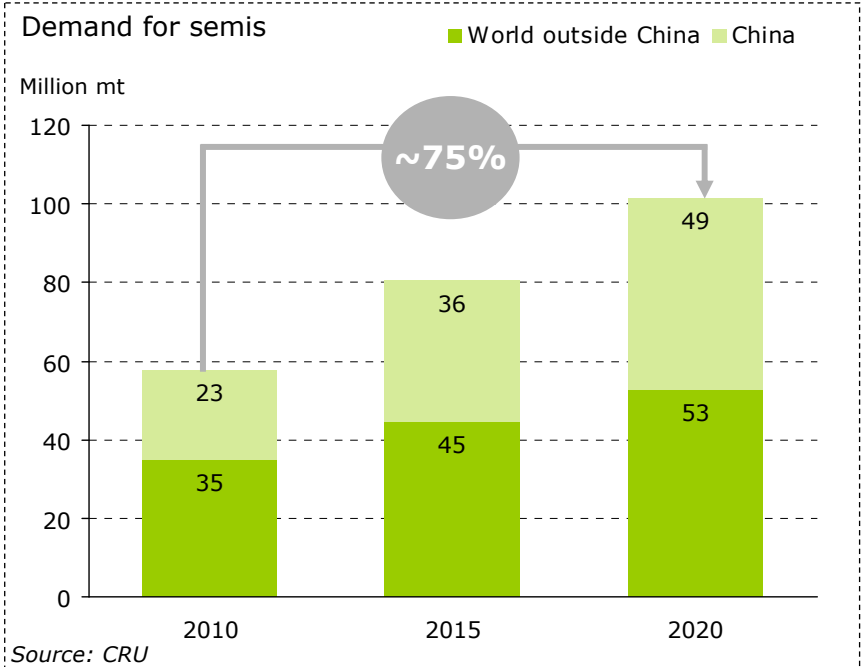
Source: CRU, LME USD 2 438 per mt. Same LME, alumina and currency assumptions

Aluminium cost curve lifted by cost pressure



Source: CRU, LME USD 2 438 per mt. Same LME, alumina and currency assumptions

Market outlook summary



Lower growth expected in 2012

- European debt crisis
- Positive impact from US recovery
- Continued growth in China and developing regions

Still strong long term projections

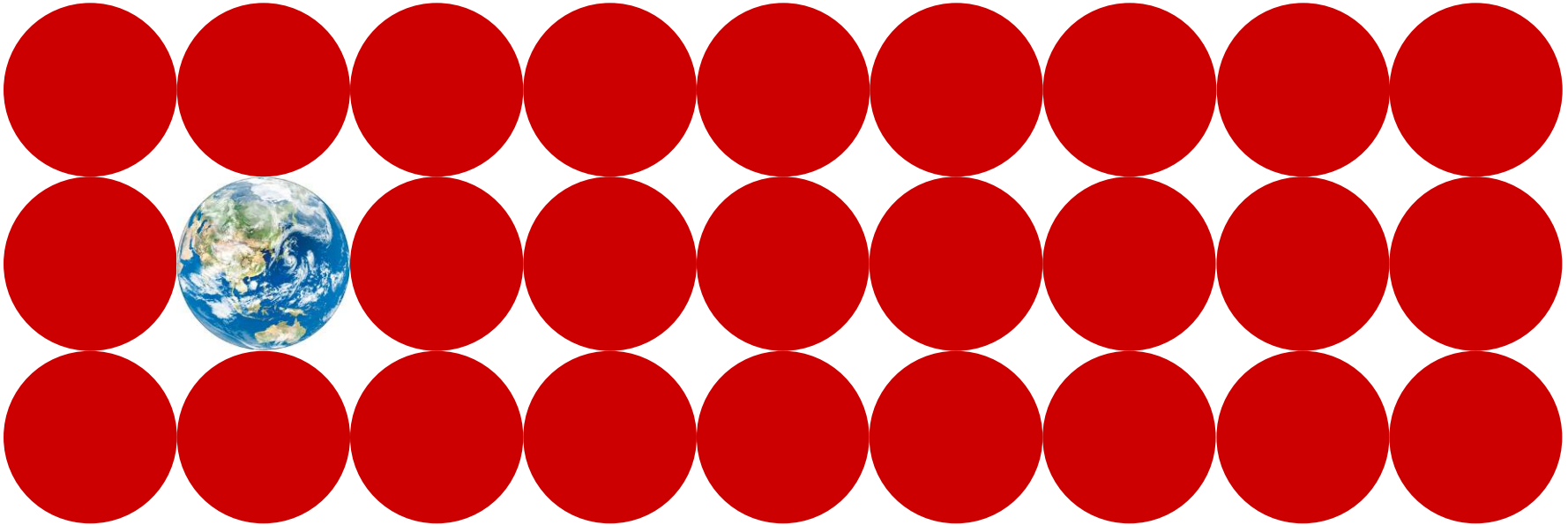
- Emerging markets
- Urbanization
- Infrastructure building
- China short on upstream aluminium

Aluminium price dependent on

- Macroeconomic development
- Energy prices and USD impacting the cost support level
- Raw material price development
- Attractiveness of financial deals

www.hydro.com

Continued repositioning Primary Metal

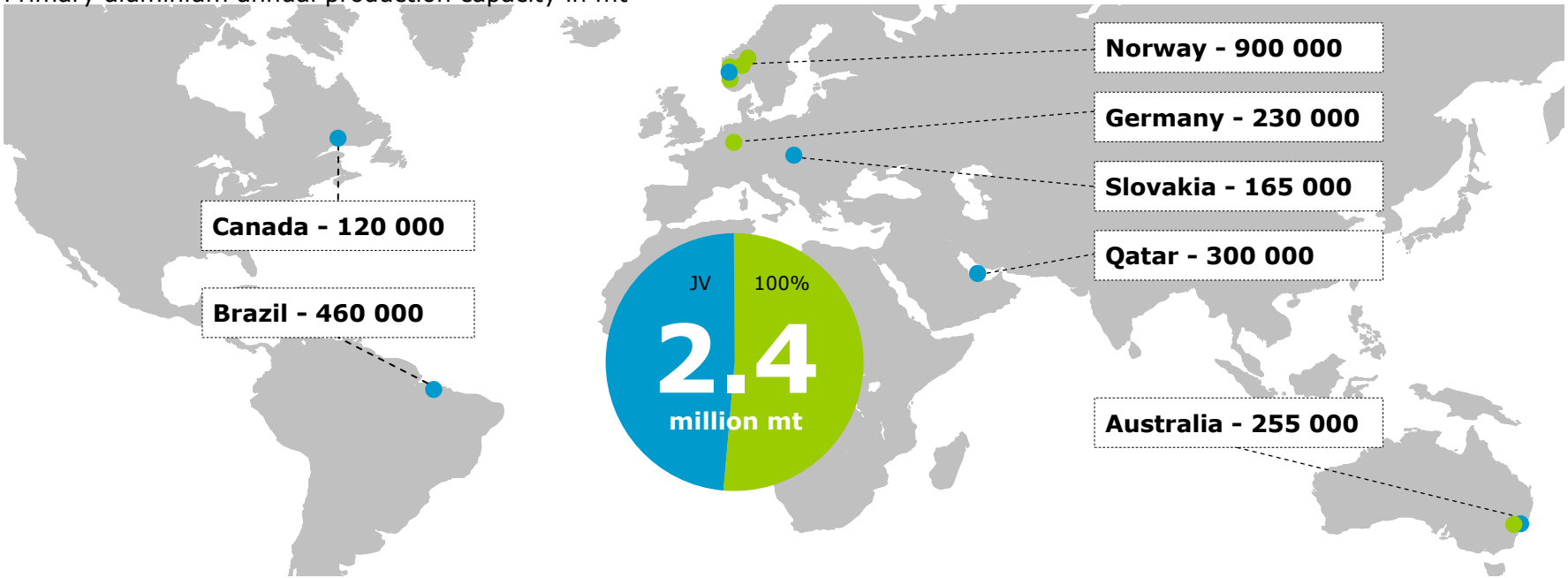


Hilde Merete Aasheim, Executive Vice President and Head of Primary Metal
December 1, 2011

(1)

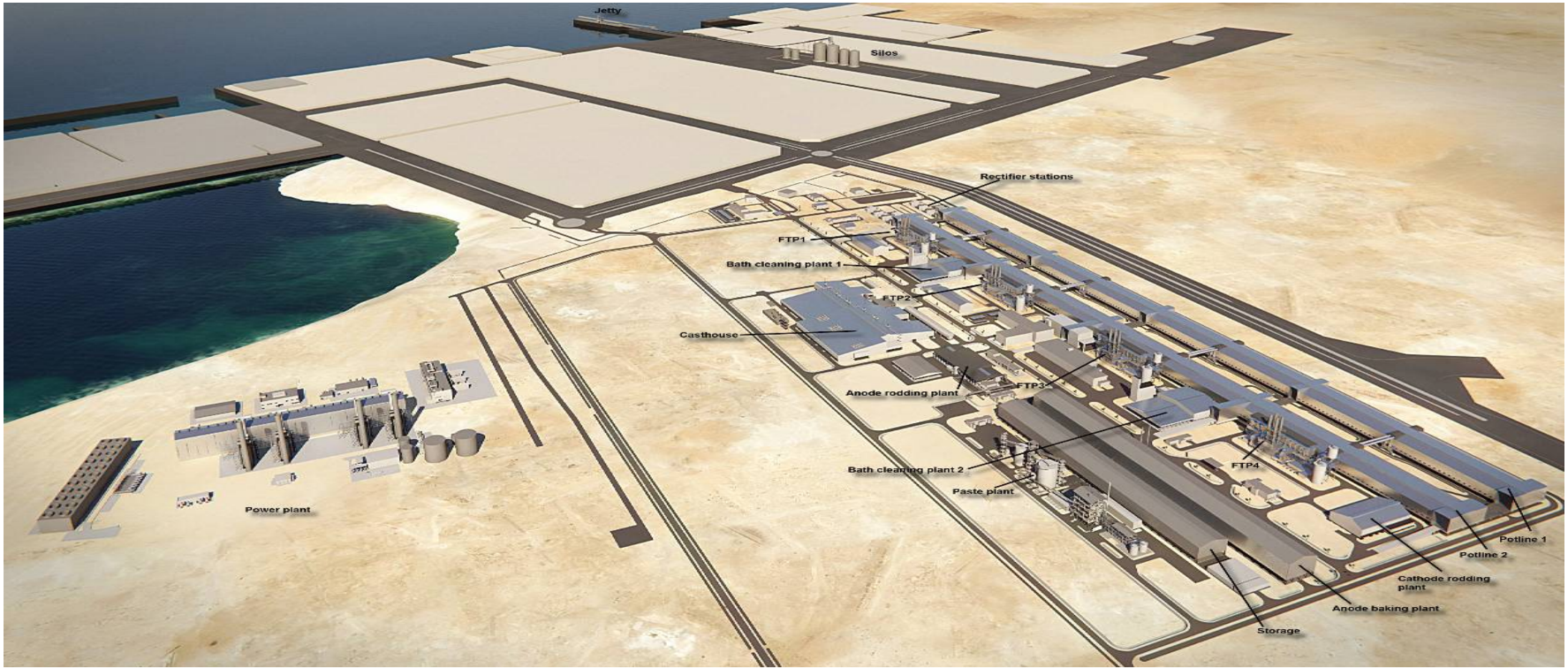
Primary Metal's global smelter portfolio

Primary aluminium annual production capacity in mt



Attributable capacity: 2.1 million mt. Consolidated capacity: 2.4 million mt. Consolidated casthouse capacity: 3.0 million mt.

Qatalum – several large plants in one



HYDRO

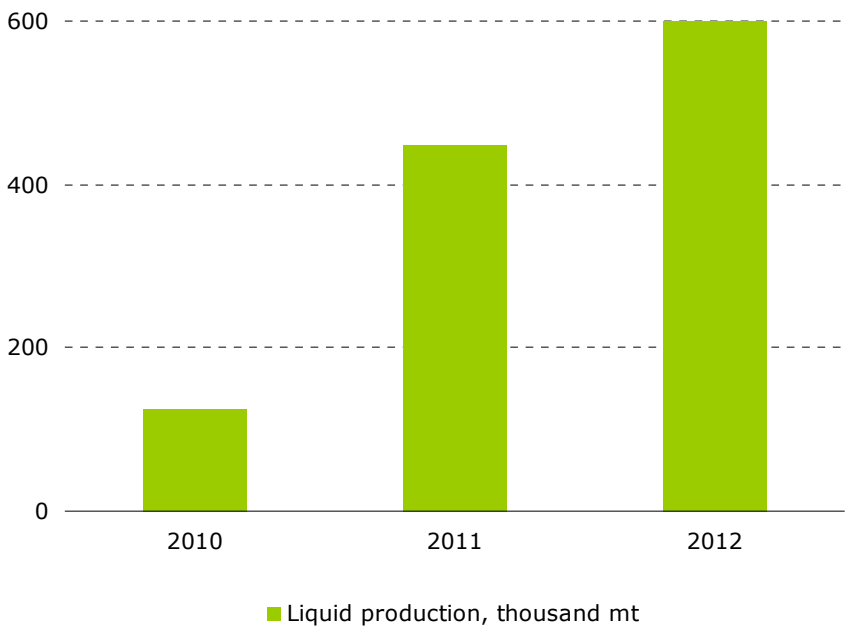
HYDRO

HYDRO

Qatalum –1st quartile cost position

Further creep potential beyond 2012

- On track to exceed nameplate capacity first year of full production
- 1st quartile cost position established
  - Cash cost around USD 1400-1500 per mt at 2010 market conditions
- Operational excellence and cost optimization focus going forward
- Project cost at USD 5.8 billion delivered

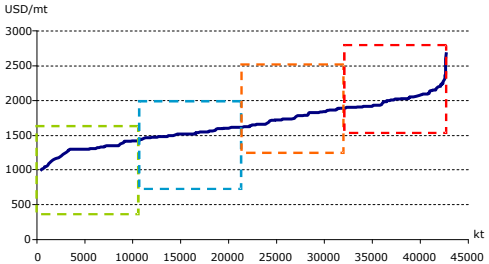


Albras – successful integration in challenging Brazilian environment

- Successful integration with focus on improvements in operational performance
- Challenging power cost due to impact from strong Brazilian currency and inflation
  - Dialogue established between government and joint industry

Roadmap to competitiveness

Business operating cost



Primary Metal's improvement program

- USD 300/ tonne improvements
- Secure industry friendly energy regime
- Drive continuous improvement (AMPS)
- Align organization and governance structure

1. Long-term sustainability for the smelter portfolio

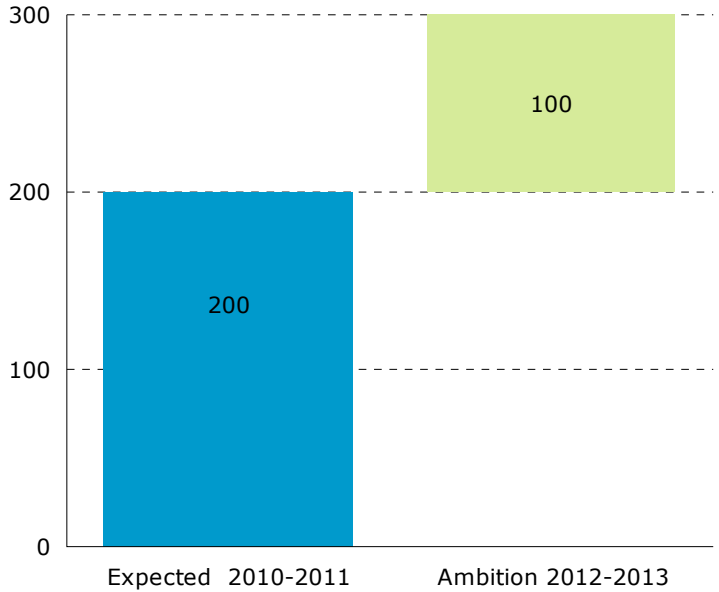
2. Cash generation for reinvestment and growth

AMPS: Aluminium Metal Production System

Primary Metal delivers on improvement program

USD 200 per mt to be realized within 2011

- **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

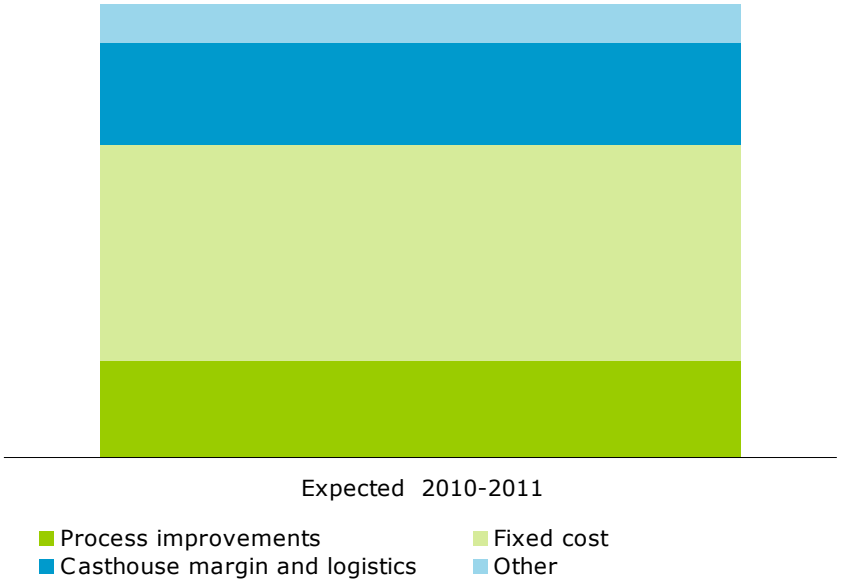


USD 300 per mt[1]

1) Compared to 2009 cost level. USD 300 per mt real term target for fully owned smelters excluding Neuss with 2009 as baseline. Realized in nominal terms ~USD 180 per mt. Effect of exchange rates and raw materials cost changes are neutralized

HYDRO

All parts of Primary Metal have contributed



- USD 200 per mt corresponds to >NOK 1 billion
- Main deliveries within:
  - Plant process improvements
  - Fixed costs
    - Plant fixed costs
    - PM overhead costs
    - Technology costs
  - Casthouse margin and logistics

Year-end estimated program realization USD 200 per mt in real terms i.e. including effect of compensating for inflation.
Expected realized in nominal terms ~USD 180 per mt. Effect of exchange rates and raw materials cost changes are neutralized

USD 300 program achievements

Amperage and
current efficiency

~50 million NOK per year

Energy and
anode consumption

~100 million NOK per year

Reduced scrap rates

~70 mill NOK per year

Sustaining CAPEX reduced by 35%

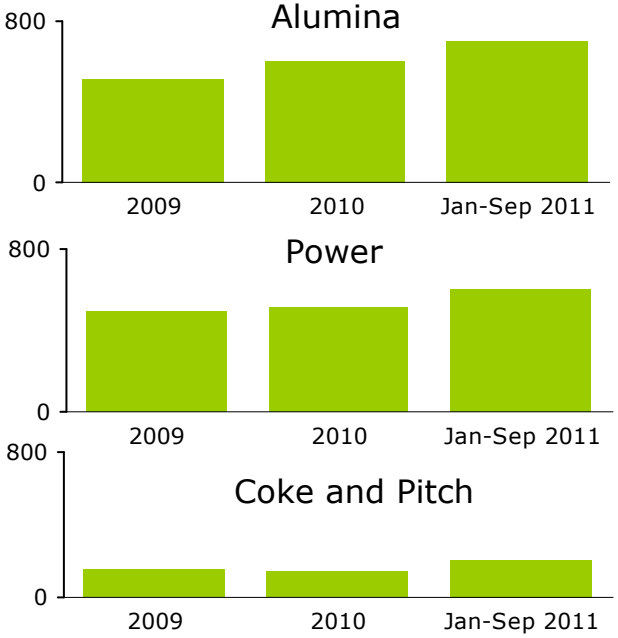
Overhead costs reduced by 35%

Plant fixed costs reduced by 10%

HYDRO

Raw material cost impact Primary Metal cash cost

USD per mt in fully owned smelters



~400 USD per mt negative impact*

* Jan-Sep 2011 vs 2009

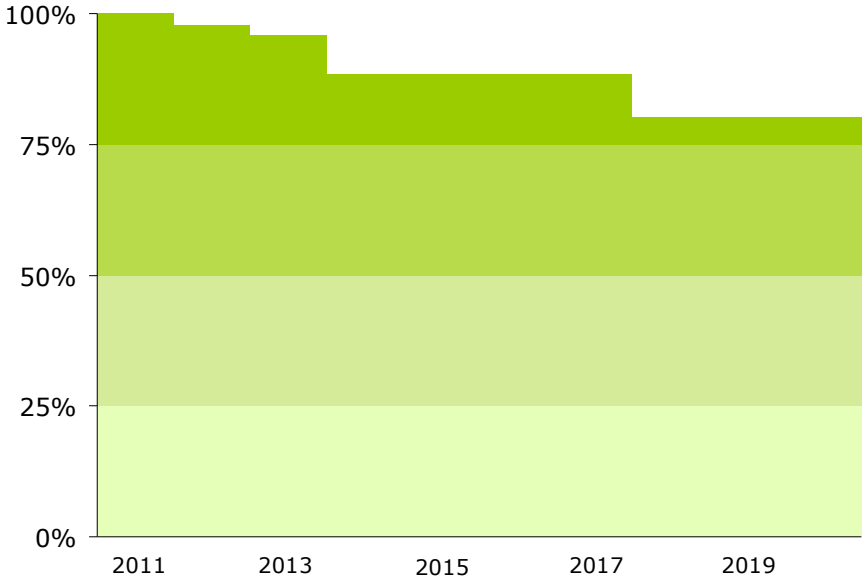
- Alumina cost per mt has followed LME
- Alumina as percentage of LME increasing
- Established long position in alumina

- One power contract in Norway expired in 2010
- Contractual price escalations
- Active power sourcing agenda

- Coke prices ~40% higher Jan-Sep 2011 vs 2009
- Test program for use of alternative quality coke
- Reducing anode consumption as part of USD 300 cost improvement program
- Strategic evaluation of anode supply chain

Robust power coverage

Power coverage (%), based on consolidated production in 2011



- 80% of current production has power coverage until 2020 or beyond
- ~2/3 based on hydro-power
- Renewal of power contracts
  - Tomago – contract signed
  - Alouette – MoU signed for expansion and prolongation of contract
- Shorter term sourcing needs
  - Neuss, Søral and Slovalco

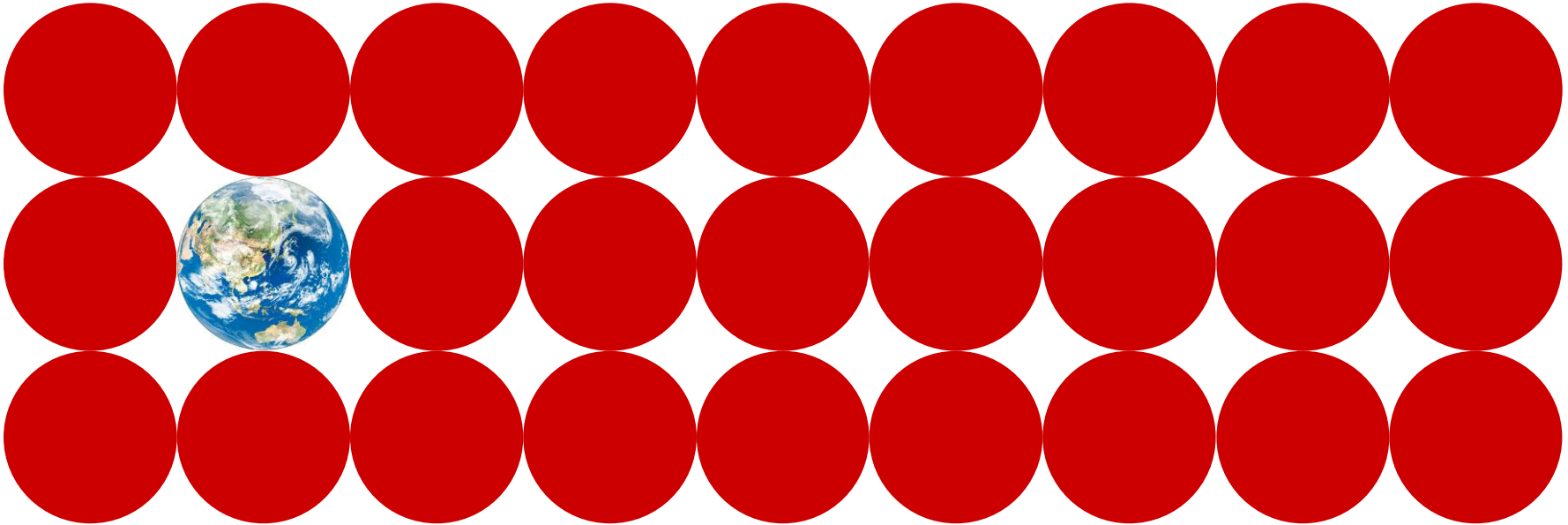
HYDRO

Primary Metal priorities

- Continue to deliver improvements in fully owned and JV smelters
- Secure 1st quartile cost position for Qatalum
- Progress power sourcing agenda

www.hydro.com

Hydro's financial and performance update



Jørgen C. Arentz Rostrup, Executive Vice President and CFO

December 1, 2011

HYDRO

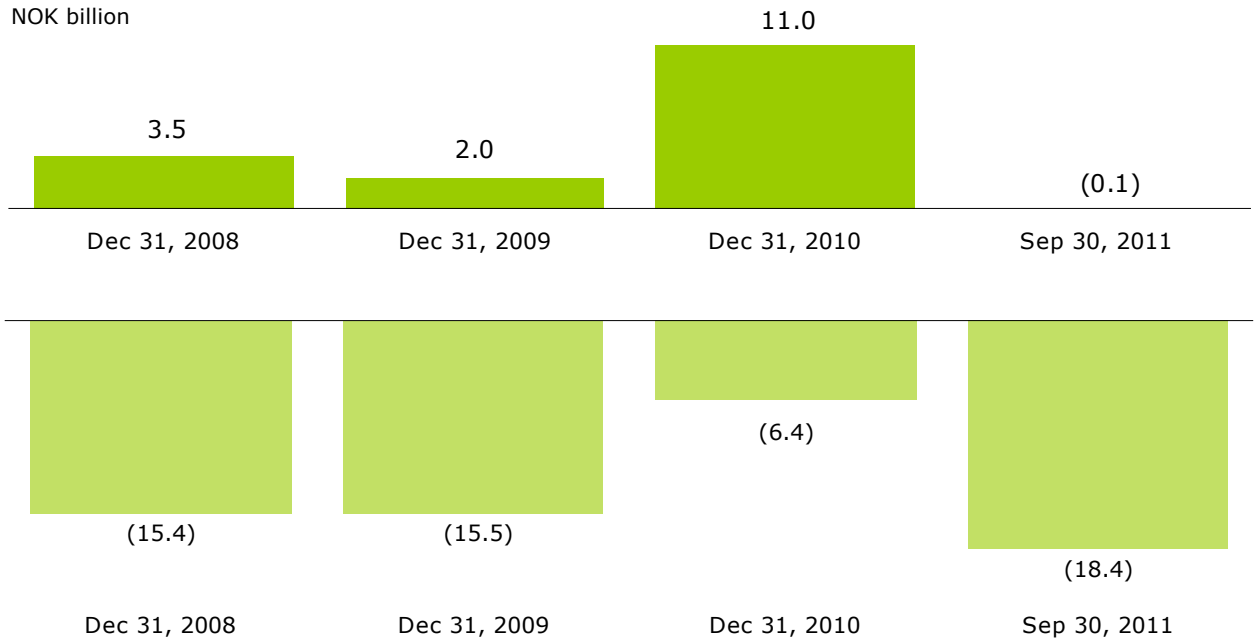
Agenda

- Financial position and policy
- Earning drivers
- Performance management
- Summary

1

Financial position and policy

Robust financial position



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

Priorities for capital allocation

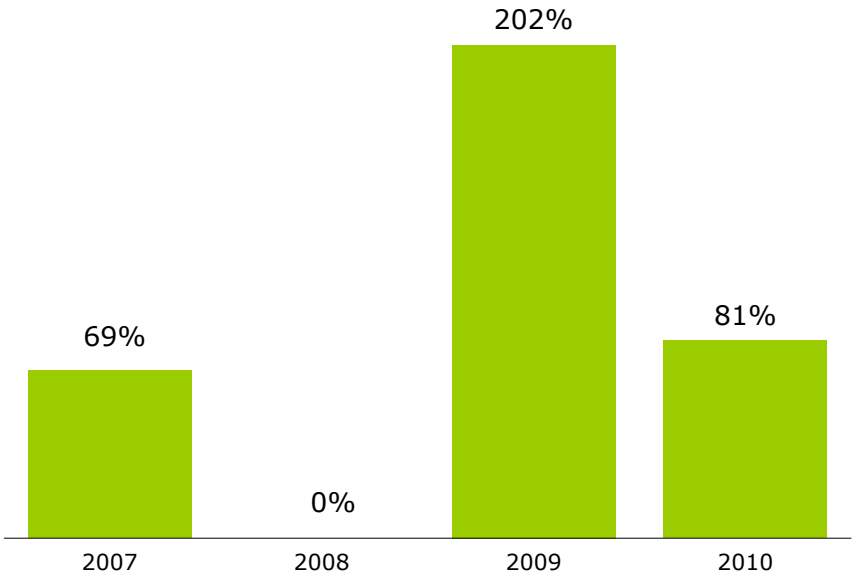
- Maintain a solid balance sheet
- Competitive cash distribution to shareholders
- Disciplined and selected growth

Maintain financial flexibility

- Robust balance sheet
- Strong focus on liquidity
  - NOK 6.9 billion in cash and cash equivalents end-Q3 2011
  - USD 1.7 billion facility, currently undrawn
- Maintain investment grade rating
  - BBB/Baa2
- Intention to re-establish Hydro in bond markets

Shareholder policy

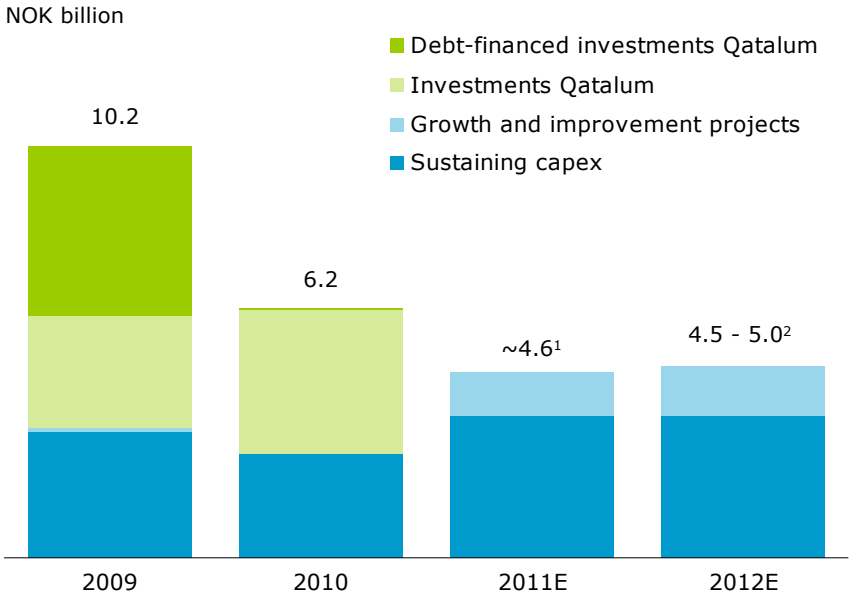
Dividend payout ratio



- Hydro aims for competitive returns compared to peers
- Dividend payout ratio* to average 30% over the cycle
  - Average 117% 2007-2010
- Buyback of shares and extraordinary dividends
  - When earnings, liquidity position and capital structure allow

*Dividend paid divided by net income attributable to equity holders

Capital allocation mainly upstream



- Sustaining capex NOK 3.5 billion annually including Vale assets
- Growth projects in 2012
  - Hydropower developments
  - Extruded Products expansions
  - Paragominas and CAP development under evaluation
- ~80% of capital to be allocated upstream in 2012

1)Excluding Vale assets acquisition
2)Excluding investments related to CAP and Paragominas 3

Net pension liability expected to increase

NOK billion	Estimate December 31, 2011	December 31, 2010
Projected benefit obligation	(21.0)	(18.4)
Fair value of plan assets	13.0	12.5
Termination benefits and other	(0.5)	(0.6)
Net pension liability at fair value	**(8.5)**	**(6.4)**
Unrecognized (gain)/loss	1.0	(1.2)
Net pension liability recognized on balance sheet	(7.5)	(7.6)
Net pension liability at fair value, net of tax	**(7.0)**	**(5.6)**

- Benefit obligation up NOK 2.6 billion
  - Based on a reduced discount rate of 1%
- Plan assets up NOK 0.5 billion
- No material change for 2012 pension cost expected

HYDRO

Market update – further softening

- Decreasing prices and continued raw material cost pressure upstream
- Seasonal decline and further weakening markets downstream
- High energy production, prices currently above Q3 average
- Increasing macro uncertainty and softening markets

Hedging policy

Upstream

- Remain primarily exposed to LME prices
  - Partly off-setting effects through raw material prices and negative currency correlations with LME
- 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

HYDRO

2

Earning drivers

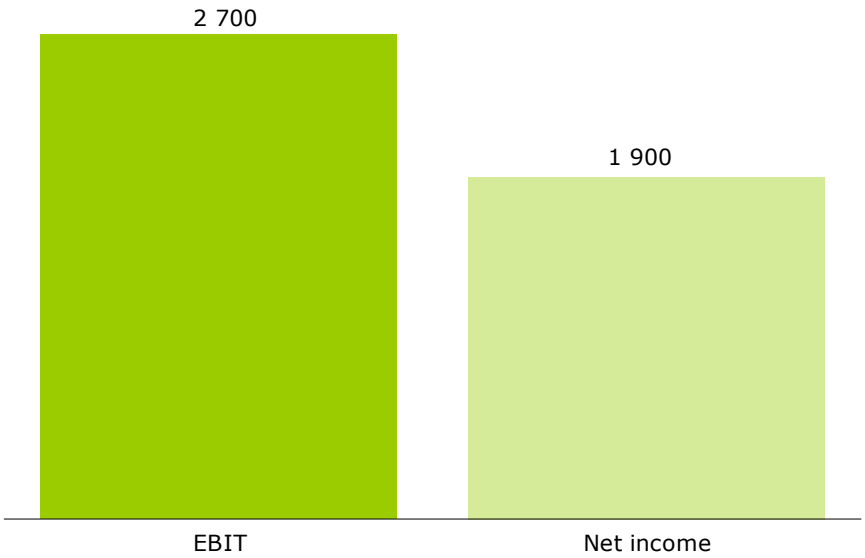
Understanding of Hydro’s earning drivers

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

Price and currency sensitivities

Aluminium price sensitivity +10%

NOK million



Currency sensitivities +10%

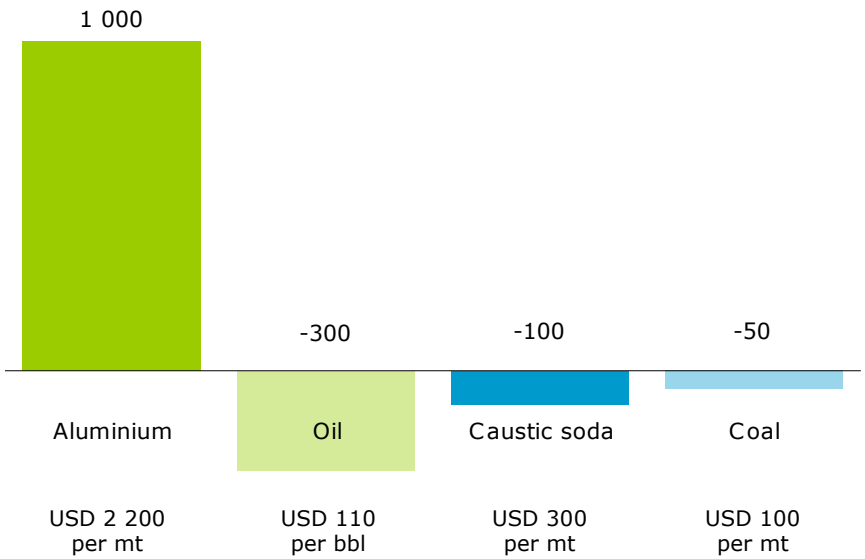
NOK million	EBIT	Financial items	Income before tax	Net income
USD	2 250	(400)	1 850	1 350
BRL	(850)	650	(200)	(100)
EUR	(150)	(850)	(1 000)	(700)

- Annual sensitivities based on expected business volumes for 2012, LME USD 2 200, NOK/USD 5.70, NOK/BRL 3.25 and NOK/EUR 7.70.
- Aluminium price sensitivity is net of aluminium price indexed costs and exclusive of unrealized effects related to operational hedging
- USD sensitivity on financial items is based on estimated year-end financial position

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.

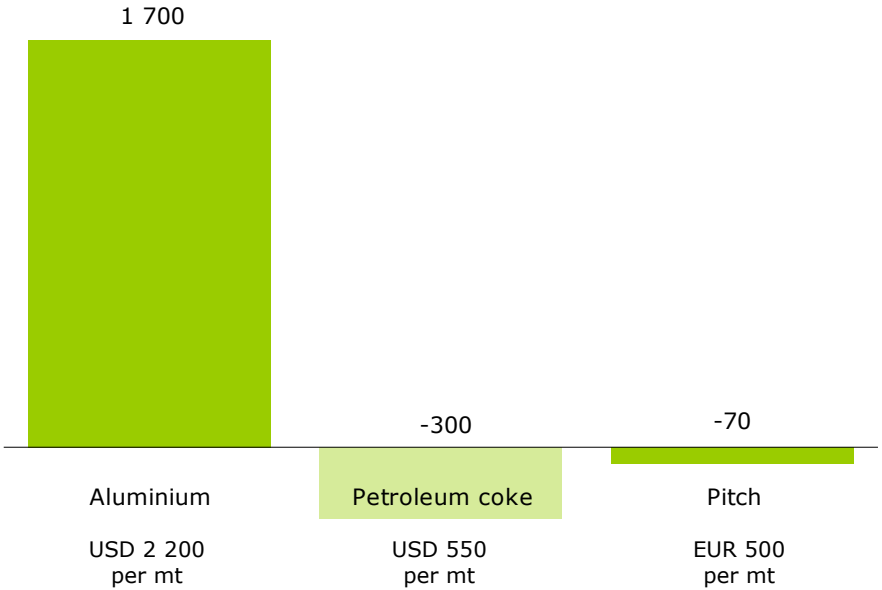
Energy

- ~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

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
- ~13.5-14% of 3-month LME price per tonne alumina
- ~2-3 months lag

Alumina freight

- ~1.5 million tonnes alumina in transatlantic seaborne freight

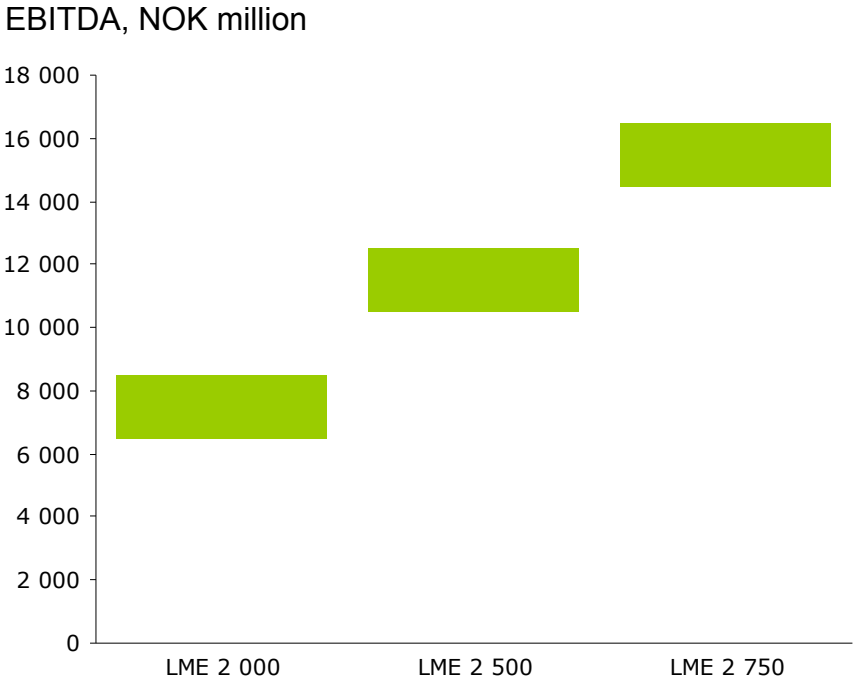
Carbon

- Raw material petroleum coke and pitch
  - ~0.35 tonnes petroleum coke per tonne aluminium
  - ~0.08 tonnes pitch per tonne aluminium
- Long-term supply commitments, priced every 6 months

Power

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

Annualized underlying EBITDA scenarios

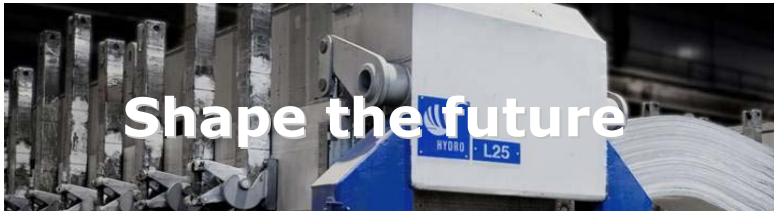


- Scenarios are not forecasts, but represent earnings potential based on sensitivities
- Solid operational cash flow
- Indicative EBITDA-range in 3 different scenarios
  - LME 2 000, NOK/USD 6.00
  - LME 2 500, NOK/USD 5.50
  - LME 2 750, NOK/USD 5.50
- Last 4 quarters underlying EBITDA as baseline
- Non-LME related revenues/cost and other currencies unchanged
- Several factors may influence future earnings

Uncertainty on several items compared to baseline, including Bauxite & Alumina production increases and Qatalum in ramp-up during last four quarters, raw material cost development, Energy and downstream earnings development.

3 Performance management

Agenda 2010 and corrective actions successfully executed

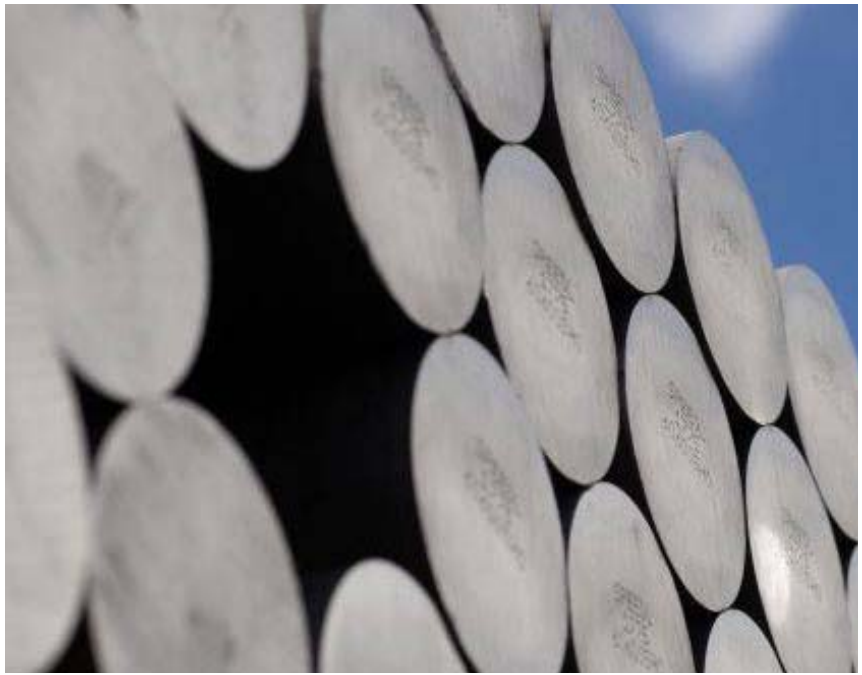


- Remelt production reduced by ~50%
- 450 000 tonnes annual primary capacity curtailed
- CAPEX 2009* reduced ~50%
- Net operating capital reduced by 5.8 BNOK
- Substantial cost cutting upstream and downstream
- Managing interface with customers successfully
- Restructuring and demanning in Corporate and BA staffs

*Excluding Qatalum

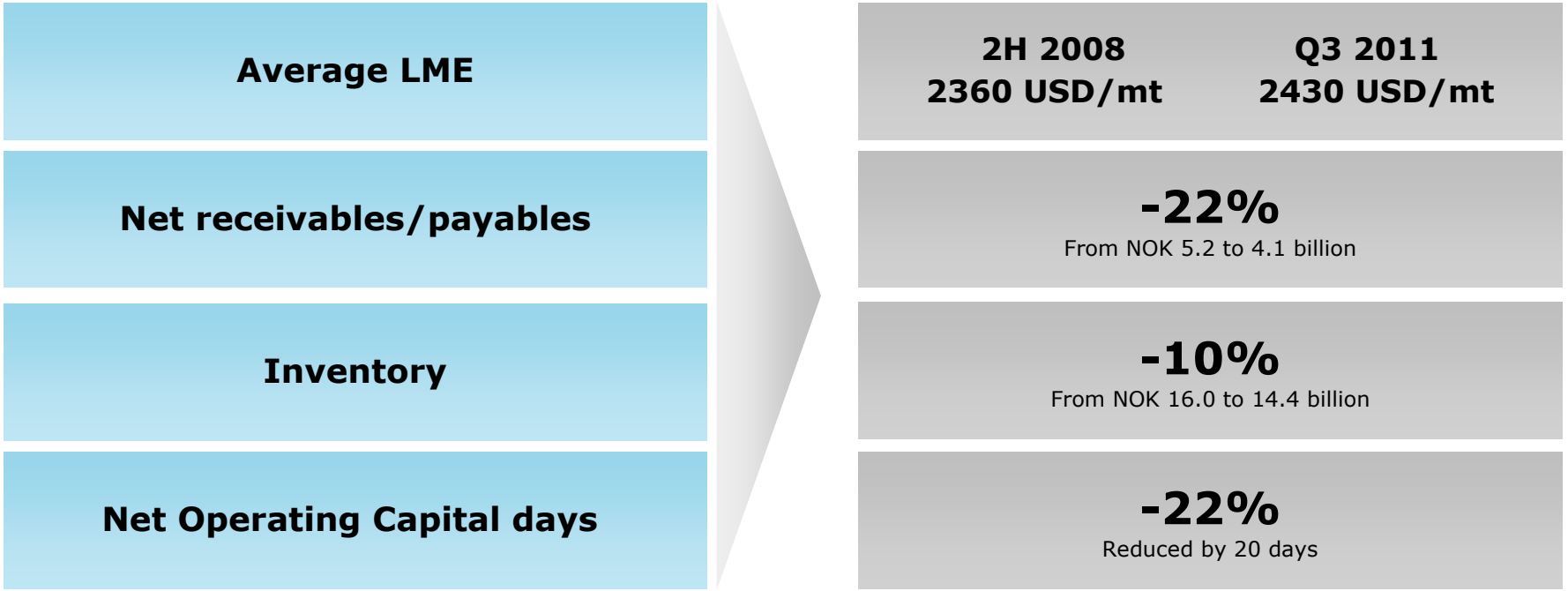
HYDRO

Prepared for challenging period



- Strong balance sheet to face volatility
- Reduction in net operating capital days and sustaining capital expenditure
- Margin management and remelt flexibility
- No restart of idled capacity
- Cost improvement programs

Reduced operating capital



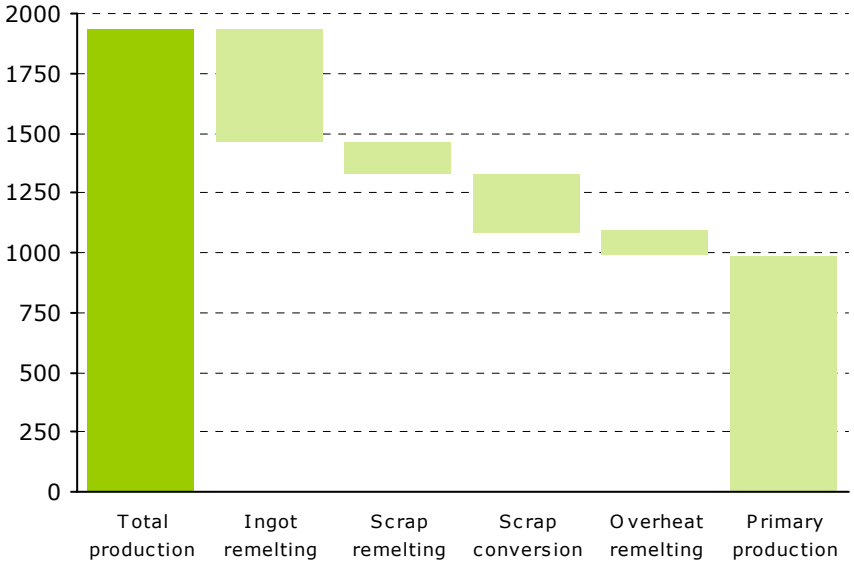
Sustaining capital expenditure reduction

Sustaining capital expenditure
In NOK billion

- Sustaining capital expenditure significantly down from 2008
- Lower level maintained
- Below 2008 level with significantly larger company

Significant system flexibility from remelting

Metal product capacities Europe 2011*



- Geographical flexibility
  - 26 casthouses at 20 locations across 4 continents
- Product flexibility
  - 6 plants with multiple product casthouses
- Sourcing system flexibility

- Corrective measures taken in 2011
  - Highest cost remelting taken out
  - Reduced lowest margin sales

*Excluding curtailed primary capacities and remelting capacity in Rheinwerk and downstream operations

Rolled Products – Climb 10 program

Achieve cost of capital through structured approach

Plant portfolio optimization	• Divestment of Spanish INASA plant • Streamlining Malaysia plant
Product focus – competence and asset based	• Plant and product mix optimization
Margin focus	• Further margin management tools • Price mechanisms in long term contracts
Cost and net operating capital improvement	• Business system roll-out • Cost programs and German agenda • Inventory focus project

HYDRO

Extruded Products – improvement measures

Restructuring Building Systems

EUR 30 million cost reductions by end-2012
- Turnaround in Iberia and Italy, multiple closures
- Leaner organizational and logistical improvements
- Fixed cost reductions

Margin management

Margin improvements in several sectors
- Systematically targeting advanced segments
- Innovation in the interface with customers

Productivity increases

10% higher productivity than 2009[1,2]
- Process improvements
- Technical innovation and automation

Further improvements in working capital

26% lower operating capital days than 2009[2]
- Strong focus on metal sourcing, forecasting and planning

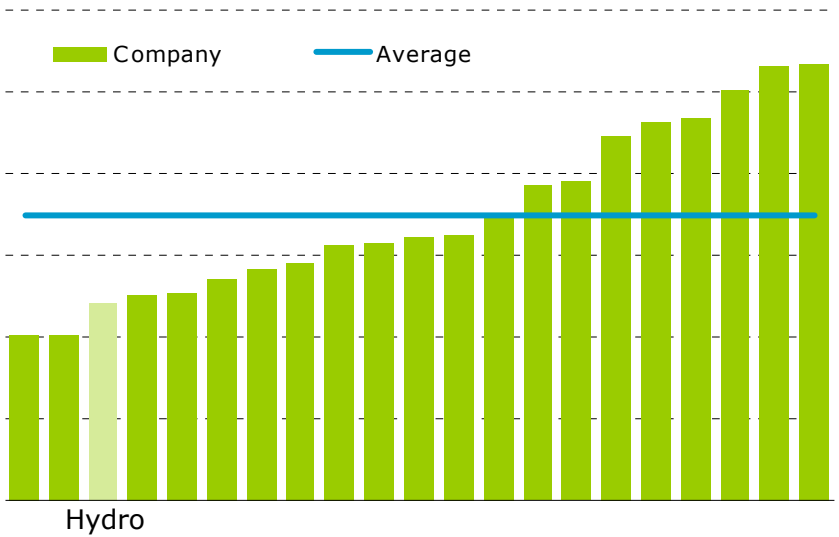
1)Tonnes per man-year
2)Jan-Sep 2011 vs 2009

HYDRO

Solid operational performance in Energy

PA benchmarking production cost 2010

NOK/MWh



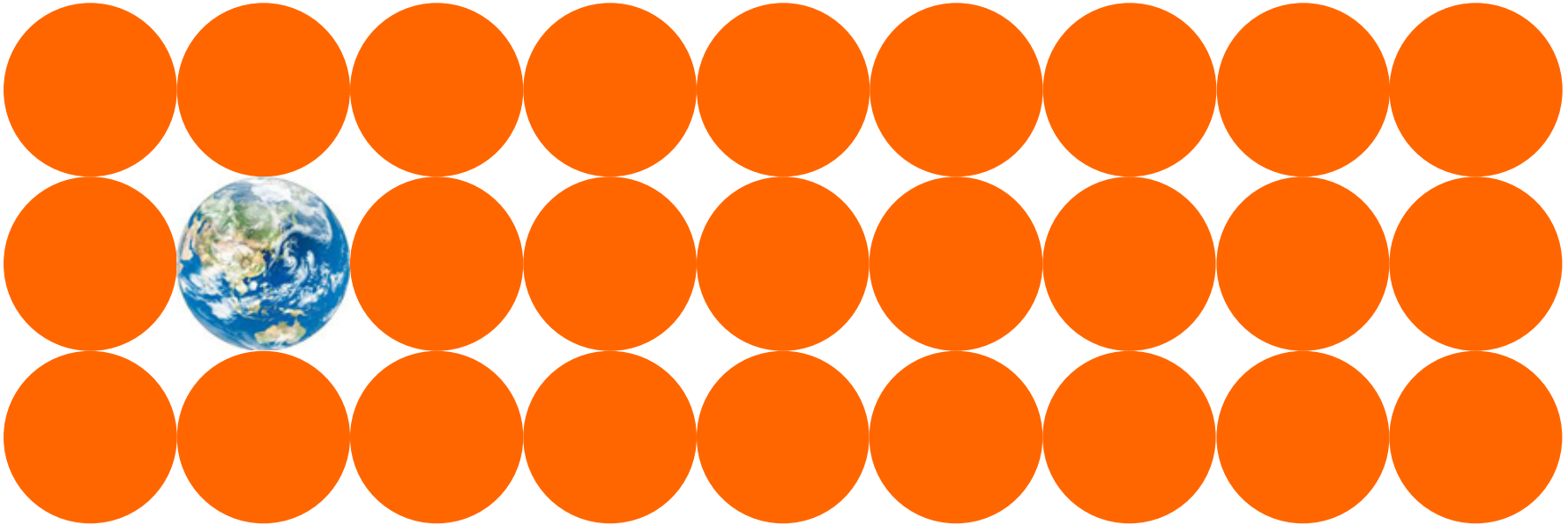
- Strong commercial activities
  - Contributing with more than NOK 200 million first 3 quarters in 2011
- Production at low costs – third lowest in PA cost benchmarking
- Continued safe operations in 2011 – no serious injuries

Summary CMD 2011

- Encouraging long-term outlook for aluminium
- Macro uncertainty and softening markets
- Operational performance
- Measures and programs
- Financial robustness
- Integrated portfolio
- Performance frontrunner

www.hydro.com

Aluminium market outlook



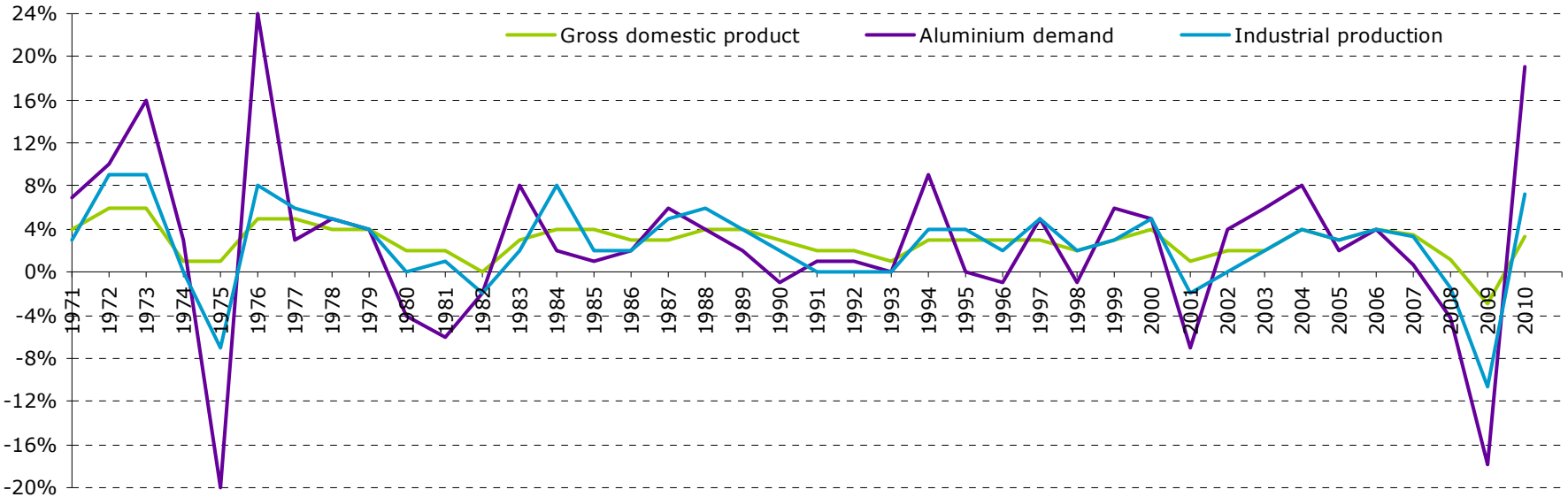
Arvid Moss, Executive Vice President and Head of Energy and Corporate Business Development
January 13, 2011

Agenda

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

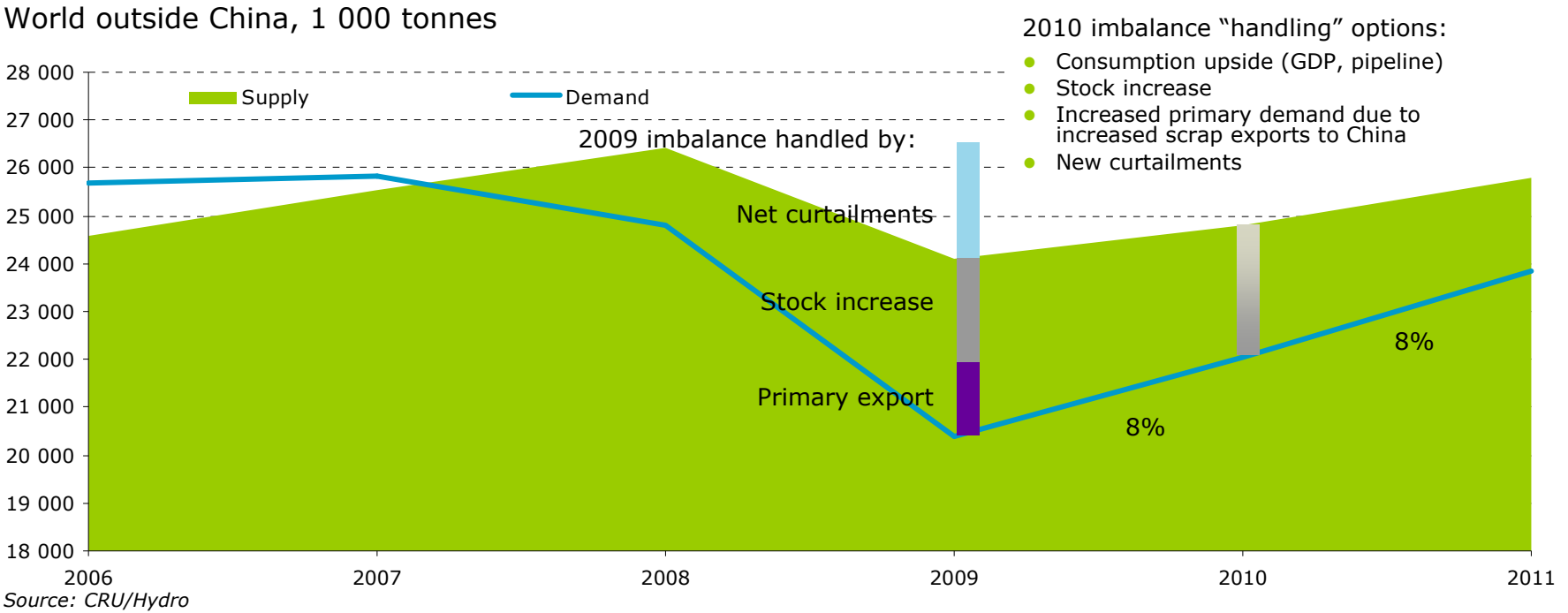
Strong recovery in 2010 from crisis

Change year-on-year world outside China



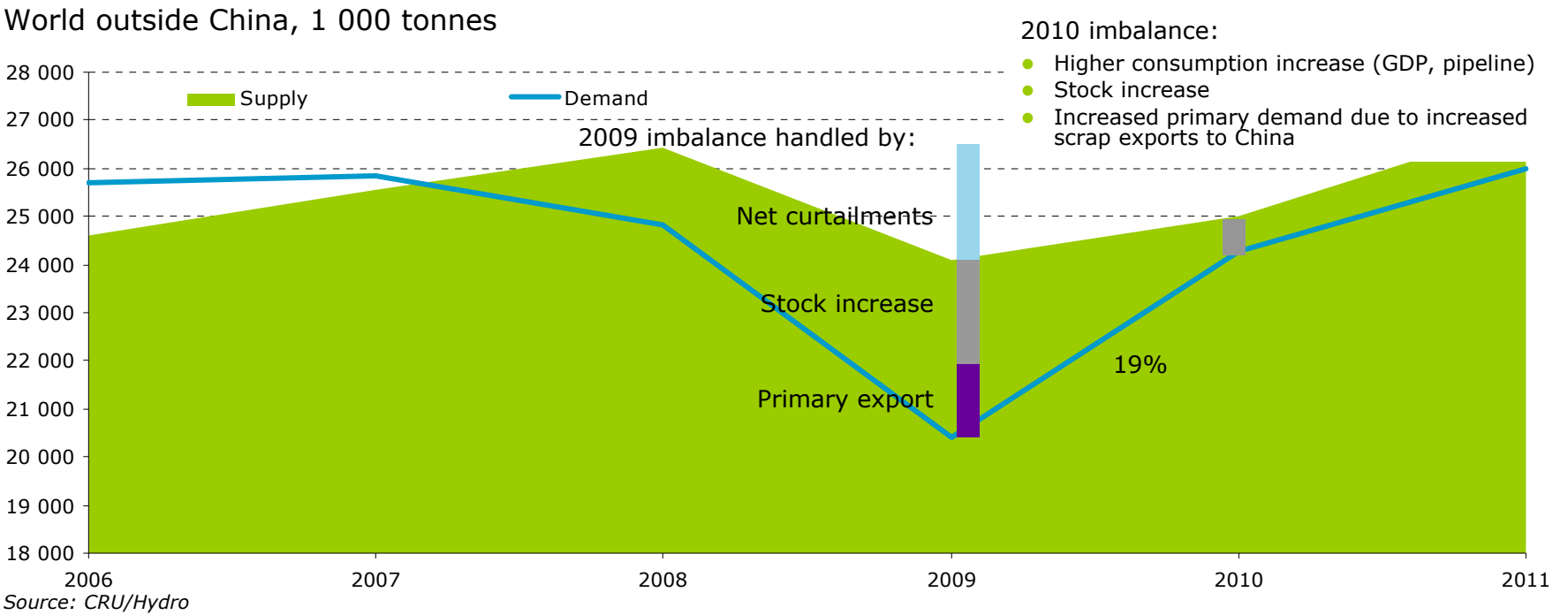
Source: Global Insight/CRU/Hydro

2010 balance – our expectations



Source: CRU/Hydro

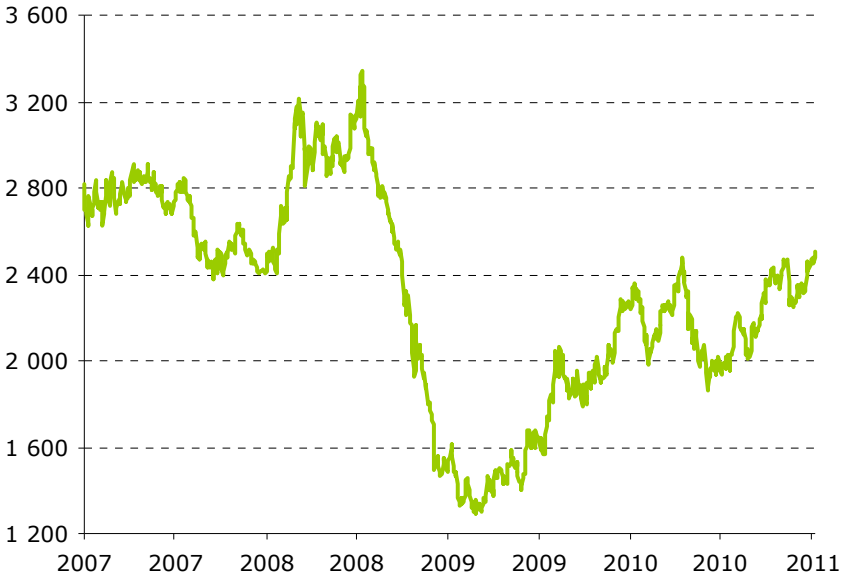
2010 balance - outcome



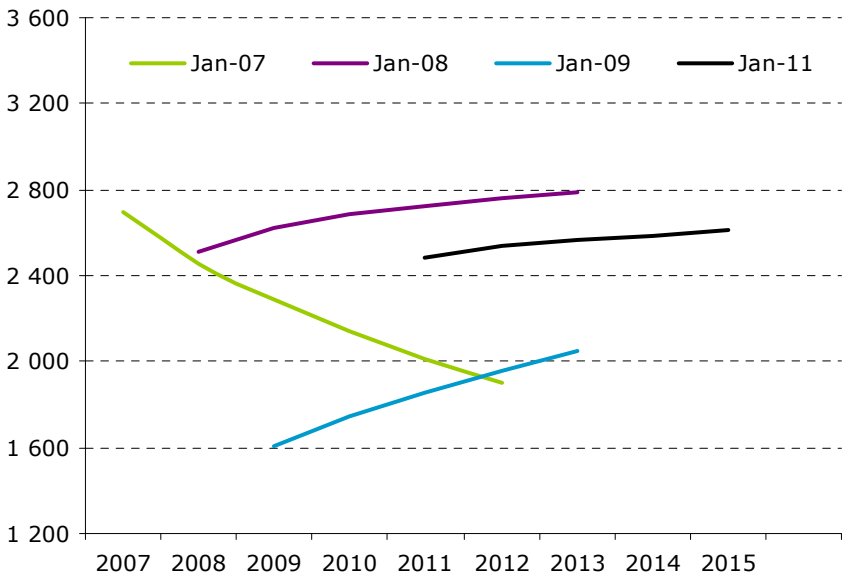
Source: CRU/Hydro

Commodity as asset class affects aluminium

LME 3-month, USD/tonne



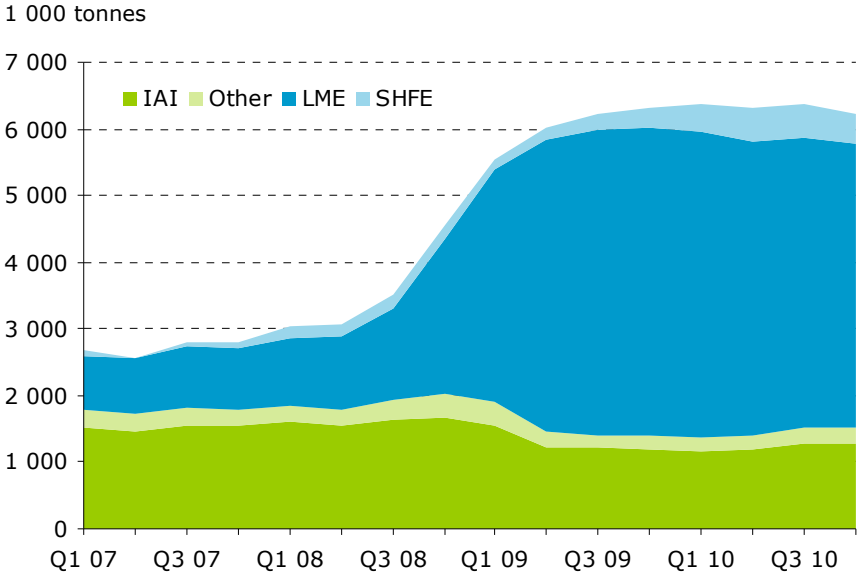
LME USD/tonne



Source: Reuters Ecowin/Hydro

High inventories well known in market

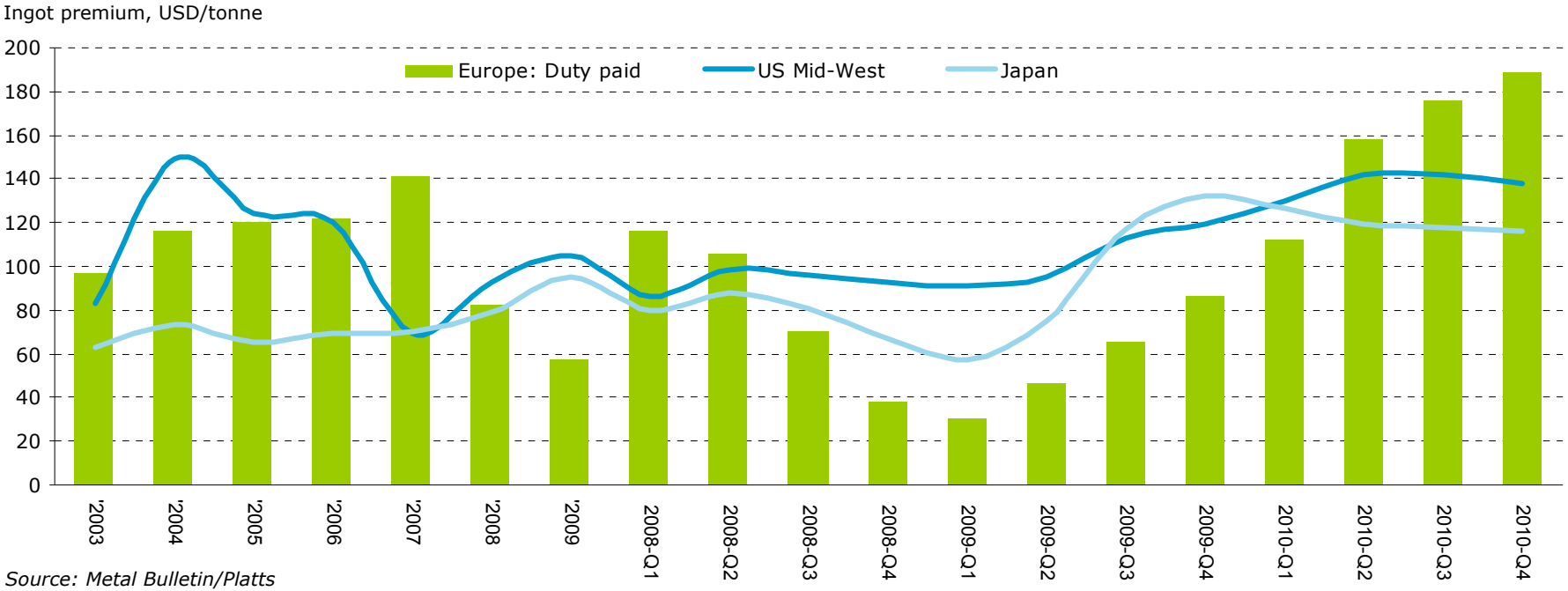
World reported primary aluminium inventories



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

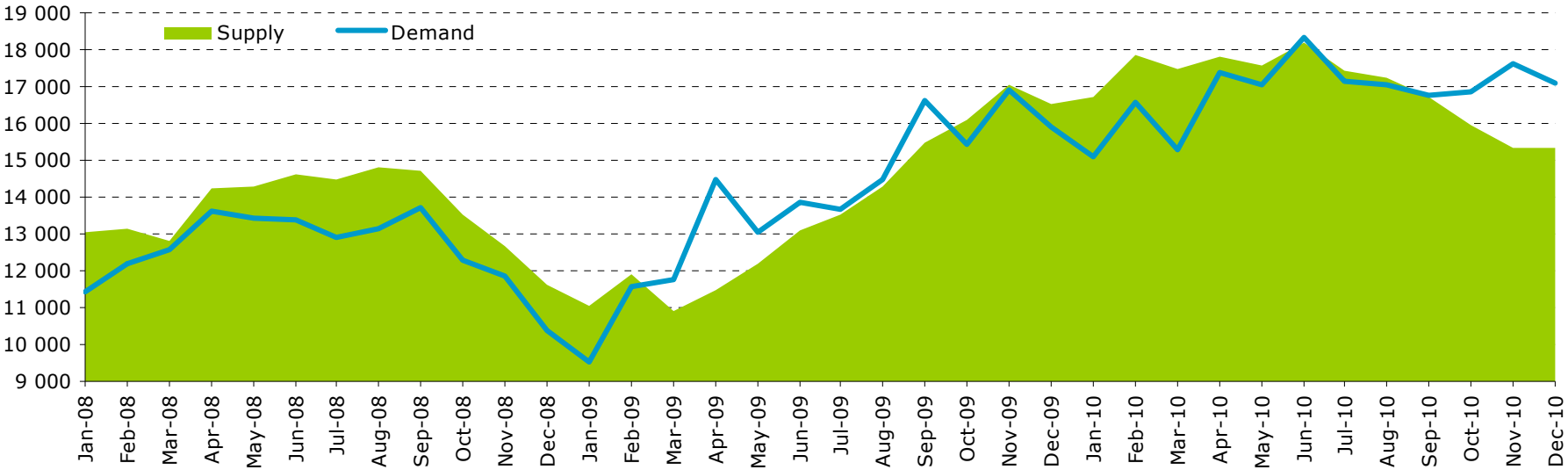


Source: Metal Bulletin/Platts

Production cuts in China due to energy issues

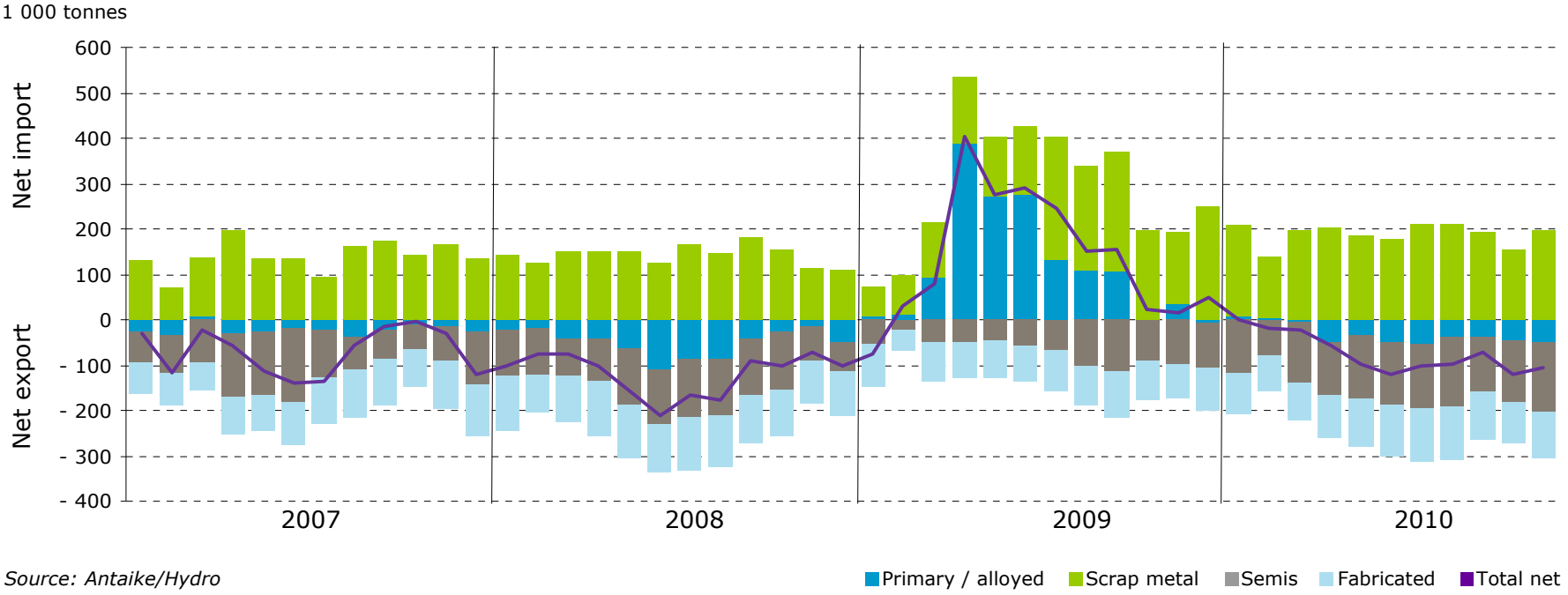
China (annualized)

1 000 tonnes



Source: CRU

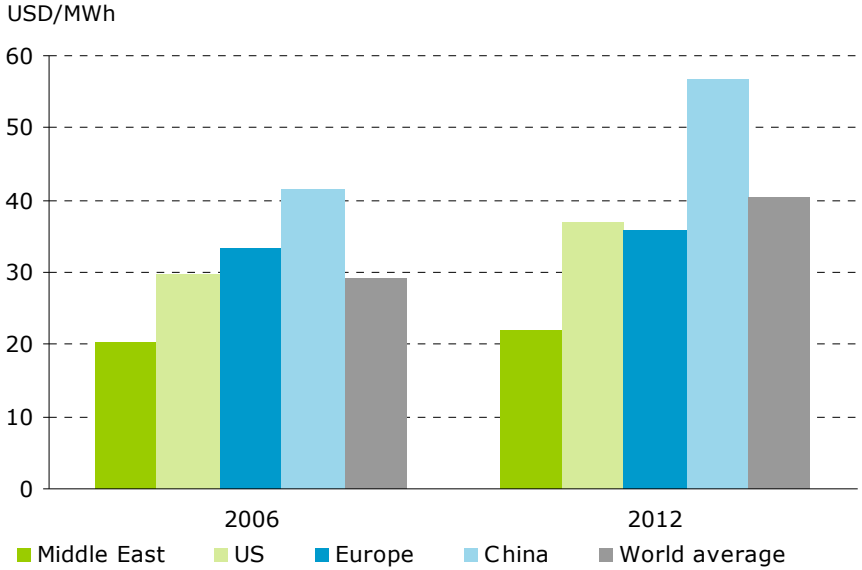
China remains balanced in aluminium



Source: Antaike/Hydro

Significant rise in Chinese power prices

Average power prices for aluminium industry

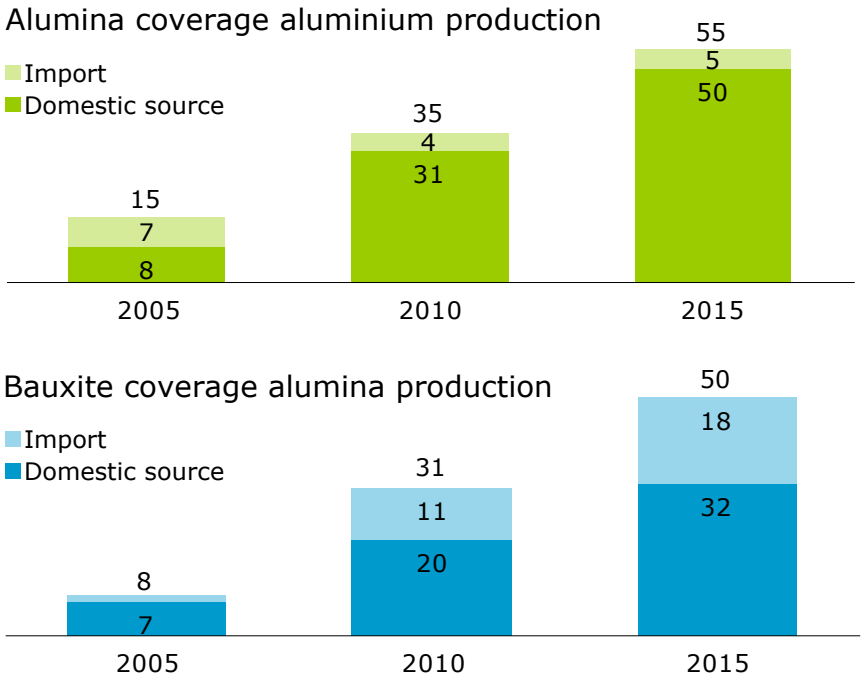


Source: CRU

- 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

HYDRO

China is dependent on bauxite imports



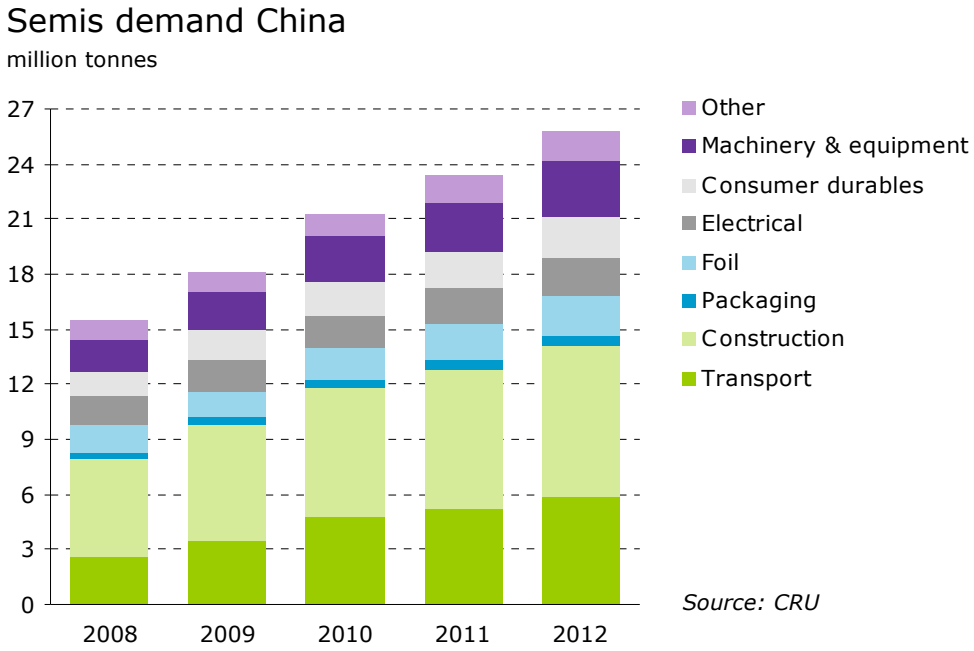
- Share of imported bauxite in China in 2010: ~35%
- Quality of domestic bauxite resources is deteriorating
- New capacity mainly based on domestic bauxite
- Indonesia supplies 75% of imported bauxite

Source: Antaike / Hydro

China expected to remain balanced medium term

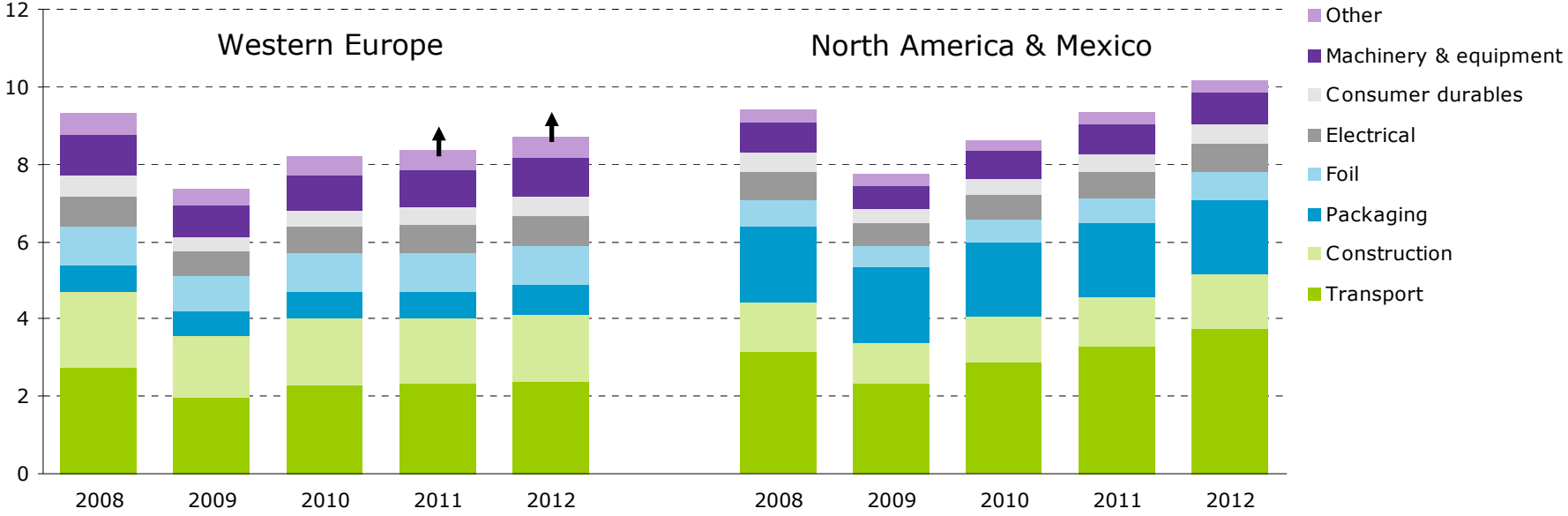
Potential long-term importer

- 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



Downstream development indicates return to underlying growth

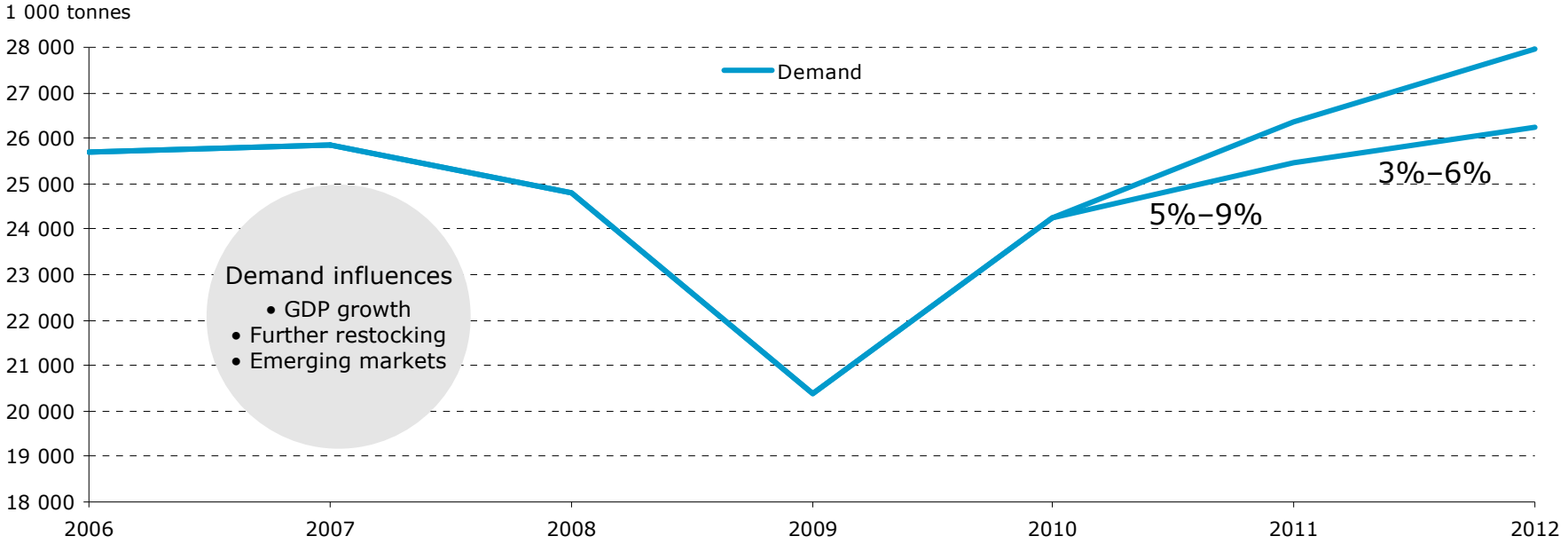
Demand, million tonnes



Source: CRU

Mid-term development scenario thinking

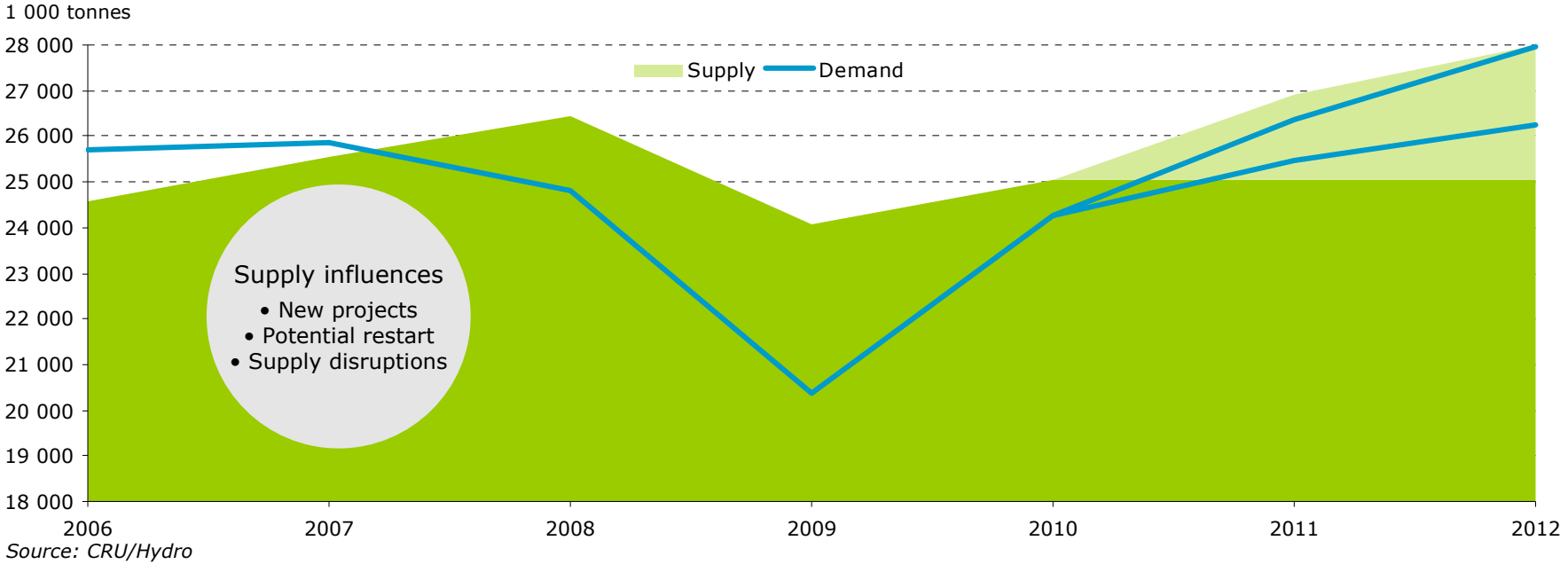
World outside China



Source: CRU/Hydro

Mid-term development scenario thinking

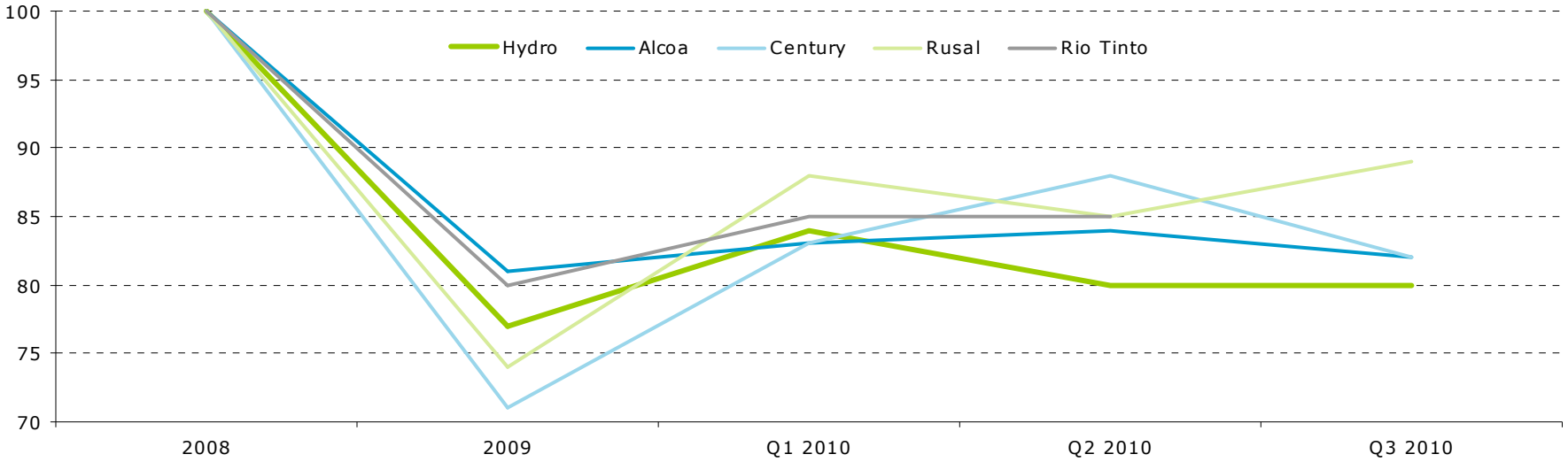
World outside China



Source: CRU/Hydro

Relative improvement in cost position

Cash cost indexed

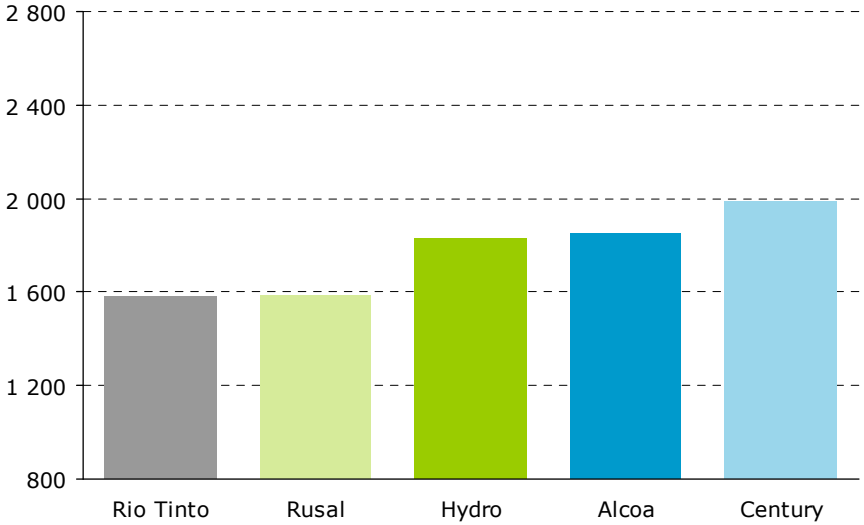


Estimated primary aluminium production cash costs including casthouse margin based on company reports. Assumptions: Hydro cash costs increased by USD 50/tonne for relining cost in order to compare with Alcoa. Pricing: Century 1 month LME cash lag, Hydro 3 months and 20 days LME forward lag, Alcoa, Rio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

Strong focus to further improve cost position

Estimated primary aluminium production cash costs

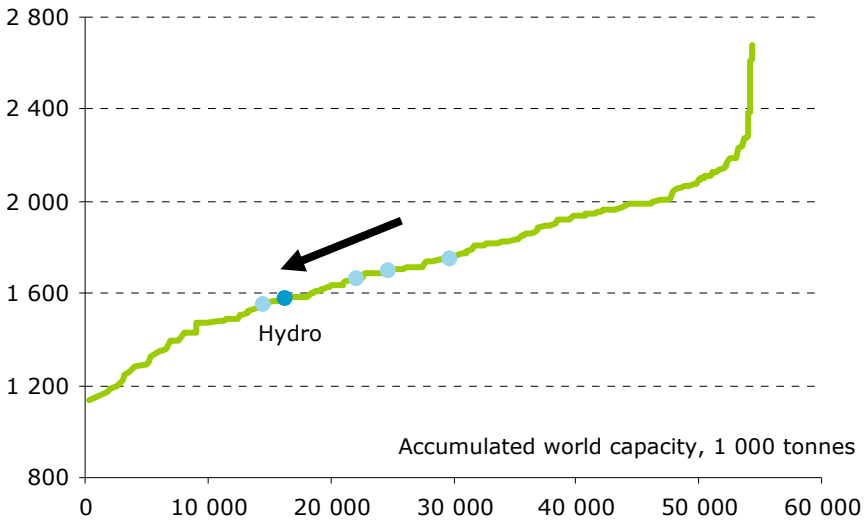
First half 2010, USD/tonne



Source: see previous slide

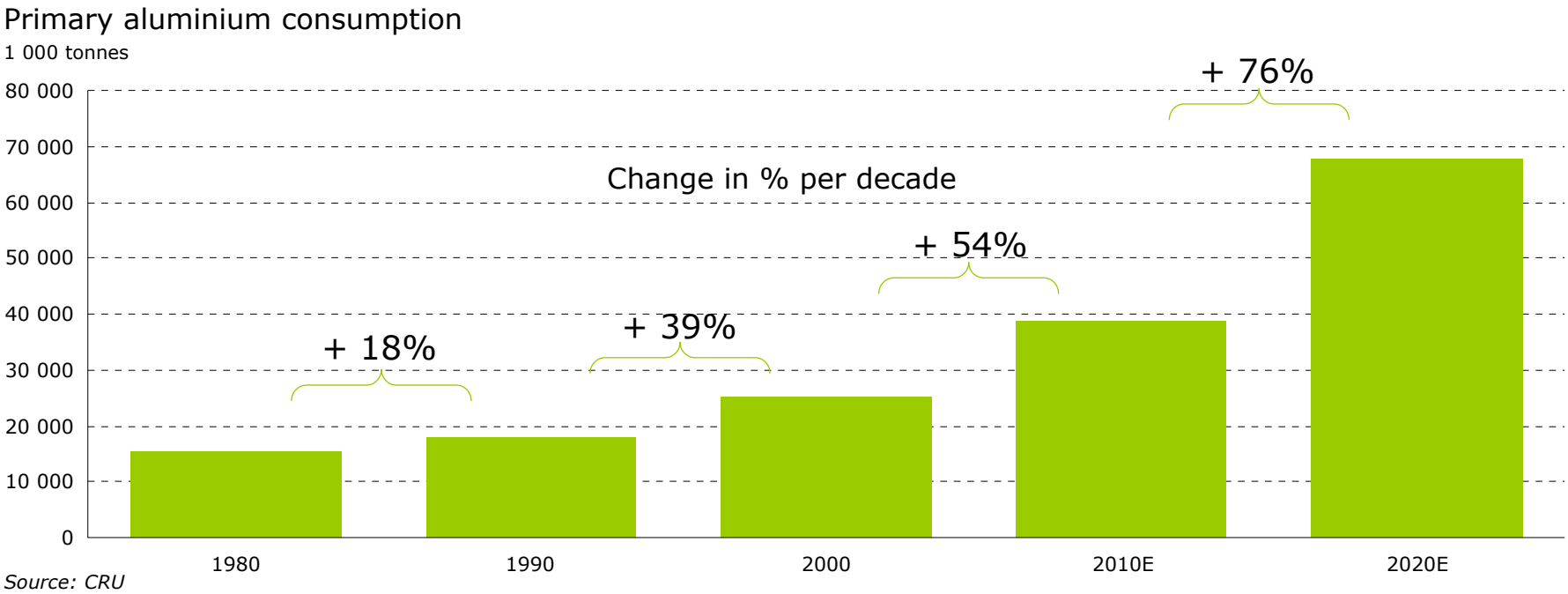
Business operating cost 2014

USD/tonne



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

Firm long-term demand for aluminium



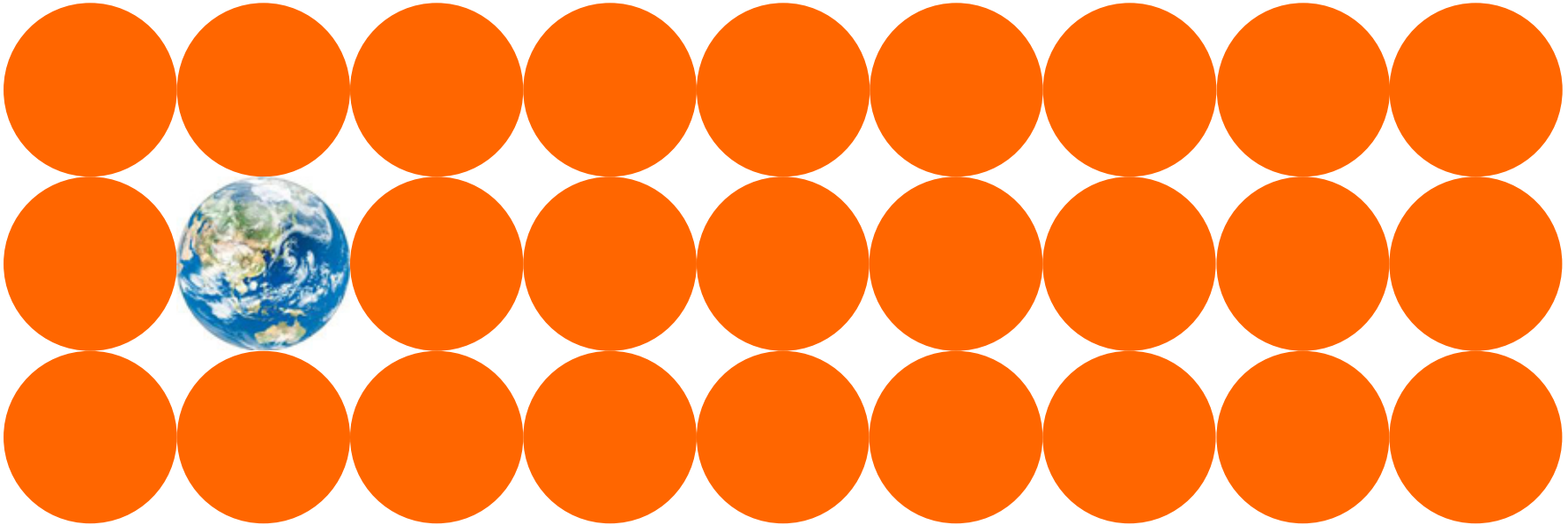
Source: CRU

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



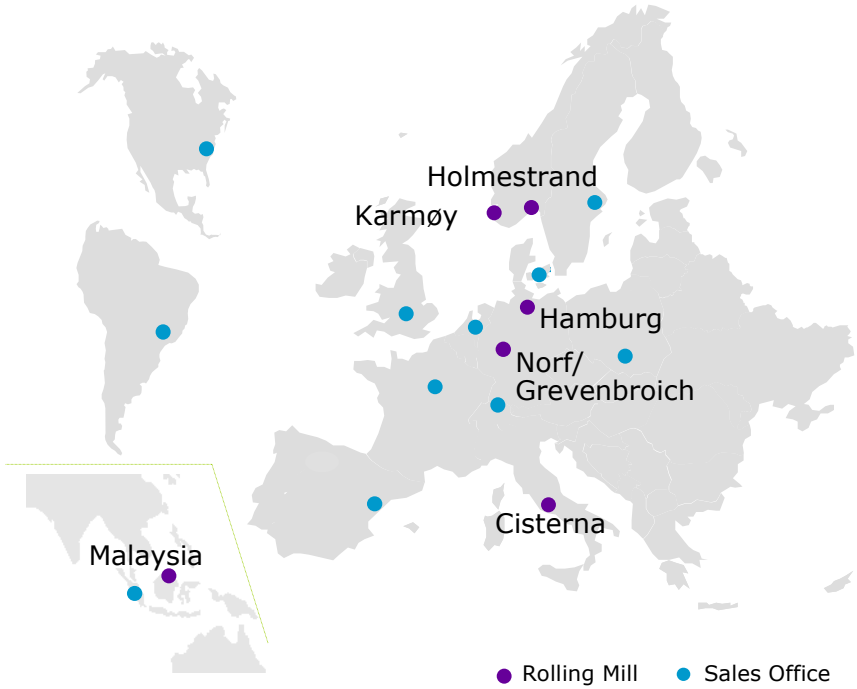
Oliver Bell, Executive Vice President and Head of Rolled Products
January 13, 2011

(1)

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

Capex -50%

- Focus capex on minimum maintenance investments

Releasing operating capital

NOC -110 million euro

- ”Move it out” program

Handling risks

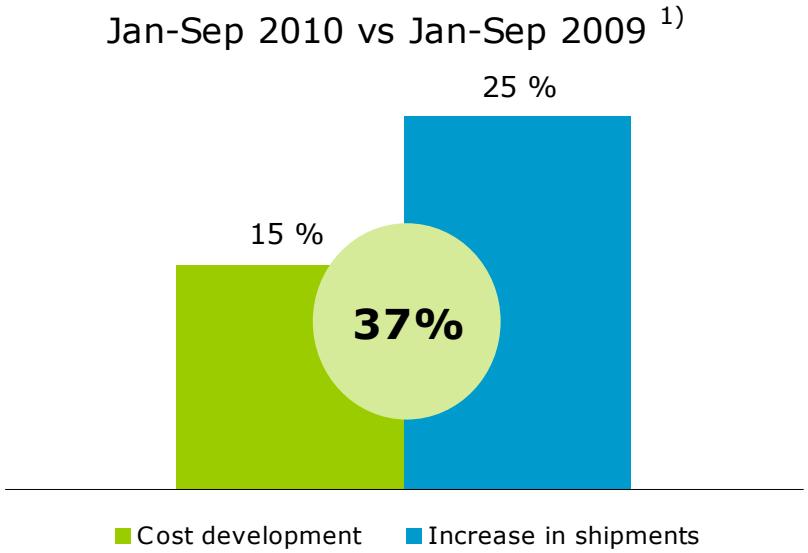
- Strict receivables management
- No major loan default during crisis

Managing costs

- Procurement savings
- Overhead reduction

Source: Hydro analysis; performance based on 2009 actual

Decoupling cost from volume development



- "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

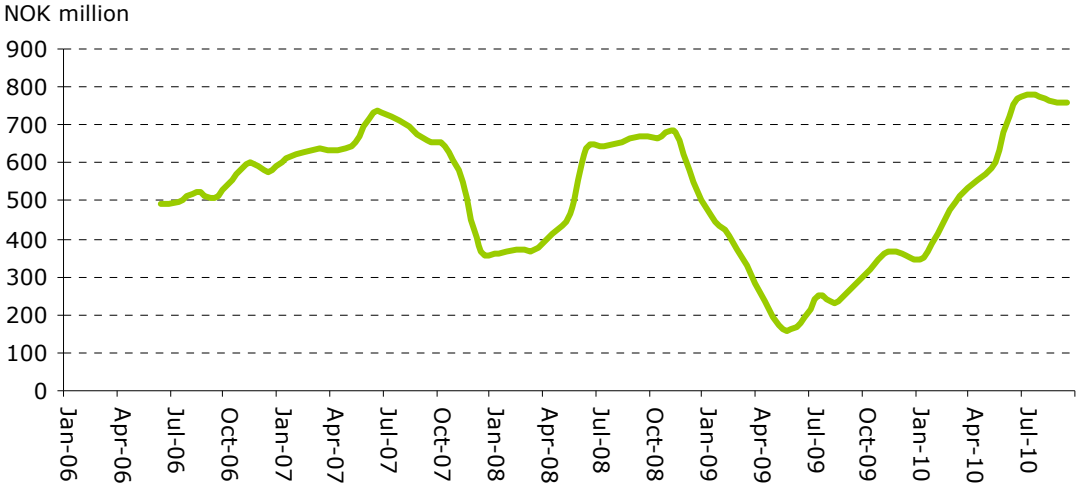
Source: Hydro analysis

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



- 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.

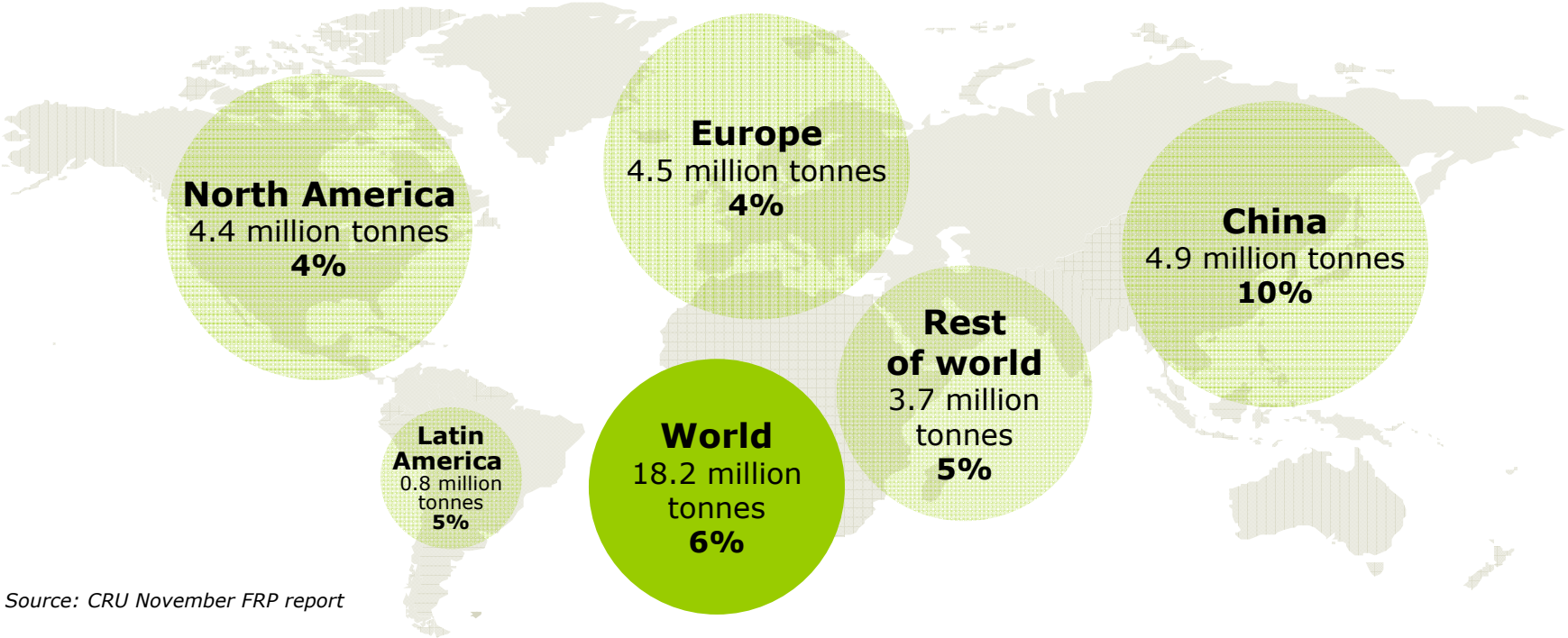
Source: Hydro analysis

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

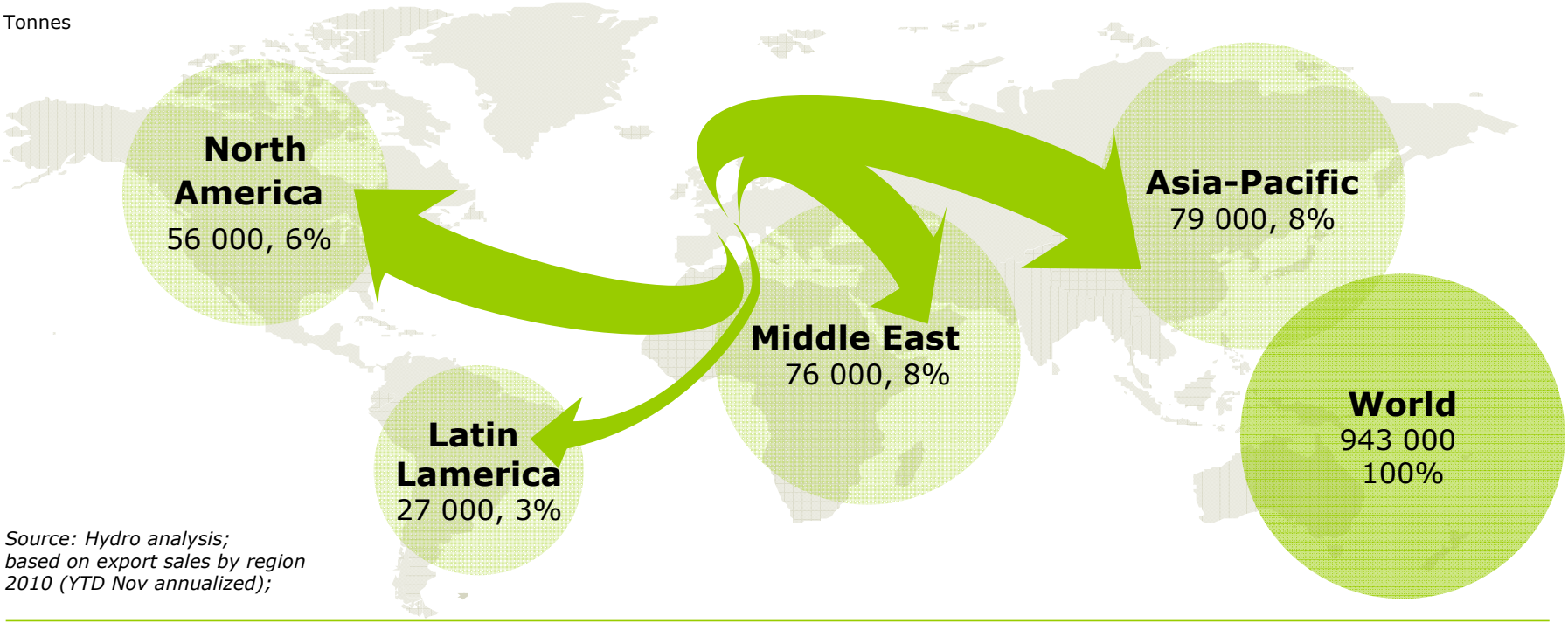
	Our products	Our customers	Our position
Global reach	Litho	FUJIFILM Kodak AGFA	World market leader
	Foil	Tetra Pak SIG	
	Can	Ball CROWN Brand-Building Packaging REXAM	Leading position in Europe
Regional reach	Auto	PSA PEUGEOT CITROËN Mercedes-Benz BEHR DENSO BMW	Leading position in Europe
	GE/ Building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

HYDRO

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);

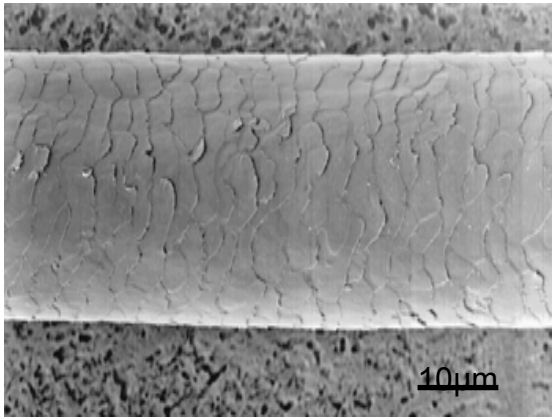
3

Leadership through differentiation

Aluminum foil – protects what´s good

Minimum thickness for maximum protection

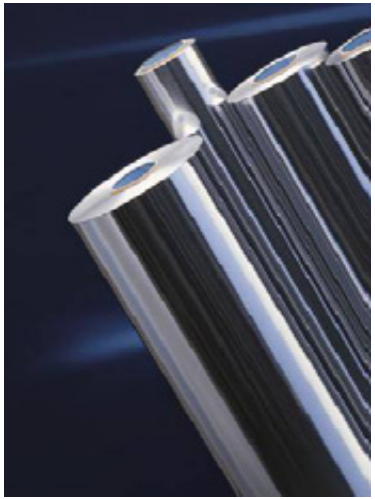
Human hair
~ 55 µm



Aluminum foil
~6.3 µm

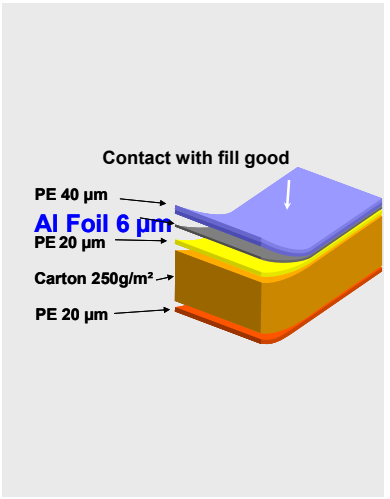
Product example aseptic foil

With one slab ...



... we produce 740 km of foil

... and protect 12 000 000 liters of juice



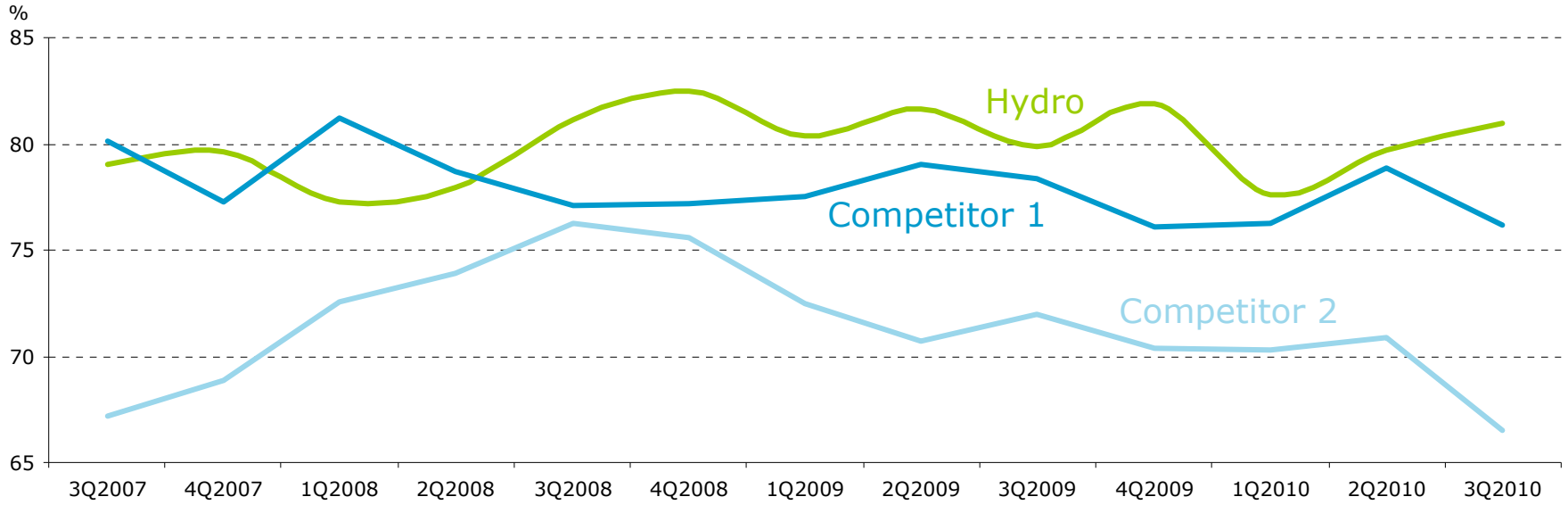
5% of packaging weight 80% of protection

Source: HARP analysis

Hydro world market leader in aseptic foil

Customer satisfaction key to success

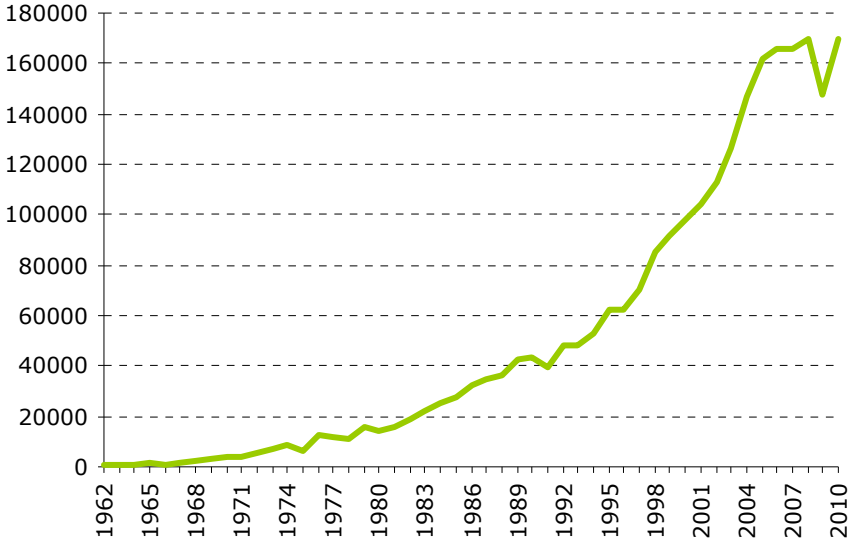
Development of supplier ranking Tetra Pak 2007 - 2010



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

Reduction of leadtime by 50 %

2008

HPS

Improved surface for high quality Litho plates

2009

Introduce new patented alloy for larger printing plates

2010

Reduce flatness tolerance with 50 %

2011

Introduce automated surface Inspection

2012 …

Source: Hydro analysis

4

Aluminum growth potentials

Megatrends drive aluminium demand

Urbanization

New middle class

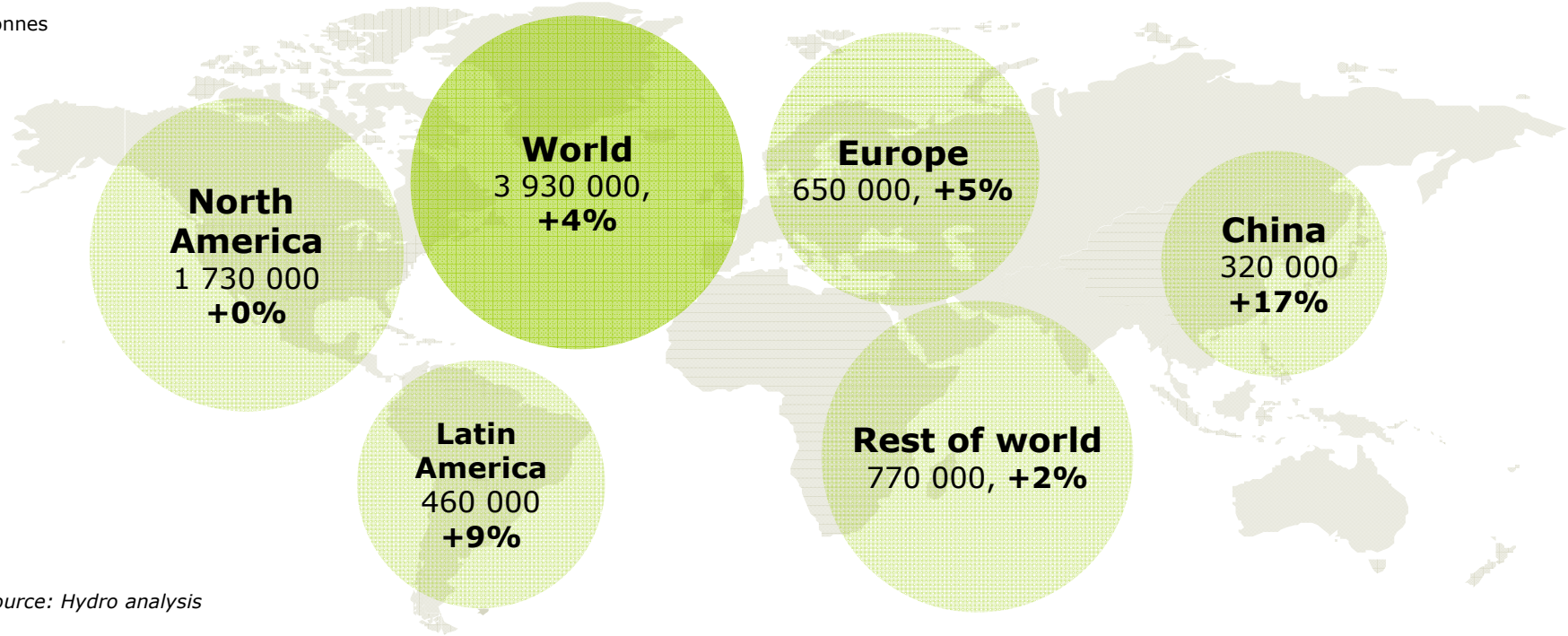
Environmental sustainability

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

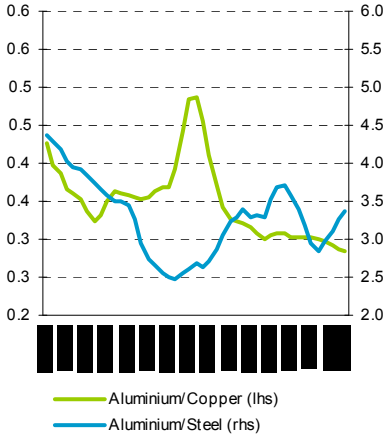
New middle class

Environmental Sustainability

\+

Substitution

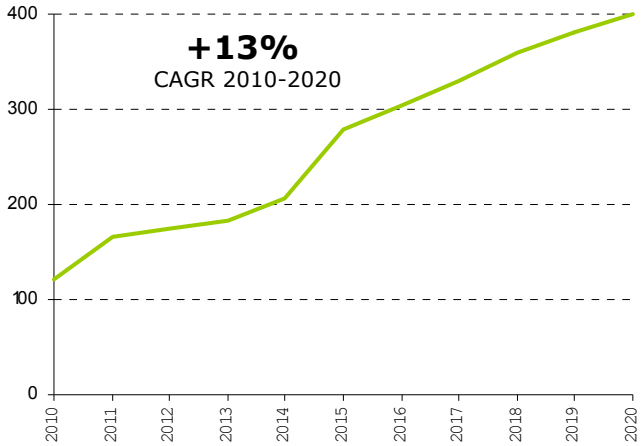
Alu vs. Copper/Steel
price ratio ´07-´10
(3-month-moving-average)



=

Aluminium demand

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

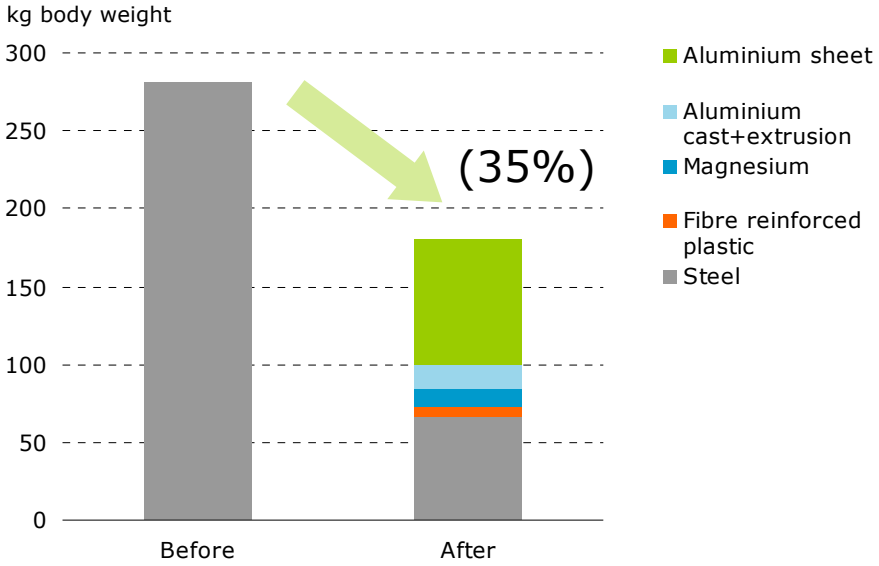


Source: Hydro analysis

Aluminum – metal of choice for weight reduction

Moving from luxury cars to volume models

Weight reduction of car body SLC project



Source: www.superlightcar.com

- 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

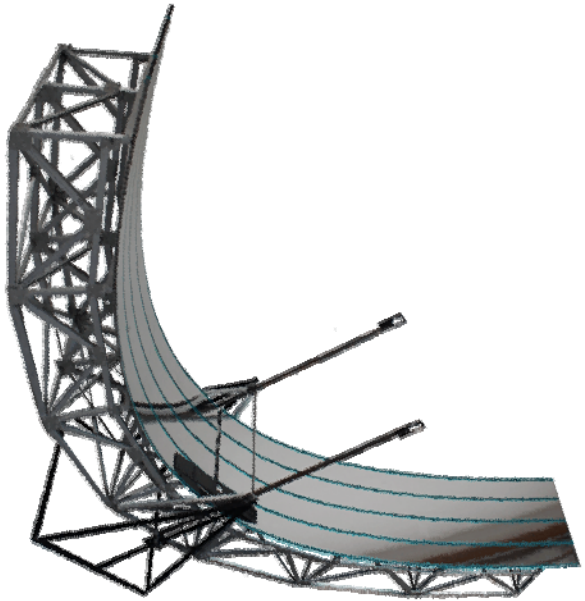
Green aluminum packaging

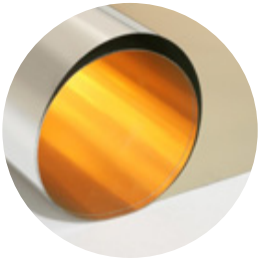
- 20% of greenhouse gas emissions from food production and consumption
- We contribute with optimised packaging to preserve food
- Example **CO2 emission of a cup of coffee**:

Source: EAFA study

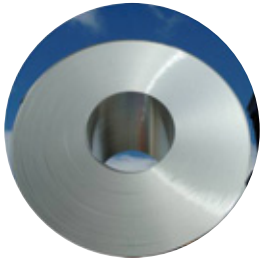
Green aluminum – potential for future growth

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

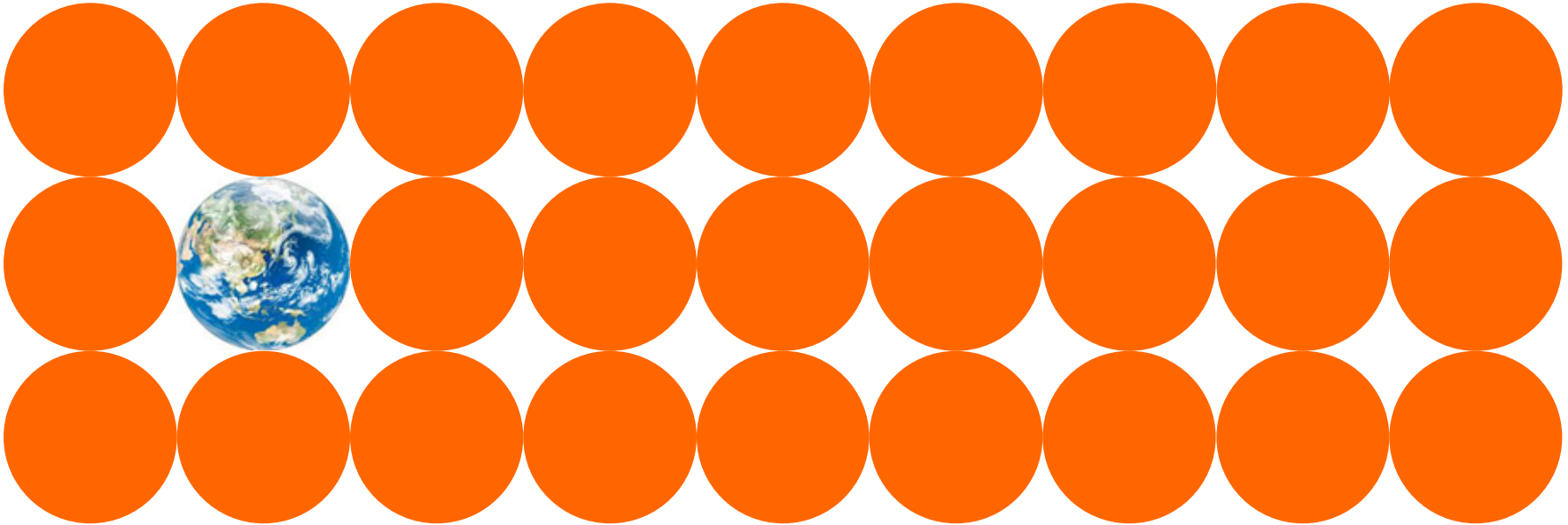
5 Summary

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

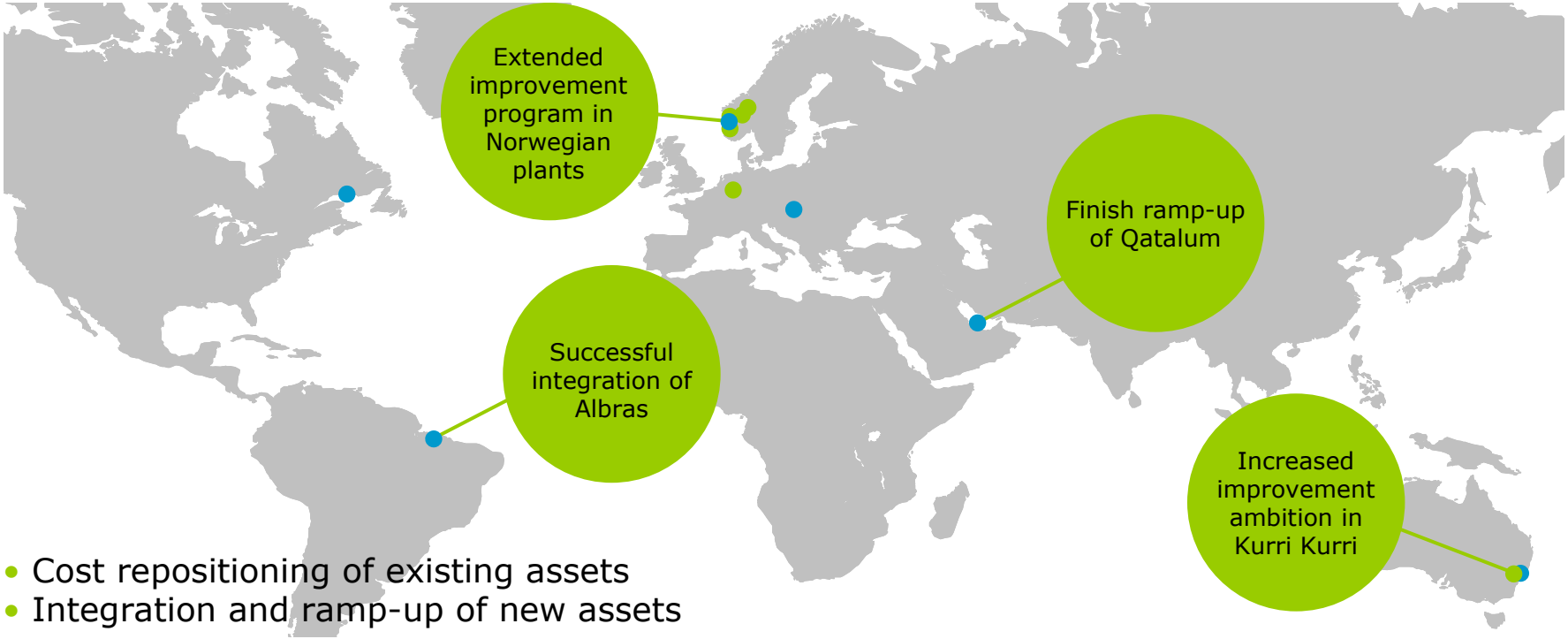
Repositioning Primary Metal



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

(1)

Continued focus on repositioning



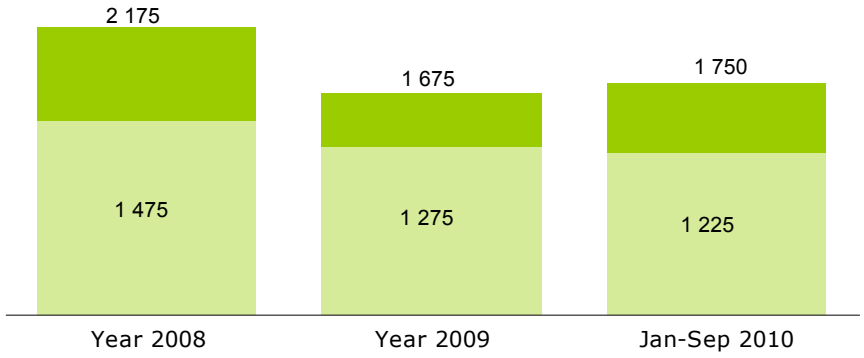
- Cost repositioning of existing assets
- Integration and ramp-up of new assets

(2)

Improvement efforts give results

Estimated primary aluminium production cash costs

USD/tonne[1]



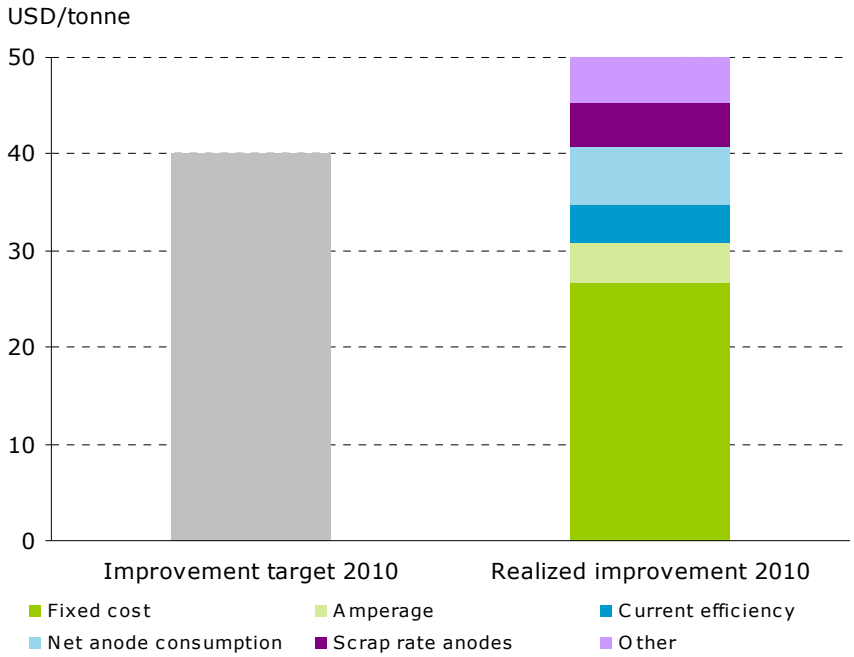
1) Estimated cash cost: realized aluminium price minus EBITDA margin per tonne primary aluminium. EBITDA margin excludes bauxite, alumina and Qatalum-related earnings, but includes net earnings from primary casthouses.

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

HYDRO

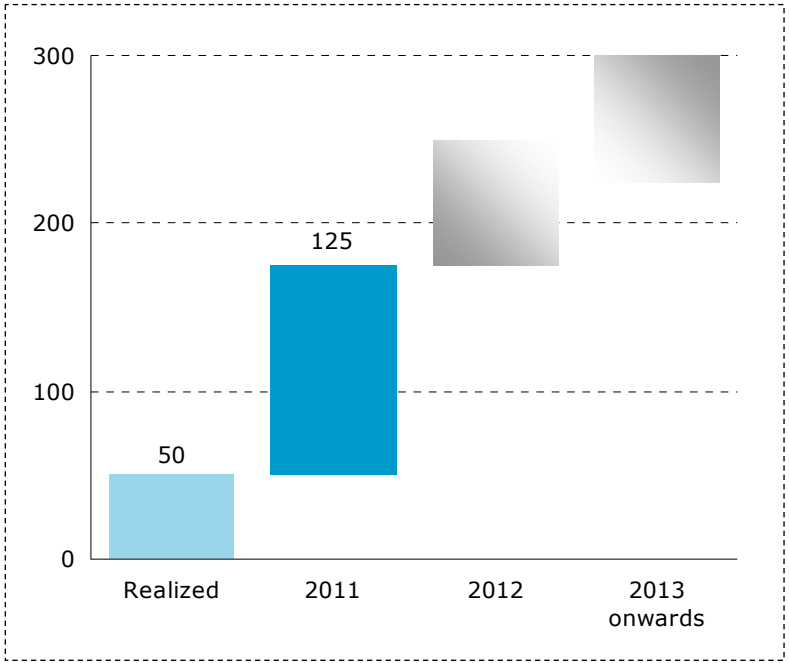
Operational excellence and fixed cost focus – delivering better than plan in 2010



- 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

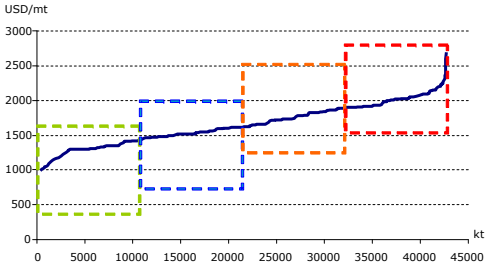
Compared to 2009 cost level[1]

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.

HYDRO

Roadmap to competitiveness

Business operating cost 2010



Source: CRU 2010

Deliver USD 300/tonne improvements

Secure industry friendly energy regime

Drive continuous improvement (AMPS)

Align organization and governance structure

1.
Long-term sustainability for smelter portfolio

2.
Cash generation for re-investment and growth

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

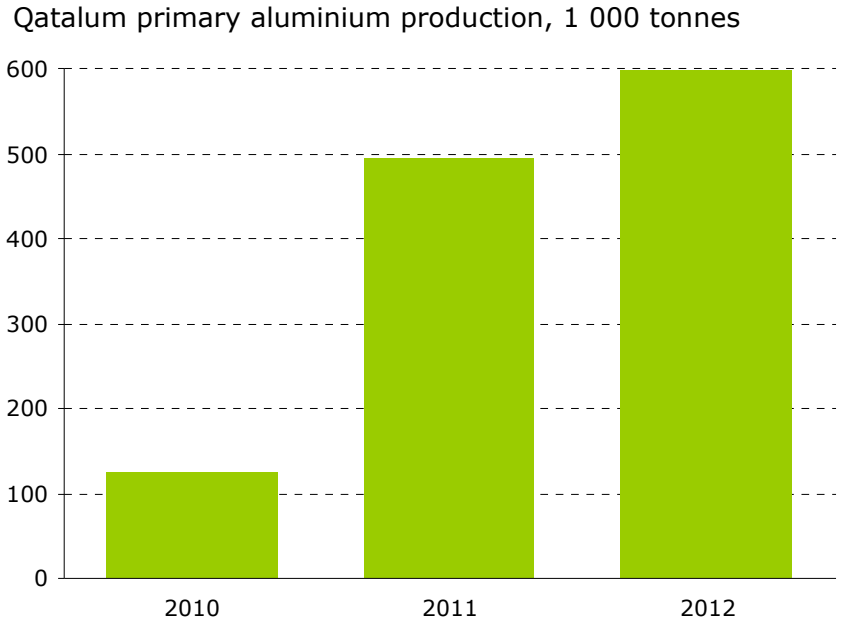
Status of Qatalum ramp-up

- 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

HYDRO

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



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

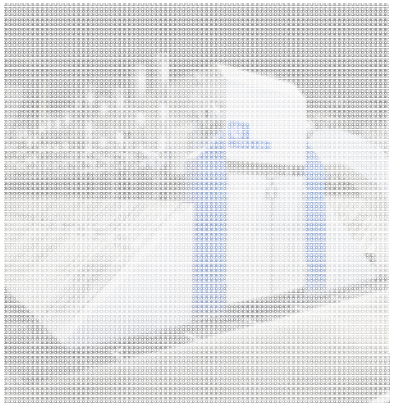
R&D portfolio
Future vision

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 – delivering impressive results

HAL 300
In operation

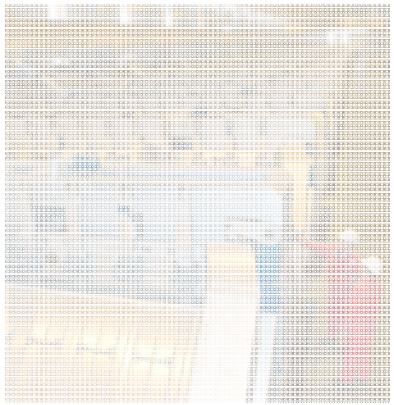
HAL4e

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

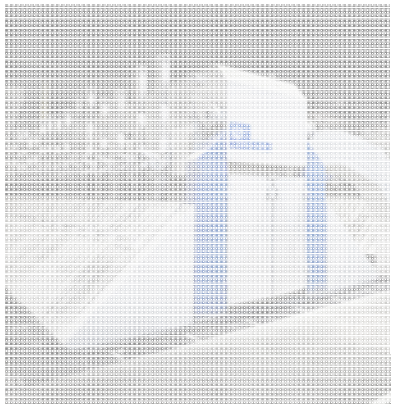
- Currently operating at:
  - 12.5 kWh/kg
  - 424 kA
  - 1.5 tonne CO2/tonne aluminium

R&D portfolio
Future vision

R&D portfolio – preparing for future projects



HAL 300
In operation



HAL4e
Pilot plant

R&D portfolio

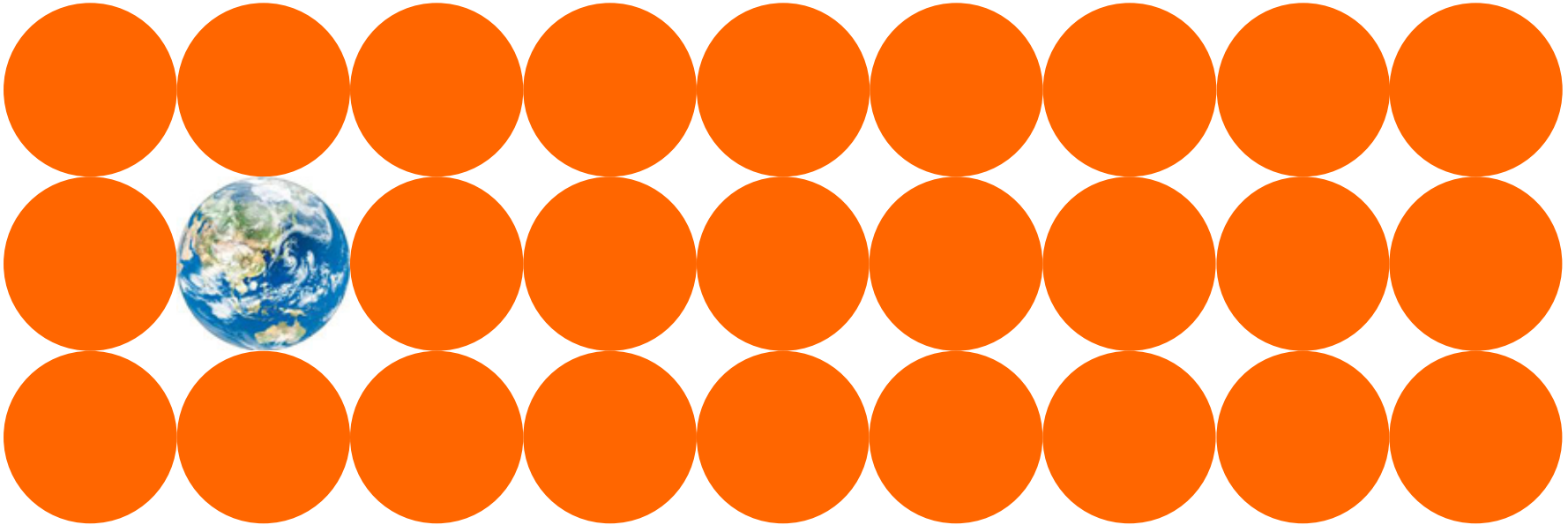
- HAL4e optimization – to be ready for next project
- HAL Ultra – future vision
  - Significantly lower kWh/kg
  - Carbon capture-ready cell
  - New materials and cell design
  - Reduced investment costs

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 HAL4*e* 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

- Market outlook
- Portfolio development
- Business strategy
- Financial scenarios

- Financial and operational targets
- Capital frames
- Key performance indicators
- Action plans

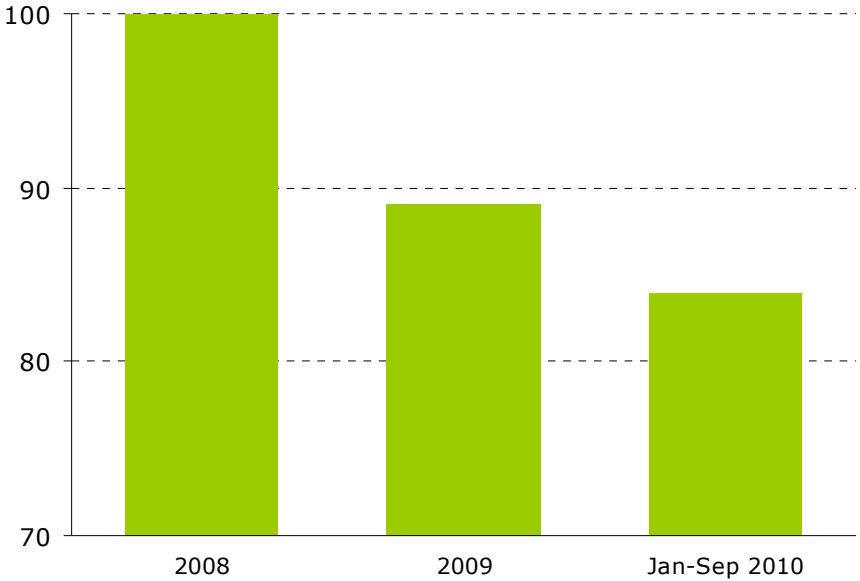
- Leadership expectations and development
- Personal targets
- Incentive systems

- Performance vs targets
- Business reviews and deep-dives
- Corrective actions
- Management reviews

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

Primary Metal repositioning continues

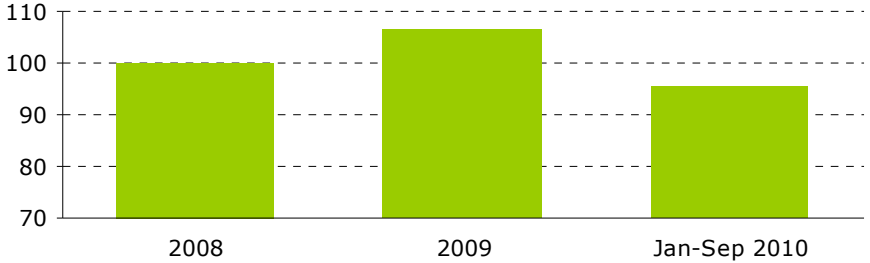
Fixed cost development quarterly average, indexed



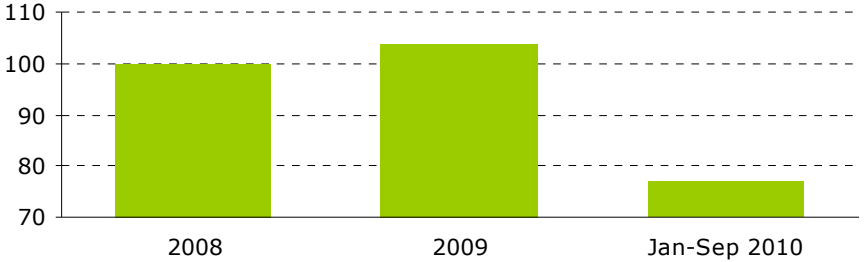
- Continuous cost focus
- Further improvement potential in cash cost position
  - Estimated first nine months 2010 cash cost USD 1 750/NOK 10 600
- USD 100 per tonne cost improvement program on track with USD 50 cost savings for 2010
  - NOK 75 million demanning charge expected in Q4 2010
- Extended 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



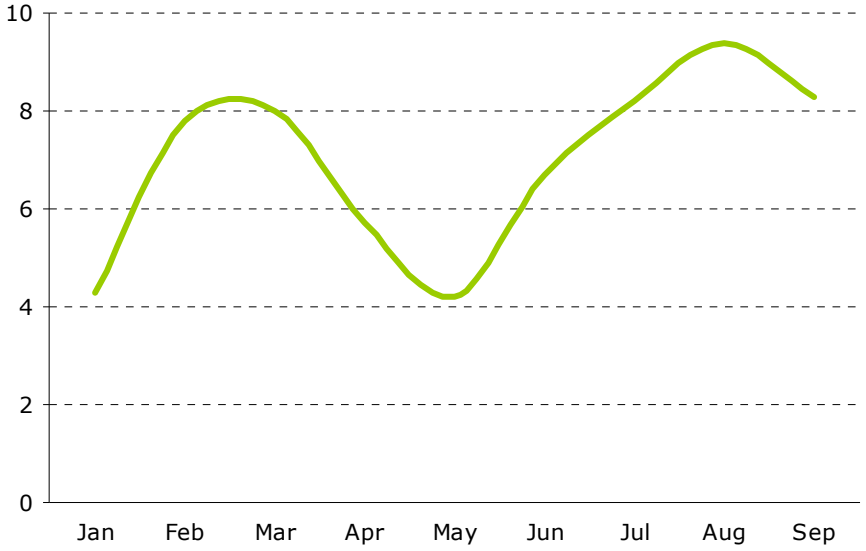
Fixed cost per tonne quarterly average for Precision Tubing, indexed



- 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

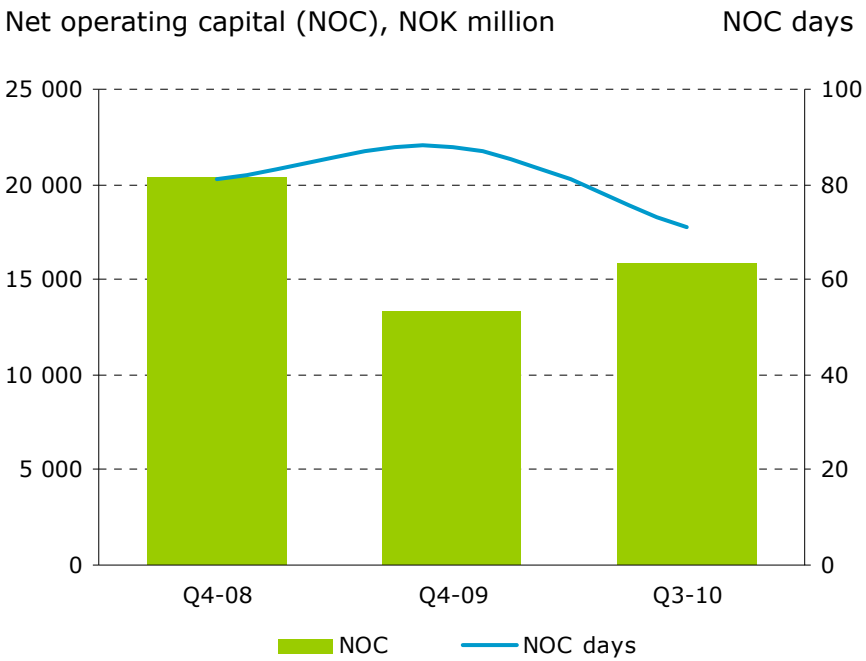
Accumulated spot price premium, NOK/Mwh



- 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

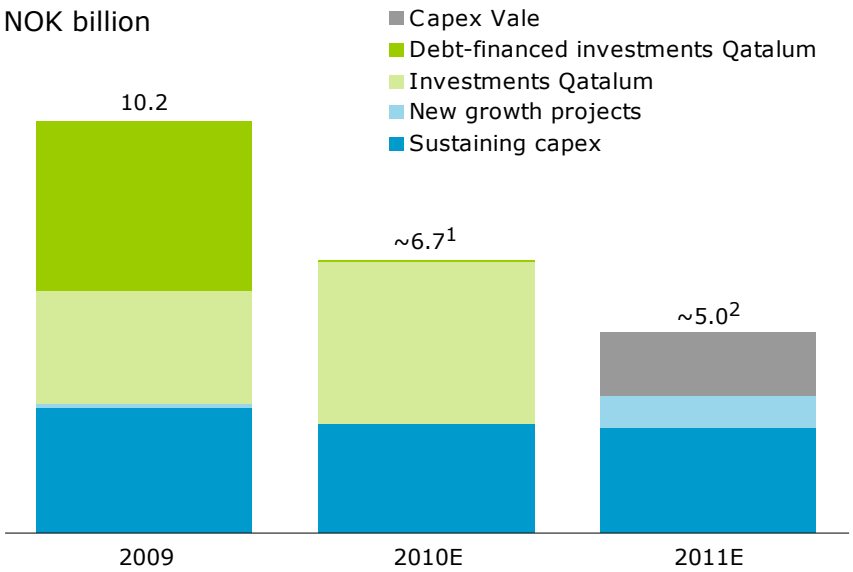
* Difference between realized spot price and monthly average spot price

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



- 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

1)Including net operating capital in Qatalum
2)Excluding Vale assets acquisition

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%

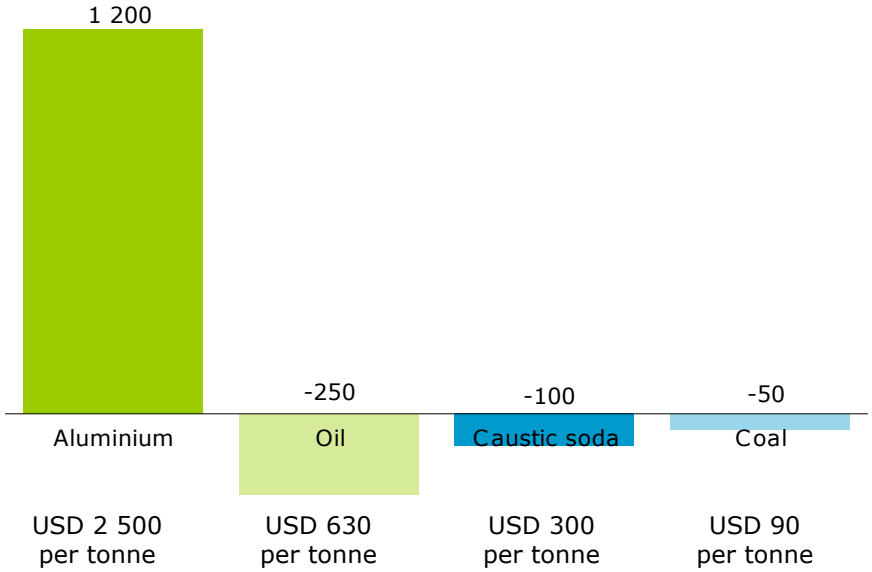
NOK million	EBIT	Financial items	Income before tax	Net income
USD	2 800	(650)	2 150	1 450
BRL	(850)	800	(50)	(50)
EUR	(50)	(1 050)	(1 100)	(800)

- 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

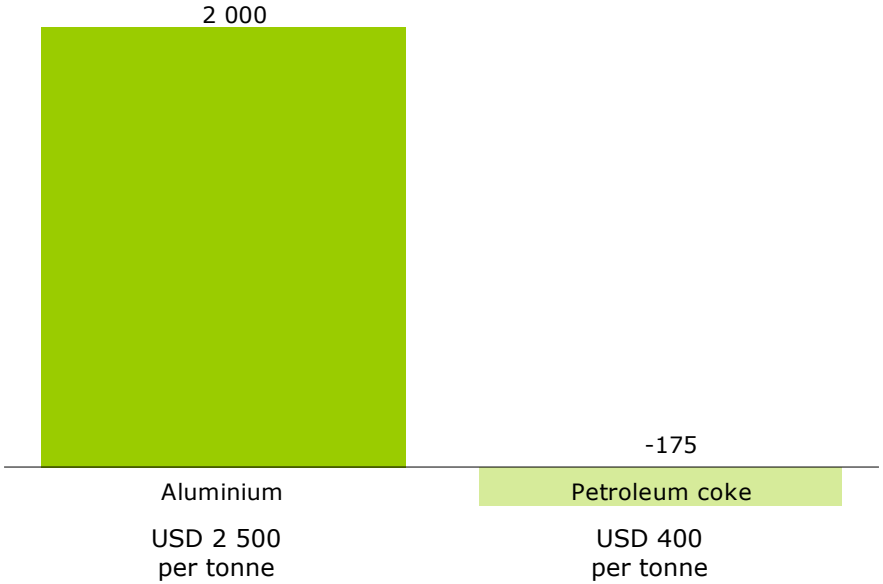
Vale aluminium earnings considerations

- 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

HYDRO

Metal Markets earnings drivers

Remelters

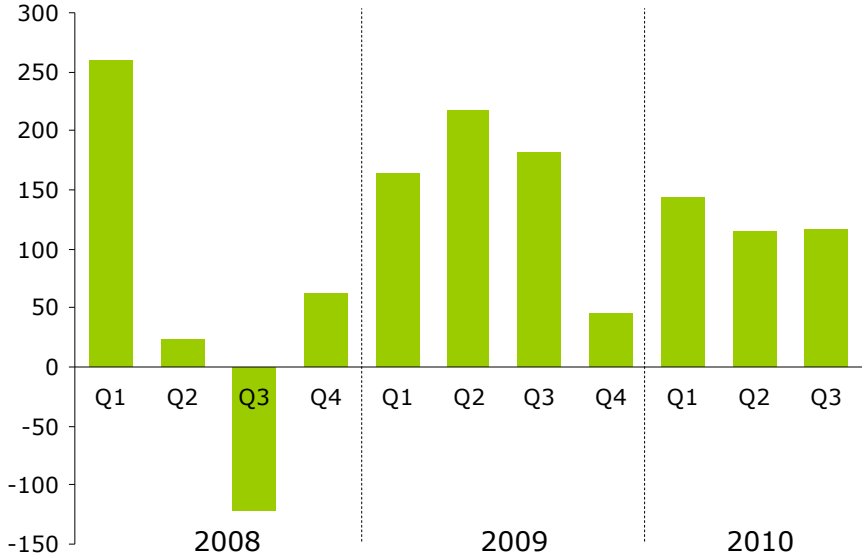
- Revenue impact – volume and product premiums above LME
- Cost impact
  - Scrap and standard ingot premiums above LME
  - Raw material mix
  - Freight cost – proximity to market
  - Gas and electricity consumption and prices

Other main businesses

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

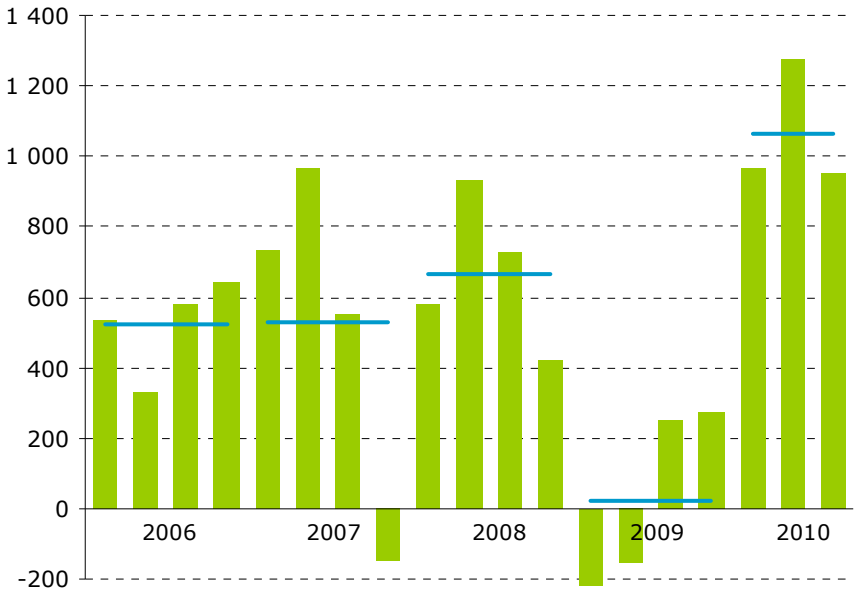
Results influenced by currency fluctuations

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



Rolled Products earnings drivers

Underlying EBIT per tonne, NOK



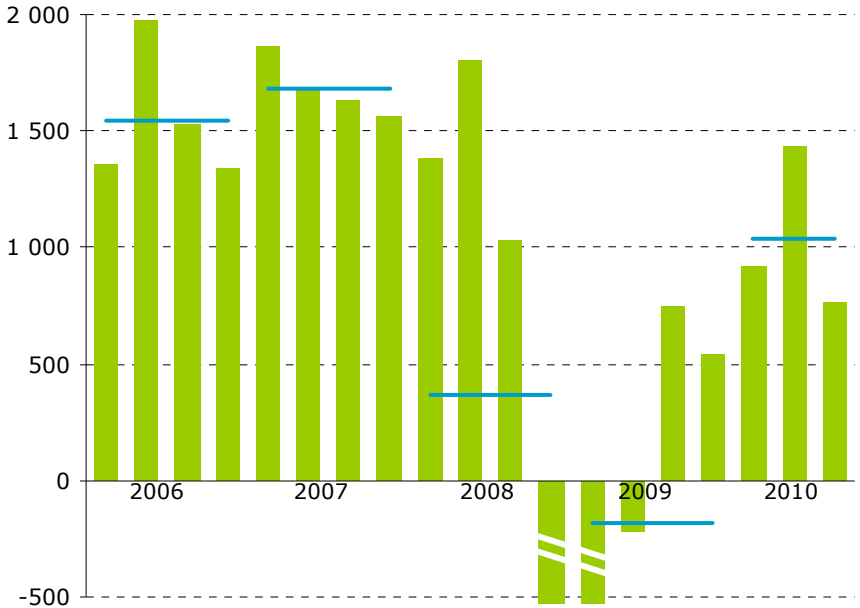
- Contract structure
  - Margin business based on conversion price
    - LME element passed on to customers
  - Medium-term contracts
    - Range from spot contracts to multi-year contracts
- High share of fixed costs - volume sensitive
- Preferred supplier market position in high-end products
- Hydro's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

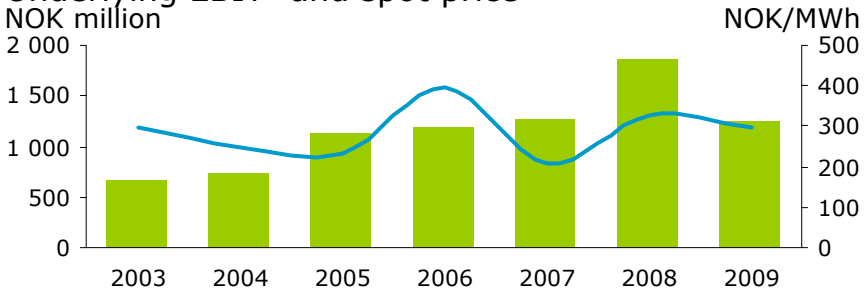
* Excluding divested businesses (Automotive Structures, Castings, Magnesium)

Underlying EBIT per tonne, NOK

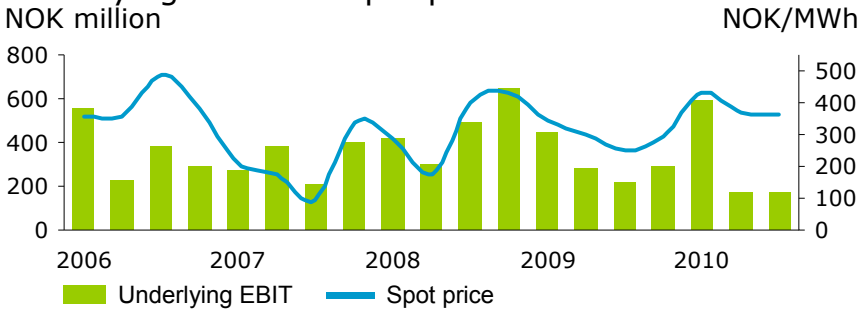


Energy earnings drivers

Underlying EBIT* and spot price



Underlying EBIT and spot price



- 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

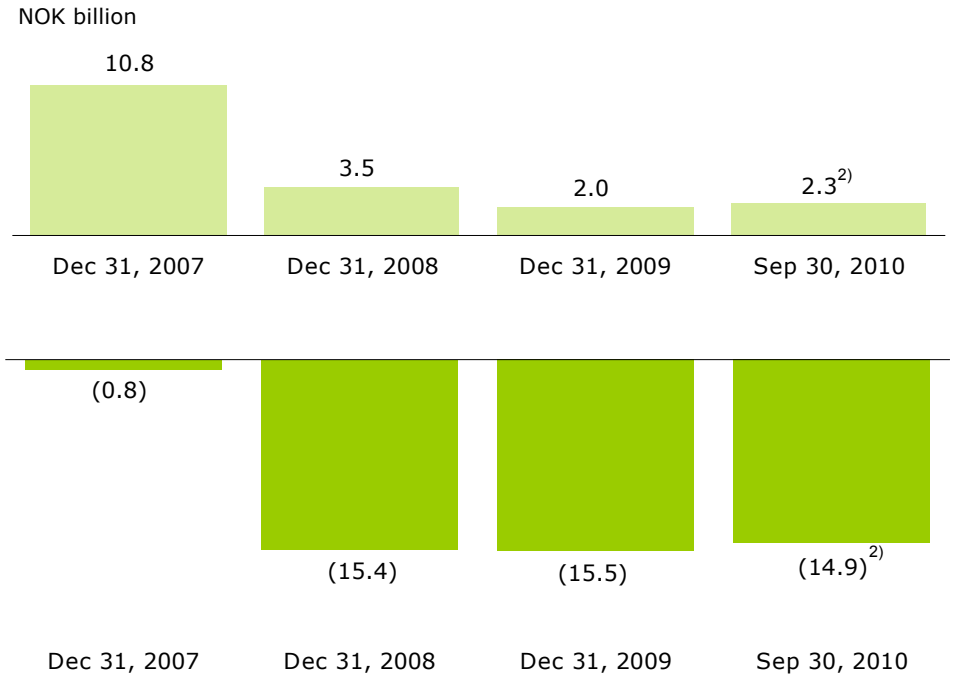
3

Financial position

Financial position

Cash less interest-bearing debt[1)]

Adjusted net debt[1)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

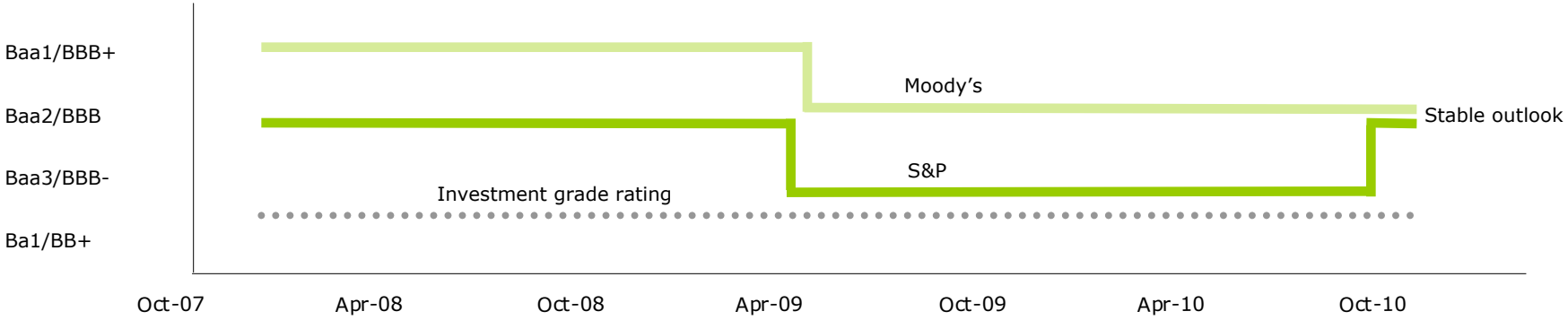
Investment grade rating confirmed

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

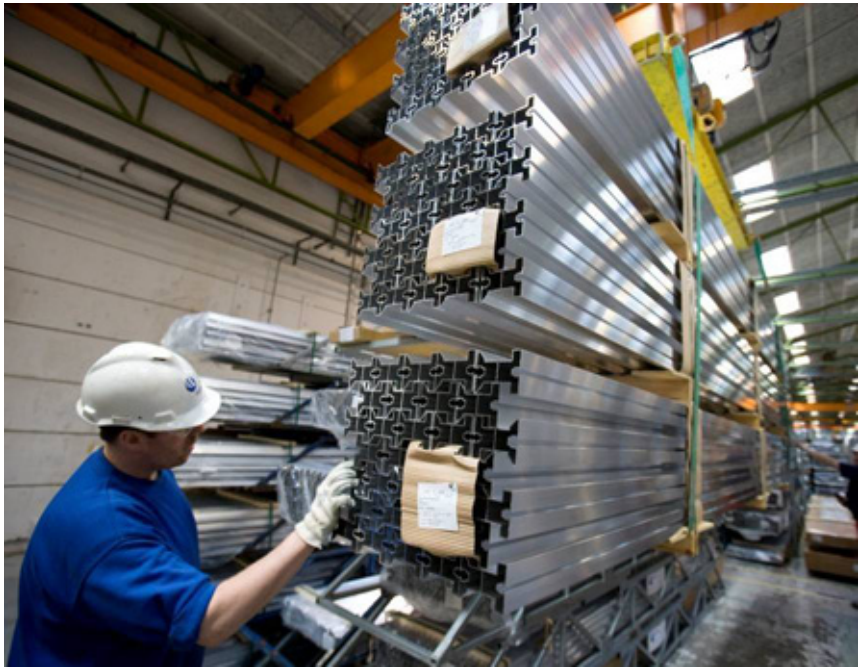
- Funds from operations to net adjusted debt > 40%
- Net adjusted debt to equity < 0.55



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

- Integrate
- Expand
- Commercialize

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

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

- 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