

PROSPECTUS



HYDRO

Rights Issue of 381,053,600 Offer Shares at a Subscription Price of NOK 26.30 per Offer Share with Subscription Rights for Certificate Holders and Existing Shareholders

Listing of Consideration Shares to be issued in a Private Placement to Vale Austria Holdings GmbH in connection with the agreement for the sale and contribution of Vale Aluminium to Norsk Hydro ASA

Subscription Period for the Rights Issue: From 25 June 2010 to 17:30 hours (CET) on 9 July 2010

Trading in Subscription Rights: From 25 June 2010 to 17:30 hours (CET) on 6 July 2010

The information in this prospectus (the “**Prospectus**”) relates to a rights issue (the “**Rights Issue**”) by Norsk Hydro ASA (the “**Company**” or “**Hydro**”, and, together with its consolidated subsidiaries, the “**Group**”) and listing of 381,053,600 new shares in the Company with a nominal value of NOK 1.098 each (the “**Offer Shares**”) at a subscription price of NOK 26.30 per Offer Share (the “**Subscription Price**”) and a listing of new shares in the Company with a nominal value of NOK 1.098 each (the “**Consideration Shares**”) to be issued in a private placement (the “**Private Placement**”) to Vale Austria Holdings GmbH (“**Vale Austria Holdings**”) in connection with the Company’s agreement with Vale S.A. (“**Vale**”) and Vale Austria Holdings (a wholly owned subsidiary of Vale) to take over certain interests in the Paragominas mine, ALUNORTE - Alumina do Norte do Brasil S.A., ALBRAS - Alumínio Brasileiro S.A., Companhia de Alumina do Pará S.A. and certain related assets (“**Vale Aluminium**”) from Vale Austria Holdings (the “**Transaction**”). Holders of unredeemed founder certificates (“**Founder Certificates**”) and unredeemed subscription certificates (“**Subscription Certificates**”) of the Company (the “**Certificate Holders**”) will be granted the right to receive transferable subscription rights (“**Subscription Rights**”) in the Rights Issue that provide preferential rights to subscribe for, and be allocated, Offer Shares at the Subscription Price for up to 0.83 percent and 2.79 percent of the Rights Issue, respectively, in accordance with Section 4A of the articles of association of the Company (the “**Articles of Association**”). Holders of the Company’s shares (the “**Existing Shareholders**” and the “**Existing Shares**”, respectively) registered with the Norwegian Central Securities Depository (the “**VPS**”) as of 24 June 2010 (the “**Record Date**”) will be granted Subscription Rights in the Rights Issue that provide preferential rights to subscribe for, and be allocated, the remaining Offer Shares at the Subscription Price. Subscription Rights will not be issued in respect of Existing Shares held in treasury by the Company. The Company’s Existing Shares are listed on Oslo Børs (the “**Oslo Stock Exchange**”) and the London Stock Exchange’s main market for listed securities (the “**London Stock Exchange**”), in both cases under the ticker code “**NHY**”. The Group together with Vale Aluminium is referred to herein as the “**Combined Group**”.

Each Existing Shareholder will be granted 7 Subscription Rights for every 23 Existing Shares registered as held by such Existing Shareholder as of the Record Date. Each Founder Certificate entitles the holder thereof to 38,105 Subscription Rights and each Subscription Certificate entitles the holder thereof to 2,447 Subscription Rights. The Certificate Holders must follow the procedures set out in Section 6.9.2 (The Rights Issue–Subscription Rights–Certificate Holders) of this Prospectus in order to obtain their Subscription Rights. Each Subscription Right will give the right to subscribe for, and be allocated, one Offer Share. Over-subscription and subscription without Subscription Rights will be permitted. The subscription period will commence on 25 June 2010 and expire at 17:30 hours, Central European Time (“**CET**”), on 9 July 2010 (the “**Subscription Period**”). The Subscription Rights will be listed and tradable on the Oslo Stock Exchange under the ticker code “**NHY T**” from 25 June 2010 to 17:30 hours (CET) on 6 July 2010.

Subscription Rights that are not used to subscribe for Offer Shares before the expiry of the Subscription Period, or that are not sold before 17:30 hours (CET) on 6 July 2010, will have no value and will lapse without compensation to the holder.

Following expiry of the Subscription Period, any Offer Shares, except for the Offer Shares to be subscribed for by Folketrygdfondet and the Norwegian Government, that have not been subscribed for, and allocated, in the Rights Issue will be subscribed and paid for at the Subscription Price by Citigroup Global Markets Limited, DnB NOR Bank ASA, DnB NOR Markets, BNP PARIBAS, Commerzbank Aktiengesellschaft, Nordea Bank Norge ASA, Skandinaviska Enskilda Banken AB (publ) and Société Générale (collectively, the “**Underwriters**”), subject to the terms and conditions of the underwriting agreement entered into between the Company and the Underwriters dated 2 May 2010, as amended (the “**Underwriting Agreement**”), including the condition that Folketrygdfondet and the Norwegian Government subscribe for their respective pro rata shares of the Rights Issue based on their respective shareholdings as of the date of the Underwriting Agreement. Folketrygdfondet has undertaken to subscribe for its pro rata share of the Rights Issue based on its shareholding as of the date of the Underwriting Agreement, and the Norwegian Government has obtained an authority from the Norwegian Parliament on 17 June 2010, which enables it to subscribe for its pro rata share of the Rights Issue.

Joint Global Coordinators and Joint Bookrunners

Citi

DnB NOR Markets

BNP PARIBAS

Co-Managers

COMMERZBANK

Nordea Markets

SEB Enskilda

Société Générale Corporate & Investment Banking

21 June 2010

This Prospectus has been prepared in order to provide information about the Group and its business in relation to the Rights Issue and listing of the Offer Shares and the listing of the Consideration Shares, and to comply with the Norwegian Securities Trading Act of 29 June 2007 no. 75 (the "**Norwegian Securities Trading Act**") and related secondary legislation, including EC Commission Regulation EC/809/2004. The Financial Supervisory Authority of Norway (the "**NFSA**") has reviewed and approved this Prospectus in accordance with Section 7-7 of the Norwegian Securities Trading Act. The NFSA will, in accordance with Article 18 of Directive 2003/71/EC (the "**Prospectus Directive**"), provide the prospectus authorities in Denmark, France, Germany, Sweden and the United Kingdom with a certificate of approval, attesting that this Prospectus has been drawn up in accordance with the Prospectus Directive. The Company is not taking any action to permit a public offering of the Subscription Rights or the Offer Shares in any jurisdiction outside of Norway, Denmark, France, Germany, Sweden and the United Kingdom.

The Subscription Rights and the Offer Shares are being offered only in those jurisdictions in which, and only to those persons to whom, offers and sales of the Offer Shares (pursuant to the exercise of the Subscription Rights or otherwise) may lawfully be made. The Subscription Rights and the Offer Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities law of any state or other jurisdiction of the United States. Pursuant to this Prospectus, the Subscription Rights and Offer Shares are being offered and sold outside the United States in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**"). In addition, concurrently with the offers and sales in reliance on Regulation S, the Company may effect private placement transactions in the United States pursuant to the U.S. Private Placement Memorandum (as defined herein) to a limited number of "qualified institutional investors" (as defined in Rule 144A under the U.S. Securities Act) pursuant to an exemption from the registration requirements of the U.S. Securities Act who have executed and returned an investor letter to the Company prior to subscribing for Offer Shares. The Rights Issue will not be made to persons who are residents of Australia or Japan or in any jurisdiction in which such offering would be unlawful. For more information regarding restrictions in relation to the Rights Issue pursuant to this Prospectus, see Section 20 (Restrictions on Sale and Transfer).

Investing in the Company's shares (the "Shares"), including the Offer Shares, and trading in the Subscription Rights involves risk. See Section 2 (Risk Factors) and Section 4.1 (General Information-Important Investor Information).

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1 SUMMARY

The following summary should be read as an introduction to the full text of this Prospectus. Any investment decision relating to the Rights Issue, the Shares (including the Offer Shares) or the Subscription Rights should be based on the consideration of this Prospectus as a whole. Where a claim relating to the information contained in this Prospectus is brought before a court, a plaintiff investor might, under the national legislation of a Member State of the European Economic Area (the "EEA"), have to bear the costs of translating this Prospectus before legal proceedings are initiated. No civil liability attaches to those persons who have prepared this summary, including any translations hereof, unless it is misleading, inaccurate or inconsistent when read together with the other Sections of this Prospectus.

1.1 Introduction to Hydro

Hydro is one of the world's largest producers of primary aluminium, with electrolysis production in Australia, Canada, Germany, Norway, Qatar and Slovakia. Most of Hydro's aluminium is sold in the form of value-added casthouse products and Hydro is a leading worldwide supplier of extrusion ingot, sheet ingot, wire rod and primary foundry alloys (source: Company information). Alumina is one of the most important cost elements in the production of aluminium metal, along with energy. Hydro has ownership interests in alumina refineries that provided approximately 69 percent of the Group's alumina needs in 2009. The most important of these interests, Alunorte, is the world's largest alumina refinery with one of the lowest conversion costs in the industry. The Group has substantial self-generated power capacity based on low cost and low emission hydropower production in Norway and a captive gas-fired power plant for Qatalum.

Hydro is an industry leader for a range of downstream aluminium products and markets, in particular the building, packaging, lithographic and automotive market sectors (source: Company information). Hydro is a high quality, value-added supplier of aluminium products and solutions, with strong positions in markets that provide opportunities for value-added products. Hydro's ambition is to be recognized as the world's leading aluminium solutions supplier, an agile and innovative technology leader working in partnership with its customers, driving the business and the aluminium industry forward.

Hydro's flat rolled products operations are primarily located in Europe, where the Group generated approximately 80 percent of total sales volume in 2009. Hydro is the second-largest supplier (source: Hydro estimate based on data from CRU¹) in the European rolling industry with an estimated market share of 17 percent in Europe (source: Company information/the European Aluminium Association (the "EAA") Market Report, April 2010). Hydro holds leading global positions within high value-added products segments such as lithographic printing plates and aseptic foil.

The Group's extrusion operations consist mainly of general soft alloy extruded products and building systems for facades, wall partitions, doors and windows. Hydro's network of extrusion plants serves local customers with customized profiles and building systems. Hydro is the European leader (source: Company information) in aluminium building systems and is currently focusing heavily on energy-efficient building solutions. Hydro has precision tubing production in all major regions, and has a leading position in the global market for heat transfer product applications (source: Company information).

With more than 100 years of experience in hydropower, Hydro is the second-largest power plant operator in Norway, and the largest privately owned producer (source: Company information). In addition, Hydro purchases around 7 TWh annually under long-term contracts, mainly with the Norwegian

¹ CRU is an independent business analysis and consultancy group focused on the mining, metals, power, cables, fertilizer and chemical sectors.

state-owned company, Statkraft SF. The Company's portfolio provides long-term power at predictable prices for its industrial operations in Norway.

The Company is headquartered in Oslo, Norway. According to information available on the Oslo Stock Exchange's website (www.oslobors.no), the Company had a market capitalization of approximately NOK 46 billion as of 17 June 2010, making it the seventh largest public company listed on the Oslo Stock Exchange based on market capitalization. The Company's largest shareholder is the Norwegian Government, which owned 43.82 percent of the Shares as of 14 June 2010.

1.2 The Transaction, Private Placement and Consideration Shares

On 2 May 2010, Hydro announced that it had entered into a sale and contribution agreement (the "**Sale and Contribution Agreement**") with Vale and Vale Austria Holdings, pursuant to which it agreed to purchase from Vale Austria Holdings, and Vale Austria Holdings agreed to contribute, Vale Aluminium, which consists of substantially all of Vale's aluminium business (excluding Vale's interests in Mineração Rio do Norte S.A. ("**MRN**")).

As consideration for the sale and contribution of Vale Aluminium, Vale Austria Holdings shall receive upon completion of the Transaction:

- (i) newly issued Consideration Shares in Hydro, to be issued through the Private Placement, equal upon issue at completion to 22 percent of the outstanding share capital of Hydro;²
- (ii) a cash amount equal to approximately US\$1.1 billion (assuming net proceeds from the proposed Rights Issue of US\$1.75 billion), which amount is subject to an adjustment upwards (downward) equal to 28.2 percent of any amount less (more) than the assumed US\$1.75 billion and the actual US\$ net proceeds from the Rights Issue; and
- (iii) customary post-completion adjustments relating to: interim period shareholder distributions to Vale by Alunorte and Albras; working capital and net debt of Paragominas; capital contributions made by Vale to and the net debt of CAP; and commercial agreement payables/receivables.

Completion of the Rights Issue is a condition to completion of the Transaction. Neither Vale nor Vale Austria Holdings are Existing Shareholders in the Company and they will not participate in the Rights Issue. See Section 5.1 (The Transaction, the Private Placement and the Consideration Shares—The Transaction and the Private Placement) for a discussion on other conditions to completion of the Transaction.

The completion of the Transaction is expected to take place in the fourth quarter of 2010.

The Consideration Shares will be listed on the Oslo Stock Exchange as soon as the share capital increase pertaining to the Private Placement has been registered with the Norwegian Register of Business Enterprises and the Consideration Shares have been registered in the VPS. The admission of the Consideration Shares to the Official List of the UK Financial Services Authority (the "**Official List**") and to trading on the London Stock Exchange will take place as soon as possible thereafter, and is expected to take place on or about the same day as the listing of the Consideration Shares on the Oslo Stock Exchange.

² I.e. the total number of Shares less any Shares owned by or pledged to Hydro.

1.3 The Background and Purpose of the Rights Issue

The background and purpose of the Rights Issue is to raise proceeds to finance the cash portion of the consideration in the Transaction, support the Company's investment grade rating and to enhance the Company's capacity to implement future projects.

1.4 Summary of the Rights Issue

The following is a summary of the main terms and conditions of the Rights Issue.

The Rights Issue.....	The Rights Issue consists of an offer by the Company to issue 381,053,600 Offer Shares at a Subscription Price of NOK 26.30 per Offer Share for gross proceeds of NOK 10,021,709,680.
Subscription Price	The Subscription Price is NOK 26.30 per Offer Share.
Conditions for completion	The completion of the Rights Issue is subject to the condition that, unless the Rights Issue is fully subscribed, the Underwriting Agreement remains in full force and effect. If it becomes clear that this condition will not be fulfilled, the Rights Issue will be withdrawn.
Record Date.....	24 June 2010 (i.e. shareholders who are registered in the Company's shareholder register in the VPS as of 24 June 2010 will receive Subscription Rights).
Subscription Rights	Each Existing Shareholder will be granted 7 Subscription Rights for every 23 Existing Shares registered as held by such Existing Shareholder as of the Record Date. Each Founder Certificate entitles the holder thereof to 38,105 Subscription Rights and each Subscription Certificate entitles the holder thereof to 2,447 Subscription Rights. Certificate Holders must present the original Founder Certificate(s) or Subscription Certificate(s), as the case may be, to DnB NOR Bank ASA, Registrar Department (the " Receiving Agent ") by 15:00 hours (CET) on 8 July 2010 in order to obtain Subscription Rights. If such original certificates are not presented by this deadline, Subscription Rights will not be granted in respect of the relevant Founder Certificate(s) or Subscription Certificate(s). In order to obtain Subscription Rights prior to the expiry of the trading period for the Subscription Rights, Certificate Holders must present the original Founder Certificate(s) or Subscription Certificate(s), as the case may be, to the Receiving Agent by 15:00 hours (CET) on 5 July 2010. See Section 6.9 (The Rights Issue-Subscription Rights) for further details. The number of Subscription Rights issued to each Existing Shareholder and Certificate Holder will be rounded down to the nearest whole Subscription Right. Each Subscription Right will, subject to applicable securities laws, give the right to subscribe for, and be allocated, one Offer Share in the Rights Issue. Acquired Subscription Rights will give the same right to subscribe for Offer Shares as Subscription Rights held by Existing Shareholders and Certificate Holders. Subscription Rights that are not sold before 17:30 hours (CET) on 6 July 2010 or exercised before 17:30 hours (CET) on 9 July 2010 will have no value and will lapse without compensation to the holder.
Dilution	Existing Shareholders who elect not to participate in the Rights Issue will have their ownership interest diluted by approximately 24 percent, but will have the opportunity to sell their Subscription Rights. Due to the Subscription Rights granted in respect of the Certificates Holders, the Existing Shareholders will be diluted by approximately 1.1 percent even if they participate in the Rights Issue, unless such Existing Shareholders based on over-subscription (i.e. subscription for more Offer Shares than the number of Subscription Rights held by the subscriber entitles the subscriber to be allocated) or subscription on the basis of acquired Subscription Rights are allocated Offer Shares in excess of the number of Subscription Rights initially granted to them.
Subscription Period	The Subscription Period for the Rights Issue will commence on 25 June 2010 and end on 9 July 2010 at 17:30 hours (CET).

- Trading in Subscription Rights The Subscription Rights will be fully tradable and listed on the Oslo Stock Exchange with ticker code "NHY T" from 25 June 2010 until 17:30 hours (CET) on 6 July 2010. **The Subscription Rights will hence only be tradable during part of the Subscription Period.**
- Subscription procedures Subscriptions for Offer Shares must be made by submitting a correctly completed subscription form (a "**Subscription Form**") to the Receiving Agent during the Subscription Period, or, for Norwegian citizens, online as described below. Existing Shareholders will receive Subscription Forms that include information about the number of Subscription Rights allocated to the Existing Shareholder and certain other matters relating to the shareholding. Over-subscription and subscription without Subscription Rights will be permitted; however, there can be no assurance that Offer Shares will be allocated for such subscriptions. Subscriptions for Offer Shares by subscribers who are not Existing Shareholders, including subscriptions by Certificate Holders, must be made on a Subscription Form in the form included in Annex 2 "Form of Subscription Form" or Annex 3 "Form of Norwegian Language Subscription Form". Existing Shareholders may also choose to use such a Subscription Form. Correctly completed Subscription Forms must be received by the Receiving Agent no later than 17:30 hours (CET) on 9 July 2010. Subscribers who are Norwegian citizens may also subscribe for Offer Shares through the VPS online subscription system (or by following the link on www.hydro.com/rightsissue, which will redirect the subscriber to the VPS online subscription system).
- Allocation Allocation of the Offer Shares will take place on or about 13 July 2010 in accordance with the following criteria: (i) allocation will be made to subscribers on the basis of granted and acquired Subscription Rights, which have been validly exercised during the Subscription Period; (ii) if not all Subscription Rights are exercised, subscribers having exercised their Subscription Rights and who have over-subscribed will be allocated additional Offer Shares on a pro rata basis based on the number of Subscription Rights exercised by each such subscriber. To the extent that pro rata allocation is not possible, the Company will determine the allocation by the drawing of lots; (iii) Offer Shares not allocated pursuant to (i) and (ii) above will be allocated to subscribers not holding Subscription Rights. Allocation will be sought made on a pro rata basis based on the relevant subscription amounts, provided, however, that such allocations may be rounded down to the nearest 100 Shares; and (iv) Offer Shares not allocated pursuant to (i), (ii) and (iii) above will be subscribed by, and allocated to, Folketrygdfondet and the Underwriters, based on and in accordance with the respective underwriting obligations of Folketrygdfondet and the Underwriters. No allocation will be made to Folketrygdfondet pursuant to (iv) above if Folketrygdfondet complies with its obligation to subscribe for Offer Shares as further described in Section 6.21 (The Rights Issue–The Underwriting) below.
- Payment..... The payment for Offer Shares allocated to a subscriber falls due on 15 July 2010 (the "**Payment Date**"). Subscribers who have a Norwegian bank account must, and will by signing the Subscription Form, provide the Receiving Agent with a one-time irrevocable authorization to debit a specified Norwegian bank account for the amount payable for the Offer Shares which are allocated to the subscriber. The specified bank account is expected to be debited on or after the Payment Date. The Receiving Agent is only authorized to debit such account once, but reserves the right to make up to three debit attempts. Subscribers who do not have a Norwegian bank account must ensure that payment with cleared funds for the Offer Shares allocated to them is made on or before the Payment Date, and must contact the Receiving Agent prior to any such payment. Overdue payments will be charged with interest at the applicable rate from time to time under the Norwegian Act on Interest on Overdue Payment of 17 December 1976 No. 100; 8.75 percent per annum as of the date of this Prospectus. Subject to the restrictions in the Norwegian Public Limited Companies Act and at the discretion

of the Joint Global Coordinators, if a subscriber fails to comply with the terms of payment, the Offer Shares will not be delivered to the subscriber. Pursuant to a payment guarantee agreement entered into by the Company and the Joint Global Coordinators, the Joint Global Coordinators will, up to their respective pro rata shares of the amount underwritten by the Underwriters as described in Section 6.21 (The Rights Issue–The Underwriting) below and subject to the terms and conditions of the payment guarantee, on 16 July 2010 pay any subscription amounts not paid by the subscribers, other than the Norwegian Government, Folketrygdfondet and the Underwriters (for any unsubscribed Offer Shares allocated to them), when due, in order to enable timely registration of the share capital increase pertaining to the Offer Shares in the Norwegian Register of Business Enterprises. The non-paying subscribers will remain fully liable for the subscription amount payable for the Offer Shares allocated to them, irrespective of such payment by the Joint Global Coordinators. However, the Company and the Joint Global Coordinators reserve the right to sell or assume ownership of the Offer Shares, as the case may be, from and including the fourth day after the Payment Date without further notice to the subscriber in question in accordance with Section 10–12, fourth paragraph of the Norwegian Public Limited Companies Act if payment has not been received within the third day after the Payment Date. If the Offer Shares are sold on behalf of the subscriber, the subscriber will be liable for any loss, costs, charges and expenses suffered or incurred by the Company and/or the Joint Global Coordinators as a result of or in connection with such sales. The Company and/or the Joint Global Coordinators may enforce payment for any amount outstanding in accordance with Norwegian law.

- Delivery The Company expects that the Offer Shares will be delivered to the VPS accounts of the subscribers to whom they are allocated on or about 19 July 2010.
- Trading in Offer Shares The Offer Shares will be listed on the Oslo Stock Exchange as soon as the share capital increase pertaining to the Rights Issue has been registered with the Norwegian Register of Business Enterprises and the Offer Shares have been registered in the VPS. This is expected to take place on or about 19 July 2010. The listing of the Offer Shares on the Oslo Stock Exchange is expected to take place on the same day. The admission of the Offer Shares to the Official List and to trading on the London Stock Exchange will take place as soon as possible thereafter, and is expected to take place on or about the same day as the listing of the Offer Shares on the Oslo Stock Exchange.
- Restrictions on sale and transfer... Certain restrictions apply to sales and transfers of the Subscription Rights and the Offer Shares in certain jurisdictions. See Section 20 (Restrictions on Sale and Transfer).
- Ranking and dividends The Offer Shares will rank *pari passu* in all respects with the Existing Shares and will carry full shareholder rights in the Company from the time of registration of the share capital increase pertaining to the Rights Issue with the Norwegian Register of Business Enterprises. The Offer Shares will be eligible for any dividends that the Company may declare after such registration.
- Governing law and jurisdiction The Subscription Forms and the terms and conditions of the Rights Issue shall be governed by, and construed in accordance with, and the Offer Shares will be issued pursuant to, Norwegian law. Any dispute arising out of, or in connection with, the Subscription Forms or the Rights Issue shall be subject to the exclusive jurisdiction of the courts of Norway, with Oslo District Court as legal venue.
- Underwriting Folketrygdfondet has undertaken to subscribe and underwrite for Offer Shares for its pro rata share of the Rights Issue based on its shareholding when the Underwriting Agreement was entered into (i.e. NOK 583,675,716), subject to certain conditions described in Section 6.21 (The Rights Issue–The Underwriting) below. The remaining part of the Rights Issue, except for the 43.41 percent for which the Norwegian Government has been granted authority to subscribe, has been underwritten by the Underwriters pursuant to, and subject to the limitations in, the Underwriting Agreement. The Underwriting Agreement contains certain

conditions and termination rights as further described in Section 6.21 (The Rights Issue–The Underwriting) below.

Net proceeds, expenses and use
of proceeds.....

The net proceeds of the Rights Issue are expected to be approximately NOK 9,871 million, after deduction of underwriting commissions and other fees and expenses related to the Rights Issue of approximately NOK 151 million. Hydro intends to use the net proceeds to finance the cash portion of the consideration in the Transaction, to support the Company's investment grade rating and to enhance the Company's capacity to implement future projects.

1.5 Key Dates for the Rights Issue

The timetable set out below provides certain indicative key dates for the Rights Issue.

Last day of trading in the Shares including Subscription Rights.....	21 June 2010
First day of trading in the Shares excluding Subscription Rights.....	22 June 2010
Record Date.....	24 June 2010
Subscription Period commences.....	25 June 2010
Trading in Subscription Rights commences on the Oslo Stock Exchange	25 June 2010
Trading in Subscription Rights ends	6 July 2010 at 17:30 hours (CET)
Subscription Period ends	9 July 2010 at 17:30 hours (CET)
Allocation of the Offer Shares.....	Expected on or about 13 July 2010
Distribution of allocation letters.....	Expected on or about 13 July 2010
Payment Date	15 July 2010
Delivery of the Offer Shares.....	Expected on or about 19 July 2010
Listing and commencement of trading in the Offer Shares on the Oslo Stock Exchange and the London Stock Exchange.....	Expected on or about 19 July 2010

1.6 Financial Information

The following tables include a summary of historical financial and other data for the Company on a consolidated basis as of, and for the years ended, 31 December 2009, 2008 and 2007, and as of, and for the three months ended, 31 March 2010 and 2009. The tables should be read in conjunction with the financial statements as incorporated by reference in this Prospectus (see Section 21.7 (Additional Information–Incorporation by Reference)) and the other Sections of this Prospectus, including Section 12 (Capitalization and Indebtedness), Section 13 (Selected Consolidated Financial and Other Data) and Section 14 (Operating and Financial Review).

Hydro condensed consolidated statements of income

NOK million (except per Share data)	Three months ended 31 March (Unaudited)		Years ended 31 December (Audited)		
	2010	2009	2009	2008	2007
Revenue	18,145	16,569	67,409	88,455	94,316
Share of profit (loss) in equity accounted investments	(236)	(413)	(809)	(915)	1,000
Other income, net	183	134	107	865	1,093
Total revenue and income	18,091	16,290	66,706	88,405	96,409
Depreciation, amortization and impairment	721	827	3,494	4,915	3,552
Other expenses	16,385	17,061	64,619	82,296	83,833
Total expenses	17,106	17,888	68,113	87,211	87,385
Earnings before financial items and tax (EBIT)	985	(1,598)	(1,407)	1,194	9,025
Financial income (expense), net	545	1,473	2,774	(5,026)	3,208
Income (loss) before tax	1,530	(126)	1,367	(3,832)	12,233
Income taxes	(605)	(155)	(951)	565	(3,075)
Income (loss) from continuing operations	924	(280)	416	(3,267)	9,158
Income (loss) from discontinued operations	-	-	-	(247)	9,447
Net income (loss)	924	(280)	416	(3,514)	18,604
Net income (loss) attributable to minority interests	55	67	117	411	408
Net income (loss) attributable to Hydro shareholders	869	(347)	299	(3,925)	18,196
Basic and diluted earnings per Share from continuing operations (in NOK)	0.72	(0.29)	0.25	(3.04)	7.17
Basic and diluted earnings per Share from discontinued operations (in NOK)	-	-	-	(0.20)	7.74
Basic and diluted earnings per Share attributable to Hydro shareholders (in NOK)	0.72	(0.29)	0.25	(3.25)	14.90
Weighted average number of outstanding Shares (million)	1,205	1,206	1,205	1,209	1,221

Hydro condensed consolidated statements of financial position

NOK million (except number of Shares)	As of 31 March (Unaudited)		As of 31 December (Audited)		
	2010	2009	2009	2008	2007
Assets					
Cash and cash equivalents	2,502	3,128	2,573	3,333	9,330
Short-term investments	1,554	1,652	1,519	1,648	2,742
Receivables and other current assets	15,576	16,077	13,679	18,833	16,531
Inventories	9,678	13,264	10,030	16,293	12,227
Total current assets	29,311	34,120	27,802	40,108	40,830
Assets held for sale, discontinued operations	-	-	-	-	6,741
Property, plant and equipment	25,499	28,038	25,647	29,338	26,750
Other non-current assets	25,109	24,798	24,150	25,711	17,724
Total non-current assets	50,608	52,837	49,797	55,049	44,474
Total assets	79,919	86,957	77,599	95,157	92,046
Liabilities and equity					
Bank loans and other interest-bearing short-term debt	972	1,953	2,010	1,169	1,045
Other current liabilities	13,551	17,509	13,032	22,175	17,310
Total current liabilities	14,523	19,462	15,042	23,344	18,355
Liabilities included in disposal groups, discontinued operations	-	-	-	-	2,021
Long-term debt	2,574	1,106	88	279	263
Other long-term liabilities	14,430	14,856	14,425	16,135	14,152
Deferred tax liabilities	816	1,143	849	1,258	2,246
Total non-current liabilities	17,820	17,104	15,361	17,673	16,662
Total liabilities	32,343	36,567	30,403	41,016	37,038
Equity attributable to Hydro shareholders	46,458	49,034	46,169	52,808	54,049
Minority interests	1,118	1,357	1,026	1,333	959
Total equity	47,577	50,391	47,195	54,141	55,008
Total liabilities and equity	79,919	86,957	77,599	95,157	92,046
Total number of outstanding Shares (million)	1,205	1,206	1,205	1,206	1,209

Hydro condensed consolidated statements of cash flow

NOK million	Three months ended 31 March (Unaudited)		Years ended 31 December (Audited)		
	2010	2009	2009	2008	2007
Operating activities:					
Net income (loss)	924	(280)	416	(3,514)	18,604
Net (income) loss from discontinued operations	-	-	-	247	(9,447)
Depreciation, amortization and impairment	721	827	3,494	4,915	3,552
Other adjustments	(1,459)	(1,658)	636	1,273	1,564
Net cash provided by operating activities	186	(1,111)	4,546	2,921	14,273
Investing activities:					
Purchases of property, plant and equipment	(436)	(546)	(2,743)	(3,485)	(3,485)
Purchases of other long-term investments	(1,221)	(184)	(3,137)	(5,374)	(1,403)
Purchases of short-term investments	-	-	-	(2,850)	(5,000)
Proceeds from sales of property, plant and equipment	6	9	24	95	122
Proceeds from sales of other long-term investments	111	40	8	679	4,330
Proceeds from sales of short-term investments	-	-	-	3,600	17,200
Net cash used in investing activities	(1,540)	(681)	(5,848)	(7,335)	11,764
Financing activities:					
Loan proceeds	2,431	1,878	2,878	93	25
Principal repayments	(1,081)	(60)	(1,978)	(187)	(1,210)
Net increase (decrease) in other short-term debt	(50)	(92)	15	(159)	
Purchases of Shares	-	-	(124)	(149)	(2,887)
Proceeds from Shares issued	9	13	43	44	66
Dividends paid	-	-	(166)	(6,359)	(6,134)
Net cash provided by (used in) financing activities	1,309	1,739	668	(6,717)	(10,140)
Foreign currency effects on cash and bank overdraft	23	(74)	(56)	(11)	(285)
Net cash provided by discontinued operations	-	-	-	5,075	(12,799)
Net decrease in cash, cash equivalents and bank overdraft	(22)	(127)	(690)	(6,067)	2,813
Cash, cash equivalents and bank overdraft reclassified to assets held for sale	-	-	-	-	(105)
Cash, cash equivalents and bank overdraft at beginning of period	2,499	3,189	3,189	9,256	6,548
Cash, cash equivalents and bank overdraft at end of period	2,477	3,062	2,499	3,189	9,256

Hydro consolidated statements of changes in equity

NOK million	Share capital	Additional paid-in capital	Treasury shares	Retained earnings	Other components of equity	Equity attributable to Hydro shareholders	Minority interests	Total equity
1 January 2007	4,708	9,736	(6,624)	89,544	(1,533)	95,831	771	96,601
<i>Changes in equity for 2007 (audited)</i>								
Purchase of treasury shares	-	-	(123)	-	-	(123)	-	(123)
Treasury Shares reissued to employees	-	53	68	-	-	121	-	121
Cancellation treasury Shares	(79)	-	2,396	(2,317)	-	-	-	-
Redeemed Shares, the Norwegian Government	(62)	(2,701)	-	-	-	(2,763)	-	(2,763)
Dividends declared and paid	-	-	-	(6,134)	-	(6,134)	(102)	(6,236)
Demerger	(3,197)	(6,727)	-	(41,339)	4,174	(47,089)	-	(47,089)
Total comprehensive income for the year	-	-	-	18,196	(3,989)	14,207	291	14,498
31 December 2007	1,370	360	(4,283)	57,950	(1,348)	54,049	959	55,008
<i>Changes in equity for 2008 (audited)</i>								
Purchase of treasury Shares	-	-	(149)	-	-	(149)	-	(149)
Treasury Shares reissued to employees	-	(51)	158	-	-	107	-	107
Dividends declared and paid	-	-	-	(6,053)	-	(6,053)	(306)	(6,359)
Transactions with minority equity holders/with group Equity interests purchased (sold)	-	-	-	(4)	-	(4)	(1)	(5)
Total comprehensive income for the year	-	-	-	(3,925)	8,783	4,858	691	5,549
31 December 2008	1,370	309	(4,274)	47,968	7,435	52,808	1,333	54,141
<i>Changes in equity for 2009 (audited)</i>								
Treasury Shares reissued to employees	-	(17)	63	-	-	46	-	46
Cancellation treasury Shares	(5)	(61)	147	(81)	-	-	-	-
Redeemed Shares, the Norwegian Government	(4)	(121)	-	-	-	(124)	-	(124)
Dividends declared and paid	-	-	-	-	-	-	(166)	(166)
Equity interests purchased (sold)	-	-	-	-	-	-	9	9
Demerger adjustment	-	-	-	(237)	-	(237)	-	(237)
Other adjustments	-	(67)	2,887	(2,820)	-	-	-	-
Total comprehensive income for the period	-	-	-	299	(6,621)	(6,322)	(150)	(6,472)
31 December 2009	1,362	43	(1,177)	45,128	813	46,169	1,026	47,195

NOK million	Share capital	Additional paid-in capital	Treasury shares	Retained earnings	Other components of equity	Equity attributable to Hydro shareholders	Minority interests	Total equity
<i>Changes in equity for 2010 (unaudited)</i>								
Minority interest recognized at acquisition of subsidiary	-	-	-	-	-	-	8	8
Total comprehensive income for the period	-	-	-	869	(580)	289	85	374
31 March 2010	1,362	43	(1,177)	45,997	234	46,458	1,118	47,577

The following tables set forth information about the Company's consolidated capitalization and net indebtedness as of 31 March 2010.

Hydro consolidated statement of capitalization

NOK million	As of 31 March 2010 (unaudited)
Indebtedness	
Total current financial debt	972
Guaranteed	-
Secured	50
Unguaranteed/unsecured	922
Total non-current financial debt	2,574
Guaranteed	-
Secured	115
Unguaranteed/unsecured	2,459
Total indebtedness	3,546
Shareholders' equity	
Share capital	1,362
Additional paid-in capital	43
Other equity attributable to the shareholders of the Company	45,054
Minority interests	1,118
Total equity	47,577
Total capitalization	51,123

Hydro consolidated statement of net indebtedness

NOK million	As of 31 March 2010 (unaudited)
Net indebtedness	
(A) Cash.....	2,339
(B) Cash equivalents.....	163
(C) Trading securities ³	1,554
(D) Liquidity (A) + (B) + (C)	4,056
(E) Current financial receivables⁴	1,955
(F) Current bank debt ⁵	253
(G) Current portion of long-term debt ⁶	82
(H) Other current financial debt ⁷	638
(I) Current financial debt (F) + (G) + (H)	973
(J) Net current financial indebtedness (I) - (E) - (D)	(5,038)
(K) Non-current bank loans.....	2,495
(L) Bonds issued.....	-
(M) Other non-current loans	78
(N) Non-current financial indebtedness (K) + (L) + (M)	2,574
(O) Net financial indebtedness (J) + (N)	(2,465)

1.7 No Significant Change

There has not been any significant change to the Group's financial or trading position since 31 March 2010 to the date of this Prospectus, except for the issuance of a NOK 500 million commercial paper loan with maturity on 18 August 2010 and a 2.71 percent coupon, as announced on 12 May 2010.

1.8 Trend Information

During the first five months of 2010, average prices of primary aluminium on the London Metals Exchange (the "LME") declined from a level of around US\$2,300 per mt in the beginning of the year to below US\$2,000 per mt in the beginning of June 2010. Demand for metal products (extrusion ingot, sheet ingot, foundry alloys and wire rod) continued to improve in the first five months of 2010, but consumption in both Europe and North America remains below levels experienced in 2007 and 2008. A further description of the trends in operations, management activities, costs and market activities experienced by the Group since 31 December 2009, and a description of trends that are reasonably likely to have a material effect on the Group's prospects for 2010, is given in Section 14.8 (Operating and Financial Review—Recent Developments and Trend Information).

³ Shares, commercial paper and bonds held for trading and other similar tradable commercial paper and bonds.

⁴ Short-term financial assets (maturity 1 year or less) not included in "Liquidity". Includes derivatives, prepayments and accrued income.

⁵ Short-term debt to credit institutions (maturity 1 year or less).

⁶ Bond debt and subordinated loan capital with maturity one year or less.

⁷ Other short-term financial liabilities including commercial paper issued, derivatives, prepaid revenues and accrued expenses.

1.9 Summary of Key Risk Factors

A number of risk factors may have a material adverse effect on the Group and on the trading value of the Subscription Rights and/or the Shares. Below is a brief summary of the risk factors described in Section 2 (Risk Factors). Please note that the risks described in Section 2 (Risk Factors) are not the only risks that may affect the Group and the trading value of the Subscription Rights and/or the Shares. Additional risks not presently known to the Group or which the Group currently deems immaterial may also have a material adverse effect on the Group and on the trading value of the Subscription Rights and/or the Shares. There can be no assurance that the risk management and internal control procedures implemented by the Group are sufficient to manage all relevant risks.

Risks Relating to the Group and its Operations

- Hydro continues to face challenging market conditions which could have an adverse effect on its operating results and liquidity.
- Hydro may not succeed in reducing the operating cost of its smelter portfolio sufficiently to compensate for an extended period of weak aluminium markets.
- Hydro is facing uncertain demand in its downstream aluminium markets.
- Hydro faces a continued high risk of counterparty default.
- A deterioration in Hydro's financial position or a downgrade of its ratings by credit rating agencies could increase Hydro's borrowing costs and cost of capital and have a material adverse effect on its business relationships, including possible joint ventures and new growth initiatives.
- Price volatility can impact Hydro's operating costs and can also have a substantial adverse effect on Hydro's reported operating results.
- Hydro's reported results and competitive position are exposed to changes in currency exchange rates.
- Hydro's downstream business is increasingly exposed to competition from China.
- Failure or delays in the execution of major projects could have a material negative impact on Hydro's competitive position.
- Emerging or transitioning markets present a competitive threat to Hydro's business.
- Hydro is exposed to increasingly onerous regulation concerning the reduction of CO₂ emissions.
- Hydro's business depends on its ability to replace long-term energy supply contracts on competitive terms.
- Future acquisitions, mergers or strategic alliances may adversely affect Hydro's financial condition.
- Business development is more likely to occur in emerging and transitioning markets characterized by higher legal, fiscal, regulatory and implementation risk.
- Investments as a minority partner in jointly controlled entities and associates reduce Hydro's ability to manage its business portfolio.
- Hydro may not succeed in developing technological solutions to support its growth strategies.
- Major accidents could result in substantial claims, fines or significant damage to Hydro's reputation.
- Hydro may not be successful in attracting and retaining sufficient skilled employees.
- Hydro could be materially adversely affected by legal proceedings or investigations.
- Hydro may be subject to misconduct by its employees.
- Hydro may be subject to unforeseen liabilities for environmental damage.
- Hydro may not be able to maintain sufficient insurance to cover all risks related to its operations.
- Hydro may be subject to liabilities relating to businesses transferred to successor companies.

Risks Relating to Vale Aluminium and the Combined Group

- Risks related to doing business in Brazil.
- The Brazilian government has exercised in the past, and may in the future continue to exercise, significant influence over the Brazilian economy. Brazilian political and economic conditions may have a direct impact on Vale Aluminium.
- The mining and alumina refinery activities of Vale Aluminium depend on title to mineral concessions and authorizations of regulatory agencies. Changes in regulations could have a material adverse effect on Hydro's financial position.
- Reserve estimates may materially differ from mineral quantities that the Combined Group is able to actually recover; estimates of mine life may prove inaccurate; and market price fluctuations and changes in operating and capital costs may render certain reserves uneconomical to mine.
- Operating and capital costs associated with the Paragominas slurry pipeline may not be in accordance with the Company's assumptions.
- Operating and capital costs associated with the Paragominas mine may be unpredictable.
- Major development projects which are part of the Transaction are subject to the risk of increased costs or delay that prevent their successful implementation.
- The Transaction increases the exposure of Hydro's reported results and competitive position to changes in currency exchange rates.

Risks Relating to the Transaction

- The Transaction may not be completed or may not be completed in the manner described in this Prospectus if certain conditions to closing are not satisfied.
- The Group will incur acquisition-related costs in connection with the Transaction.
- Hydro will be required to incur and/or assume significant financial obligations in connection with the Transaction, some of which will need to be refinanced by 31 December 2013.
- Even if the Transaction is completed, the Group may face additional risks and challenges as a result of integrating Vale Aluminium into its existing business.
- The unaudited pro forma condensed combined financial information included in this Prospectus may not necessarily reflect what the results of operations, financial condition and cash flows of the Combined Group would have been for the same period.
- If the Transaction is not completed, or if completed there are any excess proceeds not used to complete the Transaction, any alternative uses for such proceeds of the Rights Issue may not be effective.

Risks Relating to the Shares

- The market value of the Shares may fluctuate significantly and may not reflect Hydro's underlying asset value or, following completion of the Transaction, the underlying asset value of the Combined Group.
- Hydro's ability to pay dividends is dependent on the availability of distributable reserves.
- Beneficial owners of Shares that are registered in a nominee account will not be able to vote for such Shares unless their ownership is re-registered in their names in the VPS prior to the general meeting.
- Any future share issues may have a material adverse effect on the market price of the Shares.
- Shareholders will be diluted if they are unable or unwilling to participate in future share issuances, and will in any event be diluted as a result of the pre-emptive rights of Certificate Holders in future share issuances against cash, as well as from the issuance of the Consideration Shares to Vale Austria Holdings and other share issuances in private placements.
- Certain transfer and selling restrictions may limit shareholders' ability to sell or otherwise transfer their Shares.

- Investors may be unable to recover losses in civil proceedings in jurisdictions other than Norway.
- Norwegian law may limit shareholders' ability to bring an action against the Company.
- Following completion of the Rights Issue and the Transaction, substantial share ownership will remain concentrated in the hands of a few shareholders, and future sales of Shares by such shareholders could have a material adverse effect on the market price of the Shares.

Risks Relating to the Rights Issue

- Existing Shareholders who do not participate in the Rights Issue may experience significant dilution in their shareholding, and may in any event be diluted as a result of the pre-emptive rights of Certificate Holders, and Certificate Holders who do not participate in the Rights Issue may not be able to extract the full value of their entitlements.
- An active trading market in Subscription Rights may not develop on the Oslo Stock Exchange and/or the market value of the Subscription Rights may fluctuate.
- The sale of Subscription Rights by or on behalf of Existing Shareholders or Certificate Holders may result in a reduction in the market price of the Subscription Rights and the Shares and increased volatility in the Shares.
- If the Rights Issue is withdrawn, the Subscription Rights will no longer be of value.
- Shareholders outside of Norway are subject to exchange rate risk.

1.10 Directors, Senior Management and Employees

As of the date of this Prospectus, Hydro's board of directors (the "**Board**" or the "**Board of Directors**") consists of Terje Vareberg (chairperson), Bente Rathe (deputy chairperson), Finn Jebsen, Inge K. Hansen, Eva Persson, Liv Monica Bargem Stubholt, Sten Roar Martinsen, Jørn B. Lilleby and Billy Fredagsvik.

As of the date of this Prospectus, the Group's executive management (the "**Corporate Management Board**") consists of Svein Richard Brandtzæg (President and Chief Executive Officer), Oliver Bell (EVP Rolled Products), Kjetil Ebbesberg (EVP Metal Markets), Hans Joachim Kock (EVP Extruded Products), Arvid Moss (EVP Corporate Strategy and Business Development), Jørgen C. Arentz Rostrup (EVP and Chief Financial Officer), Tom Røtjær (EVP Projects), Ola Sæter (EVP Energy), Johnny Undeli (EVP Bauxite and Alumina), Hilde Merete Aasheim (EVP Primary Metal) and Wenche Agerup (EVP Corporate Staffs (Legal, CSR, HR and Organization Development, HSE and Company Secretary)).

As of 31 May 2010, the Group had approximately 19,000 employees.

1.11 Auditor and Advisors

The Company's current statutory auditor is KPMG AS ("**KPMG**"). Until May 2010, the Company's statutory auditor was Deloitte AS ("**Deloitte**"). Citigroup Global Markets Limited, DnB NOR Bank ASA, DnB NOR Markets and BNP PARIBAS are Joint Global Coordinators and Joint Bookrunners, and Commerzbank Aktiengesellschaft, Nordea Bank Norge ASA, Skandinaviska Enskilda Banken AB (publ) and Société Générale are Co-Managers for the Rights Issue. Advokatfirmaet Thommessen AS (Norwegian law) and Latham & Watkins (London) LLP (international counsel) are acting as legal advisors to the Company and Advokatfirmaet Selmer DA (Norwegian law) and Davis Polk & Wardwell LLP (international counsel) are acting as legal advisors to the Underwriters.

1.12 Major Shareholders

As of 14 June 2010, the Company had approximately 53,600 shareholders. Approximately 76 percent of the Shares were held by Norwegian citizens and approximately 24 percent were held by foreign citizens. The Company's 20 largest shareholders as of 14 June 2010 are shown in the table below:

#	Shareholders	Type of account	Number of Shares	Percent
1	Norwegian Government	Company	543,463,361	43.82
2	Folketrygdfondet	Company	75,672,207	6.10
3	JP Morgan Chase Bank Depository	Nominee	33,565,190	2.71
4	Norsk Hydro ASA	Company	33,387,070	2.69
5	Doge and Cox Intern Fund	Company	32,634,600	2.63
6	Clearstream Banking CID Dept, Frankfurt	Nominee	21,813,156	1.76
7	Rasmussengruppen AS	Company	17,152,000	1.38
8	DnB NOR Markets, Egenhandelskonto	Company	9,745,496	0.79
9	Bank of New York, Mellon SA/NV	Nominee	9,609,919	0.77
10	Deutsche Bank AG London	Company	7,992,979	0.64
11	Pareto Aksje Norge	Company	7,756,200	0.63
12	Vital Forsikring ASA	Company	7,113,604	0.57
13	Odin Norge	Company	7,041,474	0.57
14	Bank of New York, Mellon	Nominee	6,999,762	0.56
15	Statoil Pensjon	Company	5,826,442	0.47
16	DnB NOR Norge (IV) VPF	Company	5,368,257	0.43
17	Storebrand Livsforsikring AS	Company	5,205,221	0.42
18	Awilco Invest AS	Company	4,843,200	0.39
19	Varma Mutual Pension Company	Company	4,800,000	0.39
20	JP Morgan Chase Bank Nordea Treaty Account	Company	4,726,929	0.38
Top 20 shareholders			844,717,067	68.12
Others			395,393,144	31.88
Total			1,240,110,211	100.00

1.13 Related Party Transactions

The Company has entered into certain related party transactions with its subsidiaries and associated companies, and with its principal shareholder. Transactions with subsidiaries are eliminated on a consolidated level and are not reported as related party transactions in the Group's consolidated financial statements. See Section 21.2 (Additional Information-Related Party Transactions) below for details of the Company's related party transactions.

1.14 Research and Development, Patents and Licenses

Total research and development costs of the Group were NOK 690 million in 2009, NOK 606 million in 2008 and NOK 507 million in 2007. Research and development activities are intended to make production of aluminium more efficient, including further improving Hydro's electrolysis technology. A significant proportion of the research and development funds are also used for further developing production processes and products within casting and alloy development, extrusion, precision tubing, building systems, as well as rolled products. Most of the research and development costs relate to Hydro's in-house research organization, while the remaining supports work carried out at external institutions. The Company has a number of research and development centers in Europe and established a new Technology & Competence Center in Doha, Qatar in 2009.

1.15 Shares

As of the date of this Prospectus, the Company's registered share capital is NOK 1,361,641,011.68, divided into 1,240,110,211 Shares, each with a nominal value of NOK 1.098. There is one class of Shares. The Shares are equal in all respects and each Share carries one vote at the general meetings of shareholders. All the Shares are authorized, issued and fully paid. Following completion of the Rights Issue, the share capital of the Company will be increased by NOK 418,396,852.80 to

NOK 1,780,037,864.48, divided into 1,621,163,811 Shares, each with a nominal value of NOK 1.098. The share capital following completion of the Private Placement will be disclosed through the Oslo Stock Exchange information system upon the issue at completion.

1.16 Articles of Association

The Company's Articles of Association are included as Appendix 1 to the Prospectus.

The objective of the Company is, pursuant to Section 2 of the Articles of Association, "*... to engage in industry, commerce and transport, to utilize energy resources and raw materials, and to engage in other activities connected with these objectives. Activities may also proceed through participation in or in co-operation with other enterprises.*"

1.17 Documents on Display

Copies of the following documents will be available for inspection at the Company's registered office during normal business hours from Monday to Friday each week (except public holidays) for a period of 12 months from the date of this Prospectus:

- the Company's Articles of Association;
- the Company's Certificate of Registration;
- the consolidated audited financial statements of the Company as of, and for the years ended, 31 December 2009, 2008, 2007 and the Company's unaudited condensed consolidated financial statements as of, and for the three months ended, 31 March 2010 and 31 December 2009 (with comparable figures as of, and for the three months ended, 31 March 2009 and 31 December 2008, respectively);
- historical financial information for the Company's significant subsidiaries; and
- this Prospectus.

2 RISK FACTORS

An investment in the Subscription Rights and/or the Shares, including the Offer Shares and Consideration Shares, involves risk. Prospective investors should carefully consider the risks outlined in this Section, as well as the information contained elsewhere in the Prospectus, before deciding whether or not to acquire Subscription Rights, subscribe for Offer Shares and/or invest in the Shares. If any of the following risks were to materialize, this could have a material adverse effect on the Group or, following the Transaction, the Combined Group (and, accordingly, all references to the Group in this Section shall be construed also as references to the Combined Group, unless the context otherwise requires) and/or its business, financial condition, results of operations, liquidity and/or prospects, the trading value of the Subscription Rights and/or the Shares could decline, and investors may lose all or part of their investment. The order in which the risks are presented does not necessarily reflect the likelihood of their occurrence or the magnitude of their potential impact on the Group, and additional risks not presently known to the Group or which the Group currently deems immaterial may also have a material adverse effect on the Group and on the trading value of the Subscription Rights and/or the Shares.

This Prospectus also contains forward-looking statements that are subject to future events, risks and uncertainties. The actual outcome could differ materially from the outcome anticipated in these forward-looking statements as a result of many factors, including but not limited to the risks described below and elsewhere in this Prospectus, see Section 4 (General Information) below.

2.1 Risks Relating to the Group and its Operations

Hydro continues to face challenging market conditions which could have an adverse effect on its operating results and liquidity.

The financial condition and results of operations of Hydro depend heavily on developments in market demand and global economic conditions. Market balance, among other factors, has a significant impact on aluminium prices. Market demand and prices declined dramatically in the final quarter of 2008. At the end of December 2008, prices reached a level that was lower than the cash costs of a substantial portion of global smelter production. Prices declined further in the first part of 2009 and remained weak for much of the year. Global consumption, excluding China, dropped by about 18 percent in 2009 compared with 2008. Hydro's sales-volumes declined by an equivalent percentage from 2008 to 2009. These developments led to considerable losses within Hydro's upstream operations and substantially lower earnings for the Group. Despite significant curtailments, the global production of primary metal, excluding China, continues to exceed market demand while new, greenfield capacity is expected to come on stream in 2010 and beyond. Although prices strengthened (but were still subject to volatility) in the second half of 2009 and the first quarter of 2010, there continues to be significant uncertainty regarding the timing, magnitude and quality of the recovery in market demand and the economic conditions within various countries and geographic regions in which Hydro operates, in particular in Europe, where the recent fiscal crisis in several countries has increased the uncertainty of the economic recovery.

Hydro may not succeed in reducing the operating cost of its smelter portfolio sufficiently to compensate for an extended period of weak aluminium markets.

Hydro acted quickly to reduce costs and production capacity following the severe market decline but was unable to adjust the costs of its primary smelters sufficiently to avoid its primary metal business incurring substantial underlying operating losses during 2009. A substantial part of Hydro's smelter portfolio is located in Norway and a significant part of its operating costs are incurred in Norwegian kroner. The effect of the market decline has been exacerbated by the weakening U.S. dollar, which has had a negative impact on Hydro's competitive position. Hydro has implemented new cost-cutting measures designed to reduce the conversion costs of its smelters substantially by the end of 2011. Hydro may not succeed in making the reductions necessary to return its smelters to profitable

operations, which may in turn have a material adverse effect on its business, financial condition, results of operations and/or cash flows.

Hydro is facing uncertain demand in its downstream aluminium markets.

The severe downturn in the global economy had a significant impact on downstream aluminium markets during the fourth quarter of 2008, and demand for flat rolled products and extruded products in the European market continued to decline during the first half of 2009. Hydro's downstream businesses supply customers located primarily in developed countries, particularly in Europe, which are still affected by the economic downturn. Despite signs of improvement, market demand has not fully recovered and remains below levels experienced prior to the severe economic downturn which began towards the end of 2008. Developments for the second half of 2010 are uncertain. There can be no assurance of the magnitude and timing of any demand recovery. Lack of demand recovery may have a material adverse effect on Hydro's business, financial condition, results of operations and/or cash flows.

Hydro faces a continued high risk of counterparty default.

A significant downturn in the business or financial condition of a key customer or group of customers exposes Hydro to the risk of default on contractual agreements and trade receivables, which could have a material negative impact on its financial condition, operational results and/or cash flows. Weak or deteriorating economic conditions on a global, regional or industry level, combined with challenging financial markets, increase the risk of counterparties defaulting.

Hydro enters into fixed contracts with customers for the majority of its primary production. In addition, Hydro engages in trading in physical markets in order to optimize its total portfolio position and in derivative markets for hedging purposes. All of Hydro's alumina operations and significant portions of its primary metal operations are owned and operated through joint ventures with other major players in the aluminium industry. Hydro also has several long-term commercial agreements for substantial volumes of raw materials to be used in its production processes and for metal products for re-marketing to its customers. These business activities expose Hydro to the risk that one or more counterparties will default on their obligations, which could result in a direct financial loss for Hydro, an unexpected increase in market exposure or higher operating costs, any of which could have a material adverse effect on Hydro's business, financial condition, results of operations and/or cash flows.

A deterioration in Hydro's financial position or a downgrade of its ratings by credit rating agencies could increase Hydro's borrowing costs and cost of capital and have a material adverse effect on its business relationships, including possible joint ventures and new growth initiatives.

It is important for Hydro to maintain its investment grade credit rating for competitive access to capital and to support its business relationship with customers, suppliers and other counterparties. Hydro's credit rating is also an important factor in making Hydro attractive as a joint venture partner for new growth initiatives. Following the severe market downturn in the aluminium industry at the end of 2008 and beginning of 2009, Hydro was downgraded, together with competitors in the aluminium industry, with one of its ratings reaching the lowest investment grade level. Any further deterioration of Hydro's financial position or another downgrade of its credit rating could increase its borrowing costs or have a material adverse effect on its business relationships or attractiveness as partner for major projects or growth initiatives, the terms related to its borrowings, contracts or other agreements.

Price volatility can impact Hydro's operating costs and can also have a substantial adverse effect on Hydro's reported operating results.

Commodity price volatility has increased significantly in recent years which could have a significant negative impact on Hydro's operating results. Commodity price volatility, including raw material

commodities such as oil, petroleum, coke and coal, can significantly impact Hydro's operating costs directly and can also negatively affect its reported operating results due to realized and unrealized gains and losses on derivative instruments. Underlying results for Hydro's trading and hedging operations are subject to substantial variations in periods of significant fluctuation of spot and forward prices for aluminium.

Hydro's reported results and competitive position are exposed to changes in currency exchange rates.

Hydro has a substantial portion of its primary capacity based in Norway and its accounting and reporting currency is NOK. Primary aluminium prices and a major part of the raw materials for producing aluminium are denominated in U.S. dollars. Much of Hydro's downstream business is based in Europe and a large portion of the production is sold in EUR. As a result, the relative value of the U.S. dollar and EUR is of high importance to Hydro's operating results, and changes in the value of these currencies can be significant and highly volatile.

Periodic revaluation of foreign-denominated balances can have a significant adverse impact on the earnings of the Group. Revaluation upon realization of such balances can have a significant adverse effect on both the earnings and cash position of the Group. The value of investments committed in foreign currencies (including, without limitation, Vale Aluminium) is sensitive to currency movements, and may be adversely affected by such movements.

Hydro's downstream business is increasingly exposed to competition from China.

China has in recent years imposed duties designed to reduce the export of aluminium metal, while also encouraging domestic production of more labor intensive semi-fabricated and finished aluminium products. This development has increased the exposure of Hydro's downstream business to lower-priced exports from China. Increased competition from China may have a material adverse effect on Hydro's financial condition, operating results and/or cash flows.

Failure or delays in the execution of major projects could have a material negative impact on Hydro's competitive position.

Major investment projects are subject to the risk of delays, cost increases, availability of adequate funding and other complications. Failure or delays in the execution of major projects could result in material additional costs and lost operating revenues while also weakening Hydro's competitive position. This in turn could have a material negative impact on the operating results and financial condition of Hydro. Hydro is currently engaged in a major development project with the ramp-up of production at Qatalum in Qatar. Qatalum is expected to have a significant impact on the future earnings of the Group, and any material delay in the ramp-up of the plant could have a material adverse effect on Hydro's financial condition, operating results and/or cash flows.

Emerging or transitioning markets present a competitive threat to Hydro's business.

Emerging or transitioning markets in countries with abundant natural resources, low-cost labor and energy, and lower environmental and other standards, have posed, and may continue to pose, a significant competitive threat to Hydro's business. In 2007, the EU reduced its duty on unalloyed aluminium. Any further reductions or cancellation of these duties could result in increased imports of primary aluminium to the EU market from sources such as Russia and the Middle East, which in turn could have a material adverse effect on Hydro's financial condition, operating results and/or cash flows.

Hydro is exposed to increasingly onerous regulation concerning the reduction of CO₂ emissions.

Hydro's smelter operations are predominantly located in Europe. Legislation regulating CO₂ emissions has resulted in higher power prices for Hydro's European operations. Hydro's Norwegian smelters have been affected to a lesser extent in the short to medium term, since most of the electricity consumption in Norway is covered by Hydro's own equity production of electricity or through long-term supply contracts. The EU has enacted new emissions regulations that will apply directly to CO₂ emissions from Hydro's smelter operations in Norway and in the EU from 2013 onwards. Although it is anticipated that there will be some compensation available to aluminium producers, these regulations are likely to be more onerous than those being contemplated in other regions of the world including China and Russia, and could have a material negative impact on Hydro's competitive position, financial condition, operating results and/or cash flows.

Hydro's business depends on its ability to replace long-term energy supply contracts on competitive terms.

Hydro's aluminium operations, in particular its smelters, are dependent upon large volumes of energy. Hydro's competitive position, financial condition, results of operations and cash flows, could be materially affected by its inability to replace, on competitive terms, its long-term energy supply contracts when they expire, or its own equity production to the extent that concessions revert to the Norwegian state.

Future acquisitions, mergers or strategic alliances may adversely affect Hydro's financial condition.

Hydro may not be able to effectively integrate acquired businesses or generate the cost savings and anticipated synergies from such acquisitions, which in turn may adversely affect Hydro's financial condition, operating results and/or cash flows. In addition, acquisitions may result in unintended consequences, for example, if significant liabilities are not identified during due diligence or come to light after the expiration of any applicable warranty or indemnity periods which could have a material adverse effect on Hydro's financial position, operating results and/or cash flows. See also Section 2.3 (Risk Factors–Risks Relating to the Transaction).

Business development is more likely to occur in emerging and transitioning markets characterized by higher legal, fiscal, regulatory and implementation risk.

New primary smelter, alumina and bauxite capacity is expected to be mainly located in countries characterized by emerging and transitioning markets. Legal, fiscal and regulatory systems in such markets may be less stable and have a lower degree of transparency and predictability, making investment evaluation and any eventual implementation more difficult. Any failure in implementing future investments may have a material adverse effect on Hydro's business, financial condition, operating results and/or cash flows.

Investments as a minority partner in jointly controlled entities and associates reduce Hydro's ability to manage its business portfolio.

Investments as a minority partner in jointly controlled entities and associates reduce Hydro's ability to manage and control certain parts of its portfolio. Investments in jointly controlled entities, including those in which the Company holds a majority position (such as Vale Aluminium after completion of the Transaction), also entail a risk of diverging interests between business partners, which could impede Hydro's ability to realize its objectives, repatriate funds from such entities and to achieve full compliance with its standards. Furthermore, reduced ability to manage and control its investments, may lead to losses and may consequently have a material adverse effect on Hydro's business, financial condition, operating results and/or cash flows. The Company's joint venture partners may also face financial

difficulties which may prevent them from supporting operations or from investing further capital in the joint venture resulting in the need for additional capital contributions from Hydro.

Hydro may not succeed in developing technological solutions to support its growth strategies.

Hydro believes that being at the forefront of technological development is important to maintain its competitive position. Together with key suppliers, Hydro is seeking to develop new next-generation cell and smelter technology. Hydro may fail to develop these technologies on a timely basis or they may not be commercially feasible, either of which could have a material adverse effect on its competitive position and in turn its business, financial condition, operating results and/or cash flows.

Major accidents could result in substantial claims, fines or significant damage to Hydro's reputation.

Some of Hydro's operations are located in close proximity to sizable communities. Major accidents due to human error, system failures, deliberate sabotage, extreme weather or other natural disasters, could result in loss of life or extensive damage to the environment or communities. Such events could result in major claims, fines, penalties and/or significant damage to Hydro's reputation and could have a material adverse effect on Hydro's business, financial condition, operating results and/or cash flows.

Hydro may not be successful in attracting and retaining sufficient skilled employees.

Hydro is highly dependent on the continuous development and successful application of new technologies. In addition, the Company's position as a major, global industrial company requires substantial capacity and competence in terms of complex management and critical business processes. Failure to attract and retain critical personnel could result in a shortage of such employees due to normal attrition. This could result in the inability to maintain the appropriate technological or business improvements or take advantage of new opportunities that may arise. A subsequent decline in competitiveness could have a material adverse effect on Hydro's business, financial condition, operating results and/or cash flows.

Hydro could be materially adversely affected by legal proceedings or investigations.

Hydro could be included in criminal or civil proceedings related to, among others, product liability, environment, health and safety, anti-competitive, anti-corruption or other integrity legislation or other forms of commercial disputes which could have a material adverse effect on Hydro. Violation of applicable laws and regulations could result in substantial fines or penalties, costs of corrective works and, in rare instances, the suspension or shutdown of Hydro's operations. Such proceedings, liabilities or actions could have a material adverse effect on Hydro's business, financial condition, operating results and/or cash flows.

Hydro may be subject to misconduct by its employees.

Hydro may be subject to misconduct by its employees, such as theft, bribery, violation of laws or other illegal actions. Any such misconduct may lead to fines or other penalties and may have a material adverse effect on Hydro's reputation and business.

Hydro may be subject to unforeseen liabilities for environmental damage.

Environmental laws may impose clean-up liability on owners and occupiers of contaminated property, including, but not limited to, past or divested properties, regardless of whether the owners and occupiers caused the contamination or whether the activity that caused the contamination was lawful at the time it was conducted. Many of Hydro's present and former operations are and were located on properties with a long history of industrial use. Any liability imposed on Hydro with regard to environmental damages may lead to significant losses for Hydro and consequently have a material adverse effect on Hydro's future business, financial condition, operating results and/or cash flows.

Hydro may not be able to maintain sufficient insurance to cover all risks related to its operations.

Hydro's business is subject to a number of risks and hazards, including, but not limited to, environmental conditions, industrial accidents, labor disputes and changes in the regulatory environment. Such occurrences could result in damage to properties and production facilities, personal injury or death, environmental damages, monetary losses and possible legal liability. Although Hydro maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with Hydro's operations. Hydro may also be unable to maintain insurance to cover these risks at economically feasible premiums. Any material risks in respect of which Hydro does not have sufficient insurance coverage may result in a material adverse effect on its financial condition, operating results and/or cash flows.

Hydro may be subject to liabilities relating to businesses transferred to successor companies.

Hydro has certain joint liabilities under Norwegian statutory regulations following from demergers. Under Section 14-11 of the Norwegian Public Limited Companies Act, Hydro and Statoil ASA are for example jointly liable for liabilities accrued by the business transferred to Statoil ASA before the demerger date of 1 October 2007. This statutory liability is unlimited in time, but is limited in amount to the net value allocated to the non-defaulting party in the demerger. Similarly, Hydro and Yara International ASA are jointly liable for liabilities accrued by the business transferred to Yara International ASA before the demerger date of 24 March 2004 on the same conditions. Any liability arising from the demergers may lead to losses for Hydro, having a material adverse effect on its financial condition, operating results and/or cash flows.

2.2 Risks Relating to Vale Aluminium and the Combined Group

Risks related to doing business in Brazil.

Vale Aluminium is located in Brazil. Investing in Brazil may create exposure to an economic structure that is generally less diverse and mature than the geographic distribution of Hydro's current business and may involve increased risks of:

- severe inflation;
- fluctuation in currency and interest rates;
- changing laws and judicial interpretations;
- disputes over ownership of land and other property; and
- diverging financial, commercial or disclosure practices.

Laws and regulations, particularly involving taxation, foreign investment and trade, title to land and mining rights, and transfer of title that are applicable to the Combined Group's activities can change more frequently than in some other market economies. Applicable law may be subject to varying interpretations and may at any time be amended, modified, repealed or replaced in a manner materially adverse to the interests of the Combined Group. Environmental regulation in Brazil has become stricter in recent years, and it is possible that more regulation or more strict enforcement of existing regulations could adversely affect the Combined Group following completion of the Transaction by imposing restrictions on the Combined Group's activities, creating new requirements for the issuance or renewal of environmental licenses, raising the Combined Group's costs or requiring the Combined Group to engage in expensive reclamation efforts. There can be no assurance that the above factors will not have a material adverse effect on the Combined Group.

The Brazilian government has exercised in the past, and may in the future continue to exercise, significant influence over the Brazilian economy. Brazilian political and economic conditions may have a direct impact on Vale Aluminium.

The conduct of the aluminium business in Brazil may be affected by political instability and government regulations relating to the aluminium industry. Any changes in these factors are beyond the control of the Combined Group and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation and mine safety.

The Brazilian government has in the past intervened in the Brazilian economy and has occasionally made substantial changes in policy. There can be no certainty it will not do so in the future. The Brazilian government's actions to control inflation and effect other policies have often involved, among other things, wage and price controls, currency devaluations, foreign exchange regulations, capital controls and limits on imports.

Actual or potential political changes and changes in economic policy may undermine investor confidence, result in economic slowdowns and otherwise adversely affect the economic and other conditions under which Vale Aluminium operates in ways that could have a material adverse effect on the Combined Group's business, financial condition, operating results and/or cash flows.

The mining and alumina refinery activities of Vale Aluminium depend on title to mineral concessions and authorizations of regulatory agencies. Changes in regulations could have a material adverse effect on Hydro's financial position.

Vale Aluminium's mining and alumina refinery operations in Brazil depend on authorizations and concessions by regulatory agencies of the Brazilian government. Vale Aluminium's exploration, mining and alumina refinery operations are also subject to Brazilian laws and regulations, which may change from time to time. If these laws and regulations change in the future, modifications to Vale Aluminium's technologies and operations could be required, and Vale Aluminium could be required to make unbudgeted capital expenditures, which could lead to an increase in Vale Aluminium's cost base, reduce profitability and/or adversely impact cash flows.

The acquisition of title to mineral concessions in Brazil is a very detailed and time-consuming process. Failure to comply with the requirements of the Brazilian Department of Mines with respect to exploration permits and mining concessions may result in a loss of title. Third parties (including indigenous persons) may dispute Vale Aluminium's title to mineral concessions or the right of Vale Aluminium to conduct mining or exploration activities. In addition, such properties may be subject to undetected or undisclosed defects. Any loss of title, prevailing third party claim or defects in the properties may have a material adverse effect on the Combined Group's business, financial condition, operating results and/or cash flows.

Reserve estimates may materially differ from mineral quantities that the Combined Group is able to actually recover; estimates of mine life may prove inaccurate; and market price fluctuations and changes in operating and capital costs may render certain reserves uneconomical to mine.

The bauxite reserves in Vale Aluminium and the estimated quantities of bauxite that Hydro expects can be economically mined and processed are subject to material uncertainties. There are numerous uncertainties inherent in estimating quantities of reserves and in projecting potential future rates of mineral production, including many factors beyond Hydro's control such as geological irregularities, inconsistent depth and varying levels of accessibility. Reserve engineering involves estimating deposits of minerals that cannot be measured in an exact manner, and the accuracy of any reserve estimate is a function of the quality of available data and engineering and geological interpretation and judgment. As

a result, no assurance can be given that the indicated amounts will be recovered or that it will be recovered at the rates Hydro anticipates. Estimates of different engineers may vary, and results of mining and production subsequent to the date of an estimate may lead to revision of estimates. Reserve estimates and estimates of mine life may require revision based on actual production experience and other factors. For example, fluctuations in the market prices of minerals and metals, reduced recovery rates or increased operating and capital costs due to inflation, exchange rates or other factors may render proven and probable reserves uneconomic to exploit and may ultimately result in a restatement of reserves.

Operating and capital costs associated with the Paragominas slurry pipeline may not be in accordance with the Company's assumptions.

The 240 km long bauxite slurry pipeline from the Paragominas mine to the Alunorte refinery (which is also intended to facilitate the delivery of bauxite to the CAP project following its construction) is the first of its kind in the world for transport of bauxite slurry. While the Company has investigated the operational performance and costs associated with the pipeline, technical difficulties and/or increased operational or capital costs may render the Company's assumptions inaccurate which could have a material adverse effect on the value to be derived from the Transaction and the Combined Group's business, financial condition, operating results and/or cash flows.

Operating and capital costs associated with the Paragominas mine may be unpredictable.

Costs associated with operating a mine may be unpredictable and may increase rapidly as a result of, among others, unanticipated capital expenditure requirements, production interruptions or delays, increased or new license requirements and fees, new or increased royalties and/or indirect taxes, increased labor costs, changes or variations in geologic conditions, environmental hazards and weather and other natural phenomena, mining and processing equipment failures and unexpected maintenance problems and interruptions due to transportation delays. Such cost increases may be material and beyond the Combined Group's control and may have a material adverse effect on its business, financial condition, operating results and/or cash flows. Such cost increases may reduce or eliminate the expected benefits of securing the Combined Group's raw material requirements for this critical element of the production process.

Major development projects which are part of the Transaction are subject to the risk of increased costs or delay that prevent their successful implementation.

CAP and Paragominas represent development projects or have the potential to be expanded. A material delay in realizing such development or expansion projects or material technical, environmental, or regulatory issues or problems relating to such projects could have a material adverse effect on the value associated with these assets.

The Transaction increases the exposure of Hydro's reported results and competitive position to changes in currency exchange rates.

Following completion of the Transaction, the Combined Group will be significantly exposed to the relative value of the Brazilian Real, which may have a material adverse effect on the Company's financial condition, operating results and/or cash flows.

2.3 Risks Relating to the Transaction

The Transaction may not be completed or may not be completed in the manner described in this Prospectus if certain conditions to closing are not satisfied.

On 2 May 2010, the Company entered into the Sale and Contribution Agreement with Vale and Vale Austria Holdings relating to Vale Aluminium. Completion of the Transaction is subject to the satisfaction or waiver of certain conditions set out in the Sale and Contribution Agreement, see Section 5 (The

Transaction, the Private Placement and the Consideration Shares). If any of such conditions are not satisfied or waived in the manner contemplated by the Sale and Contribution Agreement, the Transaction may not be completed, or may not be completed in the manner contemplated by this Prospectus. In particular, if one or more of such conditions cannot be satisfied or waived, the Company could seek to negotiate with Vale Austria Holdings and Vale certain amendments to the Sale and Contribution Agreement. Such amendments, if agreed, could materially change the terms and conditions of the Transaction and/or reduce the benefits of the Transaction for the Company. In addition, in order to obtain certain approvals or consents required in connection with the Transaction, the Company may decide, or be obliged, to enter into certain agreements, commitments or undertakings with regulatory authorities or other third parties, the terms of which may reduce the benefits of the Transaction for the Company.

The Group will incur acquisition-related costs in connection with the Transaction.

The Company has incurred and will incur substantial transaction costs and expenses in connection with the Transaction. Moreover, management resources may be diverted in an effort to complete the Transaction. If the Transaction is not completed, the Company will have incurred significant costs (including, in certain circumstances, the payment of a "break fee" to Vale Austria Holdings) for which it will have received little or no benefit. Furthermore, if the Transaction is not completed, the Company may experience negative reactions from the financial markets, the media and its shareholders, potential investors, customers, employees and other stakeholders. Each of these factors may materially and adversely affect the trading price of the Shares and could have a material adverse effect on Hydro's business, financial condition, operating results and/or cash flows.

Hydro will be required to incur and/or assume significant financial obligations in connection with the Transaction, some of which will need to be refinanced by 31 December 2013.

In connection with the Transaction, (i) Hydro is obliged to acquire from Vale and Vale International SA all of their respective rights and obligations in respect of certain shareholder loans advanced by Vale and Vale International SA to Alunorte and Albras (US\$540 million owing at 31 December 2009) and (ii) certain loans advanced to Alunorte and Albras by financial institutions may need to be prepaid and/or refinanced at or following completion of the Transaction (US\$559 million owing at 31 December 2009). Vale has agreed to make available to the Company a US\$852 million loan facility for the purpose of refinancing in full (or in part) such loans, the borrowings under which must be repaid in full by 31 December 2013. The amount available to be borrowed under such facility may not be sufficient to purchase and/or refinance all indebtedness of Alunorte and Albras that is or may be required to be purchased by Hydro and/or pre-paid by Alunorte and Albras (including the pro-rata portion of such indebtedness that would need to be funded by shareholders of such companies other than Vale, including, in the case of Alunorte, an affiliate of Hydro). There can be no assurance that the Company will be able to refinance its borrowings from Vale on or before 31 December 2013, or that the terms of any refinancing indebtedness will not result in materially higher financing costs and/or be on terms and conditions that are materially less advantageous to Hydro than those applicable to the facility made available by Vale.

Even if the Transaction is completed, the Group may face additional risks and challenges as a result of integrating Vale Aluminium into its existing business.

Even if the Transaction is completed, it may not improve, and may even adversely affect, the results of operations of Hydro, and the integration of Vale Aluminium into Hydro's existing business may expose Hydro to additional risks and losses unknown as of the date of this Prospectus. Hydro's ability to benefit from enhanced business opportunities is dependent on business conditions in future periods that cannot be predicted or measured with certainty.

Hydro cannot be certain that the integration of Vale Aluminium into its existing business will result in the expected benefits from anticipated business opportunities, revenue enhancements or growth levels or that such results can be achieved in the timeframe expected. Future business conditions and events may reduce, eliminate or delay Hydro's ability to realize them.

Hydro has not previously controlled or operated a mine as part of its business and, as a result, it may have limited managerial and technical know-how and other resources that can be directly applied to manage the operations of the Paragominas mine. This may result in a delay or failure to realize the full value of Vale Aluminium and/or to integrate the Paragominas mine into Hydro's existing business. Hydro may also be required to allocate additional managerial resources to manage the operations of the Paragominas mine, which may divert attention and resources from other parts of its business.

Further, the growth and operating strategies for the Combined Group may not be successful. Hydro may fail to realize the anticipated benefits of the Transaction due to integration and other challenges, including, but not limited, to:

- complications consolidating corporate and administrative infrastructures, including information technology, communications and other systems;
- difficulties with retaining employees;
- inability to coordinate research and development, marketing and other functions;
- potential disruption of ongoing businesses or inconsistencies in standards, controls, procedures and policies which could have a material adverse effect on the ability to maintain relationships with customers, suppliers, distributors or creditors;
- diversion of management's attention and resources from ongoing business concerns; and
- difficulties mitigating contingent and assumed liabilities.

The inability to benefit from business opportunities, experience revenue and overall growth or to meet the expected cost of integrating Vale Aluminium, or inability to achieve them within the expected timeframe, could have a material adverse effect on Hydro's business, financial condition, operating results and/or cash flows.

The unaudited pro forma condensed combined financial information included in this Prospectus may not necessarily reflect what the results of operations, financial condition and cash flows of the Combined Group would have been for the same period.

Some of the operating and financial information for the Combined Group presented in this Prospectus has been derived from the unaudited condensed combined financial statements and accounting records of Vale and certain of its subsidiaries in respect of Vale Aluminium and, therefore, does not necessarily reflect what the results of operations and financial condition of the Combined Group would have been had Vale Aluminium been operated by Hydro in the relevant period, nor does the financial information on Vale Aluminium or the unaudited pro forma condensed combined financial information included in Section 9 (Unaudited Pro Forma Condensed Combined Financial Information) necessarily reflect what the results of operations, financial condition and cash flow of Vale Aluminium or the Combined Group would have been had they been operated as a group in the relevant periods.

Other than Hydro's existing minority interests in CAP, Alunorte and MRN, Hydro and Vale Aluminium have been operating their respective business operations separately prior to the Transaction. There is no prior history as a combined entity and their operations have not previously been managed on a combined basis. Furthermore, the combined operating and financial information for the Combined Group presented in this Prospectus has been prepared for the purpose of illustratively presenting, as far as practicable, the financial position and results of operations of the Combined Group. This required the aggregation of financial information of the entities which make up the Combined Group, the elimination

of intercompany transactions and balances and other adjustments. See Section 9 (Unaudited Pro Forma Condensed Combined Financial Information) for details. The unaudited pro forma condensed combined financial information presented in this Prospectus may, accordingly, not reflect what the Combined Group's financial position and results of operations would have been had Hydro and Vale Aluminium operated on a combined basis and may not be indicative of what the Combined Group's results of operations and financial position will be in the future.

If the Transaction is not completed, or if completed there are any excess proceeds not used to complete the Transaction, any alternative uses for such proceeds of the Rights Issue may not be effective.

Completion of the Transaction is subject to a number of conditions and, if the Transaction is not completed for any reason, the Company will have broad discretion over the use of the net proceeds expected to be raised in the Rights Issue. Since the primary purpose of the Rights Issue would be to provide funds to pay the consideration for the Transaction and related fees and expenses, the Company has not identified a specific use for the proceeds in the event the Transaction is not completed. Additionally, it is expected that the Rights Issue will raise proceeds in excess of those required for completion of the Transaction. If the Transaction is not completed, the Company expects to use the net proceeds from the Rights Issue (or if the Transaction is completed any excess proceeds) for general corporate purposes, which may include, without limitation, the financing of future acquisitions, strategic combinations, capital expenditures, additions to working capital, repayment or refinancing of debt or share repurchases. The failure of the Company to use the net proceeds from the Rights Issue (where the Transaction does not complete) or the excess proceeds (if the Transaction does complete) effectively could have a material adverse effect on the Company's business and the Company's earnings per Share.

2.4 Risks Relating to the Shares

The market value of the Shares may fluctuate significantly and may not reflect Hydro's underlying asset value or, following completion of the Transaction, the underlying asset value of the Combined Group.

An investment in the Shares may decrease in market value as well as increase. The market value of the Shares can fluctuate significantly and may not always reflect the underlying asset value. A number of factors outside Hydro's control may impact its performance and the price of the Shares. Such factors include, but are not limited to, a change in market sentiment regarding the Shares, the Group, the Transaction, the operating and share price performance of other companies in the industry and markets in which Hydro operates. Changes in market sentiment may be due to speculation about Hydro's business in the media or investment community, changes to Hydro's profit estimates, the publication of research reports by analysts and changes in general market conditions. If any of these factors actually occurs, this may have a material adverse effect on the pricing of the Shares.

Hydro's ability to pay dividends is dependent on the availability of distributable reserves.

Norwegian law provides that any declaration of dividends must be adopted by Hydro's general meeting of shareholders. Dividends may only be declared to the extent that Hydro has distributable funds and Hydro's Board of Directors finds such a declaration to be prudent in consideration of the size, nature, scope and risks associated with Hydro's operations and the need to strengthen its liquidity and financial position. As Hydro's ability to pay dividends is dependent on the availability of distributable reserves, it is, among other things, dependent upon receipt of dividends and other distributions of value from its subsidiaries and the companies in which Hydro has invested.

As a general rule, the Company's general meeting of shareholders may not declare higher dividends than the Board of Directors has proposed or approved. If, for any reason, the general meeting of shareholders does not declare dividends in accordance with the above, a shareholder will, as a general rule, have no

claim in respect of such non-payment, and Hydro will, as a general rule, have no obligation to pay any dividend in respect of the relevant period.

Beneficial owners of Shares that are registered in a nominee account will not be able to vote for such Shares unless their ownership is re-registered in their names in the VPS prior to the general meeting.

Beneficial owners of Shares that are registered in a nominee account (e.g. through brokers, dealers or other third parties) will not be able to vote for such Shares unless their ownership is re-registered in their names in the VPS prior to the general meetings. Similarly, any holders of the Company's American Depositary Receipts ("**ADRs**") who wish to vote at a general meeting of shareholders, must withdraw the underlying Shares from the depositary and register such Shares directly in the VPS. Hydro cannot guarantee that beneficial owners of the Shares, or holders of the ADRs, will receive the notice for a general meeting in time to instruct their nominees to either effect a re-registration of their Shares, or to instruct the depositary to effect a withdrawal of their Shares from the ADR program, or otherwise vote their Shares in the manner desired by such beneficial owners or ADR holders.

Any future share issues may have a material adverse effect on the market price of the Shares.

Hydro has no current plans for a subsequent offering of Shares other than the Rights Issue and the issue of the Consideration Shares. However, it is possible that Hydro may decide to offer additional Shares in the future in order to strengthen its capital base or for other reasons. Any additional offering of Shares may be made at a significant discount to the prevailing market price and could have a material adverse effect on the market price of the outstanding Shares.

Shareholders will be diluted if they are unable or unwilling to participate in future share issuances, and will in any event be diluted as a result of the pre-emptive rights of Certificate Holders in future share issuances against cash, as well as from the issuance of the Consideration Shares to Vale Austria Holdings and other share issuances in private placements.

Unless otherwise resolved by the general meeting, shareholders in Norwegian public limited companies, such as Hydro, have pre-emptive rights proportionate to the aggregate number of Shares they hold with respect to any new Shares issued against consideration in cash. Due to regulatory requirements under foreign securities laws or other factors, foreign investors may be unable to participate in a new issuance of Shares or other securities. Any investor that is unable or unwilling to participate in Hydro's future share issuances will have their percentage shareholding diluted.

Further, in accordance with the Articles of Association of Hydro, the holders of the Founder Certificates and the Subscription Certificates are, as a general rule, entitled to participate in any future new issuance of Shares against consideration in cash, with a pre-emptive right to subscribe for 0.83 percent and 2.79 percent, respectively, of the new Shares to be issued. Consequently, existing shareholders that do not over-subscribe or are not allocated Shares pursuant to such over-subscription, will have their percentage of shareholding diluted.

Shareholders will also be diluted as a result of the issuance of the Consideration Shares to Vale Austria Holdings.

Certain transfer and selling restrictions may limit shareholders' ability to sell or otherwise transfer their Shares.

The Shares have been admitted to public trading in Norway and the United Kingdom but Hydro has not registered the Shares under the U.S. Securities Act or securities laws of other jurisdictions, including Canada, Australia and Japan, and it does not expect to do so in the future. The Shares may not be offered or sold in the United States, Canada, Australia, Japan or in any other jurisdiction in which the

registration or qualification of the Shares is required but has not taken place, unless an exemption from the applicable registration or qualification requirement is available or the offer or sale of the Shares occurs in connection with a transaction that is not subject to such provisions. In addition, there can be no assurances that shareholders residing or domiciled in the United States or other jurisdictions will be able to participate in future capital increases or subscription rights.

Investors may be unable to recover losses in civil proceedings in jurisdictions other than Norway.

Hydro is a public limited company organized under the laws of Norway. The majority of the members of its corporate assembly (the "**Corporate Assembly**"), Board of Directors and Corporate Management Board reside in Norway. As a result, it may not be possible for investors to effect service of process in other jurisdictions upon such persons or Hydro, to enforce against such persons or Hydro judgments obtained in non-Norwegian courts, or to enforce judgments on such persons or Hydro in other jurisdictions.

Norwegian law may limit shareholders' ability to bring an action against the Company.

The rights of holders of the Shares are governed by Norwegian law and by the Articles of Association. These rights may differ from the rights of shareholders in other jurisdictions. In particular, Norwegian law limits the circumstances under which shareholders of Norwegian companies may bring derivative actions. For instance, under Norwegian law, any action brought by Hydro in respect of wrongful acts committed against Hydro will be prioritized over actions brought by shareholders claiming compensation in respect of such acts. In addition, it may be difficult to prevail in a claim against the Company under, or to enforce liabilities predicated upon, securities laws in other jurisdictions.

Following completion of the Rights Issue and the Transaction, substantial share ownership will remain concentrated in the hands of a few shareholders, and future sales of Shares by such shareholders could have a material adverse effect on the market price of the Shares.

Following completion of the Rights Issue and the Transaction, the three largest shareholders of the Company will hold approximately 61 percent of the total share capital of the Company. As a result of this concentration of share ownership, these shareholders will be in a position, irrespective of the voting behavior of the other shareholders, to exert substantial influence over key decisions concerning the business of the Company, including the future composition of the Board of Directors and the members of the Company's management team. Furthermore, any future sales of Shares by such shareholders could have a material adverse effect on the market price of the Shares.

2.5 Risks Relating to the Rights Issue

Existing Shareholders who do not participate in the Rights Issue may experience significant dilution in their shareholding, and may in any event be diluted as a result of the pre-emptive rights of Certificate Holders, and Certificate Holders who do not participate in the Rights Issue may not be able to extract the full value of their entitlements.

Subscription Rights that are not exercised by the end of the Subscription Period will automatically lapse without compensation to the holder. To the extent that an Existing Shareholder does not exercise its Subscription Rights prior to the expiry of the Subscription Period, whether by choice or due to a failure to comply with procedures set forth in Section 6 (The Rights Issue), or to the extent that an Existing Shareholder is not permitted to subscribe for Offer Shares as further described in Section 20 (Restrictions on Sale and Transfer), such Existing Shareholder's proportionate ownership and voting interests in the Company after the completion of the Rights Issue will be diluted. Even if an Existing Shareholder elects to sell its unexercised Subscription Rights, or such Subscription Rights are sold on its behalf, the consideration it receives on the trading market for the Subscription Rights may not reflect the immediate dilution in its shareholding as a result of the completion of the Rights Issue. Further, due to

the Subscription Rights granted in respect of the Certificate Holders, the Existing Shareholders will be diluted even if they participate in the Rights Issue, unless such Existing Shareholders based on over-subscription or subscription on the basis of acquired Subscription Rights are allocated Offer Shares in excess of the number of Subscription Rights initially granted to them. Existing Shareholders will also be diluted as a result of the issuance of the Consideration Shares to Vale Austria Holdings.

Certificate Holders who do not participate in the Rights Issue may for the above reasons not be able to extract the full value of their entitlements.

An active trading market in Subscription Rights may not develop on the Oslo Stock Exchange and/or the market value of the Subscription Rights may fluctuate.

An active trading market in the Subscription Rights may not develop on the Oslo Stock Exchange. In addition, because the trading price of the Subscription Rights depends on the trading price of the Shares, the price of the Subscription Rights may be volatile and subject to the same risks as described for the Shares elsewhere in this Prospectus. The existing volatility of the Shares may also have an effect on the volatility of the Subscription Rights.

The sale of Subscription Rights by or on behalf of Existing Shareholders or Certificate Holders may result in a reduction in the market price of the Subscription Rights and the Shares and increased volatility in the Shares.

Certain Existing Shareholders and Certificate Holders may be unable to take up and exercise their Subscription Rights as a matter of applicable law. The Subscription Rights of such Existing Shareholders, with the exception of Subscription Rights held through financial intermediaries, may be sold on their behalf in the market by DnB NOR Markets pursuant to instructions from the Company, as further described in Section 6.9 (The Rights Issue–Subscription Rights), but no assurance can be given as to whether such sales may actually take place or as to the price that may be achieved. Furthermore, the Subscription Rights of Certificate Holders who claim their Subscription Rights, but are in the Company's view not entitled to subscribe for Offer Shares as a matter of applicable law, may be sold by the Company or someone instructed by the Company. Other holders of Subscription Rights may also choose not to exercise their Subscription Rights and therefore sell them in the market. The sale of Subscription Rights by or on behalf of holders of such rights could cause significant downward pressure on, and may result in a substantial reduction in, the price of the Subscription Rights and the Shares.

If the Rights Issue is withdrawn, the Subscription Rights will no longer be of value.

The Rights Issue may be withdrawn if the conditions for the Underwriting Agreement (including, but not limited to, the condition in the Underwriting Agreement that the Norwegian Government subscribes for its pro rata share of the Rights Issue) are not met or waived or if the Underwriting Agreement is terminated for any reason (including, but not limited to, termination by the Company if the Sale and Contribution Agreement no longer remains in full force and effect). See Section 6.21 (The Rights Issue–The Underwriting) below for a description of the Underwriting Agreement.

If the Rights Issue is withdrawn, all Subscription Rights will lapse without value, subscriptions for, and allocations of, Offer Shares that have been made will be disregarded and any subscription payments made will be returned without interest or any other compensation. The lapsing of Subscription Rights would be without prejudice to the validity of any trades in Subscription Rights, and investors would not receive any refund or compensation with respect to Subscription Rights purchased in the market.

Shareholders outside of Norway are subject to exchange rate risk.

The Subscription Rights and the Offer Shares are priced in NOK, and any future payments of dividends on the Offer Shares are expected to be denominated in NOK. Accordingly, investors outside of Norway are subject to adverse movements in NOK against their local currency as the foreign currency equivalent of any dividends paid on the Offer Shares or received in connection with any sale of the Offer Shares could be adversely affected.

3 RESPONSIBILITY STATEMENT

The Board of Directors accepts responsibility for the information contained in this Prospectus. The members of the Board of Directors confirm that, to the best of their knowledge and after having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and contains no omissions likely to affect its import.

Oslo, 21 June 2010

The Board of Directors of Norsk Hydro ASA

Terje Vareberg
Chairperson

Bente Rathe
Deputy chairperson

Billy Fredagsvik

Finn Jebsen

Inge K. Hansen

Sten Roar Martinsen

Jørn B. Lilleby

Liv Monica Bargem Stubholt

Eva Persson

4 GENERAL INFORMATION

4.1 Important Investor Information

In making an investment decision, investors must rely on their own examination of the Company and of the Rights Issue, including the merits and risks involved, and investors must only rely on the information contained in this Prospectus, any supplement to this Prospectus and any notices required under the rules of the Oslo Stock Exchange that are published by the Company and expressly amend this Prospectus.

Unless otherwise indicated, the information contained herein is as of the date hereof and the information subject to change, completion or amendment without notice. There may have been changes affecting the Group, Vale Aluminium, the Combined Group, the Rights Issue and/or the Transaction subsequent to the date of this Prospectus. Every significant new factor, material mistake or inaccuracy that is capable of affecting the assessment of the Shares arising after the time of approval of this Prospectus and before the listing of the Offer Shares and the Consideration Shares on the Oslo Stock Exchange will be published and announced promptly as a supplement to this Prospectus in accordance with Section 7-15 of the Norwegian Securities Trading Act. Neither the publication nor distribution of this Prospectus shall under any circumstances create any implication that there has been no change in the Company's affairs since the date hereof or that the information set forth in this Prospectus is correct as of any time since its date.

Unless otherwise indicated, the source of information included in this Prospectus is the Company. The contents of this Prospectus shall not be construed as legal, business or tax advice. Each reader of this Prospectus should consult its own legal, business or tax advisor as to legal, business or tax advice. If the reader is in any doubt about the contents of this Prospectus, a stockbroker, bank manager, lawyer, accountant or other professional advisor should be consulted. The Company has furnished the information in this Prospectus. Citigroup Global Markets Limited, DnB NOR Bank ASA, DnB NOR Markets and BNP PARIBAS (collectively, the "**Joint Global Coordinators**" and/or "**Joint Bookrunners**") and Commerzbank Aktiengesellschaft, Nordea Bank Norge ASA, Skandinaviska Enskilda Banken AB (publ) and Société Générale (collectively, the "**Co-Managers**") make no representation or warranty, expressed or implied, as to the accuracy or completeness of such information, and nothing contained in this Prospectus is, nor shall be relied upon as, a promise or representation by the Joint Global Coordinators or the Co-Managers.

In the ordinary course of their respective businesses, the Joint Global Coordinators and the Co-Managers and certain of their respective affiliates have engaged, and may continue to engage, in investment and commercial banking transactions with the Group.

Without limiting the manner in which the Company may choose to make any public announcements, and subject to the Company's obligations under applicable law, announcements relating to the matters described in this Prospectus will be considered to have been made once they have been received by the Oslo Stock Exchange and distributed through its information system. The Company's announcements through the Oslo Stock Exchange information system will also automatically be published through the London Stock Exchange information system.

For the definitions of terms used throughout this Prospectus, see Section 22 (Definitions Used in the Prospectus).

4.2 Presentation of Financial Information, Industry and Market Data and Other Sourced Information

The financial information contained in this Prospectus relating to Hydro has been derived from the audited consolidated financial statements as of, and for the years ended, 31 December 2009, 2008 and

2007, and from Hydro's unaudited condensed consolidated financial statement as of, and for the three months ended, 31 March 2010 and 31 December 2009 (with comparable figures as of, and for the three months ended, 31 March 2009 and 31 December 2008, respectively), as incorporated by reference in this Prospectus (see Section 21.7 (Additional Information–Incorporation by Reference)). The financial statements for the Group as of, and for the years ended, 31 December 2009, 2008 and 2007, and as of, and for the three months ended, 31 March 2010 and 31 December 2009 (with comparable figures as of, and for the three months ended, 31 March 2009 and 31 December 2008, respectively) have been prepared in accordance with the International Financial Reporting Standards ("**IFRS**") as adopted by the European Union (the "**EU**"). The financial statements as of, and for the years ended, 31 December 2009, 2008 and 2007 have been audited by Deloitte. The Group's condensed consolidated financial statement as of, and for the three months ended, 31 March 2010 and 31 December 2009 (with comparable figures as of, and for the three months ended, 31 March 2009 and 31 December 2008, respectively) have not been audited.

The financial information contained in this Prospectus relating to Vale Aluminium has been derived from Vale's audited consolidated financial statements as of, and for the years ended, 31 December 2009, 2008 and 2007 and from the unaudited consolidated financial statements as of, and for the three months ended, 31 March 2010 and 2009, which have been prepared in conformity with the accounting principles generally accepted in the United States of America ("**U.S. GAAP**"), as well as certain other sources as further described herein. The unaudited condensed financial information for the historical operations, assets and liabilities included in Vale Aluminium has been prepared by Vale management.

This Prospectus also includes unaudited pro forma condensed combined financial information giving effect to the Transaction, as if the Transaction had been completed on (i) 31 December 2008 for purposes of the statement of income for the year ended 31 December 2009, (ii) 31 December 2009 for purposes of the statement of income for the three months ended 31 March 2010 and (iii) 31 March 2010 for purposes of the statement of financial position as of 31 March 2010. The unaudited pro forma condensed combined financial information has been prepared on a basis consistent with IFRS and has been based on financial information derived from the audited consolidated financial statements of Hydro as of, and for the year ended, 31 December 2009 and the unaudited condensed consolidated financial statements of Hydro as of, and for the three months ended, 31 March 2010, and the unaudited condensed combined financial information for Vale Aluminium as of, and for the year ended, 31 December 2009 and the unaudited condensed combined financial information for Vale Aluminium as of, and for the three months, ended 31 March 2010. The unaudited pro forma condensed combined financial information does not necessarily represent the financial position or results of operations of the Combined Group had the completion of the Transaction in fact occurred on such dates or at the beginning of such periods and is not necessarily indicative of the financial position or results of operations of Hydro for any future date or period. The unaudited pro forma condensed combined financial information does not include all of the information required for financial statements under IFRS and should be read in conjunction with the consolidated financial statements of Hydro as of, and for the year ended, 31 December 2009. See Section 13 (Selected Consolidated Financial and Other Data). Further, the unaudited pro forma condensed combined financial information should be read in conjunction with the unaudited condensed combined financial information for Vale Aluminium included in Section 8.5 (Brief Description of Vale Aluminium–Selected Financial Information). See also Section 9 (Unaudited Pro Forma Condensed Combined Financial Information).

Unless otherwise stated herein, the financial information set out in this Prospectus is unaudited.

This Prospectus also contains information sourced from third parties. The Company confirms that the information provided by third parties has been accurately reproduced. As far as the Company is aware, and has been able to ascertain from information published by such third parties, no facts have been

omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used. This Prospectus contains market data, industry forecasts and other information published by third parties, including information related to the sizes of markets in which the Group operates. The information has been extracted from a number of sources. The Company has estimated certain market share statistics using both its internal data and industry data from other sources. Although the Company regards these sources as reliable, the information contained in them has not been independently verified. Therefore, the Company does not guarantee or assume any responsibility for the accuracy of the data, estimates, forecasts or other information taken from the sources in the public domain. This Prospectus also contains assessments of market data and information derived therefrom that could not be obtained from any independent sources. Such information is based on the Company's own internal assessments and may therefore deviate from the assessments of competitors of the Company or future statistics by independent sources.

Unless otherwise indicated, all references in this Prospectus to "**Norwegian kroner**" or "**NOK**" are to the lawful currency of Norway; all references to "**U.S. dollars**" or "**US\$**" are to the lawful currency of the United States of America; all references to "**Brazilian Real**" or "**R\$**" are to the lawful currency of Brazil; and all references to "**Euro**" or "**EUR**" are to the lawful common currency of the EU member states who have adopted the Euro as their sole national currency.

Some figures included in this Prospectus have been subject to rounding adjustments. As a result of this rounding, the totals of data presented in this Prospectus may vary slightly from the actual arithmetic totals of such data.

4.3 Forward-Looking Statements

This Prospectus contains forward-looking statements relating to plans and expectations with regard to the business and operations of the Group, Vale Aluminium, the Transaction and the markets in which the Group and Vale Aluminium operate. Forward-looking statements include all statements that are not historical facts, and may be identified by words such as "anticipates", "believes", "expects", "intends", "plans", "projects", "seeks", "should", "will" or "may", or the negatives of these terms or similar expressions. These statements appear in a number of places in this Prospectus, including in Section 2 (Risk Factors), Section 7 (Business Description of Hydro), Section 8 (Brief Description of Vale Aluminium), Section 10 (Information Regarding Hydro after the Transaction), Section 11 (Dividends and Dividend Policy) and Section 14 (Operating and Financial Review) and include statements regarding the management of the Company's intent, belief or current expectations with respect to, among other things:

- strategies for the Combined Group's products, segments and businesses;
- sales volumes, price levels, costs and margins;
- the Combined Group's planned capacity increases and utilization rates;
- earnings, cash flows, dividends and other expected financial results and conditions;
- cash requirements and uses of available cash;
- financing plans;
- anticipated capital spending;
- growth opportunities;
- development, production, commercialization and acceptance of new products, services and technologies;
- assets and product portfolio changes;
- industry trends and developments in the markets in which the Group and Vale Aluminium operate; and
- legal proceedings.

These forward-looking statements are based on the Company's present plans, estimates, projections and expectations. They are based on certain expectations, which, even though they seem to be adequate at present, may turn out to be incorrect. No assurance can be given that the expectations expressed in these forward-looking statements will prove to be correct. Actual results could differ materially from expectations expressed in the forward-looking statements if one or more of the underlying assumptions or expectations proves to be inaccurate or is unrealized. Numerous factors may cause the Group's, Vale Aluminium's and/or the Combined Group's actual results to differ materially from historical or anticipated results, some of which are beyond the Group's control. Important factors that could cause those differences include, but are not limited to:

- the possibility that various conditions to the closing of the Transaction may not be satisfied or waived;
- the risk that the Transaction is not completed within the anticipated time period;
- the risk that the Company, for any reason, is unable to successfully complete the Rights Issue;
- the Company's ability to integrate successfully Vale Aluminium and the Company's other recent or future acquisitions or the risk that such integration may be more difficult, time-consuming or costly than expected;
- the risk that Vale Aluminium may be subject to liabilities of which the Company is unaware;
- the Company's ability to realize the anticipated benefits from the Transaction and within the expected timeframe;
- fluctuations in supply and demand, and therefore the price of the Group's and Vale Aluminium's products;
- the Group's ability to meet its debt service obligations;
- the impact of global recessionary conditions and the reactions of investors, national and transnational regulators and financial institutions;
- fluctuations in the price levels of aluminium, alumina, bauxite, energy and other essential raw materials;
- competition and actions by competitors and others affecting the global or regional market within the Group's and Vale Aluminium's industry, including changes to industry capacity, utilization and product pricing;
- fluctuations in foreign exchange and interest rates, particularly fluctuations in U.S. dollar exchange rates;
- effects of hedging raw material, energy costs, foreign currencies and interest rates;
- the impact of any counterparty defaults;
- the impact of a downgrade of Hydro's credit rating;
- the impact of any negative changes in reserves estimates;
- the impact of unsuccessful technological developments;
- the impact of any accidents on the Group's properties, the environment or the health of the Group's and Vale Aluminium's employees;
- the impact of changes to health, safety, environmental and other laws, regulations and policies;
- the impact of any legal proceedings;
- the impact of any liability transferred to successor companies;
- the impact of any labor disputes and adverse employee relations; and
- the loss of key management personnel.

Any forward-looking statements contained in this Prospectus should not be relied upon as predictions of future events.

Readers are cautioned not to place undue reliance on the forward-looking statements contained in this Prospectus, which represent the best judgment of the Company's management as of the date of this Prospectus. Except as required by applicable law, the Company does not undertake responsibility to

update these forward-looking statements, whether as a result of new information, future events or otherwise. Readers are advised, however, to consult any further public disclosures made by the Company, such as filings made with the Oslo Stock Exchange and the London Stock Exchange or the Company's press releases.

4.4 Exchange Rate Information

The following table sets forth, for the periods and dates indicated, certain information concerning the daily reference exchange rate published by the European Central Bank (the "**ECB Daily Reference Rate**") for NOK expressed in NOK per EUR 1, and the closing spot rate as determined by Bloomberg at 17:00 (New York time) (the "**Closing Spot Rate**"), for NOK expressed in NOK per US\$1, in each case, rounded to the nearest three decimal places. On 17 June 2010, the ECB Daily Reference Rate was NOK 7.871 per EUR 1 and the Closing Spot Rate was NOK 6.353 per US\$1. These rates may differ from the actual rates used in the preparation of the financial statements and other financial information appearing in this Prospectus. Inclusion of these exchange rates is not meant to suggest that such amounts could have been converted into NOK at any particular rate, if any. The following tables have been included solely for the purpose of convenience.

The following table illustrates the NOK/EUR exchange rates:

Year	High	Low	Average⁸	Period end
2005.....	8.431	7.737	8.047	7.985
2006.....	8.476	7.748	8.047	8.238
2007.....	8.368	7.649	8.017	7.958
2008.....	9.945	7.789	8.224	9.750
2009.....	9.695	8.284	8.689	8.300
2010 (through 17 June 2010).....	8.251	7.722	7.987	7.871
Months in 2010				
January.....	8.251	8.134	8.182	8.212
February.....	8.220	8.006	8.097	8.044
March.....	8.098	7.973	8.037	8.014
April.....	8.017	7.843	7.932	7.845
May.....	8.143	7.722	7.891	7.939
June (through 17 June 2010).....	7.982	7.818	7.890	7.871

⁸ The average rate is calculated based on the rate on each business day of the month for monthly averages, and on the last business day of each month for annual averages.

The following table illustrates the NOK/US\$ exchange rates:

Year	High	Low	Average⁸	Period end
2005.....	6.799	6.073	6.445	6.744
2006.....	6.835	5.988	6.411	6.236
2007.....	6.489	5.272	5.859	5.437
2008.....	7.223	4.964	5.649	6.954
2009.....	7.215	5.530	6.256	5.794
2010 (through 17 June 2010).....	6.707	5.609	6.083	6.353
Months in 2010				
January.....	5.927	5.609	5.740	5.927
February.....	5.987	5.835	5.916	5.910
March.....	6.100	5.821	5.921	5.942
April.....	5.978	5.853	5.914	5.905
May.....	6.583	5.937	6.307	6.460
June (through 17 June 2010).....	6.707	6.353	6.499	6.353

5 THE TRANSACTION, THE PRIVATE PLACEMENT AND THE CONSIDERATION SHARES

5.1 The Transaction and the Private Placement

On 2 May 2010, Hydro announced that it had entered into the Sale and Contribution Agreement with Vale and Vale Austria Holdings, pursuant to which it agreed to purchase from Vale Austria Holdings, and Vale Austria Holdings agreed to contribute to the Company, Vale Aluminium, representing substantially all of Vale's aluminium business (excluding Vale's interests in MRN), and consisting of:

- (i) a 60 percent shareholding in a newly-incorporated joint venture company ("**Paragominas**"), which will own Vale's interests in the Paragominas bauxite mine in Brazil;
- (ii) a 57.03 percent shareholding in ALUNORTE – Alumina do Norte do Brasil S.A. ("**Alunorte**"), which owns the Alunorte alumina refinery in Brazil;
- (iii) a 51 percent shareholding in ALBRAS – Alumínio Brasileiro S.A. ("**Albras**"), which owns the Albras aluminium smelter in Brazil;
- (iv) a 61 percent shareholding in Companhia de Alumina do Pará S.A. ("**CAP**"), which is developing an alumina refinery project in Brazil; and
- (v) rights of Vale and its subsidiaries in certain shareholders' agreements, shareholder loans, off-take agreements and other commercial agreements relating to the foregoing interests.

A further description of Vale Aluminium is included in Section 8 (Brief Description of Vale Aluminium) below.

At completion of the Transaction, Vale and Hydro will enter into or amend certain agreements which relate to Vale's bauxite entitlements from the bauxite mine owned by MRN located in the State of Para, Brazil. Specifically:

- (i) the term of the bauxite supply agreement between Vale and Alunorte, which commits Vale to supply Alunorte with a maximum volume of 6,774,000 mt of wet bauxite per year, shall be extended from and after its current expiry in 2019 on an "evergreen" basis on its existing terms. This agreement represents an important source of bauxite supply to the Alunorte alumina refinery; and
- (ii) Vale and Paragominas shall enter into a separate bauxite supply agreement pursuant to which Paragominas shall have the right and obligation to purchase from Vale certain additional volumes of bauxite. This agreement will provide Paragominas with additional security with respect to its obligation to supply bauxite to Alunorte and CAP.

As consideration for the sale and contribution of Vale Aluminium, Vale Austria Holdings shall at the completion of the Transaction receive:

- (i) newly issued Consideration Shares in Hydro, to be issued through the Private Placement, equal upon issue at completion to 22 percent of the outstanding share capital of Hydro;⁹ and
- (ii) a cash amount equal to approximately US\$1.1 billion (assuming net proceeds from the proposed Rights Issue of US\$1.75 billion), which amount is subject to an adjustment upwards

⁹ I.e. the total number of Shares less any Shares held in treasury by or pledged to Hydro.

(downwards) equal to 28.2 percent of any amount less (more) than the assumed US\$1.75 billion and the actual net proceeds in U.S. dollars from the Rights Issue; and

- (iii) customary post-completion adjustments relating to: interim period shareholder distributions to Vale by Alunorte and Albras; working capital and net debt of Paragominas; capital contributions made by Vale to and the net debt of CAP; and commercial agreement payables/receivables.

Completion of the Rights Issue is a condition to completion of the Transaction. Neither Vale nor Vale Austria Holdings are Existing Shareholders in the Company and they will not participate in the Rights Issue.

Completion of the Transaction is subject to the satisfaction or waiver of a number of conditions, including the following:

- (i) completion of the Rights Issue, raising net proceeds of between US\$1.0 billion and US\$2.0 billion;
- (ii) Hydro shall not have declared, paid or made a dividend or other distribution in respect of the Shares in excess of certain agreed amounts;
- (iii) election by Hydro's Corporate Assembly of an individual to be nominated by Vale Austria Holdings to the Board of Directors of Hydro (with effect from completion of the Transaction);
- (iv) the receipt of certain regulatory approvals, including merger control clearances and the grant of a share purchase concession to Vale Austria Holdings by the Norwegian Ministry of Petroleum and Energy;
- (v) the absence of any event or occurrence between 2 May 2010 and completion of the Transaction, other than certain market-related or other external events, that results in, or can be reasonably expected to result in, a diminution of the value of the business and assets of Vale Aluminium by not less than US\$1.5 billion or of the business and assets of Hydro by not less than US\$3 billion;
- (vi) completion of Vale's pre-completion reorganization of Vale Aluminium, including the receipt of applicable regulatory approvals relating to the transfer of bauxite mineral concessions from Vale to Paragominas; and
- (vii) the amendment of the by-laws of Albras.

5.2 Authorization to Issue the Consideration Shares

On 21 June 2010, the extraordinary general meeting of the Company passed the following resolution to grant to the Board of Directors an authorization to issue the Consideration Shares and increase the share capital of the Company in connection with the Private Placement (translated from Norwegian):

"1. The transaction contemplated by the sale and contribution agreement between the company, Vale S.A. and Vale Austria Holdings GmbH dated 2 May 2010 is approved and pursuant to Section 10-14 of the Norwegian Public Limited Companies Act, the Board of Directors is authorized to increase the share capital by up to NOK 502,061,962.536.

2. The authorization may only be used to issue shares to Vale Austria Holdings GmbH or to an affiliate of Vale Austria Holdings GmbH pursuant to the sale and contribution agreement dated 2 May 2010 between Vale S.A., Vale Austria Holdings GmbH and Norsk Hydro ASA, so that Vale Austria Holdings GmbH or

such affiliate of Vale Austria Holdings GmbH holds upon issue of such shares at completion of the transaction 22 percent of the outstanding shares of Norsk Hydro ASA, i.e. the total share capital of the company immediately following completion of the transaction contemplated by such agreement less any shares in Norsk Hydro ASA which are, at such time, owned by or pledged to Norsk Hydro ASA or any subsidiary of Norsk Hydro ASA.

3. The authority shall remain in force for a period of 2 years from the date of the extraordinary general meeting.

4. As a consequence of sub-item 2 above, the shareholders' pre-emptive rights pursuant to Section 10-4 of the Norwegian Public Companies Act may be set aside and the authority includes capital increases by way of contributions other than in cash and the right to incur special obligations in accordance with the Norwegian Public Limited Companies Act Section 10-2."

5.3 Issuance, Delivery and Listing of the Consideration Shares

The time of completion of the Transaction, and thus the time of the Board of Directors' resolution to issue the Consideration Shares, as well as the time of delivery of the Consideration Shares, is not known as of the date of this Prospectus, but the Company expects that this will take place in the fourth quarter of 2010. The Sale and Contribution Agreement provides that the completion date shall be no later than 31 December 2010, although, under certain circumstances the last completion date will be automatically extended to 30 June 2011. The issuance of the Consideration Shares will be disclosed through the Oslo Stock Exchange information system upon completion of the Transaction.

The exact number of Consideration Shares to be issued, and the subscription price for the Consideration Shares, shall be determined at the time of the issue of the Consideration Shares upon completion of the Transaction, such that the number of Consideration Shares to be issued shall correspond to 22 percent of the outstanding share capital of Hydro at that point in time, and the subscription price will be equal to the value of Vale Aluminium divided on such number of Consideration Shares. The value of the consideration in kind for which the Consideration Shares will be issued is estimated to NOK 18,387 million, see Section 9.4.3 (Unaudited Pro Forma Condensed Combined Financial Information–Description of the Pro Forma Adjustments–Purchase price estimation). The number of Consideration Shares to be issued and the subscription price will be disclosed through the Oslo Stock Exchange information system upon the issue at completion.

The Consideration Shares will be listed on the Oslo Stock Exchange under the same International Securities Identification Number ("**ISIN**") and ticker code as the Shares, i.e. ISIN NO 0005052605 and ticker code "NHY", as soon as the share capital increase pertaining to the Private Placement has been registered with the Norwegian Register of Business Enterprises and the Consideration Shares have been registered in the VPS. The admission of the Consideration Shares to the Official List and to trading on the London Stock Exchange, with the same ISIN and ticker code, will take place as soon as possible thereafter, and is expected to take place on or about the same day as the listing of the Consideration Shares on the Oslo Stock Exchange.

5.4 Standstill and Lock-Up Agreement

On 2 May 2010 Hydro, Vale and Vale Austria Holdings entered into a standstill and lock-up agreement (the "**Standstill and Lock-Up Agreement**"). Pursuant to the Standstill and Lock-Up Agreement, Vale and Vale Austria Holdings have agreed not to purchase or otherwise acquire, directly or indirectly (or through an affiliate), any right, title or interest in any Shares, or securities convertible or exchangeable into Shares until the Standstill and Lock-Up Agreement terminates, other than: (i) a purchase of Shares, following which the aggregate number of Shares held by Vale (and its affiliates) and all persons which Vale (or its affiliates) acts in concert with would not exceed 22 percent of the outstanding share capital

of Hydro; or (ii) by way of a subscription by Vale (or its affiliates) for Shares upon the exercise of any right issued to it by the Company pursuant to any rights issue; or (iii) following the making of a formal public offer by a third party (not acting in concert with Vale or any of its affiliates) to purchase or acquire Shares which, together with Shares acquired or agreed to be acquired by such third party (or any person with whom such third party is acting in concert) before or during the offer, would result (if accepted) in the third party holding more than 50 percent of the Shares, and/or that has been recommended by the Board of Directors of Hydro, the making of a counter offer by Vale (or its affiliate) for Shares, which, together with Shares held, acquired or agreed to be acquired by Vale (or its affiliates) before or during the offer will result in Vale (or its affiliates) holding more than 50 percent of the Shares; or (iv) any action that has been approved or consented to by Hydro.

Further, Vale (and any of its affiliates that own Shares) has agreed not to, until the earlier of (the “**Lock-Up**”) (i) two years following completion of the Transaction; and (ii) the date on which the Standstill and Lock-Up Agreement terminates in accordance with its terms: (a) transfer or create any encumbrance over any Shares; or (b) enter into certain derivative instruments that entitle or oblige it to transfer any Shares; or (c) enter into any derivative instrument the economic effect of which is substantially similar to any action prohibited by (b); or (d) agree to do any of the foregoing. Additionally, Vale (and its affiliates) shall not, during the period commencing on the date when the Lock-Up expires and ending on the date that the Standstill and Lock-Up Agreement terminates, transfer any Shares (or securities convertible into Shares) to any person or to one or more persons who are “close associates”, if the number of Shares so transferred, when taken together with all Shares that were subject to other transfers by Vale (or its affiliates) to such a transferee in the prior 12 months period, exceeds 10 percent of the total outstanding Shares in Hydro.

Notwithstanding the restrictions described in the foregoing paragraph, Vale (or its affiliates) shall not be restricted from (i) transferring any Shares after expiry of the Lock-Up for cash consideration through the facilities of the Oslo Stock Exchange, the London Stock Exchange or other securities exchanges on which the Shares are traded, provided that no unusual actions have been taken on behalf of Vale to prepare the market for such transfer; (ii) renouncing a right to subscribe for Shares and/or transferring or disposing of any rights in respect of a rights issue; (iii) transferring Shares in connection with any offer made by Hydro to its shareholders to purchase Shares; (iv) granting or creating an encumbrance over the Shares in connection with Vale’s financing activities if the primary purpose or intent of such arrangement is not to circumvent the transfer restrictions during the Lock-Up; (v) entering into or becoming bound by any derivative instrument if the primary purpose or intent of such arrangement is not to circumvent the transfer restrictions in place during the Lock-Up (and Vale has obtained Hydro’s prior written approval, such approval not to be unreasonably withheld or delayed); (vi) transferring any Shares to any person pursuant to a formal public offer made by such person to purchase or acquire Shares in Hydro, which, together with Shares acquired or agreed to be acquired by such third party (or any person with whom such third party is acting in concert) before or during the offer, will result in such person holding more than 50 percent of the Shares, provided that such offer has been declared unconditional in all respects or has been recommended by the Board of Directors of Hydro; (vii) executing and delivering an irrevocable commitment or undertaking to accept an offer contemplated by paragraph (vi); (viii) transferring any Shares to Hydro in order to settle any liability of Vale under the Sale and Contribution Agreement; (ix) any agreement to do the foregoing; and (x) any action approved by Hydro.

The Standstill and Lock-Up Agreement shall remain in effect until Vale (or any of its affiliates) holds less than 10 percent of the Shares in Hydro, without Vale or Vale Austria Holdings having committed an unremedied breach of the Standstill and Lock-up Agreement.

5.5 The Rights Conferred by the Consideration Shares

The Consideration Shares to be issued in the Private Placement will be ordinary Shares in the Company each having a nominal value of NOK 1.098. The Consideration Shares will be issued electronically in registered form in accordance with the Norwegian Public Limited Companies Act.

The Consideration Shares will rank *pari passu* in all respects with the Existing Shares and will carry full shareholder rights in the Company from the time of the transfer of the contribution in kind by Vale Austria Holdings. The Consideration Shares will be eligible for any dividends that the Company may declare after said point in time. All Shares, including the Consideration Shares, will have voting rights and other rights and obligations which are standard under the Norwegian Public Limited Companies Act, and will be governed by Norwegian law. See Section 17 (Shares, Shareholder Matters and Ownership Structure) below for a more detailed description of the Shares.

5.6 Dilution

The Private Placement will result in an immediate dilution of approximately 22 percent for the Company's shareholders based on the share capital of the Company after the Rights Issue, depending on the number of Shares held in treasury by or pledged to the Company upon completion of the Private Placement.

6 THE RIGHTS ISSUE

6.1 Overview

The Rights Issue consists of an offer by the Company to issue 381,053,600 Offer Shares at a Subscription Price of NOK 26.30 per Offer Share, thereby raising gross proceeds of NOK 10,021,709,680.

Existing Shareholders and Certificate Holders will be granted tradable Subscription Rights that, subject to applicable law, provide preferential rights to subscribe for, and be allocated, Offer Shares at the Subscription Price in the Rights Issue. Over-subscription and subscription without Subscription Rights will be permitted; however, there can be no assurance that Offer Shares will be allocated for such subscriptions.

The Norwegian Government obtained an authority from the Norwegian Parliament on 17 June 2010 that enables it to subscribe before the expiry of the Subscription Period for Offer Shares pro rata to its current shareholding in the Company (i.e. 43.82 percent, corresponding to 43.41 percent of the Rights Issue after adjustment for the Existing Shares held in treasury by the Company, for which no Subscription Rights will be issued, and the pre-emptive rights of Certificate Holders). Subject to certain conditions, as further described in Section 6.21 (The Rights Issue–The Underwriting) below, Folketrygdfondet has undertaken to subscribe and underwrite for Offer Shares for its pro rata share of the Rights Issue at the time of the agreement (i.e. NOK 583,675,716). The remaining part of the Rights Issue, i.e. except for the Offer Shares for which the Norwegian Government has been granted authority to subscribe for and the Offer Shares which Folketrygdfondet has undertaken to subscribe for, is underwritten by the Underwriters pursuant to, and subject to the limitations in, the Underwriting Agreement, as further described in Section 6.21 (The Rights Issue–The Underwriting) below. No action will be taken to permit a public offering of the Offer Shares in any jurisdiction outside of Norway, Denmark, France, Germany, Sweden and the United Kingdom.

6.2 Use of Proceeds

The net proceeds of the Rights Issue are expected to be approximately NOK 9,871 million. The net proceeds will be used firstly to finance the cash portion of the consideration in the Transaction of approximately US\$1,100 million, equal to approximately NOK 6,988 million on basis of the Closing Spot Rate on 17 June 2010 of NOK 6.353 per US\$1, provided, however, that this amount is subject to certain adjustments including an adjustment upwards (downwards) equal to 28.2 percent of any amount less (more) than the assumed US\$1.75 billion and the actual net proceeds in U.S. dollars from the Rights Issue, see Section 5.1 (The Transaction, the Private Placement and the Consideration Shares–The Transaction and the Private Placement). The remaining amount of the net proceeds is intended to be used by the Company to support its investment grade rating and to enhance the Company's capacity to implement future projects.

6.3 Resolution to Issue the Offer Shares

On 21 June 2010, the extraordinary general meeting of the Company passed the following resolution to issue the Offer Shares and increase the share capital of the Company in connection with the Rights Issue (translated from Norwegian):

"1. The share capital is increased by NOK 418,396,852.800, from NOK 1,361,641,011.678 to NOK 1,780,037,864.478, by the issuance of 381,053,600 new shares, each with a nominal value of NOK 1.098.

2. The holders of the unredeemed founder certificates and unredeemed subscription certificates of the company shall be granted a right to receive preferential rights to subscribe for up to 0.83 percent and 2.79 percent of the shares offered in the rights offering, respectively, in accordance with Section 4A of

the Articles of Association. One founder certificate will give the right to 38,105 subscription rights and one subscription certificate will give the right to 2,447 subscription rights. Shareholders who are registered in the company's shareholder register as at 24 June 2010 shall have preferential rights to subscribe for the remaining new shares corresponding to their pro rata holdings of shares in the company. The subscription rights of the shareholders and the holders of unredeemed founder certificates and unredeemed subscription certificates shall carry equal rights. The subscription rights shall be tradable, and listed on the Oslo Stock Exchange in the period from 25 June 2010 to 6 July 2010 at 17:30 (CET), or, should the subscription period be moved pursuant to sub-item 6 below, for a period of minimum eight trading days. Over-subscription and subscription without subscription rights is permitted.

3. The company shall prepare a prospectus that shall be approved by the Financial Supervisory Authority of Norway in connection with the rights offering. Unless the Board of Directors decides otherwise, the prospectus shall not be registered with or approved by any foreign stock exchange or securities regulatory authority. The new shares cannot be subscribed for by investors in jurisdictions in which it is not permitted to offer new shares. With respect to any shareholder or certificate holder that in the company's view is not entitled to subscribe for new shares due to limitations imposed by laws or regulations of the jurisdiction where such shareholder or certificate holder is a resident or citizen, the company or someone appointed or instructed by it may (but shall not be obliged to) sell such shareholder's or certificate holder's subscription rights against transfer of the net proceeds from such sale to the shareholder or the certificate holder.

4. Allocation of the new shares shall be made by the Board of Directors. The following allocation criteria shall apply:

4.1 Allocation will be made to subscribers on the basis of granted and acquired subscription rights which have been validly exercised during the subscription period.

4.2 If not all subscription rights are exercised, subscribers having exercised their subscription rights and who have over-subscribed will be allocated additional new shares on a pro rata basis based on the number of subscription rights exercised by each such subscriber. To the extent that pro rata allocation is not possible, the company will determine the allocation by the drawing of lots.

4.3 New shares not allocated pursuant to sub-items 4.1 and 4.2 above will be allocated to subscribers not holding subscription rights. Allocation will be sought made on a pro rata basis based on the relevant subscription amounts, provided, however, that such allocations may be rounded down to the nearest 100 shares.

4.4 New shares not allocated pursuant to sub-items 4.1, 4.2 and 4.3 above will be subscribed by, and allocated to, the underwriters based on and in accordance with the underwriting obligations of the respective underwriters.

5. The subscription price in the rights offering shall be NOK 26.30 per new share. The subscription amount shall be paid in cash.

6. The subscription period shall commence on 25 June 2010 and end on 9 July 2010 at 17:30 (CET). However, if the prospectus is not approved in time to maintain this subscription period, the subscription period shall commence on the fourth trading day on the Oslo Stock Exchange after such approval has been obtained and end at 17:30 (CET) two weeks thereafter. Shares not subscribed for at the expiry of the subscription period, which thus will be allocated to the underwriters, shall be subscribed for by the underwriters within four trading days after the expiry of the subscription period.

7. The due date for payment for the new shares is 15 July 2010 or the fourth trading day on the Oslo Stock Exchange after the expiry of the subscription period if the subscription period is postponed in accordance with sub-item 6 above. When subscribing for shares, each subscriber with a Norwegian bank account must by completion of the subscription form grant DnB NOR Bank ASA a one-time power of attorney to debit a stated Norwegian bank account for the subscription amount corresponding to the number of allocated shares. Upon allocation, the allocated amount will be debited from the account of the subscriber. The debit will take place on or around the due date for payment. Payment of the subscription amount by subscribers without a Norwegian bank account shall be made pursuant to the instructions to be included in the subscription form.

8. The new shares will give full shareholder rights in the company, including the right to dividends declared, from the time the share capital increase is registered with the Norwegian Register of Business Enterprises.

9. Section 4 of the company's Articles of Association shall be amended to reflect the new share capital and number of shares following the share capital increase.

10. As underwriting commission for the underwriting, the underwriters; BNP PARIBAS, Citigroup Global Markets Limited, DnB NOR Markets (a part of DnB NOR Bank ASA), Commerzbank AG, Nordea Bank Norge ASA, Skandinaviska Enskilda Banken AB (publ), Société Générale and the Government Pension Fund (Folketrygdfondet) shall receive an amount equal to 1.35 percent of the amount underwritten by each of them."

6.4 Conditions for Completion of the Rights Issue

The completion of the Rights Issue is subject to the condition that, unless the Rights Issue is fully subscribed, the Underwriting Agreement remains in full force and effect. Completion of the Rights Issue is not conditional upon the completion of the Transaction. See Section 6.21 (The Rights Issue–The Underwriting) below for a description of the underwriting, Subscription and Underwriting Agreement and the Underwriting Agreement, including the conditions and termination rights to which the underwriting is subject.

If it becomes clear that the above condition will not be fulfilled, the Rights Issue will be withdrawn. If the Rights Issue is withdrawn, all Subscription Rights will lapse without value, any subscriptions for, and allocations of, Offer Shares that have been made will be disregarded and any payments for Offer Shares made will be returned to the subscribers without interest or any other compensation. The lapsing of Subscription Rights shall be without prejudice to the validity of any trades in Subscription Rights, and investors will not receive any refund or compensation in respect of Subscription Rights purchased in the market.

6.5 Timetable

The timetable set out below provides certain indicative key dates for the Rights Issue:

Last day of trading in the Shares including Subscription Rights.....	21 June 2010
First day of trading in the Shares excluding Subscription Rights.....	22 June 2010
Record Date.....	24 June 2010
Subscription Period commences.....	25 June 2010
Trading in Subscription Rights commences on the Oslo Stock Exchange	25 June 2010
Trading in Subscription Rights ends	6 July 2010 at 17:30 hours (CET)
Subscription Period ends	9 July 2010 at 17:30 hours (CET)
Allocation of the Offer Shares.....	Expected on or about 13 July 2010

Distribution of allocation letters	Expected on or about 13 July 2010
Payment Date	15 July 2010
Delivery of the Offer Shares.....	Expected on or about 19 July 2010
Listing and commencement of trading in the Offer Shares on the Oslo Stock Exchange and the London Stock Exchange.....	Expected on or about 19 July 2010

6.6 Subscription Price

The Subscription Price in the Rights Issue is NOK 26.30 per Offer Share. The Subscription Price represents a discount of approximately 31.7 percent to the closing price of NOK 38.50 per Share as quoted on the Oslo Stock Exchange on 18 June 2010, and a discount of approximately 26.1 percent to the theoretical opening price of the Shares without Subscription Rights of NOK 35.57 (TERP), calculated on the basis of the closing price per Share on 18 June 2010.

6.7 Subscription Period

The Subscription Period will commence on 25 June 2010 and end on 9 July 2010 at 17:30 hours (CET). The Subscription Period may not be extended or shortened.

6.8 Record Date for Existing Shareholders

Shareholders who are registered in the Company's shareholder register in the VPS as of the Record Date (24 June 2010) will receive Subscription Rights.

Provided that the delivery of traded Shares was made with ordinary T+3 settlement in the VPS, Shares that were acquired until and including 21 June 2010 will give the right to receive Subscription Rights, whereas Shares that were acquired from and including 22 June 2010 will not give the right to receive Subscription Rights.

6.9 Subscription Rights

6.9.1 Existing Shareholders

Existing Shareholders will be granted Subscription Rights giving a preferential right to subscribe for, and be allocated, the Offer Shares in the Rights Issue that are not reserved for the holders of the Founder Certificates and the Subscription Certificates, see Section 6.9.2 (The Rights Issue–Subscription Rights–Certificate Holders) below. Each Existing Shareholder will be granted 7 Subscription Rights for every 23 Existing Shares registered as held by such Existing Shareholder on the Record Date. The number of Subscription Rights granted to each Existing Shareholder will be rounded down to the nearest whole Subscription Right. Each Subscription Right will, subject to applicable securities laws, give the right to subscribe for, and be allocated, one Offer Share in the Rights Issue. Subscription Rights will not be issued in respect of Existing Shares held in treasury by the Company.

The Subscription Rights will be credited to and registered on each Existing Shareholder's VPS account on or about 25 June 2010 under ISIN NO 0010577257. The Subscription Rights will be distributed free of charge to Existing Shareholders.

The Subscription Rights may be used to subscribe for Offer Shares in the Rights Issue before the expiry of the Subscription Period on 9 July 2010 at 17:30 hours (CET) or be sold before 6 July 2010 at 17:30 hours (CET). Acquired Subscription Rights will give the same right to subscribe for, and be allocated, Offer Shares as Subscription Rights granted to Existing Shareholders on the basis of their shareholdings on the Record Date and the Subscription Rights allocated to Certificate Holders based on the holding of Founder Certificates and/or Subscription Certificates, see Section 6.9.2 (The Rights Issue–Subscription Rights–Certificate Holders) below.

The Subscription Rights, including acquired Subscription Rights, must be used to subscribe for Offer Shares before the end of the Subscription Period (i.e. 9 July 2010 at 17:30 hours (CET)) or be sold before 6 July 2010 at 17:30 hours (CET). Subscription Rights that are not sold before 6 July 2010 at 17:30 hours (CET) or exercised before 9 July 2010 at 17:30 hours (CET) will have no value and will lapse without compensation to the holder. Holders of Subscription Rights (whether granted or acquired) should note that subscriptions for Offer Shares must be made in accordance with the procedures set out in this Prospectus and that the acquisition of Subscription Rights does not in itself constitute a subscription for Offer Shares.

Subscription Rights of Existing Shareholders resident in jurisdictions where the Prospectus may not be distributed and/or with legislation that, according to the Company's assessment, prohibits or otherwise restricts subscription for Offer Shares (the "**Ineligible Shareholders**") will initially be credited to such Ineligible Shareholders' VPS accounts. Such credit specifically does not constitute an offer to Ineligible Shareholders. The Company will instruct DnB NOR Markets to, as far as possible, withdraw the Subscription Rights from such Ineligible Shareholders' VPS accounts, and may sell them from and including 2 July 2010 to 17:30 hours (CET) on 6 July 2010 for the account and risk of such Ineligible Shareholders, unless the relevant Subscription Rights are held through a financial intermediary. See Section 6.13 (The Rights Issue—Financial Intermediaries) below for a description of the procedures applicable to Subscription Rights held by Ineligible Shareholders through financial intermediaries.

DnB NOR Markets will use commercially reasonable efforts to procure that the Subscription Rights withdrawn from the VPS accounts of Ineligible Shareholders (and that are not held through financial intermediaries) are sold on behalf of, and for the benefit of, such Ineligible Shareholders during such period, provided that (i) DnB NOR Markets is able to sell the Subscription Rights at a price at least equal to the anticipated costs related to the sale of such Subscription Rights, and (ii) the relevant Ineligible Shareholder has not by 17:30 hours (CET) on 1 July 2010 documented to the Company through the Receiving Agent the right to receive the Subscription Rights withdrawn from its VPS account, in which case DnB NOR Markets shall re-credit the withdrawn Subscription Rights to the VPS account of the relevant Ineligible Shareholder. The proceeds from the sale of the Subscription Rights (if any), after deduction of customary sales expenses, will be credited to the Ineligible Shareholder's bank account registered in the VPS for payment of dividends, provided that the net proceeds attributable to such Ineligible Shareholder amount to or exceed NOK 10. If an Ineligible Shareholder does not have a bank account registered in the VPS, the Ineligible Shareholder must contact the Receiving Agent to claim the proceeds. If the net proceeds attributable to an Ineligible Shareholder are less than NOK 10, such amount will be retained for the benefit of the Company. There can be no assurance that DnB NOR Markets will be able to withdraw and/or sell the Subscription Rights at a profit or at all. Other than as explicitly stated above, none of the Company, DnB NOR Markets, the Receiving Agent or the Underwriters will conduct any sale of Subscription Rights not utilized before the end of the Subscription Period.

6.9.2 *Certificate Holders*

There are 83 Founder Certificates and 4,343 Subscription Certificates in the Company. Section 4A of the Articles of Association provides that if the share capital is increased, and provided that Norwegian law in force at the time so permits, preferential subscription rights shall be reserved in connection with each such capital increase, on the conditions stipulated by the Board of Directors, for up to 0.83 percent of the increase for holders of the Founder Certificates and 2.79 percent of the increase for holders of the Subscription Certificates, provided, however, that these preferential rights do not apply if the increase is made in order to allot Shares to third parties as compensation for their transfer of assets to the Company.

Accordingly, Certificate Holders will be entitled to receive Subscription Rights in respect of their certificates giving a preferential right to subscribe for, and be allocated, Offer Shares in the Rights Issue. Each Founder Certificate entitles the holder thereof to 38,105 Subscription Rights and each Subscription Certificate entitles the holder thereof to 2,447 Subscription Rights. The number of Subscription Rights granted in respect of the Founder Certificates and the Subscription Certificates will be rounded down to the nearest whole Subscription Right. Each Subscription Right will, subject to applicable securities laws, give the right to subscribe for, and be allocated, one Offer Share in the Rights Issue. The Subscription Rights will be distributed free of charge to the Certificate Holders obtaining the Subscription Rights in accordance with the procedures below.

In order to obtain Subscription Rights, Certificate Holders must present the original Founder Certificate(s) or Subscription Certificate(s), as the case may be, to the Receiving Agent by 15:00 hours (CET) on 8 July 2010. If such original certificates are not presented by this deadline, Subscription Rights will not be granted in respect of the relevant Founder Certificate(s) or Subscription Certificate(s). To register the Subscription Rights in the VPS, holders of the Founder Certificates and the Subscription Certificates must together with presenting the certificates, inform the Receiving Agent of their VPS account for receipt of Subscription Rights. In the event a Certificate Holder does not have a VPS account, the Receiving Agent will open such account for the holder, and the Certificate Holder should in such event contact the Receiving Agent by 15:00 hours (CET) on 6 July 2010 to allow for sufficient time to open such account before the expiry of the Subscription Period. Establishment of a VPS account requires verification of the identification of the Certificate Holder, i.e. the Certificate Holder must present valid identification documents, see Section 6.12 (Mandatory Anti-Money Laundering Procedures) below.

Certificate Holders that would like to obtain, and subsequently sell, their Subscription Rights must present the original Founder Certificate(s) or Subscription Certificate(s), as the case may be, to the Receiving Agent by 15:00 hours (CET) on 5 July 2010. Holders of such original certificates not presented within this deadline, will not receive Subscription Rights before the expiry of the trading period for the Subscription Rights on 6 July 2010 at 17:30 hours (CET), see Section 6.10 (The Rights Issue–Trading in Subscription Rights), and hence not be able to sell their Subscription Rights. To register the Subscription Rights in the VPS, holders of the Founder Certificates and the Subscription Certificates must together with presenting the certificates, inform the Receiving Agent of their VPS account for receipt of Subscription Rights. In the event a Certificate Holder does not have a VPS account, DnB NOR Markets will sell the Subscription Rights on behalf of the Certificate Holder, provided, however, that verification of the identification of the Certificate Holder is required and the Certificate Holder must inform DnB NOR Markets of its address and bank account.

The Subscription Rights may be used to subscribe for Offer Shares in the Rights Issue before the expiry of the Subscription Period on 9 July 2010 at 17:30 hours (CET) or be sold before 6 July 2010 at 17:30 hours (CET). The Subscription Rights granted in respect of the Founder Certificates and the Subscription Certificates will give the same right to subscribe for, and be allocated, Offer Shares, and are subject to the same restrictions, as the Subscription Rights granted to Existing Shareholders on the basis of their shareholdings on the Record Date. Reference is made to Section 6.9.1 (The Rights Issue–Subscription Rights–Existing Shareholders) above for a description of the Subscription Rights granted to Existing Shareholders.

With respect to any Certificate Holder that in the Company's view is not entitled to subscribe for Offer Shares due to limitations imposed by laws or regulations of the jurisdiction where such Certificate Holder is a resident or citizen, the Company or someone appointed or instructed by it may (but shall not be

obliged to) sell such Certificate Holder's Subscription Rights against transfer of the net proceeds from such sale to the Certificate Holder. However, the Company will not take any action to sell Subscription Rights in respect of Certificate Holders that do not present their original Founder Certificate(s) or Subscription Certificate(s), as the case may be, to the Receiving Agent by 15:00 hours (CET) on 5 July 2010.

The Subscription Rights must be used to subscribe for Offer Shares before the end of the Subscription Period (i.e. 9 July 2010 at 17:30 hours (CET)) or be sold before 6 July 2010 at 17:30 hours (CET). Subscription Rights which are not sold before 6 July 2010 at 17:30 hours (CET) or exercised before 9 July 2010 at 17:30 hours (CET) will have no value and will lapse without compensation to the holder. Holders of Subscription Rights (whether granted or acquired) should note that subscriptions for Offer Shares must be made in accordance with the procedures set out in this Prospectus and that the acquisition of Subscription Rights does not in itself constitute a subscription for Offer Shares.

The preferential rights pursuant to the Founder Certificates and the Subscription Certificates do not apply in relation to share issuances to third parties as compensation for their transfer of assets to the Company, and thus do not give any entitlements in respect of the Private Placement.

6.9.3 *Holders of ADRs*

The Company's ADRs are issued under a deposit agreement between the Company and J.P. Morgan Chase Bank, N.A. (the "**Depository**"), as amended and restated on 29 November 2007 (the "**Deposit Agreement**"). The address of the Depository is P.O. Box 64504, St. Paul, MN 55164-0504, the United States. Each ADR represents one Share of the Company. The ADRs are not listed on any national securities exchange in the United States and the Company is not subject to the reporting requirements of Sections 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended.

As the Subscription Rights and the Offer Shares have not been and will not be registered under the U.S. Securities Act, no new ADRs will be issued in the Rights Issue. Except as noted below, commencing on or about 30 June 2010, the Depository will endeavor to sell the Subscription Rights received on Shares underlying the ADRs and subsequently distribute the proceeds to ADR holders as is contemplated in the Deposit Agreement. Distributions of proceeds of the sale of Subscription Rights to ADR holders will be paid pro rata based on the number of ADRs held as of a record date to be established by the Depository after the completion of such sale (the "**ADR Record Date**"). The issuance and cancellation books of the Depository will be closed from the close of business on the Record Date established for holders of Existing Shares through the close of business of the ADR Record Date. Neither the Depository nor any broker appointed by them will have any obligation or be responsible for any loss or damage whatsoever in relation to or arising out of the timing of such sales or the remittance of the net proceeds of such sales. ADR Record Date is not known at this time and will follow some time after the completion of the Rights Issue.

ADR holders that are eligible to participate in the Rights Offering pursuant to the U.S. Private Placement Memorandum (as defined herein) may participate in the Right Issue by delivering their ADRs via DTC's DWAC function to the Depository by following the procedure outlined in the U.S. Private Placement Memorandum.

The Offer Shares may only be deposited into the ADR facility subject to the terms of the Deposit Agreement. See also Section 20.2 (Restrictions on Sale and Transfer—United States).

6.10 Trading in Subscription Rights

The Subscription Rights will be fully tradable and listed on the Oslo Stock Exchange with ticker code "NHY T" from and including 25 June 2010 to 17:30 hours (CET) on 6 July 2010. The Subscription Rights will not be admitted to trading on the London Stock Exchange.

The Subscription Rights will hence only be tradable during part of the Subscription Period.

Persons intending to trade in Subscription Rights should be aware that the trading in, and exercise of, Subscription Rights by holders who are located in jurisdictions outside Norway may be restricted or prohibited by applicable securities laws. See Section 20 (Restrictions on Sale and Transfer) below for a description of such restrictions and prohibitions.

6.11 Subscription Procedures and Receiving Agent

Subscriptions for Offer Shares must be made by submitting a correctly completed Subscription Form to the Receiving Agent during the Subscription Period, or may, for Norwegian citizens, be made online as further described below.

Existing Shareholders will receive Subscription Forms that include information about the number of Subscription Rights allocated to the Existing Shareholder and certain other matters relating to the shareholding.

Subscriptions for Offer Shares by subscribers who are not Existing Shareholders, including subscriptions by holders of Founder Certificates and holders of Subscription Certificates, must be made on a Subscription Form in the form included in Appendix 2 "Form of Subscription Form" or Appendix 3 "Form of Norwegian Language Subscription Form". Existing Shareholders may also choose to use such a Subscription Form.

Correctly completed Subscription Forms must be received by the Receiving Agent no later than 17:30 hours (CET) on 9 July 2010 at the following address or fax number:

DnB NOR Bank ASA
Registrar Department
N-0021 Oslo
Norway
Fax: +47 22 48 29 80

Subscribers who are Norwegian citizens may also subscribe for Offer Shares through the VPS online subscription system (or by following the link on www.hydro.com/rightsissue which will redirect the subscriber to the VPS online subscription system). All online subscribers must verify that they are Norwegian citizens by entering their national identity number (*Norwegian: "personnummer"*).

None of the Company, the Receiving Agent or the Underwriters may be held responsible for postal delays, unavailable fax lines, internet lines or servers or other logistical or technical problems that may result in subscriptions not being received in time or at all by the Receiving Agent. Subscription Forms received after the end of the Subscription Period and/or incomplete or incorrect Subscription Forms and any subscription that may be unlawful may be disregarded at the sole discretion of the Company, the Receiving Agent and/or the Joint Global Coordinators without notice to the subscriber.

Subscriptions are binding and irrevocable, and cannot be withdrawn, cancelled or modified by the subscriber after having been received by the Receiving Agent. The subscriber is responsible for the correctness of the information filled into the Subscription Form. By signing and submitting a Subscription

Form, the subscribers confirm and warrant that they have read this Prospectus and are eligible to subscribe for Offer Shares under the terms set forth herein.

There is no minimum subscription amount for which subscriptions in the Rights Issue must be made. Over-subscription (i.e. subscription for more Offer Shares than the number of Subscription Rights held by the subscriber entitles the subscriber to be allocated) and subscription without Subscription Rights will be permitted. However, in each case, there can be no assurance that Offer Shares will be allocated for such subscriptions.

Multiple subscriptions (i.e. subscriptions on more than one Subscription Form) are allowed. Please note, however, that two separate Subscription Forms submitted by the same subscriber with the same number of Offer Shares subscribed for on both Subscription Forms will only be counted once unless otherwise explicitly stated in one of the Subscription Forms. In the case of multiple subscriptions through the VPS online subscription system or subscriptions made both on a Subscription Form and through the VPS online subscription system, all subscriptions will be counted.

6.12 Mandatory Anti-Money Laundering Procedures

The Rights Issue is subject to the Norwegian Money Laundering Act of 6 March 2009 No. 11 and the Norwegian Money Laundering Regulations of 13 March 2009 No. 302 (collectively, the “**Anti-Money Laundering Legislation**”).

Subscribers who are not registered as existing customers of the Receiving Agent must verify their identity to the Receiving Agent in accordance with the requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Subscribers who have designated an existing Norwegian bank account and an existing VPS account on the Subscription Form are exempted, unless verification of identity is requested by the Receiving Agent. Subscribers who have not completed the required verification of identity prior to the expiry of the Subscription Period will not be allocated Offer Shares.

Furthermore, participation in the Rights Issue is conditional upon the subscriber holding a VPS account. The VPS account number must be stated in the Subscription Form. VPS accounts can be established with authorized VPS registrars, who can be Norwegian banks, authorized securities brokers in Norway and Norwegian branches of credit institutions established within the EEA. However, non-Norwegian investors may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorized by the NFSA. Establishment of a VPS account requires verification of identification to the VPS registrar in accordance with the Anti-Money Laundering Legislation.

6.13 Financial Intermediaries

All persons or entities holding Shares or Subscription Rights through financial intermediaries (i.e. brokers, custodians and nominees) should read this Section 6.13 (The Rights Issue–Financial Intermediaries). All questions concerning the timeliness, validity and form of instructions to a financial intermediary in relation to the exercise, sale or purchase of Subscription Rights should be determined by the financial intermediary in accordance with its usual customer relations procedure or as it otherwise notifies each beneficial shareholder.

The Company is not liable for any action or failure to act by a financial intermediary through which Shares are held.

6.13.1 Subscription Rights

If an Existing Shareholder holds Shares registered through a financial intermediary on the Record Date, the financial intermediary will customarily give the Existing Shareholder details of the aggregate number of Subscription Rights to which it will be entitled. The relevant financial intermediary will customarily

supply each Existing Shareholder with this information in accordance with its usual customer relations procedures. Existing Shareholders holding Shares through a financial intermediary should contact the financial intermediary if they have received no information with respect to the Rights Issue.

Subject to applicable law, Existing Shareholders holding Shares through a financial intermediary may instruct the financial intermediary to sell some or all of their Subscription Rights, or to purchase additional Subscription Rights on their behalf. See Section 20 (Restrictions on Sale and Transfer) below for a description of certain restrictions and prohibitions applicable to the sale and purchase of Subscription Rights in certain jurisdictions outside Norway.

Existing Shareholders who hold their Shares through a financial intermediary and who are Ineligible Shareholders will not be entitled to exercise their Subscription Rights but may, subject to applicable law, instruct their financial intermediary to sell their Subscription Rights transferred to the financial intermediary. As described in Section 6.9.1 (The Rights Issue–Subscription Rights–Existing Shareholders), none of the Company, the Receiving Agent or the Underwriters will sell any Subscription Rights transferred to financial intermediaries.

6.13.2 Subscription Period and period for trading in Subscription Rights

The time by which notification of exercise instructions for subscription of Offer Shares must validly be given to a financial intermediary may be earlier than the expiry of the Subscription Period. The same applies for instructions pertaining to trading in Subscription Rights and the last day of trading in such rights (which accordingly will be a deadline earlier than 6 July 2010 at 17:30 hours (CET)). Such deadlines will depend on the financial intermediary. Existing Shareholders who hold their Shares through a financial intermediary should contact their financial intermediary if they are in any doubt with respect to deadlines.

6.13.3 Subscription

Any Existing Shareholder who is not an Ineligible Shareholder and who holds its Subscription Rights through a financial intermediary and wishes to exercise its Subscription Rights, should instruct its financial intermediary in accordance with the instructions received from such financial intermediary. The financial intermediary will be responsible for collecting exercise instructions from the Existing Shareholders and for informing the Receiving Agent of their exercise instructions.

A person or entity who has acquired Subscription Rights that are held through a financial intermediary should contact the relevant financial intermediary for instructions on how to exercise the Subscription Rights.

See Section 20 (Restrictions on Sale and Transfer) below for a description of certain restrictions and prohibitions applicable to the exercise of Subscription Rights in certain jurisdictions.

6.13.4 Method of payment

Any Existing Shareholder who holds its Subscription Rights through a financial intermediary should pay the Subscription Price for the Offer Shares that are allocated to it in accordance with the instructions received from the financial intermediary. The financial intermediary must pay the Subscription Price in accordance with the instructions in the Prospectus. Payment by the financial intermediary for the Offer Shares must be made to the Receiving Agent no later than the Payment Date. Accordingly, financial intermediaries may require payment to be provided to them prior to the Payment Date.

6.14 Allocation of Offer Shares

Allocation of the Offer Shares will take place on or about 13 July 2010 in accordance with the following criteria:

- (i) Allocation will be made to subscribers on the basis of granted and acquired Subscription Rights, which have been validly exercised during the Subscription Period.
- (ii) If not all Subscription Rights are exercised, subscribers having exercised their Subscription Rights and who have over-subscribed will be allocated additional Offer Shares on a pro rata basis based on the number of Subscription Rights exercised by each such subscriber. To the extent that pro rata allocation is not possible, the Company will determine the allocation by the drawing of lots.
- (iii) Offer Shares not allocated pursuant to (i) and (ii) above will be allocated to subscribers not holding Subscription Rights. Allocation will be sought made on a pro rata basis based on the relevant subscription amounts, provided, however, that such allocations may be rounded down to the nearest 100 Shares.
- (iv) Offer Shares not allocated pursuant to (i), (ii) and (iii) above will be subscribed by, and allocated to, Folketrygdfondet and the Underwriters, based on and in accordance with the respective underwriting obligations of Folketrygdfondet and the Underwriters.

No allocation will be made to Folketrygdfondet pursuant to (iv) above if Folketrygdfondet complies with its obligation to subscribe for Offer Shares as further described in Section 6.21 (The Rights Issue–The Underwriting) below.

No fractional Offer Shares will be allocated. The Company reserves the right to reject or reduce any subscription for Offer Shares not covered by Subscription Rights. Allocation of fewer Offer Shares than subscribed for by a subscriber will not impact on the subscriber's obligation to pay for the number of Offer Shares allocated.

The result of the Rights Issue is expected to be published on or about 13 July 2010 in the form of a stock exchange notification from the Company through the Oslo Stock Exchange information system and on the Company's website (www.hydro.com). Such announcement through the Oslo Stock Exchange information system will also automatically be published through the London Stock Exchange information system. Notifications of allocated Offer Shares and the corresponding subscription amount to be paid by each subscriber are expected to be distributed in a letter from the VPS on or about 13 July 2010. Subscribers having access to investor services through their VPS account manager will be able to check the number of Offer Shares allocated to them from 12:00 hours (CET) on 13 July 2010. Subscribers who do not have access to investor services through their VPS account manager may contact the Receiving Agent (DnB NOR Bank ASA, Registrar Department, telephone number +47 22 48 35 86) from 12:00 hours (CET) on 13 July 2010 to obtain information about the number of Offer Shares allocated to them.

6.15 Payment for the Offer Shares

The payment for Offer Shares allocated to a subscriber falls due on the Payment Date (15 July 2010). Payment must be made in accordance with the requirements set out in Sections 6.15.1 (The Rights Issue–Payment for the Offer Shares–Subscribers who have a Norwegian bank account) or 6.15.2 (The Rights Issue–Payment for the Offer Shares–Subscribers who do not have a Norwegian bank account) below.

6.15.1 Subscribers who have a Norwegian bank account

Subscribers who have a Norwegian bank account must, and will by signing the Subscription Form, provide the Receiving Agent with a one-time irrevocable authorization to debit a specified Norwegian bank account for the amount payable for the Offer Shares, which are allocated to the subscriber.

The specified bank account is expected to be debited on or after the Payment Date. The Receiving Agent is only authorized to debit such account once, but reserves the right to make up to three debit attempts, and the authorization will be valid for up to seven working days after the Payment Date.

The subscriber furthermore authorizes the Receiving Agent to obtain confirmation from the subscriber's bank that the subscriber has the right to dispose over the specified account and that there are sufficient funds in the account to cover the payment.

If there are insufficient funds in a subscriber's bank account or if it for other reasons is impossible to debit such bank account when a debit attempt is made pursuant to the authorization from the subscriber, the subscriber's obligation to pay for the Offer Shares will be deemed overdue.

Payment by direct debiting is a service that banks in Norway provide in cooperation. In the relationship between the subscriber and the subscriber's bank, the standard terms and conditions for "Payment by Direct Debiting – Securities Trading", which are set out on page 2 of the Subscription Form, will apply, provided, however, that subscribers who subscribe for an amount exceeding NOK 5 million by signing the Subscription Form provide the Receiving Agent with a one-time irrevocable authorization to directly debit the specified bank account for the entire subscription amount.

6.15.2 Subscribers who do not have a Norwegian bank account

Subscribers who do not have a Norwegian bank account must ensure that payment with cleared funds for the Offer Shares allocated to them is made on or before the Payment Date.

Prior to any such payment being made, the subscriber must contact the Receiving Agent (DnB NOR Bank ASA, Registrar Department, telephone number +47 22 48 35 86) for further details and instructions.

6.15.3 Overdue payments

Overdue payments will be charged with interest at the applicable rate from time to time under the Norwegian Act on Interest on Overdue Payment of 17 December 1976 No. 100; 8.75 percent per annum as of the date of this Prospectus. If a subscriber fails to comply with the terms of payment, the Offer Shares will, subject to the restrictions in the Norwegian Public Limited Companies Act and at the discretion of the Joint Global Coordinators, not be delivered to such subscriber.

Pursuant to a payment guarantee agreement entered into by the Company and the Joint Global Coordinators, the Joint Global Coordinators will, up to their respective pro rata shares of the amount underwritten by the Underwriters as described in Section 6.21 (The Rights Issue–The Underwriting) below and subject to the terms and conditions of the payment guarantee, on 16 July 2010 pay any subscription amounts not paid by the subscribers, other than the Norwegian Government, Folketrygdfondet and the Underwriters (for any unsubscribed Offer Shares allocated to them), when due, in order to enable timely registration of the share capital increase pertaining to the Offer Shares with the Norwegian Register of Business Enterprises. The non-paying subscribers will remain fully liable for the subscription amount payable for the Offer Shares allocated to them, irrespective of such payment by the Joint Global Coordinators. The Offer Shares allocated to such subscribers will be transferred to a VPS account operated by the Receiving Agent on behalf of the Joint Global Coordinators and will be transferred to the non-paying subscriber when payment of the subscription amount for the relevant Offer

Shares is received. However, the Company and the Joint Global Coordinators reserve the right to sell or assume ownership of the Offer Shares, as the case may be, from and including the fourth day after the Payment Date without further notice to the subscriber in question in accordance with Section 10–12, fourth paragraph of the Norwegian Public Limited Companies Act if payment has not been received within the third day after the Payment Date. If the Offer Shares are sold on behalf of the subscriber, the subscriber will be liable for any loss, costs, charges and expenses suffered or incurred by the Company and/or the Joint Global Coordinators as a result of or in connection with such sales. The Company and/or the Joint Global Coordinators may enforce payment for any amount outstanding in accordance with Norwegian law.

The obligation of the Joint Global Coordinators pursuant to the payment guarantee is subject to the satisfaction or waiver of the conditions for their obligations pursuant to the Underwriting Agreement on or prior to the Payment Date. These conditions are further described in Section 6.21 (The Rights Issue–The Underwriting) below. The obligations to make any payments under the payment guarantee shall cease to exist (i) if all Offer Shares have been paid, (ii) if the Underwriting Agreement has been validly terminated or (iii) for each Joint Global Coordinators, when such Joint Global Coordinators has made the payments required to be paid by it pursuant to the payment guarantee. Each of the Joint Global Coordinators may only after having received the Company's express written consent, not to be unreasonably withheld, syndicate all or parts of its guarantee obligation to one or several sub-guarantors, provided that such syndication does not affect the obligations of the Joint Global Coordinators pursuant to the payment guarantee.

6.16 Delivery of the Offer Shares

The Company expects that the share capital increase pertaining to the Rights Issue will be registered with the Norwegian Register of Business Enterprises on or about 19 July 2010 and that the Offer Shares will be delivered to the VPS accounts of the subscribers to whom they are allocated on or about the same day. The final deadline for registration of the share capital increase pertaining to the Rights Issue with the Norwegian Register of Business Enterprises, and hence for the subsequent delivery of the Offer Shares, is, pursuant to the Norwegian Public Limited Companies Act, three months from the expiry of the Subscription Period, i.e. on 9 October 2010.

6.17 Listing of the Offer Shares

The Shares are listed on the Oslo Stock Exchange under ISIN NO 0005052605 and ticker code "NHY". The Shares are also admitted to the Official List and to trading on the London Stock Exchange with the same ISIN and ticker code.

The Offer Shares will be listed on the Oslo Stock Exchange as soon as the share capital increase pertaining to the Rights Issue has been registered with the Norwegian Register of Business Enterprises and the Offer Shares have been registered in the VPS. This is expected to take place on or about 19 July 2010. The listing of the Offer Shares on the Oslo Stock Exchange is expected to take place on the same day. The admission of the Offer Shares to the Official List and to trading on the London Stock Exchange will take place as soon as possible thereafter, and is expected to take place on or about the same day as the listing of the Offer Shares on the Oslo Stock Exchange. The Subscription Rights will not be admitted to the Official List or to trading on the London Stock Exchange.

The Offer Shares may not be transferred or traded before they are fully paid and the registration of the Offer Shares with the Norwegian Register of Business Enterprises and the VPS has taken place.

6.18 The Rights Conferred by the Offer Shares

The Offer Shares issued in the Rights Issue will be ordinary Shares in the Company each having a nominal value of NOK 1.098. The Offer Shares will be issued electronically in registered form in accordance with the Norwegian Public Limited Companies Act.

The Offer Shares will rank *pari passu* in all respects with the Existing Shares and will carry full shareholder rights in the Company from the time of registration of the share capital increase pertaining to the Rights Issue with the Norwegian Register of Business Enterprises. The Offer Shares will be eligible for any dividends that the Company may declare after such registration. All Shares, including the Offer Shares, will have voting rights and other rights and obligations which are standard under the Norwegian Public Limited Companies Act, and are governed by Norwegian law. See Section 17 (Shares, Shareholder Matters and Ownership Structure) below for a more detailed description of the Shares.

6.19 VPS Registration

The Subscription Rights will be registered in the VPS under ISIN NO 0010577257. The Offer Shares will be registered in the VPS with the same ISIN as the Existing Shares, i.e. ISIN NO 0005052605.

The Company's registrar with the VPS is DnB NOR Bank ASA, Registrar Department, Stranden 21, N-0021 Oslo, Norway, telephone number +47 22 94 94 93 and telefax +47 22 94 90 20.

6.20 Dilution

The Rights Issue will result in an immediate dilution of approximately 24 percent for Existing Shareholders who do not participate in the Rights Issue. Due to the Subscription Rights granted in respect of the Certificate Holders, the Existing Shareholders will be diluted by approximately 1.1 percent even if they participate in the Rights Issue, unless such Existing Shareholders based on over-subscription or subscription on the basis of acquired Subscription Rights are allocated Offer Shares in excess of the number of Subscription Rights initially granted to them.

6.21 The Underwriting

The Company and Folketrygdfondet have entered into an agreement dated 2 May 2010, as amended (the "**Subscription and Underwriting Agreement**"), pursuant to which Folketrygdfondet has undertaken to subscribe and underwrite for Offer Shares for its pro rata share of the Rights Issue at the date of the agreement (i.e. for NOK 583,675,716), at the Subscription Price during the Subscription Period, with payment for such Offer Shares to be made on or prior to the Payment Date.

The Company and the Underwriters have entered into the Underwriting Agreement dated 2 May 2010, as amended and supplemented by a pricing supplement dated 20 June 2010, pursuant to which the Underwriters have undertaken, severally and not jointly, to underwrite an aggregate amount of NOK 5,087,964,205 in the Rights Issue. The Underwriters have, on a pro rata basis and limited to their respective underwritten amounts as set out in the table below, undertaken to subscribe and pay for the Offer Shares (less the Offer Shares to be subscribed for by the Norwegian Government and Folketrygdfondet) not subscribed for during the Subscription Period on or prior to the Payment Date.

The table below shows the subscription amount Folketrygdfondet and each Underwriter has undertaken to underwrite.

Name	Address	Underwritten Amount (NOK)	Percent (approximately)
Folketrygdfondet	Haakon VII's gate 2, N-0161 Oslo, Norway	583,675,715.90	5.82
Citigroup Global Markets Limited	Citigroup Centre, 33 Canada Square, London E14 5LB, United Kingdom	1,356,790,489.60	13.54
DnB NOR Bank ASA, DnB NOR Markets	Stranden 21, N-0021 Oslo, Norway	1,356,790,489.60	13.54
BNP PARIBAS	16, boulevard des Italiens, 75009 Paris, France	1,356,790,463.30	13.54
Commerzbank Aktiengesellschaft	D-60261 Frankfurt am Main, Germany	254,398,190.50	2.54
Nordea Bank Norge ASA	Middelthunsg. 17, N-0368 Oslo, Norway	254,398,190.50	2.54
Skandinaviska Enskilda Banken AB (publ)	P.O. Box 1843 Vika, N-0123 Oslo, Norway	254,398,190.50	2.54
Société Générale	29, boulevard Haussmann 75009 Paris, France	254,398,190.50	2.54
		5,671,639,920.40	56.59

The 43.41 percent of the Rights Issue for which the Norwegian Government has been granted authority to subscribe for is not underwritten.

The Underwriters' obligations to subscribe and pay for the Offer Shares allocated to them in accordance with the Underwriting Agreement are conditional upon (i) the Norwegian Government having subscribed for at least 43.41 percent of the Rights Issue before the expiry of the Subscription Period, and (ii) Folketrygdfondet having subscribed for Offer Shares for an amount, at least equal the underwritten amount set out above before the expiry of the Subscription Period, and (iii) certain other customary conditions. These conditions include, but are not limited to: (i) save as disclosed in this Prospectus or in other information made public by the Company, as the case may be, no change, event, effect, or condition having occurred that has or would have, individually or in the aggregate, an effect on the current or future business, assets, liabilities, liquidity, solvency or funding position or condition (financial or otherwise) or results of the Company and its subsidiaries taken as a whole, which in the good faith opinion of the Underwriters is so material and adverse as to make it impracticable or inadvisable to proceed with the Rights Issue or the delivery of the Offer Shares on the terms and in the manner contemplated in this Prospectus; and (ii) certain closing deliverables to be provided by the Company and certain third parties as further set out in the Underwriting Agreement.

The Underwriters representing a majority of the total underwriting commitment may terminate the Underwriting Agreement at any time prior to their subscription of any unallocated Offer Shares in the event of (a) (i) any withdrawal of admission to listing of the Offer Shares or any suspension of, or limitation on prices for, trading in the Existing Shares of the Company on the Oslo Stock Exchange or the London Stock Exchange (if such withdrawal, suspension or limitation occurs on, is continuing after or occurs after the date of the Underwriting Agreement), or in equity securities generally on the Oslo Stock Exchange or on the London Stock Exchange or the New York Stock Exchange; (ii) any declaration of a banking moratorium or suspension of payments in respect of banks generally in Norway, New York or the United Kingdom or with the respect to the European Central Bank; (iii) any change or developments involving a prospective change in the international financial markets, or in the financial markets of or in

financial, political, monetary or economic conditions in Norway, the United Kingdom or the United States, or any outbreak or escalation of hostilities or any other calamity or crisis; (iv) any material change in currency exchange rates or foreign exchange controls, or a disruption of settlement systems or commercial banking in Norway, the United Kingdom or the United States; or (v) there has occurred a change or development involving a change in taxation affecting the Company, the Offer Shares or the transfer thereof, and the effect of any of the events described in (i) to (v), in the good faith opinion of the Underwriters, is material and makes it impracticable or inadvisable to proceed with the Rights Issue or the underwriting of the Offer Shares or materially and adversely affects dealings in the Offer Shares following the Payment Date; or (b) there is information contained in this Prospectus (and/or in any other publication or announcement issued or to be issued by the Company on or after the date of the Underwriting Agreement but prior to or at the same time as publication of the Prospectus) that relates to facts or circumstances existing prior to or as of the date of the Underwriting Agreement that is not contained in the Prospectus or in other information made public by the Company, and which in the good faith opinion of the Underwriters is (singly or in aggregate) so material in the context of the Rights Issue or the underwriting of the Offer Shares as to make it impracticable or inadvisable to proceed with the Rights Issue or the underwriting of the Offer Shares; or (c) the Company being in material breach of the Underwriting Agreement.

The obligations of Folketrygdfondet pursuant to the Subscription and Underwriting Agreement are conditional upon (i) the Norwegian Government having confirmed that it will subscribe for 43.41 percent of the Rights Issue, and (ii) the Underwriting Agreement between the Company and the Underwriters remaining in full force and effect on the date of Folketrygdfondet's subscription for Offer Shares pursuant to the Subscription and Underwriting Agreement.

If any or all of the conditions for the underwriting obligations of the Underwriters or Folketrygdfondet are not met or waived by 24:00 hours (CET) on 31 December 2010, the obligations of the respective Underwriters or Folketrygdfondet will expire. In such event, the Rights Issue will be withdrawn unless it is fully subscribed. See Section 6.4 (The Rights Issue—Conditions for Completion of the Rights Issue) above for a description of the consequences of a withdrawal of the Rights Issue.

Pursuant to the Underwriting Agreement and the Subscription and Underwriting Agreement, each Underwriter and Folketrygdfondet will upon completion of the Rights Issue receive an underwriting fee of 1.35 percent of the amount underwritten by it. Furthermore, each Underwriter and Folketrygdfondet has earned a stand-by fee of 4 basis points per week on the aggregate amount underwritten by it from the signing of, or adherence to, the Underwriting Agreement, as the case may be, and the signing of the Subscription and Underwriting Agreement, respectively, for every seven day period (or part thereof) up to and including (i) 21 June 2010 or (ii) if the Underwriting Agreement is terminated by the Company at the date of such termination. The stand-by fee will be accrued and deducted from the underwriting fee of 1.35 percent subject to completion of the Rights Issue.

6.22 Net Proceeds and Expenses Relating to the Rights Issue

The Company will bear the fees and expenses related to the Rights Issue, which are estimated to amount to approximately NOK 151 million, of which approximately NOK 126.7 million are underwriting fees to the Underwriters and Folketrygdfondet as described in Section 6.21 (The Rights Issue—The Underwriting) above with the addition of other fees and expenses to the Joint Global Coordinators, and approximately NOK 24.3 million are other costs and expenses. No expenses or taxes will be charged by the Company or the Joint Global Coordinators to the subscribers in the Rights Issue.

Total net proceeds from the Rights Issue are estimated to amount to approximately NOK 9,871 million and will be allocated to the Company's share capital and share premium reserve fund. For a description of the use of such proceeds, see Section 6.2 (The Rights Issue—Use of Proceeds).

6.23 Interests of Natural and Legal Persons Involved in the Rights Issue

The Underwriters or their affiliates have provided from time to time, and may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. Each of the Underwriters, its employees and any affiliate may currently own Existing Shares in the Company. Further, in connection with the Rights Issue, each of the Underwriters, its employees and any affiliate acting as an investor for its own account may receive Subscription Rights (if they are Existing Shareholders) and may exercise its right to take up such Subscription Rights and acquire Offer Shares, and, in that capacity, may retain, purchase or sell Subscription Rights or Offer Shares and any other securities of the Company or other investments for its own account and may offer or sell such securities (or other investments) otherwise than in connection with the Rights Issue. The Underwriters do not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

6.24 Participation of Major Existing Shareholders and Members of the Company's Management, Supervisory and Administrative Bodies in the Rights Issue

Except for the fact that Folketrygdfondet has undertaken to subscribe for Offer Shares in the Rights Issue pursuant to the Subscription and Underwriting Agreement and the Norwegian Government has been authorized to subscribe for 43.41 percent of the Offer Shares in the Rights Issue, the Company is not aware of whether any major shareholders of the Company or members of the Company's management, supervisory or administrative bodies intend to subscribe for Offer Shares in the Rights Issue, or whether any person intends to subscribe for more than 5 percent of the Rights Issue. A number of the members of the Company's management, supervisory or administrative bodies hold Shares in the Company as indicated in Section 15 (Management, Supervisory Bodies, Employees and Corporate Governance) and will as Existing Shareholders be granted Subscription Rights in respect of such Shares.

6.25 Publication of Information Relating to the Rights Issue

In addition to press releases which will be posted on the Company's website, the Company will use the Oslo Stock Exchange information system to publish information relating to the Rights Issue. The Company's announcements through the Oslo Stock Exchange information system will also automatically be published through the London Stock Exchange information system.

6.26 Governing Law and Jurisdiction

This Subscription Forms and the terms and conditions of the Rights Issue shall be governed by, and construed in accordance with, and the Offer Shares will be issued pursuant to, Norwegian law. Any dispute arising out of, or in connection with, the Subscription Forms or the Rights Issue shall be subject to the exclusive jurisdiction of the courts of Norway, with Oslo District Court as legal venue.

7 BUSINESS DESCRIPTION OF HYDRO

7.1 Group Overview

Hydro is one of the world's largest producers of primary aluminium, with electrolysis production in Australia, Canada, Germany, Norway, Qatar and Slovakia. Most of Hydro's aluminium is sold in the form of value-added casthouse products and Hydro is a leading worldwide supplier of extrusion ingot, sheet ingot, wire rod and primary foundry alloys (source: Company information). Alumina is one of the most important cost elements in the production of aluminium metal, along with energy. Hydro has ownership interests in alumina refineries that provided approximately 69 percent of the Group's alumina needs in 2009. The most important of these interests, Alunorte, is the world's largest alumina refinery with one of the lowest conversion costs in the industry. The Group has substantial self-generated power capacity based on low cost and low emission hydropower production in Norway and a captive gas-fired power plant for Qatalum.

Hydro is an industry leader for a range of downstream aluminium products and markets, in particular the building, packaging, lithographic and automotive market sectors (source: Company information). Hydro is a high quality, value-added supplier of aluminium products and solutions, with strong positions in markets that provide opportunities for value-added products. Hydro's ambition is to be recognized as the world's leading aluminium solutions supplier, an agile and innovative technology leader working in partnership with its customers, driving the business and the aluminium industry forward.

Hydro's flat rolled products operations are primarily located in Europe, where the Group generated approximately 80 percent of total sales volume in 2009. Hydro is the second-largest supplier (source: Hydro estimate based on data from CRU) in the European rolling industry with an estimated market share of 17 percent in Europe (source: Company information/the EAA Market Report, April 2010). Hydro holds leading global positions within high value-added products segments such as lithographic printing plates and aseptic foil.

The Group's extrusion operations consist mainly of general soft alloy extruded products and building systems for facades, wall partitions, doors and windows. Hydro's network of extrusion plants serves local customers with customized profiles and building systems. Hydro is the European leader (source: Company information) in aluminium building systems and is currently focusing heavily on energy-efficient building solutions. Hydro has precision tubing production in all major regions, and has a leading position in the global market for heat transfer product applications (source: Company information).

With more than 100 years of experience in hydropower, Hydro is the second-largest power plant operator in Norway, and the largest privately owned producer (source: Company information). In addition, Hydro purchases around 7 TWh annually under long-term contracts, mainly with the Norwegian state-owned company, Statkraft SF. The Company's portfolio provides long-term power at predictable prices for its industrial operations in Norway.

The Company is headquartered in Oslo, Norway. According to information available on the Oslo Stock Exchange's website (www.oslobors.no), the Company had a market capitalization of approximately NOK 46 billion as of 17 June 2010, making it the seventh largest public company listed on the Oslo Stock Exchange based on market capitalization. The Company's largest shareholder is the Norwegian Government, which owned 43.82 percent of the Shares as of 14 June 2010.

7.2 History

Norsk Hydro ASA was organized under Norwegian law as a public company in 1905 to utilize Norway's large hydroelectric energy resources for the industrial production of nitrogen fertilizers.

An emphasis on industrial research and new business alliances enabled Hydro to expand into fertilizer operations following the First World War. In 1928-29, improved fertilizer technology was introduced at Hydro's first industrial sites in Telemark in Southern Norway. Advancements in electricity transmission technology paved the way for the construction of a new fertilizer plant at Herøya, close to Porsgrunn, Norway. This provided the company with easier access to important raw materials and ideal harbor conditions. New, innovative technologies also provided the foundation for new business opportunities.

The period following the end of the Second World War was a time of reconstruction in Europe. Over the next three decades, Hydro rebuilt itself into an industrial conglomerate, expanding into a number of new businesses in Norway. In 1951, the Company began producing magnesium metal and polyvinyl chloride at Porsgrunn. Hydro constructed the Røldal-Suldal hydroelectric power plant to provide energy for its operations at Karmøy and opened an aluminium reduction and semi-fabricating plant there in 1967.

In order to secure stable access to raw materials and energy for its fertilizer operations, the Company began investigating various opportunities to participate in oil and gas production in the middle of the 1960s. After obtaining concessions to explore for petroleum on the Norwegian Continental Shelf, Hydro and its partners discovered oil and gas in the Ekofisk field in 1969 and in the Frigg field in 1971. Norway's natural gas liquids resources and Hydro's experience in the chemical process industry served as the foundation for the Company's investments in the petrochemicals industry in Norway. In 1978, Hydro commenced production of ethylene and vinyl chloride monomer.

Hydro expanded globally in the 1980s, acquiring a number of businesses in Norway and other countries. The Company expanded its fertilizer operations into one of the leading suppliers in Europe. Hydro also entered a new era as an oil company, becoming operator of the Oseberg offshore oil field. Research remained high on the Company's agenda as it developed new technologies for deep-water oil and gas production and horizontal drilling that it commercialized in developing the Troll oil project. In 1986-87, Hydro acquired the Norwegian state-owned aluminium company, Årdal og Sunndal Verk, and several European aluminium extrusion plants from Alcan and Alcoa, establishing Hydro Aluminium as a major business within Hydro and an important player in the European aluminium industry.

In more recent years, Hydro developed further its businesses through substantial investments, including the acquisition of Saga Petroleum ASA in 1999, VAW Aluminium AG in 2002 and Spinnaker Exploration Company in 2005. The Company also invested significant capital toward the expansion of existing aluminium production facilities, including its fully owned Sunndal primary metal plant in Norway and the part-owned Alouette smelter in Canada. This was followed by the decision to participate in the construction of the Qatalum smelter in Qatar, which started production at the end of 2009. In addition, Hydro has participated in three substantial expansions of the Alunorte alumina refinery in Brazil. In 2007, Hydro completed the first phase of the giant Ormen Lange gas field, considered one of the largest industrial projects ever undertaken in Norway. A significant portion of the expansion of these businesses was financed through the sale of non-core operations.

Hydro has invested approximately NOK 18 billion in its aluminium and energy business (excluding petroleum activities) in Norway during the last decade, including NOK 11 billion in its Norwegian smelter system, NOK 2.2 billion upgrading and expanding its hydropower production operations and NOK 3 billion in research, development and production support relating to both its upstream and downstream aluminium businesses. Annual electrolysis production in Norway increased from 760,000 mt to about 900,000 mt in the same period, including the shutdown of roughly 250,000 mt of older, higher cost and higher emission capacity in Norway.

Throughout this period, the Company has continued to focus on improving working conditions and has developed principles and directives underlying a global commitment to a viable society.

The same period also encompassed a major restructuring of Hydro's downstream operations, the closure of higher cost smelters, and ultimately, the transformation of Hydro into a focused aluminium and energy company. In 2004, the Company demerged its Agri business through the creation of Yara International ASA and merged Hydro's petroleum activities with Statoil ASA to form StatoilHydro ASA in 2007 (later re-named Statoil ASA). In the same year, Hydro announced the sale of its Polymers activities, which was completed in 2008. Restructuring continued in 2009 with the sale of Hydro's automotive structures business.

7.3 The Group's Legal Structure

The Company is an operational company and the ultimate parent company in the Group. The following table contains a list of the Company's most significant subsidiaries (each of which is considered by the Company to be likely to have a significant effect on the assessment of the assets and liabilities, the financial position and/or the profits and losses of the Group).

Company name	Country of incorporation and address	Percentage of shares owned by Hydro
Hydro Aluminium AS	Norway – Drammensveien 260, Vækerø, N-0240 Oslo, Norway	100.00
Hydro Aluminium Deutschland GmbH	Germany – Friedrich-Wöhler-Str. 2, D-53117 Bonn, Germany	100.00
Norsk Hydro Kurri Kurri Pty Ltd	Australia – Lot 435-438 Hart Road, Loxford, NSW 2327, Australia	100.00
Norsk Hydro Produksjon AS	Norway – Drammensveien 260 Vækerø, N-0240 Oslo, Norway	100.00
Industriforsikring AS	Norway – Drammensveien 260 Vækerø, N-0240 Oslo, Norway	100.00
Slovalco a.s.	Slovakia – Priemyselná 14, SK-96548 Žiar nad Hronom, Slovakia	55.30

The percentage of shares owned equals the percentage of voting shares owned by Hydro. Several of the above-mentioned companies also own shares in other companies as specified in their annual reports.

7.4 Industry overview

In addition to the discussion below, see Section 14.8 (Operating and Financial Review–Recent Developments and Trend Information) for current developments and outlook relating to markets in which Hydro operates.

7.4.1 Introduction

Aluminium smelting is a capital-intensive and energy- and technology-driven industry concentrated in a relative small number of companies. China's emergence as the main consumer and producer of aluminium in recent years has impacted market fundamentals. Russia and the Middle East are also growing in importance as aluminium producers due to their respective favorable access to hydropower electricity and gas.

There are two main sources for new aluminium products: primary aluminium made from electrolysis of alumina, and secondary aluminium made from the remelting and recycling of aluminium scrap. Scrap is generated throughout the value chain when producing finished aluminium products and it is also collected in the marketplace after the use of the aluminium products is over. The recycling process requires approximately 5 percent of the amount of energy that is needed for the electrolysis process. About 25 percent of new aluminium products are made from consumer scrap.

Aluminium is used in a variety of applications in several industries. The major consumer segments are transportation, building and construction, and packaging. The major geographic markets are North America, Western Europe, China and Japan. Following the significant market declines towards the end of 2008 and early 2009, demand stabilized in all major regions during the second half of 2009. The demand for aluminium products in mature markets like North America and Europe is normally in line with economic developments, and can be considered pro-cyclical, falling to a greater extent than other products in a downturn and growing faster in an upturn. This was evident in the final quarter of 2008 and in early 2009, when demand in Europe declined significantly as the financial crisis spread throughout the general economy. In line with past precedent, the Company expects demand for aluminium products to grow faster than other products as the markets recover. Hydro expects healthy long-term growth in global demand for aluminium, primarily driven by infrastructure investments and economic development in China and other large developing economies.

A common Nordic electricity market has been in existence since 1999. In 2009, the mix of power generation in the Nordic market was comprised of hydropower (56 percent), nuclear power (20 percent), wind power (3 percent) and other sources (21 percent), mainly thermal power. Hydroelectric power represents virtually all the power generation in Norway (source: Scandinavian Transmission System Operator statistics). The market price for power is set by a multitude of supply and demand factors, including hydrological conditions, generation fuel costs, CO₂ emission costs, export/import prices and temperature/weather conditions influencing consumption patterns.

7.4.2 Structural developments

As a result of the substantial consolidation of upstream aluminium activities during the past two decades, relatively few companies are producing a substantial portion of primary metal on a global basis. Hydro's present size corresponds to about half of the upstream capacity of each of the four largest producers (source: Company information/CRU Aluminium Quarterly Industry and Market Outlook April 2010). The Company's focus is on a sustainable upgrading of its portfolio in a way that ensures an operating cost position among the best in the world (source: CRU Primary Aluminium Cost Service August 2009). There are also several important smaller producers, such as the Indian company Vedanta, that have demonstrated very strong growth ambitions within primary aluminium over the last few years.

Categorizing companies in the industry has become more difficult, as they appear to have very different interests in the mining, metal and downstream aluminium sectors. In general, it seems that most companies are targeting integration into energy and bauxite activities, both being the key input factors in aluminium production. The focus on downstream integration appears to be lower. Over the last decade, the downstream aluminium industry has evolved significantly, with consolidation as well as spin-offs from large integrated aluminium companies. Today, there are only two major global integrated aluminium companies, Alcoa and Hydro, both of which have significantly restructured their downstream portfolios in the last few years.

Industry analysts expect restructuring activity to continue. A shift in capacity build-up towards emerging, fast-growing markets is also expected.

7.4.3 Aluminium price and input cost developments

Primary aluminium in standard ingot form is traded on various metal exchanges, primarily on the LME. The Shanghai Futures Exchange has grown in importance for sales of standard aluminium ingots imported to and exported from China, and priced in a way that includes Chinese VAT. During 2009, China became a net importer of primary aluminium for the first time since 2005, driven by higher prices, at comparable terms, than the LME. In the long run, prices generally reflect market fundamentals of the physical market as well as underlying cost developments.

Trading by financial investors in the derivative markets can have a significant influence on price developments in the short and medium term, occasionally in contradiction with developments in the physical market. Price volatility has therefore been, and may continue to be, high. Following a major rise in prices that began in 2003 and led to price levels above US\$3,000 per mt (US\$3,341 per mt in July 2008), aluminium prices exhibited an historic decline during the first quarter of 2009 as the turmoil in the financial markets spread into the general economy. Prices have since recovered strongly, with LME prices averaging at US\$2,197 per mt in the first quarter of 2010 compared with US\$1,397 per mt in the corresponding quarter of 2009 and US\$2,035 per mt in the fourth quarter of 2009 (source: Reuters/EcoWin).

In the period from 2003 to 2008, there was a strong upward shift in the cost curve for primary aluminium production. This upwards shift was triggered mainly by a significant increase in prices of energy and natural resources. The significant drop in demand for aluminium described above resulted in declining demand for raw materials and falling smelter input costs. Commodity prices in general fell as a result of the economic downturn. Consequently, the cost of producing aluminium declined and the industry cost curve ended up lower in 2009 than the previous year. However, prices for energy and natural resources have apparently stabilized and started to recover during 2009. This is expected to result in higher costs going forward.

In the future, primary aluminium production is expected to be developed in energy-rich areas where energy prices are more competitive than in developed energy markets such as Europe and the United States. Such countries and regions are expected to include the Middle East, India, Iceland, Siberia, Canada and some countries in Africa, Asia and South America. China will also continue to be an important producer and consumer of primary metal, but the industry's development in the country is likely to be increasingly challenged by the high dependence of Chinese smelters on high cost thermal-coal energy and the rising energy constraints in China.

7.4.4 Downstream activities – Developments within the flat rolled products industry

The aluminium rolled products industry is characterized by economies of scale, with significant capital investment required to achieve and maintain technological capabilities and to meet demanding customer qualification standards. Service and efficiency demands from large customers have encouraged consolidation among suppliers. In Europe, the five biggest producers account for roughly 80 percent of the market (source: Company estimates/CRU cost model for flat rolled products 2008 which is the most recent edition). Recent developments in the industry include the continuous overcapacity in the Chinese, Western European and North American markets, rising energy costs and high labor costs. This has led to unsatisfactory margins for certain product segments and the need to restructure operations in order to return to satisfactory levels.

Demand in the European flat rolled products market improved in the second half of 2009 and in the first quarter of 2010, mainly driven by customer restocking and a slight increase in consumer demand. Market demand is expected to be stable in the second quarter of 2010 but to remain below the levels experienced prior to the severe economic downturn which began towards the end of 2008. In North America, developments have been similar with some indications of a stronger recovery in the second half of 2010.

7.4.5 Downstream activities – Developments within the extruded products industries

In Europe, the five largest producers of extruded products represent about half of the market. The remainder is very fragmented with about 220 producers. Only about 5 percent of volume is imported on a net basis (source: the EAA General Assembly Report, May 2010). Competition has increased over time, and markets have evolved from being domestic to become regional. Although new capacity is being built mainly in Eastern Europe to meet higher regional demand, there is still overcapacity in many of the

European markets. Mainly due to large differentiated product segments, those extrusion companies with superior products and services and competitive costs, are able to defend their margins that lead to sustainable high returns. Hydro's extrusion system falls within this category.

In terms of demand, following a sharp decrease during the final quarter of 2008 and the first half of 2009, the market improved in the second half of 2009. In the first quarter of 2010, the European demand for extruded aluminium products was stable following a slight increase in the normally seasonally lower fourth quarter of 2009 due to customer restocking. Margins are still under pressure and further consolidation within the European industry is expected.

The North American extrusion industry is more consolidated than the European industry and has recently undergone significant restructuring. The economic downturn led to further consolidation, with the exit from the market of over 25 extruders. Nonetheless, margins remain under pressure, and further restructuring is expected. Today, the four largest producers represent about 60 percent of the domestically supplied market, while another five medium-sized producers cover about 15 percent of the market (source: Company estimates). Almost 20 percent of the market is based on imports (source: the Aluminium Association Monthly Report, February 2010), mainly from Asia, as Chinese imports have been growing rapidly. Demand in the North American market appears to have stabilized following a long period of decline. The Group is also present in South America, where demand dynamics continue to be positive, especially in Brazil.

The overall outlook for the European and the U.S. extrusion markets is expected to improve across most markets during the second quarter of 2010, with the exception of the construction segment.

7.4.6 Nordic electricity market developments

Partly due to the strong influence of hydrological conditions, there have been large variations in the price of Nordic power during the last several years, both on a quarterly and annual basis. Due to increased interconnector transmission capacity, the Nordic price of power is increasingly influenced by power prices on the European Continent.

In April 2009, the EU formally approved as law its "20-20-20" climate change package. By 2020, the EU aims at cutting greenhouse-gas emissions by 20 percent, increasing the share of renewable energy in the energy mix to 20 percent, and improving energy efficiency by 20 percent. The implementation of these directives is expected to have a significant influence on power prices and environmental regulations in Europe. To avoid or reduce the risk of "carbon leakage", which is the risk of EU-based businesses losing market share to less carbon efficient installations outside the European Community, the EU has agreed to introduce national compensatory measures for energy-intensive industries competing on a global basis.

Because of regional imbalances in supply and demand in the Norwegian power market and limitations in transmission capacity between regions, price areas have been established through the Norwegian Power Act 1990 (*Norwegian: "energiloven"*) to provide incentives for the import of power to areas with supply deficits from those areas with supply surpluses. The system of price areas is managed by the Norwegian regulatory body, Statnett SF. In January 2010, the price area in Southern-Norway (NO1) was split into two (NO1 and NO2) resulting in price differences due to variations in power balances and limited transmission capacity. Hydro has about one-third of its production in NO1 and two-thirds in NO2. In March 2010, an additional price area, NO5, was established introducing further price differences.

7.5 The Group's Operations

7.5.1 Operation segments overview

Hydro's business is divided into five operating segments; primary metal, metal markets, rolled products, extruded products and energy, all as further described below. In addition, Hydro will after the Transaction establish a new operating segment – bauxite and alumina, see further Section 10.3 (Information Regarding Hydro after the Transaction–Hydro after the Transaction).

The table below sets forth the Group's operating revenues by each operating segment for the periods indicated.

Amounts in NOK million	Total revenue		
	2009	2008	2007
Primary metal	25,486	36,756	40,761
Metal markets	34,197	51,212	55,523
Rolled products	18,411	22,511	25,116
Extruded products	20,065	24,642	26,560
Energy	5,286	7,913	6,468
Other and eliminations	(36,036)	(54,579)	(60,112)
Total	67,409	88,455	94,316

The Group owns clear title concessions to hydroelectric power stations in Norway with a generating capacity of approximately 2.7 TWh per year. In addition, the Group holds generating capacity of approximately 5.8 TWh, which is operated under concessions from the Norwegian government that will expire without compensation to the Group in the period between 2022 and 2051. The site for the Qatalum smelter is leased under a leasing agreement which will be automatically extended so long as the joint venture agreement is in effect. Apart from this, the Group's major production plants and assets are owned by the Company or its subsidiaries or are jointly owned with joint venture partners as further described in this Section 7.5 (Business Description of Hydro–The Group's Operations).

7.5.2 Primary metal

Overview

Primary metal consists of Hydro's primary aluminium production, remelting and casting activities at its wholly owned smelters located in Norway, Germany and Australia and Hydro's share of the primary production in partly-owned companies located in Norway, Slovakia, Qatar, Australia and Canada. The alumina and bauxite operations are also included in primary metal. These activities are comprised of Hydro's long-term alumina sourcing arrangements and alumina trading operations as well as its 34.03 percent investment in the Brazilian alumina refinery, Alunorte, its 35 percent interest in the Alpart refinery in Jamaica and its 5 percent interest in MRN.

Production facilities

Hydro produced primary aluminium at 10 wholly or partly owned primary aluminium plants in 2009. Actual electrolysis production was impacted by curtailments that were completed at several plants in the first half of the year. Actual casthouse production in 2009 was significantly lower than the capacity indicated in the table below due to the weak markets in the first half of the year. However, casthouse production increased to nearly full capacity in the second half of the year.

The table below provides a list of the main production facilities as of 31 December 2009 in the primary metal segment and key figures for such facilities.

Plant	Country	Employees	Electrolysis capacity (000 mt) ¹⁰	Casthouse capacity (000 mt)	Main products
Karmøy	Norway	501	180	230	Extrusion ingot, wire rod
Årdal	Norway	636	180	330	Sheet ingot, foundry alloys
Sunndal	Norway	780	390	515	Extrusion ingot, foundry alloys
Høyanger	Norway	163	60	120	Sheet ingot
Sørø (49.9%)	Norway	390	85	95	Extrusion ingot
Slovalco (55.3%)	Slovakia	564	165	179	Extrusion ingot, foundry alloys
Neuss	Germany	598	235	370	Sheet ingot
Kurri Kurri	Australia	557	177	185	Extrusion ingot, foundry alloys
Tomago (12.4%)	Australia	1,070	65	65	Standard ingot, extrusion ingot, sheet ingot
Alouette (20%)	Canada	1,100	115	115	Standard ingot

The table below sets forth actual electrolysis and casthouse production for the periods indicated.

Primary aluminium and casthouse production (000 mt)	Primary Aluminium Electrolysis			Casthouse		
	2009	2008	2007	2009	2008	2007
Karmøy	187	291	289	187	335	356
Årdal	191	190	205	284	292	315
Sunndal	321	376	367	411	469	456
Høyanger	60	59	58	97	85	85
Sørø (49.9%)	49	85	80	58	92	80
Slovalco (55.3%)	150	163	160	172	187	186
Neuss	82	234	231	216	353	332
Kurri Kurri	177	173	173	178	174	177
Tomago (12.4%)	65	65	64	65	64	63
Alouette (20%)	115	114	115	114	115	115
Total production primary aluminium and casthouse	1,397	1,750	1,742	1,782	2,166	2,164

Qatalum

Qatalum is the new primary aluminium plant in Qatar and has an annual production capacity of 585,000 mt (50/50 joint venture between Hydro and Qatar Petroleum). Production from the plant's 704 cells will be ramped up during 2010 and the plant is expected to have roughly 1,200 employees in place by the end of the year. Most of Qatalum's production will be shipped in the form of value-added, alloyed casthouse products with the capacity of 350,000 mt of extrusion ingot and 275,000 mt of foundry alloys. Energy for the smelting operations will be provided by an integrated gas-fired power plant where the gas

¹⁰ Production and casthouse capacity for part-owned companies represents the proportional share. Slovalco is fully consolidated in terms of volumes and financial results.

is supplied by Hydro's joint venture partner Qatar Petroleum. An integrated carbon plant will provide approximately 300,000 mt of anodes per year.

Alumina

Over the last decade, Hydro has mainly met its alumina supply through a combination of equity investments in alumina production and a portfolio of medium to long-term contracts. Hydro's major alumina investment is its 34.03 percent interest in Alunorte. Following completion of a third expansion in 2008, the Alunorte refinery reached an annual production capacity of approximately 6.3 million mt.

The Group purchases alumina for its smelting operations from Alunorte based on prices linked to the LME with a lag of one month.¹¹ The financial effects of Hydro's equity ownership in Alunorte are reflected in share of profit (loss) in equity accounted investments. The reported results for Alunorte can include significant currency effects from the re-valuation of US\$ liabilities that are excluded from the underlying EBIT. Bauxite for Alunorte is sourced under long-term contracts with Vale for bauxite sourced from MRN, in which Hydro has an equity participation of 5 percent, and from the Paragominas mine presently owned by Vale. Purchases are made under long-term contracts based on prices linked to the LME and alumina market prices. Earnings from Hydro's investment in MRN are included in financial income.

Hydro has also a 35 percent equity interest in the Alpart alumina refinery in Jamaica, which has a normal annual production capacity of approximately 1.65 million mt and its own captive bauxite mine. All of the production at Alpart was temporarily shut down at the end of June 2009.

Hydro has a contract with Rio Tinto Alcan for the supply of 500,000 mt of alumina annually from 2006 through 2030. The Company has also exercised an option for an additional 400,000 mt of alumina deliveries linked to the expansion of Rio Tinto Alcan's Yarwun refinery in Australia. In addition, Hydro has a number of short, medium and long-term purchase contracts to secure alumina for its own smelters. These contracts typically have pricing formulas based upon a percentage of the LME price. Hydro also enters into contracts to buy and sell alumina in order to optimize its physical alumina portfolio on a short and medium-term basis.

Power

Internal supply contracts between Hydro's hydropower production operations and its aluminium metal business covered about half of the energy consumption of the Group's wholly owned Norwegian smelters in 2009. The remainder is mainly covered by external supply contracts with Statkraft SF, a Norwegian electricity company. The supply from Statkraft SF under these contracts amounts to approximately 6.4 TWh per year until the last of these contracts expire in 2020. In addition, Hydro has a power contract with the Swedish company Vattenfall for the supply of close to 18 TWh of electricity over an eight-year period starting in 2013. Energy for the remainder of the Group's smelter system is covered under medium to long-term contracts with the exception of the German metal plant, Neuss, which is covered in the short-term market.

The long-term availability of electricity at predictable prices is considered a prerequisite for the further development of Hydro's Norwegian operations, particularly since Nordic spot market prices can be highly volatile.

Anodes

Most of Hydro's smelters produce anodes on-site. Over the past several years, the Company has expanded the capacity of anode production at the Årdal plant in Norway and in the part-owned company

¹¹ Alumina prices are adjusted monthly based on the average monthly LME three-month prices, applied with one month delay.

Aluchemie in the Netherlands. In addition, Hydro has upgraded the anode facility at the Kurri Kurri plant in Australia. The Qatalum plant in Qatar has an anode facility with capacity aligned to the production of primary metal.

Technology and health, safety and environment ("HSE")

Hydro's proprietary technology plays an important role in securing its competitive position. Hydro believes its technology serves as an industry benchmark for environmental performance, and sets high standards for safety and productivity.

Hydro has a strong commitment to safety and systematically reviews and follows several key performance indicators. One of these, the TRI rate (total recordable injuries per million hours worked) for 2009, declined by about 43 percent to 2.5 in 2009 compared with 4.4 in 2008. The Company is targeting a further 20 percent reduction in 2010.

7.5.3 Metal markets

Overview

Metal markets includes all sales and distribution activities relating to products from Hydro's primary metal plants and remelting from Hydro's stand-alone remelters located in most major European markets and the United States. Hydro's remelters operated at approximately 95 percent and 86 percent of capacity for 2007 and 2008 respectively. In 2009, capacity utilization declined to approximately 75 percent as a result of the substantial fall in demand. See Section 14 (Operating and Financial Review) for further information on market developments in 2008 and 2009. For the first quarter of 2010, Hydro's remelters operated at approximately full capacity. The metal markets segment also includes the sourcing and trading activities. These secure a competitive supply of aluminium standard ingots to Hydro's global production system, and operational risk management through LME hedging activities relating to the Group's own operations and on behalf of other business areas.

The table below sets forth remelt production from Hydro's stand-alone remelters for the periods indicated.

Remelt production (000 mt)				
Plant	Country	2009	2008	2007
Clervaux	Luxembourg	84	100	111
Deeside	United Kingdom	42	49	55
Rackwitz	Germany	66	62	65
Hannover	Germany	11	14	21
Luce	France	52	48	50
Azuqueca	Spain	61	63	66
Henderson	United States	58	72	81
Commerce	United States	84	95	81
Others	United States	-	-	155
Total remelt production metal markets		458	505	685

Remelt activity, including remelted metal for casthouses integrated with the primary metal plants, and third-party sourcing, normally represents about half of the Group's external sales of metal each year. In addition to remelting scrap returned from customers and purchased from third parties, aluminium standard ingot is procured globally under a combination of short and long-term contracts. Following the dramatic decline in demand towards the end of 2008, the Group reduced operations at its remelters

significantly. Production was ramped up, however, from the second quarter of 2009 in response to the gradually improved product demand during the remainder of 2009.

The metal markets segment also includes aluminium sourcing and trading activities. The results of these sourcing and trading activities are, by their nature, volatile. The Group's sourcing portfolio consists of third-party purchase contracts of standard ingot for remelting in Hydro's remelters and primary casthouses. Some of the sourced metal, as well as own equity production of primary standard ingot, is also sold to external customers. Aluminium standard ingot is a global aluminium product traded on the LME. Hydro also enters into third-party contracts to optimize the total portfolio position and to reduce logistics costs.

In addition, hedging activities on behalf of all business areas in Hydro are managed by metal markets. The main hedging objectives are to secure margins in the midstream and downstream businesses and to obtain the prevailing average LME price for Hydro's smelting system. The sourcing and trading operation acts as an internal broker for all LME hedging transactions by the business units in order to consolidate Hydro's exposure positions, reduce transaction costs and utilize trading knowledge and expertise.

Markets, products and customers

Most of the Group's aluminium is sold in the form of value-added casthouse products such as extrusion ingot, sheet ingot, wire rod and foundry alloys. Hydro's most important product is extrusion ingot, which is sold to extruders producing aluminium profiles used mainly in the building and construction industry. Other important end-use segments include the transport and general engineering market sectors. Hydro's key market region for extrusion ingot is Europe, followed by the United States and Asia. From 2010, with the ramp up of Qatalum, the Asian market will become increasingly important to Hydro.

Sheet ingot, the Group's second-largest product in terms of sales volume, is sold to European rolling mills, with packaging and transportation as the most important end-use segments. Foundry alloys are sold to foundries producing cast parts primarily for the automotive industry. Hydro's largest market for foundry alloys is Europe with Asia becoming increasingly important. Wire rod is sold to wire and cable mills in Europe for power transmission and other electrical applications.

The Group also produces and sells high purity aluminium products, which are mainly used in the electronics industry in products like electrolytic capacitors, semiconductors and flat-panel displays.

In addition to marketing its own products, Hydro has several commercial agreements where it markets products from part-owned smelters and handles the resale of products under third-party purchase contracts. Hydro also has full marketing responsibility for all of the casthouse production at Qatalum.

The regional market teams are key to Hydro's market approach, serving customers with commercial, technical, logistic and scrap conversion services. Optimized solutions such as Hydro's customer service programs and the on-line customer portal add further value and help build and reinforce customer relationships.

7.5.4 Rolled products

Overview

Rolled products consists of Hydro's rolling mills located primarily in Europe. The segment rolled products also includes a 50 percent interest in the Alunorf rolling mill located in Germany.

Rolling mills

In 2009, Hydro produced rolled products at seven rolling mills in Europe and one plant in Malaysia. More than half of the Group's European production was produced in Grevenbroich, Germany, which is the

largest and one of the most modern and efficient rolling mills in the world. Grevenbroich is also the center of Hydro's rolled aluminium foil and lithographic sheet operations. The plants employ around 4,000 people in total.

Hydro's rolled products production system is mainly comprised of so-called "wall-to-wall" processing, including an integrated casthouse combined with both hot and cold rolling mills. Around 11 percent of the production is based on a continuous casting process, taking place at Inasa, Karmøy and the Malaysia-based plants. The Inasa plant was divested in December 2009.

Plant	Country	Capacity¹² (000 mt)	Main products
Grevenbroich/ Alunorf (50%)	Germany	650	Foil, lithographic sheet, strip
Hamburg	Germany	180	General engineering, automotive, heat exchanger
Slim	Italy	95	General engineering, heat exchanger, packaging
Karmøy	Norway	95	General engineering
Holmestrand	Norway	83	Building, heat exchanger, general engineering
AISB	Malaysia	30	Foil, general engineering, packaging
Inasa	Spain	30	Foil, heat exchanger, packaging

The table below shows actual production on production sites from the rolling mills for the periods indicated.

Volumes to external markets (kmt)	Country	2009	2008	2007
Grevenbroich/ Alunorf (50%)	Germany	460	576	594
Hamburg	Germany	123	144	152
Slim	Italy	49	64	86
Karmøy	Norway	17	21	70
Holmestrand	Norway	15	17	89
AISB (81%)	Malaysia	59	62	17
Inasa	Spain	71	82	24
Total (excluding internal sales)		794	965	1,030

Most of the metal processed by Hydro is sourced internally based on arm's-length prices related to the LME price and sheet ingot premium. External supplies of sheet ingot and standard ingot amounted to approximately 27 percent of Hydro's total requirements in 2009. In addition, the Group recycles process scrap from customers and scrap collected from the market, together with its own process scrap.

Markets, products and customers

Hydro's ambition is to be the preferred supplier to its customers. This approach is founded on value creation for customers, with continuous emphasis on product quality through research, product development and innovative solutions, while prioritizing the service approach toward customers as well as overall cost effectiveness. To foster strong market orientation, the Group's sales function is organized centrally along the business lines in the respective business units. This is supported by sales offices in Europe – in France, the United Kingdom, Spain, Italy, Switzerland, Poland, Sweden and Denmark – and

¹² Based on seven-day-week.

in Brazil, the United States, Malaysia and Singapore, where the Group can optimize market contact and sales potential.

The rolled products business is organized into three product-based business units serving the different market segments in which the Group operates.

Business unit	Shipments in percent	Key characteristics
Lithography	19	- Largest supplier in the lithographic products market - Global player with strong leadership position in the high value-added liquid packaging market segment
Packaging and Building	43	- Main markets include beverage can, foil packaging and coated building products
Automotive, Heat-Exchanger and General Engineering	38	- Serving OEMs and their suppliers with strip and sheet for body, component and chassis applications - Automotive and non-automotive heat-transfer applications - General engineering products used in industrial and consumer products sectors

The table below shows sales volumes for rolled products for the periods indicated.

Volumes to external markets (000 mt)	2009	2008	2007
Beverage can	145	177	177
Foil, other packaging	148	172	186
Building	51	55	57
Automotive, heat-exchanger	86	133	156
General engineering	216	258	287
Lithography	148	170	167
Total	794	965	1,030

Packaging and building

Foil: Hydro serves the needs of customers in the rigid and semi-rigid packaging industry and specializes in thin-gauge foil for flexible packaging. ISO-certified, the Company manufactures plain and converted strip and foil in thicknesses ranging from 0.006-0.500 mm. Hydro provides complete packaging solutions combining high-quality manufacturing with innovation, cost effectiveness and sound ecological characteristics. Hydro also offers a wide spectrum of services in the form of consulting and technical support related to packaging from design, to the forming of materials and the use of appropriate lacquering solutions. As one of the world's leading foil producers, the Group supplies foil as thin as 6.0 µm for packaging of food and pharmaceuticals as well as for technical applications. Hydro offers converted qualities using a variety of lacquering, laminating and coating techniques. Production is concentrated in Grevenbroich rolling mill with satellite operations in Malaysia and Italy. TetraPak, with liquid packaging, is one of the key customers.

Beverage can: Hydro is a major worldwide supplier of body, end and tab stock in the form of rolled coil for the production of aluminium beverage cans. The Company's modern and efficient production facilities, extensive technical know-how and experienced development support, facilitate the delivery of high-quality materials to meet the specific requirements of can manufacturers. The Grevenbroich plant is dedicated to the production of Hydro's quality proprietary end stock efficiEND®, which promotes maximum productivity and thereby cost-effective performance in beverage can-end manufacture. Key customers include Ball, Rexam and Crown.

Building (coated): Hydro is one of the leading manufacturers of coated aluminium strip with many years of experience underlying its expertise in the building market. Hydro strives to continuously improve its dedicated production lines in the Grevenbroich and Holmestrand rolling mills, with the aim to be the quality leader in Europe in this market. Hydro offers customers a portfolio of cost-effective solutions including product applications for roller shutters, ceilings, composites and curtains for windows.

Automotive, heat exchanger & general engineering

General engineering: Hydro provides customers with a comprehensive range of hot and cold rolled aluminium strip and sheet for these markets. The products are tailored to meet the individual requirements of a variety of applications in the industrial and consumer products sectors. Examples include standard and tailor-made coil and sheet for wholesalers, aluminium coil for transformers, and electrical-technical applications, coil, sheet and circles for household applications such as cookware, baking trays and ladders. The Group is recognized as a leading supplier due to its state-of-the-art manufacturing processes, product quality and extensive technical support.

Heat exchanger: The Group's rolling mills produce a wide variety of strip and sheet used in the manufacture of heat exchangers for passenger and commercial vehicles as well as other product applications. Hydro is the largest supplier in Europe, working with key customers such as Behr, Denso and Modine to develop specially adapted alloys and optimized production techniques to fit their manufacturing processes.

Automotive: Hydro is the second-largest supplier of aluminium sheet and coil to the European automotive market for interior and exterior vehicle body parts, chassis and component applications (source: Company estimate). Key customers include BMW and Daimler. Production is focused within the Grevenbroich and Hamburg plants.

Lithography

Hydro is the leading global supplier of lithographic sheet for printing plates, a market characterized by extremely demanding customer requirements for surface quality, metal characteristics and mechanical properties. The Group differentiates itself in all these areas through innovation, quality assurance and extensive service to its customers. Key customers in this segment include Kodak, FujiFilm and AGFA. The lithographic sheet production is concentrated at the Grevenbroich plant.

7.5.5 Extruded products

The Group's major extrusion and extrusion-related fabrication and building systems operations are located throughout Europe and in North America, where it had estimated market shares of around 14 and 7 percent, respectively, in 2009 (source: Company information/CRU/EAA). Hydro's main network of extrusion plants were operated at approximately 85 percent of capacity during 2007 and 2008. In 2009, the capacity utilization declined to approximately 63 percent as a result of a substantial fall in demand. See Section 14 (Operating and Financial Review) for more information on market developments in 2008 and 2009. Due to workforce flexibility, the majority of the capacity reduction in 2009 was achieved by reducing the number of temporary workers or by implementing shorter working hours in accordance with local regulations and at limited cost.

Hydro also has a solid foothold in South America, with plants in Brazil and Argentina that provide a basis for future development in the region, and minor operations in Asia.

Hydro's general extrusion activities are organized into two geographic business sectors – Extrusion Eurasia and Extrusion Americas – and the building systems activities are organized as a separate business sector. Following the divestment of Hydro's automotive structures business, its precision tubing operating unit is included as part of general extrusion activities.

The table below shows extrusion sales volume per market segment in 2009.

Volumes to external markets (000 mt)	Extrusion Eurasia	Extrusion Americas	Building systems
Domestic & office equipment	16	6	-
Building & construction	103	30	77
General engineering	31	2	-
Electrical	27	21	-
Transport	25	13	-
Other	34	15	-
Total	237	87	77

The table below shows extrusion sales volume for the periods indicated.

Volumes to external markets (000 mt)	2009	2008	2007
Extrusion Eurasia	237	301	308
Extrusion Americas	87	102	118
Building systems	77	85	82
Total	401	488	508

Extrusion Eurasia

Hydro's Extrusion Eurasia business sector is headquartered in Lausanne, Switzerland, and operates out of 33 locations in Europe, including sales offices, across the continent. Hydro has extrusion plants in 11 countries, in Austria, Belgium, Denmark, France (three extrusion plants), Germany (three extrusion plants), Italy, Norway (three extrusion plants), Portugal, Poland, Spain (two extrusion plants) and the United Kingdom (two extrusion plants). In addition to these plants, Hydro has eight die production and fabrication sites in Europe. At the end of 2009, Hydro employed around 3,400 people in the Extrusion Eurasian business sector.

Extrusion Americas

Hydro's Extrusion Americas business sector operates 11 plants in the Americas and is headquartered in Baltimore, Maryland. In the United States, Hydro has five plants located in the Midwest, two in the Southeast and one in the West. Hydro also operates a fabrication facility in Mexico. In South America, Hydro operates plants in Argentina and Brazil, which employed about 375 people altogether at the end of 2009. In total, Extrusion Americas employed approximately 1,300 people at the end of 2009.

Building systems

The building systems sector designs and delivers solutions for products such as aluminium windows, doors, facades, and other building applications. Each of Hydro's brands, Technal, Wicona and Domal/Alumafel, represents a distinct system that enable its customers to tailor offerings to their market needs, from single window replacements to the erection of facades on major structures such as new airports or high-rise buildings. Hydro's 2,850 employees operate out of 140 locations in Europe, three locations in Asia and two in the Americas, including sales, technical support, service and distribution operations.

Precision tubing

Precision tubing makes products used in heat transfer applications for automotive and industrial customers, primarily in radiators, evaporators, fuel coolers and liquid lines. Hydro is a global producer

with eight manufacturing operations located in Denmark, Belgium, the United Kingdom, Germany, the United States, Mexico, Brazil and China.

Markets, products and customers

General extrusions

Hydro sells high-quality extrusion profiles, delivered according to specifications, on time, to customers in most industries. About half of the products go to the building and construction markets, while about a quarter are used for various transportation applications. The remainder is used for consumer goods and other applications. Hydro does not focus on standard profiles because of the strong competition and low margins within that market segment. Hydro's local extruders work closely together with their customers, and tailor aluminium profiles and services to meet individual needs. Hydro does not offer finished goods to the market, but creates value by enabling its customers to develop excellent products, and to manufacture and ship their products efficiently to their customers.

Key to the success of Hydro's European extrusion business is its network of smaller, relatively independently operated extrusion plants, where decentralized organizations ensure good market alignment and close contact with customers. The plants also use internal benchmarking actively, and apply best practices to ensure continuous improvement in the flexibility and efficiency of operations. Many of the plants in Hydro's system are characterized by modern equipment and advanced technology, enabling high efficiency, reliable deliveries and consistent quality. The Company possesses considerable experience and skill in fabrication and surface treatment, thus offering an important resource to its customers and contributing to the production of finished components and the supply of system solutions.

In the United States, Hydro serves highly diverse markets and provides a wide range of end-use products. The Company focuses on serving the customers and segments where close integration and special service create clear customer value, and have particular competence in complex fabrication and assembly services. A particular focus at present is the solar energy market, where Hydro's Extrusion Americas sector has emerged as the leading supplier of mounting systems for large-scale solar energy fields.

In Brazil and Argentina, Hydro has a strong position in the construction market and a growing industrial market presence.

Building systems

Hydro's network of building systems with differentiated brands, numerous geographic locations and product offerings, is a competitive strength in a fragmented European market that favors solutions linked to regional building habits and local culture. The Company's technologies enable architects and builders to develop attractive design solutions, providing a variety of functional characteristics in terms of sound and wind insulation, safety, earthquake, fire and theft resistance, and thermal requirements. The latter includes solutions that range from satisfying local requirements to energy-neutral buildings, or, buildings that actually produce more energy than they consume. Hydro's distribution system and logistics operations enable quick and accurate deliveries. Meeting workload planning requirements, including the overall erection of buildings, is another key service the Company provides to customers.

The cost of energy and the continuously increasing focus on CO₂ emissions are expected to drive demand for more sustainable and energy-efficient building solutions. Hydro is at the forefront of these developments, having constructed, through its research centers in France, Italy, Spain, Germany and India, several showcases as well as commercial buildings in this field.

The Company continues to expand its building systems activities in Europe and achieved record volumes in France in 2009 with the Technal brand. Hydro completed a successful introduction to the market in

Argentina and Morocco and won several landmark contracts for prestige projects in Europe and Singapore. The Company also increased its margins, despite the challenging market conditions. In addition, Hydro's sales of building systems outside Europe increased during the year, reaching close to 10 percent of total sales. The strongest growth was achieved in India and the Middle East, together with an increase in China and a new start-up in South America.

Precision tubing

The Company's precision tubing business manufactures products used in heat transfer applications, both for the automotive and non-automotive market segments, and tube lines for carrying liquids or gases. The automotive market represents about 90 percent of the total precision tubing market sector. Hydro has a significant market presence in Europe, North and South America as well as Asia and offers a complete package of products on a global basis.

Heat transfer applications depending on the products include air conditioning and cooling systems, radiators, heat pumps, charge air coolers, transmission oil coolers and evaporators. Hydro has a strong presence in this market and supply global automotive customers such as VW, Denso, BMW, Delphi, TI, Valeo, Hutchinson, Visteon, Parker and Behr. The Company also serves customers worldwide in promising non-automotive market segments.

7.5.6 Energy

Hydro operates 17 hydroelectric power plants in Norway, with a total installed capacity of 1,762 MW and annual normal production of 9.4 TWh (annual hydropower production can vary by as much as 20 percent, in either direction, depending on variations in hydrological conditions). The Company's power plants are located in three main areas, Telemark, Sogn and Røldal-Suldal, and managed from a common operations center at Rjukan, in Telemark.

Ownership percent	Rated capacity (MW) (100%)	Normal annual production (TWh) (Hydro share)	Key characteristics / concession period
Sogn (100%)			
Tyin	374		- Total catchment area 761 km ²
Skagen	252		- New Tyin power station opened 2004
Fivlemyr	2		- Concession expiration Tyin 2051 and Fortun 2057
Herva	40		
Total Sogn		3.1	
Røldal-Suldal Kraft (95.2%)			
Middyr	1		- Total catchment area 793 km ²
Svandalsflona ¹³	18		- Concession expiration 2022
Novle	48		
Røldal	160		
Suldal I ¹⁴	170		
Suldal II	148		
Kvanndal	45		
Total Røldal-Suldal Kraft		2.8	

¹³ Svandalsflona will resume operation by end June 2010 after the tragic accident in May 2009.

¹⁴ Suldal I was out of operation between March 2009 and January 2010 due to repair of pressure shaft.

Ownership percent	Rated capacity (MW) (100%)	Normal annual production (TWh) (Hydro share)	Key characteristics / concession period
Telemark (100%)¹⁵			- Total catchment area 4, 108 km ²
Frøystul	47		- No reversion except for Frøystul 50% 2044, Moflåt and Mæl 2049
Vemork ¹⁶	204		
Såheim ¹⁶	187		
Moflåt	29		
Mæl	38		
Svelgfoss ¹⁶	92		
Total Telemark		3.4	
Skafså (33%)			
Åmdal ¹⁶	21		
Osen ¹⁶	15		
Skree ¹⁶	7		
Gausbu ¹⁶	7		
Total Skafså		0.1	
Total		9.4	

Actual power production in 2009 and 2008 amounted to 7,897 GWh and 11,361 GWh, respectively.

The Company also holds a 20.9 percent interest in SKS Production AS, a regional hydropower producer in Northern Norway with 1.7 TWh of normal production capacity.

In addition to sourcing power for its aluminium operations, Hydro's Energy business sells about 1 TWh of the electricity related to concession power obligations to the local communities where the power stations are located. Power is also sold through existing contracts with Hydro's former petrochemicals business.

Hydro optimizes power production daily based on the market outlook and the hydrological situation within Hydro's water reservoirs. The Company's total portfolio, including its own production, is balanced in the market on the Nord Pool power exchange. Spot market sales vary significantly between dry and wet years, with an average of 2 TWh, excluding the effects of curtailed smelter capacity.

7.5.7 Safety issues

Hydro's ambition is to have no fatalities or other serious injuries and no new work-related illnesses. The Company works continuously to avoid damage to property and the loss of production.

Hydro experienced three fatal accidents in 2009. A contractor's employee was killed when the ground under him collapsed at the Qatalum project in Qatar. At the Svandalsflona power plant in Norway, two contractor's employees died during rehabilitation of the plant. The accident occurred when a mass of water and stone built up in a surge shaft suddenly loosened and poured into the tunnel and power station.

The total number of personal injuries per million hours worked (TRI, including injuries leading to absence, injuries resulting in alternative work, and injuries demanding medical attention) for Hydro was reduced from 3.9 in 2008 to 2.9 in 2009. This corresponds to an improvement of 26 percent and thus

¹⁵ All plants in Telemark owned 100 percent except for Svelgfoss, which is owned 70.22 percent.

¹⁶ No reversion.

meets Hydro's target of a 20 percent improvement. In a 10-year perspective, the Company has reduced the number of personal injuries per million hours worked from 12.9 in 1999 to 2.9 in 2009.

Although the TRI rate has been decreasing steadily for many years, the fatality rate has not shown the same improvement. As a consequence, Hydro is following up even closer with thorough analyses and risk evaluation of all high-risk incidents to determine how fatalities can be avoided. Hydro will reinforce these activities, emphasizing incident analyses and risk management.

Risk awareness and management commitment are important to improved safety performance. Internal investigations are compulsorily initiated after fatal accidents and other serious incidents. Special emphasis is made with regard to work permits, energy control, traffic on site and on public roads, contractor safety, cranes and lifting equipment and work at heights. More than 8,000 contractor employees received "work at height" training at the Qatalum project during 2008 and 2009. Most of Hydro's downstream units mapped traffic risks during 2009. Best practices are being shared and a performance indicator was introduced in Hydro's European extrusion plants.

After a fatal accident in 2008 at the rolling mill in Holmestrand, Norway, the rolled products business area made a training program that all employees have now completed. Risk areas were identified and visualized, and risk-reducing measures, like separation of traffic routes, implemented.

7.6 Geographic Markets and Presence

The table below provides a geographic breakdown of revenue for the years ended 31 December 2009, 2008 and 2007.

NOK million	2009	2008	2007
Norway	3,223	6,376	6,700
Germany	11,849	16,831	18,477
United Kingdom.....	4,744	5,570	5,029
France.....	4,715	6,282	6,773
Italy.....	4,476	6,231	6,493
Spain	3,838	5,297	5,634
Poland.....	1,764	2,545	2,699
The Netherlands	1,680	2,293	2,305
Austria	1,424	2,128	2,088
Other EU	6,822	10,862	12,167
Total EU	41,313	58,038	61,666
Switzerland.....	4,613	4,154	3,764
Other Europe	2,250	2,896	2,450
Total Europe	51,399	71,463	74,650
United States	5,841	7,598	8,706
Canada	203	203	419
Other Americas	1,675	1,844	1,838
Asia	7,198	5,789	7,287
Australia and New Zealand	815	1,267	1,160

NOK million	2009	2008	2007
Africa	279	291	257
Total outside Europe.....	16,010	16,992	19,666
Total	67,409	88,455	94,316

7.7 Investments

Currently, Hydro has two major development projects in progress: the ramp-up of the Qatalum smelter in Qatar, see Section 7.5.2 (Business Description of Hydro–The Group’s Operations–Primary metal) for a description of Qatalum, and the CAP alumina refinery in Barcarena, Brazil, see Section 8.3.2 (Brief Description of Vale Aluminium–Industry and Business Overview–Business operations) for a description of CAP. About 20 percent of the 704 cells of Qatalum smelter were operating as of the end of March 2010 and the remaining cells are expected to be phased in during 2010 and the ramp-up completed during the fourth quarter of 2010. Costs relating to the completion of the ramp-up of the smelter are expected to be financed with funds generated by Qatalum and equity from its shareholders. CAP is in an early development phase and no significant investments have been made as of the date of this Prospectus. There is no dedicated financing in place for CAP as of the date of this Prospectus.

The Company has no other commitments for future significant investments except for the Transaction.

The table below shows the investments in each of Hydro’s operating segment for the periods indicated.

NOK million	Three months ended 31 March		Year ended 31 December		
	2010	2009	2009	2008	2007
Primary metal	1,496	388	4,416	5,926	3,403
Metal markets	98	8	54	160	138
Rolled products	29	41	314	598	381
Extruded products	61	119	617	1,382	484
Energy	68	28	340	164	83
Other and eliminations	15	101	206	782	716
Total	1,766	685	5,947	9,012	5,206

The following is a summary of significant investments that are in addition to maintenance activities and other, smaller investments in plant and machinery for the first quarter of 2010 and 2009 and for the years 2009, 2008 and 2007.

First quarter 2010 and first quarter 2009

During 2009 and continuing into 2010, Hydro has focused on preserving cash and protecting its liquidity position. Except for Qatalum, investments have been substantially reduced and mainly limited to maintenance activities to safeguard Hydro’s production assets.

The major investments for primary metal in the first quarter of 2010 related to the development and ramp-up of the Qatalum primary aluminium plant in Qatar which amounted to approximately NOK 1,100 million. There were no investment amounts relating to Qatalum in the first quarter of 2009.

The major investment for metal markets in the first quarter of 2010 was the Company's increase in ownership interest in Famco, an aluminium remelt plant in Taiwan. Substantially all of the investment amount for metal markets in the first quarter of 2010 related to Famco.

2009, 2008 and 2007

The major investment for primary metal in 2009, 2008 and 2007 was the development of Qatalum which amounted to approximately NOK 2,620 million in 2009, NOK 3,140 million in 2008 and NOK 650 million in 2007. Investments in 2008 also included approximately NOK 540 million relating to the third expansion of the alumina plant Alunorte in Brazil, which was completed in the third quarter of 2008. Investments in 2007 included NOK 435 million relating to the expansion of Alunorte

For rolled products, investments in 2008 included costs of approximately NOK 140 million related to a new annealing line for automotive body parts in the Company's Grevenbroich plant in Germany. Investments for extruded products in 2008 included amounts related to the acquisitions of Expral and Alumafel in Spain amounting to approximately NOK 250 million and NOK 610 million, respectively.

Investments for energy in 2009 included plant upgrades and costs relating to Suldal I, amounting to approximately NOK 80 million, and costs relating to the re-establishment of the Svandalsflona plant amounting to NOK 65 million.

Investments relating to other and eliminations for the years 2009, 2008 and 2007 related mainly to the development of Hydro's solar activities, maintenance and business development activities at Herøya Industrial Park in Norway, and maintenance activities relating to the Company's petrochemical operations prior to the divestment of such operations in February 2008. The major investments have related to Hydro's solar activities, including the development of a pilot plant for flexible, thin-film solar materials (Ascent Solar Technologies), an ingot pulling and wafering plant (NorSun AS) and other solar investments, which in total amounted to NOK 128 million in 2009, NOK 555 million in 2008 and NOK 150 million in 2007.

7.8 Research and Development, Patents and Licenses

Total research and development costs of the Group were NOK 690 million in 2009, NOK 606 million in 2008 and NOK 507 million in 2007. Research and development activities are intended to make production of aluminium more efficient, including further improving Hydro's electrolysis technology. A significant proportion of the research and development funds are also used for further developing production processes and products within casting and alloy development, extrusion, precision tubing, building systems, as well as rolled products. Most of the research and development costs relate to Hydro's in-house research organization, while the remaining supports work carried out at external institutions. The Company has a number of research and development centers in Europe and established a new Technology & Competence Center in Doha, Qatar in 2009.

Hydro has a Technology Board comprised of senior managers with the objective of further enhancing innovation and promoting the Company's ambition to be an industry leader in this area. The board is headed by the President and CEO Svein Richard Brandtzæg.

The Company considers its proprietary electrolytic process is among the world's most efficient. It is used in Sunndal plant and has been further improved for use in the new Qatalum smelter. Hydro's next-generation technology HAL4e is expected to further increase smelter output while reducing electricity consumption and recycling energy from the production process. Advanced technologies are also expected to address the challenge of capturing greenhouse gases from the production process.

8 BRIEF DESCRIPTION OF VALE ALUMINIUM

The Company disclaims any responsibility and liability for the accuracy and completeness of the Prospectus in respect of the information relating to Vale Aluminium presented herein, all of which has been extracted from publicly available sources and information made available to Hydro in connection with the Transaction. Please see www.vale.com for further information.

8.1 Overview

Vale Aluminium comprises Vale's interests in bauxite mining assets in Brazil (including the Paragominas mine, but excluding Vale's interest in MRN), alumina refining operations and projects in Brazil (Alunorte and CAP) and aluminium smelting operations in Brazil (Albras). Hydro will acquire Vale's interest in its alumina refining and aluminium smelting operations and a 60 percent interest in Paragominas (which will own the Paragominas mine) at completion of the Transaction. The remaining 40 percent interest in Paragominas will be retained by Vale Austria Holdings and is subject to certain put and call options.

The Paragominas mine is one of the largest bauxite mines globally based on historical output. Current nominal production capacity amounts to 9.9 million mt on an annual basis.

Alunorte (57.03 percent owned by Vale) owns the world's largest alumina refinery based on production (source: CRU Alumina Refining Cost 2010) with conversion costs based on an integrated bauxite supply in the first decile of the industry cost curve. Alunorte has an annual production capacity of approximately 6.3 million mt. Hydro has an existing ownership interest of 34.03 percent of Alunorte.

Albras (51 percent owned by Vale) owns a hydro-powered aluminium smelter with an annual production capacity of 460,000 mt. It is among the largest smelters in the Americas with a cash cost position in the upper second quartile on the industry cost curve.

CAP is a joint venture project (61 percent owned by Vale) for the development of an alumina refinery close to Alunorte. Hydro has an existing ownership interest of 20 percent in CAP.

The business and assets comprising Vale Aluminium also include the rights of Vale and its subsidiaries in certain shareholders' agreements, shareholder loans, off-take agreements and other commercial agreements relating to the interests described above.

8.2 Corporate Information

The table below shows name and domicile of the separate entities which are the subject of the Transaction. Share of ownership and share of capital indirectly taken over by Hydro, including principal activities of the respective entities, are also shown.

Subsidiary	Domicile	Ownership	Principal activity
ALUNORTE – Alumina do Norte do Brasil S.A.	Brazil	57.03%	Alumina
ALBRAS – Alumínio Brasileiro S.A.	Brazil	51.00%	Aluminium
Companhia de Alumina do Pará S.A.	Brazil	61.00%	Alumina

Alunorte, Albras and CAP are joint venture companies in which Vale is the majority stakeholder. The table below sets out the name and ownership of the shareholders in the three companies respectively.

Joint venture company	Domicile	Ownership
Alunorte		
Vale	Brazil	57.03%
Hydro Aluminium Brasil Investment BV	The Netherlands	34.03%
Companhia Brasileira de Alumínio	Brazil	3.62%
Nippon Amazon Aluminium Co. Ltd.	Japan	2.59%
Mitsui & Co. Ltd.	Japan	2.19%
Japan Alunorte Investment Co. Ltd.	Japan	0.54%
Albras		
Vale	Brazil	51.00%
Nippon Amazon Aluminium Co. Ltd.	Japan	49.00%
CAP		
Vale	Brazil	61.00%
Hydro Aluminium Pará BV	The Netherlands	20.00%
Dubai Aluminium Company Limited	The United Arab Emirates	19.00%

Each of these joint venture companies is governed by a shareholders' agreement.

The table below sets out the name of the directors and key management of Alunorte, Albras and CAP.

Joint venture company	Directors	Key management
Alunorte	Tito Martins, Tor Ove Horstad, João Carlos Ronchel Soares, Yosiaki Kurihara, Minoru Abe, Kenichi Kibe	Ricardo Carvalho (President), Daryush Khoshnevis (Plant director)
Albras	Tito Martins, Vania Somavilla, Ricardo Carvalho, Tetsuya Shibazaki, Noriaki Kishimoto, Kimiharu Okura	Ricardo Carvalho (President), Luis Jorge Nunes (Plant director)
CAP	Tito Martins, Ricardo Carvalho, Tor Ove Horstad, Ahmed Fikree	Ricardo Carvalho (President), Dario Pena/Willer Costa Pinto (Plant directors)
Paragominas	N/A ¹⁷	Geraldo Brittes (Plant director)

Vale Aluminium comprises about 3,600 employees that will be included in the Group upon completion of the Transaction.

8.3 Industry and Business Overview

8.3.1 Industry overview

Aluminium is derived from the naturally occurring ore, bauxite, which is refined into alumina. Bauxite is typically mined in open pits and either processed into alumina in close proximity to the mining

¹⁷ As of the date of this Prospectus, Paragominas has not been incorporated and has not been operating on a stand-alone basis and as such, no board of directors is in place.

operations or shipped to alumina refineries around the world for processing. Major bauxite producing countries include Australia, China, Russia, Brazil, India and Guinea. In 2009, the top ten bauxite producing countries accounted for more than 95 percent of global production of roughly 240 million mt (source: USGS January 2010). The bauxite sector is highly concentrated with the five largest mines controlling around 50 percent of global production in 2009 (source: Roskill Information Services 2008 – The Economics of Bauxite and Alumina). Currently, Paragominas' capacity represents about 5 percent of global production (source: USGS January 2010).

Alumina is one of the most significant cost elements in the production of aluminium. The alumina market is competitive, but small, compared to the primary aluminium market, because many of the major aluminium-producing companies have integrated bauxite, alumina and aluminium operations. Competition in the alumina market is based primarily on quality, reliability of supply and price, which are directly related to operating costs and logistics. The Company believes that Alunorte is competitive in the alumina market because of the high quality of its alumina, advantages in scale and technology, low energy consumption and labor costs and efficient port facilities.

8.3.2 Business operations

Overview

The aluminium business of Vale has been developed with the aim of increasing production capacity focusing on upstream operations through the execution of low-cost bauxite and alumina projects. The operations include large, undeveloped, high-quality bauxite deposits and opportunities for green-field expansion.

Bauxite

Operations at the Paragominas mine, in the Brazilian state of Pará, commenced in the first quarter of 2007 and began supplying raw material to the Alunorte alumina refinery at the same time. The first expansion of the Paragominas mine (Paragominas II) was completed in the second quarter of 2008. The mine has a nominal annual production capacity of 9.9 million mt of wet 12 percent moisture bauxite. The site is connected to a 244 km slurry pipeline with an annual capacity of 14.85 million mt. Electricity is supplied by Centrais Elétricas do Norte do Brasil AS ("**Eletronorte**"), a state owned power generation company in Brazil.

The following table includes production volumes for the Paragominas mine (on a 100 percent basis) for the periods indicated:

In millions of mt	Mine type	2009	2008	2007	Nominal capacity	Recovery rate
Final bauxite production	Open pit	6.2	4.4	1.9	9.9	70%

A feasibility study for a second expansion, Paragominas III, for increasing production capacity by 4.95 million mt per year, has been performed by Vale with an estimated cost of approximately US\$500 million for such expansion.

In connection with the Transaction, Vale provided the Company with its 2009 reserve statement for the Paragominas mine (the "**Reserve Report**"), which was prepared under the supervision of Vale technical personnel. The Reserve Report includes the following estimate of bauxite reserves for the Paragominas mine as of 31 December 2009.

Commodity, Groups & Commodity Subtotals	Mine	Proven		Probable		Total	
		(Mt)	Al ₂ O ₃ (%) Av.	(Mt)	Al ₂ O ₃ (%) Av.	(Mt)	Al ₂ O ₃ (%) Av.
Dry Washed Bauxite	Miltonia 3	134.8	49.4	55.3	49.4	190.1	49.4
	Miltonia 5	95.7	47.3	2.9	47.3	98.6	47.3
	Total	230.471	48.5	58.2	49.3	288.7	48.7

The Reserve Report states that the following definitions of Reserve, and Proven and Probable Reserves have been used:

- (i) **Reserve:** That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination.
- (ii) **Proven Reserves:** Reserves for which (i) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling and (ii) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established.
- (iii) **Probable Reserves:** Reserves for which quantity and grade and/or quality are computed from information similar to that used for Proven (measured) Reserves, but the sites for inspection, sampling, and measurement are further apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for Proven (measured) Reserves, is high enough to assume continuity between points of observation.

Vale's securities are registered with the United States Securities and Exchange Commission and, accordingly, Vale is subject to the requirements of Industry Guide No. 7 (Description of Property by Issuers Engaged or to be Engaged in Significant Mining Operations) published by the United States Securities and Exchange Commission which does not permit the disclosure of mineral "resources" (except to the extent that such resources comprise reserves). The Reserve Report does not, therefore, include (and Vale has not reported) estimates of the total mineral resources of the Paragominas mine. Extracts of the Reserve Report are also publicly available in Vale's 20-F annual reports filed with the United States Securities and Exchange Commission.¹⁸ The Company will, following completion of the Transaction, consider conducting a review of the bauxite deposits associated with the Paragominas mine with a view to estimating the total bauxite resources.

As part of a pre-completion reorganization and as a condition to completion of the Transaction, Vale and its subsidiaries shall transfer to Paragominas substantially all of their bauxite mineral rights (excluding mineral rights held by MRN) and related surface rights, including three mining concessions and one advanced application for a mining concession relating to the proven and probable bauxite reserves of the Paragominas mine (as reported by Vale), as set out in the table below. The term of these mining concessions will continue until such reserves have been fully exploited. Such mining concessions do not

¹⁸ <http://www.sec.gov/Archives/edgar/data/917851/000095012310040662/y81907e20vf.htm#114>.

impose any financial or economic obligations on the holder, apart from royalties that are payable under the general laws of Brazil.

DNPM File No.	Type	Titleholder	Term	Area
803,505/1971	Mining Concession	Vale S.A.	Until deposit is depleted	Miltonia 3
813,217/1974	Mining Concession	Vale S.A.	Until deposit is depleted	Miltonia 3
813,218/1974	Mining Concession	Vale S.A.	Until deposit is depleted	Miltonia 3
803,503/1971	Application for Mining Concession	Vale S.A.	N/A	Miltonia 5

Alumina

Alunorte produces alumina by refining bauxite supplied by Vale and sourced from MRN and the Paragominas mine. In 2008 and 2009, respectively, Alunorte sourced approximately 65 and 58 percent of its bauxite requirements from MRN with the remainder acquired from the Paragominas mine. Alunorte is the largest alumina refinery in the world and among the lowest cost producers (source: CRU Alumina Refining Cost 2010). The refinery has a nominal production capacity of 6.3 million mt per year, following the last expansion that was concluded in the second quarter of 2008. Alunorte supplies alumina to the Albras smelter, which is located nearby in Barcarena in the state of Pará. Alunorte and Albras share infrastructure and other resources. Alunorte supplies Hydro with alumina as well as Vale, who sells alumina to unaffiliated customers.

The following table includes production volumes for Alunorte (on a 100 percent basis) for the periods indicated.

In millions of mt	2009	2008	2007	Nominal capacity
Production	5.9	5.0	4.3	6.3

A new alumina refinery located in Barcarena, close to Alunorte, CAP, is currently under development in a joint venture between Vale, Hydro and Dubai Aluminium Company Limited. The refinery will have an initial capacity of 1.9 mt with potential for expansions up to 7.4 million mt over four phases. The plant will be supplied with bauxite from the Paragominas mine. The estimated total cost of the first phase of the project is US\$2.2 billion.

Aluminium

The Albras smelter, located in Barcarena, in the state of Pará, is one of the largest aluminium plants in the Americas, with a nominal capacity of 460,000 mt of primary aluminium per year. Alunorte supplied 100 percent of the alumina requirements for Albras in 2008 and 2009. Albras commenced operations during 1985-86 and produces pure metal ingots.

Albras purchases electric power from the Tucuruí hydroelectric power plant located on the Tocantins River in Tucuruí, Brazil. This plant, which is owned by Eletronorte, is the only source of electrical power in the region able to deliver the quantities required for Albras' operations. Albras consumes approximately one-fifth of the non-peak period output of the Tucuruí plant.

The following table includes production volumes for the Albras aluminium smelter (on a 100 percent basis) for the periods indicated.

In thousands of mt	2009	2008	2007	Nominal capacity
Production	450	455	456	460

Customers and sales

Bauxite – The Paragominas mine sells all of its production to Alunorte, which corresponded to about 35 and 42 percent of Alunorte’s bauxite requirements in 2008 and 2009, respectively.

Alumina – The majority of Alunorte’s produced alumina is purchased by its shareholders on a take-or-pay basis in proportion to their respective interests. The shareholders pay the same price, which is determined by a formula based on the price of aluminium for three-month futures contracts on the LME. Part of Vale’s share of Alunorte’s alumina production is used to supply the Albras smelter. The remainder of Vale’s share of production is sold to customers in Argentina, Canada, Egypt, Norway, the United States and other countries.

Aluminium – Each of Albras’ shareholders must purchase on a take-or-pay basis all of the aluminium produced by Albras in proportion to their ownership interests. Vale’s share is partly sold to customers in the aluminium industry in domestic markets, with the remainder sold in international markets, mainly Asia and Europe.

8.4 Material Contracts

Vale Aluminium will be operated through four joint venture companies, each with its own joint venture agreement, off-take agreements and other commercial agreements.

Paragominas joint venture agreement

At completion of the Transaction, Hydro (as holder of 60 percent of the share capital) and Vale Austria Holdings (as holder of 40 percent of the share capital) will enter into a joint venture agreement to govern their rights in respect of Paragominas. Pursuant to this agreement, Vale Austria Holdings and Hydro have agreed to certain put and call options. Additionally, for as long as Vale Austria Holdings remains a shareholder in Paragominas, Vale Austria Holdings shall (i) have certain rights to consent to any transfer of shares in Paragominas by Hydro (such consent not to be unreasonably withheld or delayed) and (ii) have the benefit of certain minority shareholder protections. Pursuant to the joint venture agreement, Hydro, as majority shareholder in Paragominas, is entitled to appoint the majority of the directors to Paragominas’ board of directors.

Alunorte agreements

Alunorte shareholders’ agreement

Vale (holding 57.03 percent of the share capital prior to completion of the Transaction) and Hydro (holding 34.03 percent of the share capital prior to completion of the Transaction) along with other shareholders are parties to the Alunorte shareholders’ agreement dated 5 August 1993 (as amended). At completion of the Transaction, Hydro will hold 91.06 percent of the share capital of Alunorte. Pursuant to the Alunorte shareholders’ agreement, the key corporate bodies of Alunorte are the shareholders’ meeting and the board of directors. Specified actions of Alunorte require approval by holders of either a simple majority or two thirds of the shareholders of Alunorte.

The transfer of any shares in Alunorte requires approval by the holders of a simple majority of the shares of Alunorte. Additionally, there are certain protections contained in the Alunorte shareholders’ agreement in favor of Nippon Amazon Aluminium Co. Ltd. which relate to Alunorte being controlled by Vale, and

Nippon Amazon Aluminium Co. Ltd.'s consent is required in connection with the transfer of Vale's shares in Alunorte (directly or indirectly) to Hydro. This consent was obtained by Hydro on 3 June 2010.

Alunorte's board of directors determines each shareholder's annual alumina off-take in accordance with the Alunorte off-take agreements, with any excess being allocated to the shareholders in proportion to their respective percentage of ownership in Alunorte's share capital.

1998 Vale Alunorte bauxite agreement

On 30 October 1998, Vale and Alunorte entered into a wet bauxite agreement, pursuant to which Vale has agreed to supply, and Alunorte has agreed to purchase, up to 6,774,000 mt of wet bauxite per year (which is sourced from the bauxite mine owned by MRN). The price payable by Alunorte for bauxite under the agreement is comprised of a fixed base component, and a component that is linked to the price of aluminium and alumina (subject to certain adjustments and a per mt floor and ceiling price). This agreement is for a fixed term, expiring on 1 December 2019; however, in connection with the Transaction such agreement will be renewed on an "evergreen" basis on its existing terms.

Albras agreements

Albras shareholders' agreement

Vale (as holder of 51 percent of the share capital prior to completion of the Transaction) and Nippon Amazon Aluminium Co. Ltd. (as holder of 49 percent of the share capital) are parties to the Albras shareholders' agreement dated 20 June 1978 (as amended). At completion of the Transaction, Hydro will hold 51 percent of the share capital. Nippon Amazon Aluminium Co. Ltd. benefits from certain shareholder protections under the agreement. The consent of Nippon Amazon Aluminium Co. Ltd to the transfer of Vale's shares (directly or indirectly) in Albras to Hydro was obtained on 3 June 2010..

Albras Eletronorte electricity supply agreement

Albras has entered into an electricity supply agreement dated 11 May 2004 with Eletronorte pursuant to which Eletronorte has agreed to supply 800 MW of firm electrical power to the Albras aluminium smelter until 31 December 2024. The agreement may be renewed for a further period of 20 years, subject to the agreement of both parties. The price payable by Albras for electrical power under the agreement is comprised of (i) a base component, which is adjusted annually in accordance with inflation and (ii) an upwards only adjustment if the price of aluminium on the LME exceeds US\$1,540 per mt (subject to an agreed "cap" on the LME price). In accordance with the agreement, Albras made a pre-payment to Eletronorte in 2004 of approximately R\$1,200 million (approximately US\$689 million), which amount is being applied as a discount to the price of electrical power over the term of the agreement. As at 31 December 2009, approximately US\$510,698,000 of the repayment had not yet been applied. The agreement contains customary provisions relating to force majeure, guarantees and termination, and includes special provisions which apply in the event that the Brazilian government implements a power rationing scheme.

CAP shareholders' agreement

Vale (holding 61 percent of the share capital prior to completion of the Transaction), Hydro (holding 20 percent of the share capital prior to completion of the Transaction) and Dubai Aluminium Company Limited (holding 19 percent of the share capital) are parties to the CAP shareholders' agreement dated 8 October 2008 (as amended). At completion of the Transaction, Hydro will hold 81 percent of the share capital. Specified actions of CAP require approval by shareholders holding a simple majority of the shares, 70 percent plus one share or 80 percent plus one share. The CAP shareholders' agreement imposes restrictions on the ability of the shareholders to transfer their shares. The consent of Dubai Aluminium Company Limited to the transfer of Vale's shares (directly or indirectly) in CAP to Hydro as required by the shareholders' agreement was obtained on 2 May 2010.

The CAP shareholders' agreement states that shareholders have the right and obligation to purchase alumina from CAP for the duration of the CAP shareholders' agreement and for the term in which the party remains a shareholder of CAP and in quantities pro rata to their respective interests in CAP.

8.5 Selected Financial Information

The financial information contained in this Prospectus relating to Vale Aluminium has been derived from Vale's audited consolidated financial statements as of, and for the years ended, 31 December 2009, 2008 and 2007 and from Vale's unaudited condensed consolidated financial statements as of, and for the three months ended, 31 March 2010 and 2009, which have been prepared in conformity with U.S. GAAP. For the purposes of the unaudited condensed combined financial information of Vale Aluminium, the unaudited financial statements of Alunorte, Albras and CAP are combined with the historical revenues, costs and expenses referred to the Paragominas business and Aluminium Products of Vale International. The unaudited financial statements of Alunorte, Albras and CAP as of, and for the year ended, 31 December 2009, are attached hereto as Appendix 4. These financial statements have been prepared in accordance with U.S. GAAP, and have been prepared solely for purposes of consolidation to fulfill the needs of the shareholder Vale, and should not be used for any other purpose. They do not include all the disclosures that would be required for the presentation of U.S. GAAP financial statements on a standalone basis and do not intend to report on the relevant companies as separate entities. The unaudited condensed combined financial information for the historical operations, assets and liabilities included in Vale Aluminium has been prepared by Vale management. The condensed combined financial information is not audited. The unaudited condensed combined financial information was prepared using U.S. GAAP, as if the entities were one combined business from 1 January 2007.

The unaudited condensed combined financial information are provided for illustrative purposes only and do not purport to represent what the actual consolidated results of operations or the consolidated financial position of Vale Aluminium would have been, had the business been operated as one combined group for the period, nor are they necessarily indicative of future consolidated results of operations or consolidated financial position. In this regard, readers should note that the unaudited condensed combined financial information do not give effect to (i) any integration costs that may be incurred as a result of the Transaction, (ii) any corporate expenses that may be required to manage the business, (iii) any synergies, operating efficiencies and cost savings that may result from the Transaction, (iv) benefits expected to be derived from the Combined Group's growth projects or brownfield expansions, (v) changes in commodities prices subsequent to the dates of such unaudited condensed combined financial information, or (vi) the impact of undertakings that Hydro is prepared to make in order to address regulatory clearance requirements.

The following tables present selected financial information for Vale Aluminium as of, and for the years ended, 31 December 2009, 2008 and 2007, and as of, and for the three months ended, 31 March 2010 and 2009.

Unaudited condensed combined statement of operations

In thousand US\$	Three months ended 31 March		Year ended 31 December		
	2010	2009	2009	2008	2007
Revenues	535,248	403,369	1,871,315	2,661,875	2,389,051
Operating income (expense)	31,044	(39,368)	(179,488)	584,952	783,854
EBITDA	83,831	1,436	22,431	738,173	886,879
Income (loss) before taxes	(22,333)	(40,723)	141,392	342,869	967,391
Net income (loss)	(25,300)	(22,095)	106,921	283,173	751,105
Minority interests	21,839	13,099	(86,117)	(96,854)	(328,392)
Attributable to the acquirer	(3,461)	(8,996)	20,804	186,319	422,712

Unaudited condensed combined statement of financial position

In thousand US\$	As of 31 March		As of 31 December		
	2010	2009	2009	2008	2007
Current assets	644,461	693,443	620,813	752,905	747,315
Property, plant and equipment	4,263,673	3,272,788	4,351,606	3,219,378	3,807,489
Other non-current assets	1,315,790	774,651	1,199,335	761,915	811,783
Total assets	6,223,924	4,740,882	6,171,754	4,734,198	5,366,587
Current liabilities	494,691	356,964	533,153	353,427	504,983
Debt related parties	515,398	845,397	525,397	205,398	129,974
Debt other	526,646	249,999	526,665	899,999	748,359
Other long-term liabilities	177,596	8,198	23,052	8,312	35,609
Total liabilities	1,714,331	1,460,558	1,608,267	1,467,136	1,418,925
Non-controlling interests	1,983,025	1,444,614	2,012,262	1,428,369	1,737,558
Majority equity	2,526,568	1,835,710	2,551,225	1,838,693	2,210,104
Total equity	4,509,593	3,280,324	4,563,487	3,267,062	3,947,662

EBITDA is calculated as operating income (expense) plus depreciation and amortization.

Notes to the unaudited condensed combined financial information as of, and for the year ended, 31 December 2009, and as of, and for the three months ended, 31 March 2010.**Note 1 Background and basis of preparation**

On 2 May 2010, Hydro entered into the Sale and Contribution Agreement with Vale and Vale Austria Holdings under which Vale and Vale Austria Holdings are to sell to Hydro the stakes it holds in Vale Aluminium, comprised of:

- (i) a 60 percent shareholding in Paragominas, which during the period covered by this financial information was part of Vale and therefore covered by Vale's accounting records;
- (ii) a 57.03 percent shareholding in Alunorte;
- (iii) a 51 percent shareholding in Albras;

- (iv) a 61 percent shareholding in CAP; and
- (v) rights of Vale and its subsidiaries in certain shareholders' agreements, shareholder loans, off-take agreements and other commercial agreements relating to the foregoing interests.

This unaudited condensed combined financial information is provided for illustrative purposes only and intends to present the effects of (i) the combined balance sheets of Vale Aluminium as of 31 December 2009 and 31 March 2010, and (ii) the combined statements of operation of Vale Aluminium for the year ended 31 December 2009, and for the three months ended 31 March 2010. These unaudited condensed combined balance sheets and statements of operations have been prepared based on historical financial information and are pursuant to the assumptions described in Note 2 below.

The unaudited condensed combined financial information does not purport to represent what the actual consolidated results of operations or the consolidated financial position of Vale Aluminium would have been had the business been operated as one combined group for the period, nor is it necessarily indicative of future consolidated results of operations or consolidated financial position. In this regard, it should be noted that the unaudited combined financial information does not give effect to (i) any integration costs that may be incurred as a result of the Transaction, (ii) any corporate expenses that may be required to manage the business, (iii) any synergies, operating efficiencies and cost savings that may result from the Transaction, (iv) benefits expected to be derived from the combined business' growth projects or brownfield expansions, (v) changes in the price of commodities subsequent to the dates of such unaudited combined financial information, or (vi) the impact of undertakings that Hydro is prepared to make in order to address regulatory clearance requirements.

Note 2 Effect of transactions on the unaudited combined financial information

(a) Historical financial information

The unaudited combined balance sheets and statements of operations of Vale Aluminium presented herein have been derived from the following historical financial information:

- (i) The unaudited financial statements of Albras, Alunorte and CAP as of, and for the year ended, 31 December 2009, which have been prepared in accordance with U.S. GAAP, and attached hereto as Appendix 4. These financial statements have been prepared solely to fulfill the needs of the shareholder Vale, and should not be used for any other purpose. They do not include all the disclosures that would be required for the presentation of U.S. GAAP financial statements on a standalone basis and do not intend to report on the relevant companies as separate entities.
- (ii) The unaudited reporting schedules, including balance sheets and statements of operations, of Albras, Alunorte and CAP for the three months ended 31 March 2010, which have been prepared to be used by Vale for consolidation purposes, in connection with the preparation of its unaudited consolidated condensed quarterly financial information in accordance with U.S. GAAP.
- (iii) The unaudited financial information of Paragominas as of, and for the year ended, 31 December 2009, and as of, and for the three months ended, 31 March 2010, which has been extracted from Vale's accounting records and financial controls used for financial statements consolidation purposes in accordance with U.S. GAAP.
- (iv) The amounts of revenues, costs and expenses, relating to the aluminium business traded by Vale's wholly owned subsidiary Vale International, which have been extracted from Vale's

accounting records and financial controls used for financial statements consolidation purposes in accordance with U.S. GAAP.

- (v) The amounts of expenses derived from Vale's head office directly attributed to the Vale Aluminium business, which have been extracted from Vale's accounting records and financial controls used for financial statements consolidation purposes in accordance with U.S. GAAP.

(b) *Main assumptions used*

The preparation of this unaudited combined financial information required management to apply its judgment as well as to use assumptions on the combination process. The main assumptions used are described as follows:

- (i) Post sale of Vale Aluminium to Hydro, Vale is retaining 40 percent of its interest in Paragominas. The interest to be retained by Vale in this mine has been treated as "non-controlling interest" under the accompanying Vale Aluminium combined balance sheets and statements of operations (consistent with Hydro's perspective).
- (ii) The amounts of revenues, costs and expenses related to transactions in Vale International in connection with the sale of aluminium products to international clients aim to present the overall impacts of the production and sales cycle of the aluminium business in Vale Aluminium's unaudited condensed combined financial position and the results of operations had it used a foreign subsidiary (trader) with a similar tax structure as the one currently used by Vale.
- (iii) Corporate overhead expenses for the year ended 31 December 2009, and for the three months ended 31 March 2010, relate to the costs incurred by Vale in connection with the sales of bauxite, alumina and aluminium and were allocated to Vale Aluminium based on a set percentage determined by Vale's management and applied over Vale's historical U.S. GAAP accounting records. The percentage has been determined by Vale to be the ratio of general costs and expenses to employee costs from the detailed budget. This has then been applied to the actual employee costs consistently throughout all periods to obtain the actual allocation for general costs and expenses. These allocated general costs and expenses, added to the actual employee costs from management records, combine to form the corporate overhead expense balance for Vale Aluminium.
- (iv) The amounts presented in the unaudited combined financial information represent what is to be sold by Vale on this specific transaction under the Sale and Contribution Agreement and do not include any impact of interests previously held by Hydro in any of the combined entities, businesses or assets.
- (v) Outstanding balances and unrealized gains and losses involving the entities, businesses and assets included in the combined balance sheets and statements of operations have been eliminated. These included revenue, costs, expenses and unrealized profit (except for certain outstanding loans among the combined businesses with Vale, as agreed between Vale, Vale Austria Holdings and Hydro).

Key financial information split by company

The following financial information represents key figures for each of the main individual entities/assets within Vale Aluminium. For Alunorte and Albras the numbers are derived from their audited financial statements. For Paragominas, and other and eliminations, the numbers are derived from the unaudited condensed combined financial statements as presented by Vale management. Other and eliminations

primarily consists of commercial activities selling bauxite, alumina and aluminium to external parties, and management functions for Vale Aluminium.

In thousand US\$	Three months ended 31 March		Year ended 31 December		
	2010	2009	2009	2008	2007
Revenues					
Alunorte	339,758	278,448	1,402,891	1,658,248	1,391,745
Albras	222,067	156,496	718,510	1,192,852	1,229,095
Paragominas	46,088	46,043	173,507	162,317	67,906
Other and eliminations	(72,666)	(77,618)	(423,593)	(351,542)	(299,695)
Total	535,248	403,369	1,871,315	2,661,875	2,389,051
EBITDA					
Alunorte	64,673	(8,907)	111,243	399,767	482,800
Albras	6,771	(12,011)	(25,679)	237,013	356,506
Paragominas	(10,157)	15,840	14,122	28,143	18,051
Other and eliminations	22,544	6,514	(77,255)	73,250	29,522
Total	83,831	1,436	22,431	738,173	886,879

9 UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

9.1 General Information and Purpose of the Unaudited Pro Forma Condensed Combined Financial Information

The unaudited pro forma condensed combined financial information has been prepared to give effect to the Transaction agreed pursuant to the Sale and Contribution Agreement, whereby Vale Aluminium will be transferred to Hydro for the consideration agreed, partly in the form of cash and partly in the form of the Consideration Shares, see Section 5 (The Transaction, the Private Placement and the Consideration Shares) above. Further, the unaudited pro forma condensed combined financial information has been prepared to give effect to the Rights Issue, see Section 6 (The Rights Issue) above.

The unaudited pro forma condensed combined financial information presented herein has been prepared on the assumption that the Transaction was completed on 1 January 2009 for purposes of the income statement for the year ended 31 December 2009, on 1 January 2010 for purposes of the income statement for the three months ended 31 March 2010 and on 31 March 2010 for the purposes of the statements of financial position as of 31 March 2010. Such unaudited pro forma condensed combined financial information has been based on certain other assumptions that would not necessarily have applied had Hydro and Vale Aluminium been consolidated as of such dates. Because of its nature, the pro forma financial information addresses a hypothetical situation and, therefore, does not represent the actual financial position or results. The information is prepared for illustrative purposes only and describes a hypothetical situation. It does not purport to present what Hydro's results of operations and financial position would actually have been had the Transaction been completed on the dates presented. The unaudited pro forma condensed combined financial information therefore does not reflect the Combined Group's actual financial position and results. The unaudited pro forma condensed combined financial information must not be considered final or complete as they may be amended in future publications of the unaudited pro forma condensed combined information.

The unaudited pro forma condensed combined financial information does not include all of the information required for financial statements under IFRS and should be read in conjunction with the consolidated financial statements of Hydro as of, and for the year ended, 31 December 2009. See Section 13 (Selected Consolidated Financial and Other Data). Further, the condensed combined financial information should be read in conjunction with the unaudited condensed combined financial information for Vale Aluminium included in Section 8.5 (Brief Description of Vale Aluminium-Selected Financial Information). Under the Sale and Contribution Agreement with Vale and Vale Austria Holdings, Vale Austria Holdings will sell and contribute to the Company Vale Aluminium, representing substantially all of Vale's aluminium business, and consisting of its 60 percent shareholding in a newly-incorporated joint venture company, holding Vale's interests in the Paragominas mine in Brazil; its 57.03 percent shareholding in Alunorte, which owns the Alunorte alumina refinery in Brazil; its 51 percent shareholding in Albras, which owns the Albras aluminium smelter in Brazil; its 61 percent shareholding in CAP, an alumina refinery project under development in Brazil; and certain contractual rights and obligations of Vale and its subsidiaries. As consideration for the sale and contribution of Vale Aluminium, Vale shall receive upon completion of the Transaction newly issued Consideration Shares in Hydro, equal to 22 percent of the outstanding share capital of Hydro and a cash amount equal to approximately US\$1.1 billion, which amount is subject to certain adjustments including for any variation in the US\$ net proceeds from the Rights Issue, certain capital distributions, working capital levels and assumed indebtedness levels. The Transaction is further described in Section 5 (The Transaction, the Private Placement and the Consideration Shares) above.

The unaudited pro forma condensed combined financial information does not represent the actual combination of the financial statements of Hydro and Vale Aluminium in accordance with IFRS, since certain simplifications and uncertain estimates and assumptions have been made as set out below.

9.2 Basis for Preparation

Hydro's historical consolidated financial statements have been prepared in accordance with IFRS, as adopted by the EU. The historical condensed combined financial statements of Vale Aluminium have been prepared in accordance with U.S. GAAP and the selected accounting policies applied by Vale. The information represents carve-out combined financial information for the historical operations, assets and liabilities included in the Transaction, and was prepared by Vale management. The condensed combined financial information is derived from Vale's unaudited condensed consolidated financial statements as of 31 March 2010 and for the periods ended 31 March 2010 and 31 December 2009, as set forth in Section 8.5 (Brief Description of Vale Aluminium–Selected Financial Information). Vale Aluminium's financial statements have been reclassified to comply with the format of Hydro's financial statements without changing the net income or total equity of the entity.

The unaudited pro forma condensed combined financial information is prepared on the basis of the IFRS accounting principles applied by Hydro. Differences between the accounting principles adopted by Hydro and those adopted by Vale Aluminium have been analyzed. No differences have been identified that would have resulted in a materially different result of operation or financial position compared to the financial information prepared by Vale. A final conversion of Vale Aluminium's financial statements to Hydro's accounting policies under IFRS is not possible at this point in time, due to the fact that only limited financial information about Vale Aluminium has been available for the preparation of the unaudited pro forma condensed combined financial information as Hydro will not have full access to Vale Aluminium's accounting records until after the completion of the Transaction. A complete conversion to Hydro's accounting policies might have resulted in alternative considerations and adjustments.

9.3 Unaudited Pro Forma Condensed Combined Financial Information

The unaudited pro forma condensed combined statements of income for the three months ended 31 March 2010 and for the financial year ended 31 December 2009, and statements of financial position as of 31 March 2010 for the Combined Group, are set out in the tables below. As a result of rounding differences, numbers may not add up to the total.

Currency exchange rates used for the purpose of preparing the unaudited pro forma condensed combined financial information are shown in the table below.

	US\$
Statement of income for the year ended 31 December 2009, (2009 annual average rate)	6.30
Statement of income for the three months ended 31 March 2010, (first quarter 2010 average rate)	5.88
Statement of financial position as of 31 March 2010 (quarter-end rate)	5.94

Unaudited pro forma condensed combined statements of income for the year ended 31 December 2009

NOK million	Hydro actual	Vale Aluminium Combined	Pro forma adjustments	Pro forma Hydro after Transaction
Revenue	67,409	11,790	(2,994)	76,205
Share of the profit (loss) in equity accounted investments	(809)	-	(258)	(1,067)
Other income, net	107	-	-	107
Total revenue and income	66,706	11,790	(3,252)	75,244
Depreciation, amortization and impairment	3,494	1,272	1,500	6,267
Other expenses	64,619	11,649	(3,109)	73,159
Total expenses	68,113	12,921	(1,608)	79,425
Earnings before financial items and tax (EBIT)	(1,407)	(1,131)	(1,644)	(4,182)
Financial income (expense), net	2,774	2,022	(18)	4,778
Income (loss) before tax	1,367	891	(1,661)	597
Income taxes	(951)	(217)	476	(692)
Net income (loss)	416	674	(1,185)	(96)

Unaudited pro forma condensed combined statements of income for the three months ended 31 March 2010

NOK million	Hydro actual	Vale Aluminium Combined	Pro forma adjustments	Pro forma Hydro after Transaction
Revenue	18,145	3,145	(561)	20,729
Share of the profit (loss) in equity accounted investments	(236)	-	(18)	(254)
Other income, net	183	-	-	183
Total revenue and income	18,091	3,145	(579)	20,657
Depreciation, amortization and impairment	721	310	375	1,406
Other expenses	16,385	2,787	(590)	18,583
Total expenses	17,106	3,098	(215)	19,989
Earnings before financial items and tax (EBIT)	985	47	(364)	668
Financial income (expense), net	545	(178)	(4)	362
Income (loss) before tax	1,530	(131)	(369)	1,030
Income taxes	(605)	(17)	119	(503)
Net income (loss)	924	(149)	(250)	526

Unaudited pro forma condensed combined statement of financial position as of 31 March 2010

NOK million	Hydro actual	Vale Aluminium Combined	Pro forma adjustments	Pro forma Hydro after Transaction
Assets				
Cash and cash equivalents	2,502	439	3,570	6,510
Short-term investments	1,554	129	-	1,683
Receivables and other current assets	15,576	1,471	(238)	16,809
Inventories	9,678	1,785	-	11,463
Total current assets	29,311	3,824	3,331	36,466
Property, plant and equipment	25,499	25,345	22,507	73,350
Other non current assets	25,109	7,706	(3,843)	28,973
Total non-current assets	50,608	33,051	18,664	102,323
Total assets	79,919	36,875	21,995	138,789
Liabilities and equity				
Bank loans and other interest bearing short term debt	972	1,424	-	2,396
Other current liabilities	13,551	1,435	(124)	14,862
Total current liabilities	14,523	2,859	(124)	17,258
Long-term debt	2,574	6,194	(1,043)	7,726
Other long-term liabilities	14,430	1,015	2,663	18,109
Deferred tax liabilities	816	-	6,913	7,729
Total non-current liabilities	17,820	7,209	8,534	33,563
Equity attributable to Hydro shareholders	46,458	15,019	18,565	80,042
Minority interests	1,118	11,788	(4,980)	7,926
Total liability and equity	79,919	36,875	21,995	138,789

9.4 Description of the Pro Forma Adjustments*9.4.1 Basis for the unaudited pro forma condensed consolidated financial information*

Hydro's actual condensed consolidated historic financial information is the basis for this unaudited pro forma combined financial information. As further described in Section 8.5 (Brief Description of Vale Aluminium-Selected Financial Information), the historical condensed combined financial statements of Vale Aluminium represents carve-out combined financial information for the historical operations, assets and liabilities covered by the Transaction, prepared by Vale. The condensed combined financial information is derived from Vale's condensed consolidated financial statements.

9.4.2 Accounting policy differences

Hydro has not detected any material differences between Vale Aluminium's and Hydro's accounting policies during its examination of accounting policy differences, which has been limited as Hydro will not have full access to Vale Aluminium's accounting records until after the completion of the Transaction. Vale Aluminium's financial statements have been reclassified to comply with the format of Hydro's financial statements without changing the net income or total equity of the entity.

The unaudited pro forma condensed combined financial information is prepared on the basis of the IFRS accounting principles applied by Hydro. No significant differences between the accounting principles applied by Vale Aluminium and those adopted by Hydro have been identified and adjusted in the preparation of the unaudited pro forma condensed consolidated financial information.

A complete conversion to Hydro's accounting policies might have resulted in alternative considerations and adjustments. Specifically, any adjustments relating to differences between IFRS and U.S. GAAP related to financial instruments can only be fully determined with access to the detailed wording of certain commercial contracts. Some of this information is not available to Hydro at this time. Further, some possible differences related to inventory values and costs of goods sold require access to detailed transaction data which will only be available following completion of the Transaction.

Hydro has no previously elected accounting policies for accounting issues specific to mining activities. Therefore, Hydro has elected to apply Vale Aluminium's existing accounting policies for such activities as follows:

Removal of waste materials to access mineral deposits

Stripping costs (the costs associated with the removal of overburdened and other waste materials) incurred during the development of a mine, before production commences, are capitalized as part of the depreciable cost of developing the property. Such costs are subsequently amortized over the useful life of the mine based on proven and probable reserves.

Post-production stripping costs are included in the cost of the inventory produced (that is extracted), at each mine individually during the period that the stripping costs are incurred.

Property, plant and equipment

The costs of developing major new ore bodies or expanding the capacity of operating mines have been capitalized and are amortized to operations using the unit-of-production method based on the total probable and proven quantity of ore to be recovered. Exploration costs are expensed. Once the economic viability of mining activities is established, subsequent development costs are capitalized.

9.4.3 Purchase price estimation

The unaudited pro forma condensed combined financial information has been prepared using the purchase method as regulated in International Financial Reporting Standard 3 Business Combinations as revised in 2008 (IFRS3R). The consideration will be valued as of the date of completion of the Transaction based on market prices at that date. The Transaction includes an entity that holds long-term supply contracts with Hydro. Any fair value of these contracts will be accounted for as settlement of a pre-existing relationship, and thus excluded from the purchase price and purchase accounting. The value of these contracts depends on market prices at completion of the Transaction, and is not expected to be significant as the majority of the price is indexed to the market price of aluminium. The fair value of previously held shares in Alunorte and CAP includes the estimated fair value of existing off-take arrangements in Alunorte relating to Hydro's previous ownership share.

For the purpose of the pro forma condensed combined financial information, the purchase price has been estimated based on the market price immediate prior to announcement, 30 April 2010. Hydro's market price development after announcement did not deviate significantly from the general market movement immediately after announcement.

The purchase price in the Transaction is estimated in the table below.

	NOK million
Consideration Shares (22 percent)	18,387
Cash considerations	6,431
Cost of acquired shares	24,818
Fair value of previously held shares in Alunorte and CAP	10,642
Fair value of Hydro's interests as of the business combination	35,460

Acquisition-related costs are not part of the purchase price but rather expensed as incurred. As of the end of the first quarter of 2010, Hydro has incurred acquisition-related costs of about NOK 12 million. The total acquisition-related costs are estimated at about NOK 70 million.

9.4.4 *Purchase price allocation*

The value of the assets acquired and liabilities assumed can only be finally determined when the market prices as of the date of completion of the Transaction is known. In addition, the allocation of the purchase price is dependent on detailed knowledge of assets, liabilities, contracts and other facts only to be sufficiently analyzed at the later date when Hydro gets full access to Vale Aluminium's accounting records, which will only become available after the completion of the Transaction. As a result, a final purchase price allocation has not been prepared at this time. However, a preliminary purchase price allocation has been prepared identifying Vale Aluminium's main assets, liabilities and contingent liabilities. The purchase price allocation in the unaudited pro forma condensed combined financial information is based on the 31 March 2010 statements of financial position of Vale Aluminium. The fair value estimates are significantly affected by assumptions regarding expected market prices for bauxite, alumina and aluminium, interest rates, currency rates, operating costs and assumed tax rates. The valuation of property, plant and equipment, intangible assets and contract portfolio are only preliminary estimates and final valuation has not been completed. In the final purchase price allocation fair values may differ and may be assigned with a different distribution among the acquired equity interests.

The fair value of net assets of Vale Aluminium in excess of carrying values is estimated as follows: The property, plant and equipment, including the value of bauxite resources included in Vale Aluminium is estimated to have a fair value in excess of carrying value of the assets of approximately NOK 23.1 billion, certain contracts at terms different from current market conditions are estimated at a negative value of around NOK 0.5 billion. The above adjustments result in a net deferred tax liability of NOK 7.7 billion. In total, the estimated adjustments related to identifiable net assets amount to NOK 14.9 billion. The resulting goodwill is NOK 2.3 billion. The fair value of these assets and liabilities is preliminary and is subject to change pending additional information that will become available prior to or upon completion of the Transaction.

The estimated goodwill of NOK 2.6 billion is the fair value of Hydro's interests as of the business combination of NOK 35.5 billion as calculated in Section 9.4.3 (Unaudited Pro forma Condensed Combined Financial Information—Description of Pro Forma Adjustments—Purchase price estimation) above, less Hydro's share of fair value of the acquired net assets of NOK 32.9 billion. The fair value of these assets and liabilities has been estimated for the separate entities and represents Hydro's relative share of the total of carrying value and excess values. The estimate is preliminary and is subject to change pending additional information that will become available prior to or upon completion of the Transaction.

Hydro has tentatively elected to utilize the option to measure non-controlling interests (also referred to as minority interests) at their proportionate share of the acquiree's identifiable net assets, i.e.

recognized goodwill will include only the parent company's cost in excess of fair value of identifiable net assets.

In accordance with IFRS, goodwill is not amortized. Rather, impairment tests are performed at least annually or more frequently if circumstances indicate that an impairment may have occurred. If an impairment exists, the goodwill is immediately written down to its recoverable amount. Accordingly, the goodwill arising from the Transaction will be subject to an impairment test at least annually. No amortization of the goodwill will be charged in future periods, and no amortization of the goodwill has been charged to the pro forma financial information.

The pro forma adjustments described in the following notes represent effects that can be expected to be present in future periods. However, the occurrence and amount of such effects will to some extent depend on future transactions and events. The liability related to the written put option described in Note 6 and Note 15 will be derecognized when exercised or expired as described in Section 5 (The Transaction, the Private Placement and the Consideration Shares).

Notes to the pro forma adjustments

Note 1 – Property, plant and equipment, including bauxite reserves

The pro forma adjustments of NOK 22,507 million reflect the increase of carrying value to the estimated fair values of property, plant and equipment. The majority of the increase is related to processing assets in Alunorte. In addition, there are adjustments in processing assets related to Albras.

Note 2 – Other non-current assets, including mineral resources

NOK 891 million of the pro forma adjustment is related to bauxite resources outside the developed mining areas and the value of certain other off-take arrangements with Vale at favorable terms. Resources are quantities of minerals that have been discovered, but are not yet determined to be economically recoverable and thus not qualify as mineral reserves.

NOK 6,471 million of the pro forma adjustment represent a reduction of Other non-current assets, and results from discontinuing Hydro's previous investment in Alunorte and CAP as equity accounted investments following the acquisition of majority interests in these companies as result of the Transaction. The adjustment comprises both the share investment accounted for using the equity method and shareholder loans extended to Alunorte. The fair values of these investments were included as part of the estimated purchase price as described in Section 9.4.3 (Unaudited Pro Forma Condensed Combined Financial Information–Description of the Pro Forma Adjustments–Purchase price estimation) above.

NOK 813 million of the pro forma adjustment represents a reduction of Other non-current assets, as it is a reclassification of recognized deferred tax assets in Vale Aluminium to deferred tax liabilities recognized as part of the purchase price allocation.

Goodwill of NOK 2,550 million is described in Note 10 below.

Note 3 – Receivables and other current assets

The pro forma adjustments of NOK 238 million reflects the elimination of receivables held by Vale Aluminium against Hydro related to delivery of alumina under existing contracts.

Note 4 – Other current liabilities

NOK 115 million of the pro forma adjustments reflect the present value of the short-term liabilities assumed related to certain delivery contracts at unfavorable terms compared to present market conditions.

NOK 238 million of the pro forma adjustments reflect elimination of payables held by Hydro against Vale Aluminium related to purchases of alumina under existing contracts.

Note 5 – Long-term debt

The pro forma adjustment of NOK 1,043 million reflects the elimination of Alunorte's loan from Hydro.

Note 6 – Other long-term liabilities

NOK 705 million of the pro forma adjustments reflect the present value of the long-term liabilities assumed related to certain delivery contracts at unfavorable terms compared to present market conditions.

NOK 1,958 million of the pro forma adjustments reflect the present value of the written put option whereby Vale has the right to sell the remaining 40 percent of the shares in the Paragominas mine to Hydro during two defined periods. This liability is reclassified from minority interests as required by IFRS3R.

Note 7 – Deferred tax liabilities

The pro forma adjustments of NOK 6,913 million reflect the nominal value of deferred tax liabilities related to the differences between the tax basis and the carrying value included excess values identified in the purchase price allocation of assets and liabilities.

Note 8 – Non-controlling interests

NOK 3,022 million of the pro forma adjustments represent the adjustments of the carrying values of identified net assets in the legal entities in which non-controlling interests exists, net of elimination of minority interests reported in Vale Aluminium related to Hydro's existing ownership in Alunorte and CAP.

NOK 1,958 million of the pro forma adjustments represent reclassification of the financial liability related to the written put option whereby Vale has the right to sell the remaining 40 percent of the shares in the Paragominas mine to Hydro during two defined periods.

Note 9 – Equity attributable to Hydro shareholders

Pro forma adjustments of NOK 10,000 million represent the estimated proceeds of the Rights Issue expected to take place in July 2010. The Rights Issue is underwritten by a group of banks as described in Section 6.21 (The Rights Issue–The Underwriting). Cash proceeds in excess of the estimated cash consideration is estimated at NOK 3,570 million, and is assumed to be held for operational purposes and thus adjusted to cash and cash equivalents.

Pro forma adjustments of NOK 18,387 million represent the share consideration to Vale, representing 22 percent of the outstanding share capital of Hydro as described in Section 5 (The Transaction, the Private Placement and the Consideration Shares) above.

The revaluation gain related to Alunorte and CAP of an estimated NOK 5,214 million, including gain on shareholders' off-take arrangements, is not included in this pro forma income statement. The holding gain will be recognized at completion of the Transaction, and is included as increased equity in this pro forma information.

Elimination of equity in Vale Aluminium of NOK 15,019 million is included in the pro forma adjustments.

Note 10 – Goodwill

Pro forma adjustment of NOK 2,550 million represent the estimated excess purchase price over the share of fair value of net assets attributed to Hydro as shareholder in the Vale Aluminium entities. The

most significant contributor to the estimated goodwill is the difference between fair value of deferred tax liabilities reflected in the transaction price, and nominal value of deferred tax liabilities recognized in this pro forma balance sheet. This calculation will be affected by adjustments in the valuation of the purchase price, and identification and valuation of assets and liabilities as of the completion date for the Transaction. Goodwill is included in Other non-current assets.

Note 11 – Revenue

NOK 3,109 million of the pro forma adjustments in 2009 and NOK 590 million in the first quarter of 2010 represent the elimination of revenue resulting from Vale Aluminium's sale of alumina to Hydro during those periods.

NOK 115 million of the pro forma adjustments in 2009 and NOK 29 million in the first quarter of 2010 represent the adjustment of revenue from unfavorable sales contracts identified in the preliminary purchase price allocation.

Note 12 – Share of the profit in equity accounted investments

The pro forma adjustments of NOK 258 million in 2009 and NOK 18 million in the first quarter of 2010 represent Hydro's previously recognized share of net income in Alunorte and CAP, which in this pro forma financial information is included as consolidated subsidiaries following the increased ownership interest after the Transaction.

Note 13 – Depreciation and amortization

The pro forma adjustments of NOK 1,500 million in 2009 and NOK 375 million in the first quarter of 2010 represent estimated depreciation and amortization charges related to fair value adjustments of property, plant and equipment. The average useful life for these assets is estimated at 15 years.

Note 14 – Other expenses

Pro forma adjustments of NOK 3,109 million in 2009 and NOK 590 million in the first quarter of 2010 represent the elimination of Hydro's purchase of alumina from Vale Aluminium during those periods.

Note 15 – Financial income (expense), net

Pro forma adjustments of NOK 80 million in 2009 and NOK 20 million in the first quarter of 2010 represent the assumed interest related to the increased cash holdings described in Note 9. Interest income is estimated at an annual rate of 2.25 percent.

Pro forma adjustments of NOK 98 million in 2009 and NOK 24 million in the first quarter of 2010 represent the estimated accretion expense related to the written put options described in Note 6 above.

Note 16 – Income taxes

Pro forma adjustments of NOK 476 million in 2009 and NOK 119 million in the first quarter of 2010 represent the estimated changes in deferred taxes derived from pro forma adjustments described above.

9.5 Auditor's Assurance Report on the Unaudited Pro Forma Condensed Combined Financial Information

Deloitte's assurance report on the unaudited pro forma condensed combined financial information provided in Section 9.3 (Unaudited Pro Forma Condensed Combined Financial Information–Unaudited Pro Forma Condensed Combined Financial Information) is attached as Appendix 5 to this Prospectus.

10 INFORMATION REGARDING HYDRO AFTER THE TRANSACTION

10.1 Overview

The acquisition of Vale Aluminium will transform Hydro into a resource-rich, fully integrated aluminium company. Accessing new and high quality bauxite mines is increasingly difficult and is likely to become a key long term challenge for non-integrated aluminium producers. With the Transaction, Hydro aims to secure its long term competitive position in an industry with sound long terms fundamentals.

The Transaction will provide Hydro with initially 60 percent, and subject to exercise of certain put/call options, 100 percent ownership of Paragominas, which will own one of the largest bauxite mines in the world, 91.06 percent ownership of the world's biggest alumina refinery Alunorte and 51 percent of the Albras aluminium plant, one of the largest in the Americas (source: Company information). Hydro will also own, following the completion of the Transaction, an 81 percent interest in CAP a development project for a new alumina refinery.

Alumina and energy are two of the most important input factors in the aluminium smelting process amounting to more than half of the production cost of aluminium. The resources acquired will complement the Group's strong captive power position, which currently provides about half of the energy consumption of the Group's wholly owned Norwegian smelters in addition to the integrated gas-fired power plant at the new Qatalum smelter, where the gas is supplied by Hydro's joint venture partner Qatar Petroleum.

The Transaction will place Hydro in a new league in the global aluminium industry. It will significantly strengthen the Group's resource base, making it more robust financially and improving its attractiveness as a partner for world-class projects.

Following completion of the Transaction, Hydro's portfolio of growth projects will include the construction of the CAP alumina refinery (with a first phase leading to an annual alumina production of 1.9 million mt, and an expansion potential to 7.4 million mt), the expansion of the Paragominas mine from an annual production of 9.9 million mt to 14.85 million mt, the possible second phase expansion of the Qatalum aluminium smelter in Qatar, a potential hydro powered greenfield smelter in Angola (long-term prospect) and hydropower developments in Norway.

Hydro's long-standing strategic partnership with Vale, the world's second largest metals and mining company, will be extended through Vale's 22 percent equity holding in the Company at completion of the Transaction. The Transaction provides the Company with a strong position in resource-rich Brazil, where both companies remain committed to achieving high standards of performance in the areas of health, safety, environmental protection and corporate social responsibility.

The Rights Issue is carried out in connection with the Transaction, on the terms and conditions set forth in this Prospectus. The proceeds will be used in part to finance the Transaction as well as to secure Hydro's investment grade credit rating and enhance its capacity to exploit growth prospects.

10.2 Strategy

Resources of bauxite are mainly located in tropical or previously tropical countries and are not widespread throughout the world. There are only seven bauxite-rich areas: Western and Central Africa, South America, the Caribbean, Oceania and Southern Asia, China, the Mediterranean and the Urals. The main deposits of high-quality bauxite are already divided among the main players in the aluminium industry and the limited supply of resources is a factor behind the major consolidation trend in the global aluminium industry.

Bauxite and alumina prices have been strongly affected by developments in China with three to ten year contract prices trending upwards from a level of around 12.2 percent of the LME reference prices in 1990 to around 14 percent in 2009. In general, the owners of the natural resources that provide the basic raw materials for industrial commodities are taking an increasing share of profits, a trend that is expected to continue.

Combining Vale Aluminium with Hydro will result in a stronger company, fully integrated into bauxite, with a long alumina balance and a preferred position in the consolidated market place. It will provide the Company with premier assets including one of the largest bauxite mines in the world, the largest alumina refinery in the world and substantial expansion opportunities in this critical part of the value chain. It is expected to lower the operating break-even point for Hydro improving its overall cash cost position. The Transaction and the Rights Issue are also expected to enhance the growth potential of the Company through the new expansion projects, a stronger balance sheet and an enhanced strategic relationship with a key shareholder having a strong position in Brazil.

10.3 Hydro after the Transaction

Following completion of the Transaction, Hydro will be the fifth largest alumina producer and the third largest alumina supplier in the world (source: Company information/2009 sales volumes as reported by CRU). The Company will continue to be the fifth largest primary metal producer (source: Company information/2009 production volumes as reported by CRU).

Hydro will achieve a strong foothold in Brazil, complementing attractive geographic positions worldwide:¹⁹

- Brazil – Strong resource base, substantial high quality alumina assets, significant upstream growth projects;
- Norway – 900,000 mt hydro-powered aluminium production. Technology centre, research and development for next generation smelter technology, substantial captive hydropower, modern and efficient smelting operations;
- Continental Europe – Leading mid-and downstream positions, strong asset base;
- Middle East – Qatalum I in production, captive power, low cash cost, significant expansion potential;
- Asia – Growing metal market position;
- Australia – Primary aluminium production; and
- North America – Low-cost Canadian Alouette smelter, leading United States extrusion position, growing metal market position.

A new operating segment, bauxite and alumina, will be added to Hydro's operating organization. It will be headquartered in Rio de Janeiro, Brazil, and headed by Johnny Undeli, previously Hydro's Executive Vice President for Extruded Products and a mining engineer by education. Around 3,600 employees will be added to Hydro's global operations representing a substantial increase in competence and expertise within the new operating segment. The Transaction will result in full integration of Hydro into the aluminium value chain. Key elements of each segment following the Transaction are summarized below.

Bauxite and alumina: Long-term bauxite supply with current capacity of 12.2 million mt with expansion potential to 17.2 million mt. Alumina production capacity of 6.9 million mt with expansion potential to 14.5 million mt. Alumina commercial operations. Bauxite capacity is comprised of Hydro's existing equity capacity in MRN (0.8 million mt) and Alpart (1.5 million mt) combined with Paragominas (9.9 million

¹⁹ Volumes represent consolidated pro forma capacity as of end 2010. 100 percent for fully consolidated operations and proportional share for equity accounted investments and other non-consolidated investments.

mt). Bauxite expansion potential is comprised of Paragominas (5 million mt). Alumina capacity is comprised of Alunorte (6.3 million mt) combined and Alpart (0.6 million mt). Alumina expansion potential is comprised of CAP (7.6 million mt).

Energy: Secure long-term power contracts. 9.4 TWh hydropower production representing substantial captive power supply to Norwegian smelters. Competitive sourcing and optimal power portfolio management.

Primary metal: 2.4 million mt of primary production capacity within world-class smelter portfolio with improving cost position. Operational excellence and technological leadership. Ongoing high sensitivity to the LME price and US\$ currency developments.

Metal markets: 3.8 million mt of primary casthouse, remelter and third party products. Flexible production system. Strong marketing organization. Expertise within sourcing and trading to optimize the value of commercial portfolio and reduce price and currency exposures.

Rolled products: European based operations. Portfolio of rolling mills including 50 percent of premier Alunorf mill. Total capacity of 1 million mt. Innovative, customer-oriented organization. Market leader within global lithographic and foil segments.

Extruded products: Extensive network of extruders located close to customers. Total capacity of 0.6 million mt. Market leader within building systems.

10.4 Legal structure after the Transaction

Following completion of the Transaction, Paragominas (60 percent), Alunorte (in total 91.06 percent), Albras (51 percent) and CAP (in total 81 percent) will become indirect subsidiaries of the Company. Paragominas, Alunorte and CAP will be included as part of Hydro's new bauxite and alumina operating segment, while Albras will be a part of primary metal. As of the date of this Prospectus, Hydro has not decided which companies will be the direct shareholders of Paragominas, Alunorte, Albras and CAP.

10.5 The Transaction's Significance for the Earnings, Assets and Liabilities of the Combined Group

For a description of the Transaction's significance for the earnings, assets and liabilities of the Combined Group, see Section 9 (Unaudited Pro Forma Condensed Combined Financial Information) above.

11 DIVIDENDS AND DIVIDEND POLICY

Hydro's overall objective is to create value for shareholders by generating attractive and competitive returns relative to comparable investment alternatives, through growth in the value of the Shares and the distribution of dividends.

The Company's dividend policy is to pay out on average 30 percent of net earnings. The Company did not pay any dividends for the financial year 2008. For 2009, the Company paid a dividend of NOK 0.50 per Share. Share buy-backs or extraordinary dividends may supplement dividends during periods of strong financials, due consideration being given to the commodity cycle and capital requirements for future growth. The payout should reflect the Company's aim to give its shareholders competitive returns benchmarked against alternative investments in comparable companies.

As is the case with all forward-looking statements, this statement regarding the Company's dividend policy is subject to a variety of risks and uncertainties. The Company may at its own discretion revise its dividend policy from time to time. For a discussion of certain other factors that could cause the Company's actual dividends to deviate from its current policy and estimates, see Section 2 (Risk Factors).

For a description of certain legal restrictions applicable to the Company's distribution of dividends, see to Section 17.14 (Shares, Shareholder Matters and Ownership Structure–Regulation of Dividends) below.

For the financial years 2007 to 2009, the Company distributed the following dividends to its shareholders (all amounts in NOK):

Financial year	Date of resolution	Dividend per Share (NOK)	Total number of Shares ²⁰	Total amount of dividend (NOK)
2007	6 May 2008	5.00	1,210,669,225	6,053,346,125.00
2008	-	-	-	-
2009	4 May 2010	0.50	1,206,723,141	603,361,570.50

In the event the long stop date of the Sale and Contribution Agreement is extended to 30 June 2011, Hydro is permitted to pay dividend of up to NOK 1.50 per Share in respect of the fiscal year 2010 under the terms of the Sale and Contribution Agreement.

²⁰ Total number of Shares is exclusive of treasury Shares for which dividends are not declared.

12 CAPITALIZATION AND INDEBTEDNESS

The tables below should be read in conjunction with the information included elsewhere in this Prospectus, including Section 14 (Operating and Financial Review) and the financial statements and related notes of the Group, as incorporated by reference herein, see Section 21.7 (Additional Information–Incorporation by Reference).

The following table sets forth information about the Company's consolidated capitalization as of 31 March 2010.

NOK million	As of 31 March 2010 (unaudited)
Indebtedness	
Total current financial debt	972
Guaranteed.....	-
Secured.....	50
Unguaranteed/unsecured.....	922
Total non-current financial debt.....	2,574
Guaranteed.....	-
Secured.....	115
Unguaranteed/unsecured.....	2,459
Total indebtedness	3,546
Shareholders' equity	
Share capital.....	1,362
Additional paid-in capital	43
Other equity attributable to the shareholders of the Company	45,054
Minority interests.....	1,118
Total equity	47,577
Total capitalization	51,123

The following table sets forth information about the Company's consolidated net indebtedness as of 31 March 2010.

NOK million	As of 31 March 2010 (unaudited)
Net indebtedness	
(A) Cash.....	2,339
(B) Cash equivalents.....	163
(C) Trading securities ²¹	1,554
(D) Liquidity (A) + (B) + (C)	4,056
(E) Current financial receivables²²	1,955
(F) Current bank debt ²³	253
(G) Current portion of long-term debt ²⁴	82
(H) Other current financial debt ²⁵	638
(I) Current financial debt (F) + (G) + (H)	973
(J) Net current financial indebtedness (I) - (E) - (D)	(5,038)
(K) Non-current bank loans.....	2,495
(L) Bonds issued.....	-
(M) Other non-current loans	78
(N) Non-current financial indebtedness (K) + (L) + (M)	2,574
(O) Net financial indebtedness (J) + (N).....	(2,465)

Since 31 March 2010 to the date of this Prospectus, there have been no events materially affecting the above tables, except the issuance of a NOK 500 million commercial paper loan with maturity on 18 August 2010 and a 2.71 percent coupon, as announced on 12 May 2010, which will increase line (H) Other current financial debt in the table above; and reduce line (K) Non-current bank loans by NOK 400 million due to the repayment of a bank loan by EUR 50 million made on 16 June 2010.

Indirect indebtedness primarily relates to Hydro's guarantee for debt incurred by the 50 percent owned joint venture Qatalum. Qatalum has secured US\$2.6 billion in debt to finance project costs during construction of the aluminium smelter and the power plant. Qatar Petroleum and Hydro have issued a completion guarantee in favor of the lenders on a pro rata (50/50) but not joint basis. The guarantee covers due and punctual payment of interest and repayments. The guarantee terminates when a set of objective criteria related to the completion of the project has been fulfilled. The maximum exposure under the guarantee is NOK 7.5 billion (exchange rate US\$/NOK 5.76 as of 31 December 2009) plus accrued interest and fees. In addition, Hydro has issued sales guarantees related to the sale of businesses for which a maximum amount of NOK 4.4 billion has been estimated. Hydro has issued certain guarantees relating to sales of companies that are unspecified in amount and unlimited in time.

²¹ Shares, commercial paper and bonds held for trading and other similar tradable commercial paper and bonds.

²² Short-term financial assets (maturity 1 year or less) not included in "Liquidity". Includes derivatives, prepayments and accrued income.

²³ Short-term debt to credit institutions (maturity 1 year or less).

²⁴ Bond debt and subordinated loan capital with maturity one year or less.

²⁵ Other short-term financial liabilities including commercial paper issued, derivatives, prepaid revenues and accrued expenses.

No amounts relating to such guarantees are included in the table above. Other guarantees primarily relate to guarantees in respect of companies sold during recent years, where the guarantee has not yet been replaced by the acquiring company. Hydro believes that the likelihood of any material liability arising from guarantees relating to sales of companies is remote. Historically, Hydro has not made any significant indemnification payments under such guarantees and no amount has been accrued in the consolidated financial statements.

Hydro is involved in or threatened with various legal and tax matters arising in the ordinary course of its business. Hydro is of the opinion that resulting liabilities, if any, will not have a material adverse effect on its consolidated results of operations, liquidity or financial position. Hydro has certain joint liabilities under Norwegian statutory regulations following demergers. Under Section 14-11 of the Norwegian Public Limited Companies act, Hydro and Statoil ASA (previously named StatoilHydro ASA) are jointly liable for liabilities of Hydro and Norsk Hydro Produksjon AS accrued before the demerger date of 1 October 2007. This statutory liability is unlimited in time, but is limited in amount to the net value allocated to the non-defaulting party in the demerger. Similarly, Hydro and Yara International ASA are jointly liable for liabilities accrued before the demerger date of 24 March 2004 on the same conditions.

13 SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following Section should be read in conjunction with the Group's audited financial statements as of, and for the years ended, 31 December 2009, 2008 and 2007, the auditor's reports in respect of 2009, 2008 and 2007, the Group's unaudited interim financial statement as of, and for the three months ended, 31 March 2010 (with comparable figures as of, and for the three months ended, 31 March 2009), as incorporated by reference in this Prospectus, see Section 21.7 (Additional Information–Incorporation by Reference).

13.1 Historical Financial Information and Summary of Accounting Policies

The Company's historical consolidated financial statements have been prepared in accordance with IFRS.

The Company's audited consolidated financial statements as of, and for the years ended, 31 December 2009, 2008 and 2007, including an overview of the Company's accounting policies, explanatory notes and auditor's statements, are incorporated by reference hereto, see Section 21.7 (Additional Information–Incorporation by Reference) below.

Deloitte audited the Company's consolidated financial statements as of, and for the years ended, 31 December 2009, 2008 and 2007 without any qualifications or disclaimers.

There is no other information in the Prospectus, which has been audited by the Company's current or previous auditor.

The Company's unaudited condensed consolidated financial statements as of, and for the three months ended, 31 March 2010 and 31 December 2009 (with comparable figures as of, and for the three months ended, 31 March 2009 and 31 December 2008, respectively) are incorporated by reference hereto. See Section 21.7 (Additional Information–Incorporation by Reference) below.

13.2 No Significant Change

There has not been any significant change to the Group's financial or trading position since 31 March 2010 to the date of this Prospectus, except the issuance of a NOK 500 million commercial paper loan with maturity on 18 August 2010 and a 2.71 percent coupon, as announced on 12 May 2010.

13.3 Selected Financial Information

The following tables present selected financial information for Hydro as of, and for the years ended, 31 December 2009, 2008 and 2007, and as of, and for the three months ended, 31 March 2010 and 2009, which has been derived from the Company's audited consolidated financial statements as of, and for the years ended, 31 December 2009, 2008 and 2007, and from the Company's unaudited condensed consolidated financial statements as of, and for the three months ended, 31 March 2010 (with comparable figures as of, and for the three months ended, 31 March 2009).

This Hydro selected financial information should be read together with Section 4.2 (General Information–Presentation of Financial Information, Industry and Market Data and Other Sourced Information), the Company's consolidated financial statements and the related notes thereto, and other financial information included elsewhere in this Prospectus.

Hydro condensed consolidated statements of income

NOK million (except per Share data)	Three months ended 31 March (Unaudited)		Year ended 31 December (Audited)		
	2010	2009	2009	2008	2007
Revenue	18,145	16,569	67,409	88,455	94,316
Share of profit (loss) in equity accounted investments	(236)	(413)	(809)	(915)	1,000
Other income, net	183	134	107	865	1,093
Total revenue and income	18,091	16,290	66,706	88,405	96,409
Depreciation, amortization and impairment	721	827	3,494	4,915	3,552
Other expenses	16,385	17,061	64,619	82,296	83,833
Total expenses	17,106	17,888	68,113	87,211	87,385
Earnings before financial items and tax (EBIT)	985	(1,598)	(1,407)	1,194	9,025
Financial income (expense), net	545	1,473	2,774	(5,026)	3,208
Income (loss) before tax	1,530	(126)	1,367	(3,832)	12,233
Income taxes	(605)	(155)	(951)	565	(3,075)
Income (loss) from continuing operations	924	(280)	416	(3,267)	9,158
Income (loss) from discontinued operations	-	-	-	(247)	9,447
Net income (loss)	924	(280)	416	(3,514)	18,604
Net income (loss) attributable to minority interests	55	67	117	411	408
Net income (loss) attributable to Hydro shareholders	869	(347)	299	(3,925)	18,196
Basic and diluted earnings per Share from continuing operations (in NOK)	0.72	(0.29)	0.25	(3.04)	7.17
Basic and diluted earnings per Share from discontinued operations (in NOK)	-	-	-	(0.20)	7.74
Basic and diluted earnings per Share attributable to Hydro shareholders (in NOK)	0.72	(0.29)	0.25	(3.25)	14.90
Weighted average number of outstanding Shares (million)	1,205	1,206	1,205	1,209	1,221

Hydro condensed consolidated statements of financial position

NOK million (except number of Shares)	As of 31 March (Unaudited)		As of 31 December (Audited)		
	2010	2009	2009	2008	2007
Assets					
Cash and cash equivalents	2,502	3,128	2,573	3,333	9,330
Short-term investments	1,554	1,652	1,519	1,648	2,742
Receivables and other current assets	15,576	16,077	13,679	18,833	16,531
Inventories	9,678	13,264	10,030	16,293	12,227
Total current assets	29,311	34,120	27,802	40,108	40,830
Assets held for sale, discontinued operations	-	-	-	-	6,741
Property, plant and equipment	25,499	28,038	25,647	29,338	26,750
Other non-current assets	25,109	24,798	24,150	25,711	17,724
Total non-current assets	50,608	52,837	49,797	55,049	44,474
Total assets	79,919	86,957	77,599	95,157	92,046
Liabilities and equity					
Bank loans and other interest-bearing short-term debt	972	1,953	2,010	1,169	1,045
Other current liabilities	13,551	17,509	13,032	22,175	17,310
Total current liabilities	14,523	19,462	15,042	23,344	18,355
Liabilities included in disposal groups, discontinued operations	-	-	-	-	2,021
Long-term debt	2,574	1,106	88	279	263
Other long-term liabilities	14,430	14,856	14,425	16,135	14,152
Deferred tax liabilities	816	1,143	849	1,258	2,246
Total non-current liabilities	17,820	17,104	15,361	17,673	16,662
Total liabilities	32,343	36,567	30,403	41,016	37,038
Equity attributable to Hydro shareholders	46,458	49,034	46,169	52,808	54,049
Minority interests	1,118	1,357	1,026	1,333	959
Total equity	47,577	50,391	47,195	54,141	55,008
Total liabilities and equity	79,919	86,957	77,599	95,157	92,046
Total number of outstanding Shares (million)	1,205	1,206	1,205	1,206	1,209

Hydro condensed consolidated statements of cash flow

NOK million	Three months ended 31 March (Unaudited)		Year ended 31 December (Audited)		
	2010	2009	2009	2008	2007
Operating activities:					
Net income (loss)	924	(280)	416	(3,514)	18,604
Net (income) loss from discontinued operations	-	-	-	247	(9,447)
Depreciation, amortization and impairment	721	827	3,494	4,915	3,552
Other adjustments	(1,459)	(1,658)	636	1,273	1,564
Net cash provided by operating activities	186	(1,111)	4,546	2,921	14,273
Investing activities:					
Purchases of property, plant and equipment	(436)	(546)	(2,743)	(3,485)	(3,485)
Purchases of other long-term investments	(1,221)	(184)	(3,137)	(5,374)	(1,403)
Purchases of short-term investments	-	-	-	(2,850)	(5,000)
Proceeds from sales of property, plant and equipment	6	9	24	95	122
Proceeds from sales of other long-term investments	111	40	8	679	4,330
Proceeds from sales of short-term investments	-	-	-	3,600	17,200
Net cash used in investing activities	(1,540)	(681)	(5,848)	(7,335)	11,764
Financing activities:					
Loan proceeds	2,431	1,878	2,878	93	25
Principal repayments	(1,081)	(60)	(1,978)	(187)	(1,210)
Net increase (decrease) in other short-term debt	(50)	(92)	15	(159)	-
Purchases of shares	-	-	(124)	(149)	(2,887)
Proceeds from shares issued	9	13	43	44	66
Dividends paid	-	-	(166)	(6,359)	(6,134)
Net cash provided by (used in) financing activities	1,309	1,739	668	(6,717)	(10,140)
Foreign currency effects on cash and bank overdraft	23	(74)	(56)	(11)	(285)
Net cash provided by discontinued operations	-	-	-	5,075	(12,799)
Net decrease in cash, cash equivalents and bank overdraft	(22)	(127)	(690)	(6,067)	2,813
Cash, cash equivalents and bank overdraft reclassified to assets held for sale	-	-	-	-	(105)
Cash, cash equivalents and bank overdraft at beginning of period	2,499	3,189	3,189	9,256	6,548
Cash, cash equivalents and bank overdraft at end of period	2,477	3,062	2,499	3,189	9,256

Hydro consolidated statements of changes in equity

NOK million	Share capital	Additional paid-in capital	Treasury shares	Retained earnings	Other components of equity	Equity attributable to Hydro shareholders	Minority interests	Total equity
1 January 2007	4,708	9,736	(6,624)	89,544	(1,533)	95,831	771	96,601
<i>Changes in equity for 2007 (audited)</i>								
Purchase of treasury Shares	-	-	(123)	-	-	(123)	-	(123)
Treasury Shares reissued to employees	-	53	68	-	-	121	-	121
Cancellation treasury Shares	(79)	-	2,396	(2,317)	-	-	-	-
Redeemed Shares, the Norwegian Government	(62)	(2,701)	-	-	-	(2,763)	-	(2,763)
Dividends declared and paid	-	-	-	(6,134)	-	(6,134)	(102)	(6,236)
Demerger	(3,197)	(6,727)	-	(41,339)	4,174	(47,089)	-	(47,089)
Total comprehensive income for the year	-	-	-	18,196	(3,989)	14,207	291	14,498
31 December 2007	1,370	360	(4,283)	57,950	(1,348)	54,049	959	55,008
<i>Changes in equity for 2008 (audited)</i>								
Purchase of treasury Shares	-	-	(149)	-	-	(149)	-	(149)
Treasury Shares reissued to employees	-	(51)	158	-	-	107	-	107
Dividends declared and paid	-	-	-	(6,053)	-	(6,053)	(306)	(6,359)
Transactions with minority equity holders/with group Equity interests purchased (sold)	-	-	-	(4)	-	(4)	(1)	(5)
Total comprehensive income for the year	-	-	-	(3,925)	8,783	4,858	691	5,549
31 December 2008	1,370	309	(4,274)	47,968	7,435	52,808	1,333	54,141
<i>Changes in equity for 2009 (audited)</i>								
Treasury Shares reissued to employees	-	(17)	63	-	-	46	-	46
Cancellation treasury Shares	(5)	(61)	147	(81)	-	-	-	-
Redeemed Shares, the Norwegian Government	(4)	(121)	-	-	-	(124)	-	(124)
Dividends declared and paid	-	-	-	-	-	-	(166)	(166)
Equity interests purchased (sold)	-	-	-	-	-	-	9	9
Demerger adjustment	-	-	-	(237)	-	(237)	-	(237)
Other adjustments	-	(67)	2,887	(2,820)	-	-	-	-
Total comprehensive income for the period	-	-	-	299	(6,621)	(6,322)	(150)	(6,472)
31 December 2009	1,362	43	(1,177)	45,128	813	46,169	1,026	47,195

NOK million	Share capital	Additional paid-in capital	Treasury shares	Retained earnings	Other components of equity	Equity attributable to Hydro shareholders	Minority interests	Total equity
<i>Changes in equity for 2010 (unaudited)</i>								
Minority interest recognized at acquisition of subsidiary	-	-	-	-	-	-	8	8
Total comprehensive income for the period	-	-	-	869	(580)	289	85	374
31 March 2010	1,362	43	(1,177)	45,997	234	46,458	1,118	47,577

14 OPERATING AND FINANCIAL REVIEW

The following is a discussion of the Group's financial condition and results of operations for the years ended 31 December 2009, 2008 and 2007, and as of, and for the three months ended, 31 March 2010, 31 December 2009 and 31 March 2009. The Group presents its discussion of the quarterly results focusing on comparisons to the previous quarter primarily, in addition to brief comparisons with the same quarter of the preceding year. The Group believes that the comparison of its quarterly results of operations to the previous quarter provides a better understanding of the Group's performance, because the majority of the Group's businesses do not have clear seasonal trends which would make a comparison to same quarter in the previous year more meaningful. The upstream business is not significantly influenced by seasonality. Cost developments, aluminium prices, premiums and production volumes are the key earnings drivers, and they are generally not seasonal in nature. The downstream business demonstrates some seasonality, but earnings from this business constitute a smaller portion of the total earnings of the Group historically. The Group also believes that relating comments to market and earnings trends on a sequential basis gives more relevant information on current trends in a dynamic environment compared to trends a year ago.

Investors should read the following discussion together with the Group's historical consolidated financial statements and the related notes, incorporated by reference herein (see Section 21.7 (Additional Information–Incorporation by Reference)), as well as the other Sections of this Prospectus, and should not rely solely on the information contained in this Section. The operational information discussed in this Prospectus is taken from the Company's transaction systems or derived from information taken from the Company's transaction systems, which also form the basis of the financial information included in the Company's audited financial statements for the periods indicated above. However, such information is not subject to audit procedures and therefore should be considered "unaudited" for all periods presented.

The "forward-looking statements" contained in this Section are subject to risks, uncertainties and other factors that could cause the Group's future results of operations or cash flows to differ materially from those contemplated by such forward-looking statements. Factors that may cause such a difference include, but are not limited to, those discussed in Section 4.3 (General Information–Forward-Looking Statements) and Section 2 (Risk Factors).

To provide a better understanding of Hydro's underlying performance, the discussion of operating performance focuses on "underlying EBIT", which excludes certain items from earnings before financial items and tax (EBIT) and income from continuing operations, as further set out in the table below entitled "Items excluded from underlying EBIT and underlying income from continuing operations".

Underlying EBIT and underlying income from continuing operations are non-IFRS measures and represents the Group's reported EBIT and income from continuing operations excluding certain items. The Group presents underlying EBIT as a supplemental performance measure as it believes that underlying EBIT better facilitates an understanding of the Group's operating performance, because it excludes certain earnings items viewed by the Group as being of a non-operational nature, such as major restructuring costs, impairments and gains/losses on divestments, or not being relevant for the current earnings period from an operational perspective, such as unrealized gains or losses on derivatives where the derivative spans over several earnings periods.

Investors should not consider underlying EBIT and underlying income from continuing operations in isolation or as substitutes for reported EBIT and income from continuing operations, discussed below in Section 14.3 (Operating and Financial Review–Reported EBIT and Income from Continuing Operations), or other statement of operations or cash flow data prepared in accordance with IFRS as a measure of the Group's profitability or liquidity. Other companies in the Group's industry may calculate underlying EBIT and underlying income from continuing operations differently or may use these for purposes different

from those used by the Group. This may limit the usefulness of underlying EBIT and underlying income from continuing operations as comparative measures between companies.

Certain financial data in the tables and the discussion below have been rounded. As a result of this rounding, the totals of data presented in the tables and the discussion below may vary slightly from the actual arithmetic totals of such data.

14.1 Overview

The following tables summarize key financial information for Hydro and its operating segments for the three months ended 31 March 2010, 31 December 2009 and 31 March 2009, and for the years ended 31 December 2009, 2008 and 2007.

To provide a better understanding of Hydro's underlying performance, the discussion of operating performance focuses on "Underlying EBIT", which excludes certain items from earnings before financial items and tax (EBIT) and income from continuing operations, such as unrealized gains and losses on derivatives, impairment and rationalization charges, effects of disposals of businesses and operating assets, as well as other items that are of a special nature or are not expected to be incurred on an ongoing basis.

The table below shows revenue, EBIT, underlying EBIT, income from continuing operations and underlying income from continuing operations for the periods indicated. Additional operational and financial information is included in the tables in Section 14.6 (Operating and Financial Review–Underlying EBIT – Operating Segments).

Key financial information	Three months ended 31 March	Three months ended 31 December	Three months ended 31 March	Year ended 31 December		
	2010	2009	2009	2009	2008	2007
NOK million, except per share data						
Revenue	18,145	16,427	16,569	67,409	88,455	94,316
Earnings before financial items and tax (EBIT)	985	(938)	(1,598)	(1,407)	1,194	9,025
Items excluded from underlying EBIT	(297)	287	1,105	(1,148)	4,815	1,128
Underlying EBIT	688	(651)	(493)	(2,555)	6,009	10,153
<i>Underlying EBIT :</i>						
Primary metal	(49)	(717)	(185)	(2,556)	2,732	7,646
Metal markets	65	(20)	(245)	(83)	703	639
Rolled products	223	57	(53)	26	651	552
Extruded products	117	68	(204)	(67)	338	800
Energy	588	295	447	1,240	1,865	1,266
Other and eliminations	(255)	(334)	(253)	(1,114)	(279)	(750)
Underlying EBIT	688	(651)	(493)	(2,555)	6,009	10,153
Income (loss) from continuing operations	924	(587)	(280)	416	(3,267)	9,158
Underlying income (loss) from continuing operations	401	(791)	(480)	(3,066)	3,579	8,057

The table below shows items excluded from EBIT and income from continuing operations for the periods indicated.

Items excluded from underlying EBIT and underlying income from continuing operations²⁶	Three months ended 31 March	Three months ended 31 December	Three months ended 31 March	Year ended 31 December		
	2010	2009	2009	2009	2008	2007
NOK million						
Unrealized derivative effects on LME related contracts ²⁷	(253)	(728)	727	(2,630)	1,120	131
Unrealized derivative effects on power contracts ²⁸	272	318	(580)	(198)	768	928
Unrealized derivative effects on currency contracts ²⁹	23	(19)	(19)	(345)	314	(137)
Metal effect, rolled products ³⁰	(314)	(157)	662	588	235	235
Significant rationalization charges and closure costs ³¹	(19)	65	305	518	109	224
Impairment charges (PP&E and equity accounted investments) ³²	61	138	10	438	2,464	144
Loss provisions (power contracts) ³³	-	-	-	-	257	-
Pension plan amendment ³⁴	-	-	-	(52)	-	-
Insurance compensation ³⁵	-	(13)	-	(152)	-	-
(Gains)/losses on divestments ³⁶	(67)	684	-	684	(453)	(641)
Correction of elimination of profit in inventory ³⁷	-	-	-	-	-	291
Germany, change in tax rate	-	-	-	-	-	(47)
Items excluded from underlying EBIT	(297)	287	1,105	(1,148)	4,815	1,128
Net foreign exchange (gain)/loss ³⁸	(468)	(216)	(1,478)	(2,774)	5,491	(2,254)
Calculated income tax effect ³⁹	241	(275)	174	441	(3,460)	325
Germany, change in tax rate	-	-	-	-	-	(300)
Items excluded from underlying income from continuing operations	(523)	(204)	(199)	(3,481)	6,846	(1,101)

²⁶ Negative figures indicate a gain and positive figures indicate a loss.

²⁷ Unrealized gains and losses on contracts used for operational hedging purposes where hedge accounting is not applied, as well as for LME derivatives in equity accounted investments and elimination of changes in fair value of certain internal physical aluminium contracts.

²⁸ Unrealized gains and losses on embedded derivatives in power contracts for the Group's own use and financial power contracts used for hedging purposes.

²⁹ Relates to currency effects in equity accounted investments.

³⁰ Timing differences resulting from inventory adjustments due to changing aluminium prices during the production, sales and logistics process, as well as inventory write downs for Hydro's rolled products business.

³¹ Costs that are typically non-recurring for significant individual plants or operations, for example termination benefits, plant removal costs and clean-up activities in excess of legal liabilities.

³² Write-downs of assets or groups of assets to estimated recoverable amounts in the event of an identified loss in value.

³³ Provision on onerous contracts.

³⁴ Recognition of pension plan amendments.

³⁵ Insurance compensation for damages on assets recognized as income.

³⁶ Net gain or loss on divested businesses and individual major assets.

³⁷ Inventory includes a certain element of unrealized internal profit from sales within Hydro. During the fourth quarter of 2007, the Company identified errors in the elimination. These errors were corrected, effecting eliminations relating to aluminium metal and other and eliminations. No corrections were made to prior periods since the amounts were deemed insignificant.

³⁸ Realized and unrealized gains and losses on foreign currency denominated accounts receivable and payables, funding and deposits, and forward currency contracts purchasing and selling currencies that hedge net future cash flows from operations, sales contracts and working capital.

³⁹ In order to present underlying net income on a basis comparable with underlying operating performance, Hydro has calculated the income tax effect of net foreign exchange (gain)/loss with 28 percent and of items excluded from underlying EBIT using Hydro's effective tax rate excluding tax (28 percent) on net financial income/(expense).

The table below shows key operational information for the periods indicated.

Key operational information ⁴⁰	Three months ended 31	Three months ended 31	Three months ended 31	Year ended 31 December		
	March	December	March	2009	2008	2007
	2010	2009	2009			
Primary aluminium production (kmt)	339	332	397	1,396	1,750	1,742
Realized aluminium price LME (US\$/mt) ⁴¹	1,997	1,804	1,996	1,698	2,638	2,561
Realized aluminium price LME (NOK/mt) ⁴²	11,542	10,452	13,393	10,764	14,699	15,521
Realized NOK/US\$ exchange rate ⁴³	5.78	5.80	6.71	6.34	5.57	6.06
Metal markets sales volumes to external market, excl. ingot trading (kmt)	414	375	323	1,468	1,733	1,858
Rolled products sales volumes to external market (kmt)	231	211	191	794	965	1,030
Extruded products sales volumes to external market (kmt) ⁴⁴	128	127	113	488	593	625
Power production (GWh)	2,781	1,929	2,477	7,897	11,361	11,018

The following discussion gives an overview of certain important developments in Hydro's operating and financial performance for the periods indicated. For a detailed analysis and comparison of the operating and financial performance, see Section 14.3 (Operating and Financial Review-Reported EBIT and Income from Continuing Operations), Section 14.4 (Operating and Financial Review-Net Financial Income (Expense)), Section 14.5 (Operating and Financial Review-Tax Expense) and Section 14.6 (Operating and Financial Review-Underlying EBIT - Operating Segments) below.

First quarter 2010

Hydro had an underlying EBIT of NOK 688 million in the first quarter of 2010, improving by NOK 1,339 million from a loss of NOK 651 million in the fourth quarter of 2009. Realized aluminium prices measured in NOK increased by 10 percent, which contributed to an improvement in underlying EBIT, together with substantially higher underlying results for the Company's alumina and raw material operations, which forms a part of the primary metal business.

Higher volumes, together with firm margins and lower unit costs contributed to an improvement in Hydro's downstream business. Combined sales volumes for rolled and extruded products (excluding volumes relating to divested automotive structures) increased by 10 percent from 327 kmt in the fourth quarter of 2009 to 359 kmt in the first quarter of 2010.

Underlying EBIT for Hydro's energy business increased substantially from the fourth quarter of 2009 mainly due to higher spot prices and higher production. Production increased by 44 percent in the first quarter of 2010 compared to the fourth quarter of 2009.

2009

Hydro incurred an underlying loss amounting to NOK 2,555 million in 2009 compared to a positive underlying EBIT of NOK 6,009 million in 2008. The underlying EBIT was heavily influenced by an unprecedented decline in aluminium prices which occurred towards the end of 2008 and continued in the beginning of 2009. Aluminium prices remained weak during 2009, and realized prices measured in NOK

⁴⁰ Operating statistics include the proportionate share of production and prices in equity accounted investments.

⁴¹ Including the effect of strategic LME hedges (hedge accounting applied).

⁴² Including the effect of strategic LME hedges (hedge accounting applied).

⁴³ Including the effect of strategic currency hedges (hedge accounting applied).

⁴⁴ Including the effect of strategic currency hedges (hedge accounting applied).

declined by 27 percent for the year as a whole. However, prices improved continuously following the first quarter of 2009. Combined sales volumes for rolled and extruded products (excluding volumes relating to divested automotive structures) declined by 18 percent to 1,282 kmt in 2009 from 1,558 kmt in 2008, which weighed heavily on the underlying EBIT for the downstream operations.

Hydro acted quickly to the market decline at the end of 2008, by among others:

- immediate reduction of remelted metal production by nearly 50 percent;
- production curtailments of roughly 460,000 mt, or 26 percent of primary capacity;
- production curtailments of substantial alumina capacity;
- 30 percent reduction in cost per mt of primary metal;
- cost and manning reductions downstream and at corporate staff functions;
- reduction in capital expenditures amounting to almost NOK 6 billion or more than 60 percent compared with 2008 (excluding Qatalum); and
- reduction in net operating capital by close to NOK 6 billion.

Cost reductions within Hydro's primary smelter operations followed the curtailment of high-cost smelters and reduced raw material costs. However, the Company was not able to adjust its cost base to a sufficient extent and the smelters have had significant underlying operating losses in the depressed market environment.

Downstream, the Company's focused efforts enabled it to cover a substantial portion of the loss from the market downturn. Hydro's rolled and extruded products operations returned to profitability during the second half of 2009, demonstrating a high degree of flexibility in adjusting to the new market realities. This flexibility was also apparent within the Company's mid-stream business, where remelt production was ramped up to full capacity in the third quarter of 2009 in response to tight physical markets for metal products.

2008

Hydro's results for 2008 were significantly impacted as the global financial crisis led to a dramatic fall in world demand for primary aluminium and aluminium products towards the end of 2008. Underlying EBIT declined to NOK 6,009 million, down from NOK 10,153 million in 2007. Higher raw material costs affecting the entire industry had a substantial impact on Hydro's underlying EBIT in addition to the significant market downturn in the fourth quarter of 2008. Underlying EBIT was also impacted by inventory write-downs of about NOK 700 million due to the sharp drop in aluminium prices towards the end of 2008.

The severe downturn in the global economy led to a sharp decline in demand for aluminium and rapidly increasing stocks. By year-end of 2008 and into 2009, prices reached a level that was lower than the cash-costs for a majority of the aluminium industry's smelter capacity. The decline from the high price levels experienced in the middle of 2008 was of a magnitude which was unprecedented in the history of the industry. In response, announced smelter curtailments, excluding China, reached a global level of around 1.5 million mt per year as of the end of 2008. Demand for metal products in Europe and North America weakened dramatically during the fourth quarter of 2008. The automotive markets collapsed leading to a sharp decrease in demand for automotive components and aluminium foundry alloys. In addition, the building and construction markets in the United States and Europe deteriorated significantly leading to reduced demand.

As noted above in relation to 2009, Hydro made wide-ranging adjustments in response to the severe drop in aluminium markets towards the end of 2008 and the beginning of 2009, including announced production curtailments representing 23 percent of its primary aluminium production. Production of

remelted metal at Hydro's casthouses was also reduced significantly, and a decision was taken for the temporary closure of alumina production at the part-owned Alpart refinery in Jamaica. Hydro also took out significant capacity in its downstream operations through shift-reductions and implemented cost-cutting measures throughout the Group.

Underlying EBIT for Hydro's upstream operations declined significantly in 2008 compared to 2007, impacted by lower realized prices and substantial increases in the cost of power, fossil fuels, freight, caustic, alloying materials and carbon in addition to the effect of the inventory write-downs discussed above. Prices measured in Norwegian kroner declined, having a negative impact on underlying EBIT. Downstream, underlying EBIT declined in 2008 compared to 2007 due to the sharp drop in market demand particularly towards the end of 2008. Energy delivered record underlying EBIT in 2008 compared to 2007, mainly due to record power production and continued strong spot prices.

2007

Hydro achieved solid results in 2007, supported by firm global demand and high aluminium prices, with underlying EBIT rising to NOK 10,153 million.

For Hydro, 2007 was a year with substantial structural changes. Hydro's oil and gas activities were merged with Statoil ASA to form StatoilHydro ASA (later re-named Statoil ASA) on 1 October 2007, transforming Hydro into a focused aluminium company, with strong positions in each of its business areas.

The results for Hydro's downstream business improved during 2007, but were impacted by losses within its automotive and U.S. extrusion operations. Comprehensive rationalization programs were executed during the year to improve the financial performance of these businesses to align the cost structure with significantly lower market demand in North America.

14.2 Significant Factors Affecting the Results of Operations and Business Condition

The Group's business, results of operations, financial condition and prospects have been affected, and may continue to be affected, by various factors, of which the most significant are described below. The impact of these and other potential factors may vary significantly in the future.

Hydro's underlying and reported operating results are primarily affected by price developments of its main products, aluminium and energy, in addition to fluctuations in the Norwegian kroner, the U.S. dollar and the Euro, which currently are the most significant currencies for Hydro.

In addition to the above, Hydro's reported operating results are impacted by the following items:

Unrealized derivative effects on LME contracts, which include unrealized gains and losses on contracts measured at market value, that are used for operational hedging purposes related to fixed price customer and supplier contracts, but where hedge accounting is not applied. The Company's hedging strategies are intended to reduce the exposure of its metal product premiums and operating margins to changes in LME commodity prices and currency rates resulting from time lags between its manufacturing processes and the pricing of products to its customers. Hedging activities also include LME-based derivative contracts to reduce the exposure of the Company's LME price linked alumina sales. The amounts below include net unrealized gains and losses on derivative contracts relating to Hydro's primary metal operations (including its alumina operations), its metal markets operations and its downstream rolled products and extruded products operations. The magnitude of the unrealized gains and losses is influenced by changes in volumes and forward LME prices.

Unrealized derivative effects on power contracts which include unrealized gains and losses on embedded derivatives in physical power contracts for own use and financial power contracts. Embedded derivatives include exposures to changes in forward prices on aluminium, coal, currencies, as well as inflation adjustments, and reported periodic effects are influenced by changes in the contract portfolio. The majority of physical power purchase contracts have a long duration and can result in significant unrealized gains and losses impacting reported results. In addition, certain financial power pricing contracts used for hedging power prices are accounted for at market value.

Unrealized derivative effects on currency contracts which relate to currency effects in equity accounted investments. The amounts include unrealized effects on long-term U.S. dollar denominated loans for Alunorte, and effects related to currency contracts for Qatalum.

Metal effects which are comprised of inventory valuation adjustments due to changing aluminium prices during the rolled products pricing, production and logistics process. Sales prices for rolled products are based on a margin over the metal price. The pricing, production and logistic processes normally require four to five months. As a result, margins are impacted by timing differences resulting from the FIFO (first in, first out) inventory valuation method due to changing aluminium prices during these processes including the effect of potential inventory write-downs. Decreasing aluminium prices denominated in Euro results in a negative metal effect, while increasing prices have a positive effect on margins.

Hydro's underlying and reported results of operations are also affected by general industry factors, such as economic and market conditions, government policy, legislation and regulation, claims and litigation risk and competition, as well as certain factors distinct to the business of the Group, including with respect to Hydro's investment portfolio. In particular, the Group's results of operations are substantially affected by, among other things:

- raw material prices;
- competitiveness of Hydro's Norwegian smelter system;
- contractual terms upon which Hydro procures and sells commodities;
- volumes of products the Group produces;
- the Group's ability to effectively manage its operating costs;
- the Group's ability to effectively manage and optimize its hedging policies;
- levels of competition, including from China;
- the ramp-up of Qatalum and the costs associated therewith;
- regulatory regimes in the countries in which the Group operates;
- tax regimes in the countries in which the Group operates;
- levels of CO₂ emissions and related regulation;
- volumes of power produced;
- fluctuations in weather;
- seasonality;
- cost inflation relating to personnel, materials and equipment used in the Group's operations;
- interest rates; and
- integration costs associated with the Transaction.

See Section 2.1 (Risk Factors—Risks Relating to the Group and its Operations) for a detailed description of other factors which may affect the future business, financial conditions, operating results and/or cash flows of the Group. See also the Company's audited consolidated financial statements as of, and for the year ended, 31 December 2009 Note 41 "Financial and commercial risk management" for a description of Hydro's exposure to market risk relating to commodities and other raw materials, currencies and interest rates, and Note 42 "Derivative instruments and hedge accounting" for a description of Hydro's accounting for derivatives and hedging practices. The Company's audited consolidated financial

statements as of, and for the year ended, 31 December 2009 are incorporated by reference hereto, see Section 21.7 (Additional Information–Incorporation by Reference) below.

14.3 Reported EBIT and Income from Continuing Operations

Reported EBIT represents the Company's earnings unadjusted for the items excluded in determining underlying EBIT as described above, and is measured and reported in accordance with IFRS. These items are summarized in Section 14.1 (Operating and Financial Review–Overview) above and are referred to in the discussion of the Company's reported EBIT below.

In the discussion below, unrealized derivative effects include unrealized gains and losses relating to LME, power and currency derivative contracts. Reference is made to the discussion in Section 14.2 (Operating and Financial Review–Significant Factors Affecting the Results of Operations and Business Condition) above for an explanation on what these items are comprised of and how they impact the Company's reported EBIT, as well as in relation to the metal effects included in the discussion below.

14.3.1 First quarter 2010, fourth quarter 2009 and first quarter 2009

Reported EBIT for Hydro amounted to NOK 985 million for the first quarter of 2010, including net positive effects of NOK 297 million, which were comprised of net unrealized derivative losses of NOK 42 million, positive metal effects of NOK 314 million and other positive effects of NOK 25 million.

In the fourth quarter of 2009, reported EBIT for Hydro amounted to a loss of NOK 938 million including net negative effects of NOK 287 million, which were comprised of net unrealized derivative gains of NOK 429 million, positive metal effects of NOK 157 million, losses on divestments of NOK 684 million, and other negative effects of NOK 51 million. The losses on divestments included NOK 472 million relating to a loss on divestment of Hydro's automotive structures business, NOK 231 million relating to the divestment of the Company's Inasa rolling mill in Spain and other divestment gains of NOK 19 million. Reported EBIT also included impairment charges of NOK 138 million relating to the Group's solar activities, including a write down of Hydro's shares in NorSun AS by NOK 135 million.

Reported EBIT for Hydro amounted to a loss of NOK 1,598 million for the first quarter of 2009, including charges of NOK 1,105 million, which were comprised of negative metal effects of NOK 662 million, rationalization charges and closure costs of NOK 305 million and net unrealized derivative losses of about NOK 128 million. The rationalization and closure costs included amounts relating to the closure of the Alpart alumina refinery, the temporary curtailment of the Neuss smelter in Germany, the closure of the Söderberg electrolysis line in Karmøy, Norway and manning reductions at the smelter in Årdal, Norway.

Income from continuing operations amounted to NOK 924 million in the first quarter of 2010, which included net foreign exchange gains of NOK 468 million, which included NOK 515 million relating to intercompany balances denominated in Euro. These gains have no cash effect and are offset in equity by translation of the corresponding subsidiaries during consolidation.⁴⁵

In the fourth quarter of 2009, Hydro incurred a net loss from continuing operations of NOK 587 million, which included net foreign exchange gains of NOK 312 million relating to intercompany balances denominated mainly in Euro.

⁴⁵ The gains on intercompany balances arise from group positions that create an accounting gain recognized in the income statement of the parent company when the value of other currencies weakens against the Norwegian kroner. No corresponding losses are recognized in the income statement of the subsidiaries that use other currencies as a functional currency. This has no cash effect for the Group. When the subsidiaries' financial statements are translated into NOK for consolidation, currency effects on intercompany deposits are included directly in consolidated equity in the balance sheet, offsetting the currency gain recognized through the income statement of the Company.

Reported loss from continuing operations amounted to a loss of NOK 280 million in the first quarter of 2009, including net foreign exchange gains of NOK 1,478 million mainly relating to intercompany balances denominated in Euro.

14.3.2 2009, 2008 and 2007

Reported EBIT for Hydro amounted to a loss of NOK 1,407 million for 2009, which included positive effects of NOK 3,173 million from unrealized gains relating to LME, power and currency derivative contracts. Reported EBIT in 2009 was also impacted by negative metal effects of NOK 588 million. The magnitude of these recurring effects depends on changes in market values, which in 2009 were significant.

Reported EBIT in 2009 was also impacted by rationalization and impairment charges amounting to NOK 956 million and divestment losses of NOK 684 million, as well as other items amounting to a net positive effect of NOK 204 million in 2009. Rationalization and impairment charges included NOK 363 million mainly related to the temporary closure of Alpart, the curtailment in Neuss, the closure of the S oderberg line at Karm oy as well as other rationalization charges at the Company's smelters and manning reductions relating to staff positions in the primary metal operating segment. Rationalization and impairment costs also included charges of NOK 286 million related to the write-down of fixed assets in the Company's Slim plant in Italy as a result of market developments in Southern Europe, NOK 138 million impairment charges related to the write-down of Hydro's shares in NorSun AS and HyCore ANS due to declining share values and other rationalization and impairment charges amounting to NOK 169 million. The losses on divestments included NOK 472 million relating to a loss on divestment of Hydro's automotive structures business, NOK 231 million relating to the divestment of the Company's Inasa rolling mill in Spain and other divestment gains of NOK 19 million as described above under the discussion of reporting EBIT for the fourth quarter of 2009.

Reported income from continuing operations amounted to NOK 416 million in 2009, which included net foreign exchange gains of NOK 2,774 million. All of the gains in 2009 related to gains/losses on intercompany balances were primarily denominated in Euro. These items had no cash effect and were offset in equity by translation of the corresponding subsidiaries during consolidation.

Reported EBIT for Hydro amounted to NOK 1,194 million in 2008 compared to NOK 9,025 million in 2007. Reported EBIT in 2008 included charges of NOK 2,464 million, comprised of impairment losses of NOK 2,144 million due to the deteriorating market conditions and write-downs of NOK 321 million relating to Hydro's minority interests in the solar business, reflecting lower market values for solar companies. Reported EBIT also included NOK 2,202 million and NOK 923 million for 2008 and 2007, respectively, from unrealized derivative effects relating to LME, power contracts and currency contracts. Other items impacting reporting EBIT amounted to a net charge NOK 148 million and NOK 62 million for 2008 and 2007, respectively.

Reported income from continuing operations amounted to a loss of NOK 3,267 million in 2008 compared to reported income of NOK 9,158 million in 2007. Reported income from continuing operations included net foreign exchange losses of NOK 5,491 million and net foreign exchange gains of NOK 2,254 million for 2008 and 2007, respectively. Approximately 60 percent of the foreign exchange losses in 2008 related to U.S. dollars and mainly to Hydro's U.S. dollar hedging program. The remainder related primarily to losses on intercompany balances denominated in Euro.

14.4 Net Financial Income (Expense)

The table below shows net financial income (expense) for the periods indicated.

Net financial income (expense) NOK million	Three months ended 31 March	Three months ended 31 December	Three months ended 31 March	Year ended 31 December		
	2010	2009	2009	2009	2008	2007
Interest income	26	86	55	233	769	1,228
Dividends received and net gain (loss) on securities	124	16	19	197	27	174
Financial income	150	102	73	429	795	1,403
Interest expense	(58)	(121)	(51)	(337)	(221)	(415)
Capitalized interest	1	1	-	3	-	5
Net foreign exchange gain (loss)	468	216	1,478	2,774	(5,491)	2,254
Other	(17)	(30)	(28)	(96)	(109)	(39)
Financial expense	394	65	1,399	2,344	(5,821)	1,805
Net financial income (expense)	545	167	1,473	2,774	(5,026)	3,208

14.4.1 First quarter 2010, fourth quarter 2009 and first quarter 2009

Net financial income for the first quarter of 2010 amounted to NOK 545 million, which included a net foreign currency gain of NOK 468 million, of which NOK 515 million related primarily to gains on intercompany balances denominated in Euro due to the weaker Euro against the Norwegian kroner. These gains had no cash effect and were offset in equity by translation of the corresponding subsidiaries during consolidation.

Net financial income for the fourth quarter of 2009 amounted to NOK 167 million, which included a net foreign currency gain of NOK 216 million, of which NOK 312 million related primarily to gains on intercompany balances due to the weaker Euro against the Norwegian kroner.

Net financial income for the first quarter of 2009 amounted to NOK 1,473 million, which included a net foreign currency gain of NOK 1,478 million. Substantially all of the currency gain related to gains on intercompany balances denominated in Euro due to the weaker Euro against the Norwegian kroner.

14.4.2 2009, 2008 and 2007

Net financial income for 2009 of NOK 2,774 million, included a net foreign currency gain of NOK 2,774 million. The currency gain related primarily to gains on intercompany balances denominated in Euro.

Net financial expense for 2008 amounted to NOK 5,026 million and included a net foreign currency loss of NOK 5,491 million. Approximately 60 percent of the losses related to U.S. dollars and mainly to Hydro's U.S. dollar hedging program, which was designed to mitigate currency risk in the Company's business operations through the use of derivative instruments. The program was terminated at the end of June 2009. The remainder related primarily to losses on intercompany balances denominated in Euro.

Net financial income for 2007 amounted to NOK 3,208 million, which included a net foreign currency gain of NOK 2,254 million.

Interest income declined to NOK 233 million in 2009 from NOK 769 million in 2008 and NOK 1,228 million in 2007, reflecting lower cash balances. Earnings in 2007 reflected high amounts of cash and

short term investments during the first nine months of the year prior to the payment of demerger debt to StatoilHydro ASA (later re-named Statoil ASA) on 1 October 2007.

14.5 Income Tax Expense

14.5.1 First quarter 2010, fourth quarter 2009 and first quarter 2009

Income tax expense amounted to a charge of NOK 605 million in the first quarter of 2010 compared with a positive amount of NOK 183 million in the fourth quarter of 2009 and a charge of NOK 155 million in the first quarter of 2009. For the first quarter of 2010, income tax expense was approximately 40 percent of pre-tax income of NOK 1,530 million. In the first quarter of 2009, income taxes were charged on pre-tax losses of NOK 126 million. The tax rate for all periods discussed was influenced by the effects of a power surtax and results from equity accounted investments which are recognized net of tax.⁴⁶

14.5.2 2009, 2008 and 2007

Income taxes amounted to a charge of NOK 951 million in 2009, compared with a positive amount of NOK 565 million in 2008 and a charge of NOK 3,075 million for 2007.

Income tax was roughly 70 percent of pre-tax income in 2009, 15 percent in 2008 and 25 percent in 2007. The high tax rate in 2009 resulted mainly from the effects of power surtax and losses from equity accounted investments, which are recognized net of tax. Positive income taxes for 2008 resulted from the operating losses incurred in this period. Income taxes for 2008 were also influenced by tax charges related to power surtaxes amounting to roughly NOK 500 million. Income taxes for 2007 included positive effects from a reduction of statutory tax rates in Germany amounting to about NOK 300 million.

14.6 Underlying EBIT – Operating Segments

The following are discussions of underlying EBIT, together with tables of key operational and financial information, for each of the Company's operating segments, for the periods indicated.

14.6.1 Primary metal

The table below shows key operational and financial information for the Group's primary metal operations for the periods indicated.

Operational and financial information ⁴⁷	Three months ended 31 March	Three months ended 31 December	Three months ended 31 March	Year ended 31 December		
	2010	2009	2009	2009	2008	2007
Underlying EBIT (NOK million) ⁴⁸	(49)	(717)	(185)	(2,556)	2,732	7,646
Underlying EBIT – Alumina and raw materials (NOK million)	170	(125)	(236)	(483)	223	1,362
Underlying EBIT – Primary aluminium (NOK million)	(219)	(593)	52	(2,074)	2,509	6,285

⁴⁶ A special resource rent tax, currently 30 percent, is imposed on hydropower production in Norway. See Section 16.3.2 (Regulatory Matters-Energy Operations – Regulatory and Taxation-Taxation of hydropower production in Norway).

⁴⁷ Operating and financial information includes Hydro's proportionate share of underlying profit (loss), production, prices, premiums and exchange rates in equity accounted investments.

⁴⁸ Beginning with the first quarter of 2010, Hydro is presenting additional information relating to underlying EBIT for certain operating sectors including its alumina and raw materials operations (formerly referred to as the bauxite and alumina business) and its primary metal operations; and for its share of underlying results in equity accounted investments. Underlying results for Alunorte is included in the alumina and raw materials operating sector, while underlying results for Søral and Qatalum is included in the primary aluminium operating sector.

Operational and financial information⁴⁷	Three months ended 31 March	Three months ended 31 December	Three months ended 31 March	Year ended 31 December		
	2010	2009	2009	2009	2008	2007
Alumina production (kmt)	474	504	578	2,091	2,289	2,007
Realized aluminium price LME (US\$/mt) ⁴⁹	1,997	1,804	1,996	1,698	2,638	2,561
Realized aluminium price LME (NOK/mt) ⁵⁰	11,542	10,452	13,393	10,764	14,699	15,521
Realized premium above LME (US\$/mt) ⁵¹	294	272	230	246	327	343
Realized premium above LME (NOK/mt) ⁵²	1,699	1,576	1,545	1,559	1,801	2,037
Realized NOK/US\$ exchange rate	5.78	5.80	6.71	6.34	5.57	6.06
Primary aluminium production (kmt)	339	332	397	1,396	1,750	1,742
Casthouse production (kmt)	484	473	433	1,782	2,166	2,164
Casthouse sales (kmt)	495	450	440	1,822	2,137	2,147

The table below shows underlying results in equity accounted investments for the Group's primary metal operations for the periods indicated.

Underlying results in equity accounted investments⁵³	Three months ended 31 March	Three months ended 31 December	Three months ended 31 March	Year ended 31 December		
	2010	2009	2009	2009	2008	2007
Alunorte (34.03%)	41	29	(68)	(98)	447	524
Søral (49.90%)	(4)	(22)	(13)	(98)	138	248
Qatalum (50.00%)	(146)	(174)	(99)	(489)	(130)	(55)

First quarter 2010 compared with fourth quarter 2009

Underlying EBIT for primary metal improved to an underlying loss of NOK 49 million for the first quarter of 2010 compared to an underlying loss of NOK 717 million in the fourth quarter of 2009.

Underlying EBIT increased to NOK 170 million for Hydro's alumina and raw materials business from an underlying loss of NOK 125 million. Hydro's alumina commercial activities delivered substantially higher underlying EBIT mainly due to improved margins on external contracts. Underlying EBIT was also influenced by unrealized gains on LME forward contracts compared with unrealized losses in the fourth quarter of 2009.

Alunorte's underlying EBIT improved, amounting to NOK 41 million in the first quarter of 2010 compared to NOK 29 million in the fourth quarter of 2009. Realized alumina prices declined due to the termination of temporary price increases⁵⁴ and were not compensated by the higher LME prices. However, lower raw material costs, including the cost of bauxite and caustic, more than offset the alumina price decline.

⁴⁹ Including effect of strategic LME hedges (hedge accounting applied).

⁵⁰ Including effect of strategic LME hedges (hedge accounting applied).

⁵¹ Average realized premium above LME for total metal products sold from primary metal. 2007 figures not re-calculated for the business area primary metal established in 2009.

⁵² Average realized premium above LME for total metal products sold from primary metal. 2007 figures not re-calculated for the business area primary metal established in 2009.

⁵³ Underlying results are defined as share of net income adjusted for items excluded.

⁵⁴ In March 2009, the board of directors of Alunorte agreed on a set of temporary measures to address the challenging financial situation in the company at that time. These measures included an increase in the alumina price Hydro and its partners had to pay to Alunorte and changes to the pricing formulas for bauxite purchased by Alunorte. The cost of alumina to Hydro's smelters was not adjusted for these measures and the effects are excluded from the discussion of developments in variable costs for the smelters. These measures were terminated at the end of 2009.

Production at Alunorte declined due to technical problems with the plant's coal fired boilers and electrical facilities.

Underlying EBIT for Hydro's primary aluminium operations also improved, amounting to an underlying loss of NOK 219 million in the first quarter of 2010 compared to an underlying loss of NOK 593 million in the fourth quarter of 2009. Higher realized aluminium prices improved underlying EBIT for Hydro's smelters by roughly NOK 355 million compared to the fourth quarter of 2009.

Overall costs were stable. Variable costs (primarily comprised of the cost of alumina, petroleum coke, and energy) increased somewhat in the first quarter of 2010 compared to the fourth quarter of 2009, mainly due to higher alumina costs. The increase was however offset by declining fixed costs due to ongoing cost reduction measures.

Underlying EBIT for Qatalum improved in the first quarter of 2010 to an underlying loss of NOK 146 million compared with underlying losses of NOK 174 million in the fourth quarter of 2009, but remained negative due to the ramp-up of production at the plant.

First quarter 2010 compared with first quarter 2009

Underlying EBIT for primary metal improved in the first quarter of 2010 compared with an underlying loss of NOK 185 million in the first quarter of 2009, reflecting higher results for Hydro's alumina and raw materials operations. The improvement was mainly due to substantially higher alumina prices as a result of the higher LME impacting underlying EBIT for Alunorte, which incurred an underlying loss of NOK 68 million in the first quarter of 2009 compared to the underlying EBIT of NOK 41 million in the first quarter of 2010. Higher alumina prices also improved the results for Hydro's alumina sourcing and related commercial activities.

Underlying EBIT for Hydro's primary aluminium activities declined in the first quarter of 2010 compared with underlying EBIT of NOK 52 million in the first quarter of 2009. Underlying EBIT was impacted by lower realized aluminium prices⁵⁵ measured in Norwegian kroner due to the weaker U.S. dollar. Higher operating losses at Qatalum also had a negative impact on underlying EBIT for the quarter. Qatalum incurred an underlying loss of NOK 99 million in the first quarter of 2009. Higher casthouse production and sales volumes, together with lower carbon costs and lower fixed costs partly offset the negative effects described above.

2009 compared with 2008

Primary metal incurred a substantial loss in 2009 of NOK 2,556 million, declining sharply from positive underlying EBIT of NOK 2,732 million in 2008. Significantly lower realized aluminium prices had a negative impact on underlying EBIT of about NOK 6.3 billion. Write-downs reversed in inventory amounted to NOK 470 million in 2009, compared to write-downs of NOK 550 million in 2008.

Lower volumes and decreased product premiums had a negative impact on underlying EBIT amounting to about NOK 1.2 billion in 2009 and NOK 600 million in 2008.

Variable costs at Hydro's smelters decreased by about NOK 1.7 billion in 2009 compared to in 2008, mainly due to lower alumina costs of roughly NOK 1.0 billion. Fixed costs declined by about NOK 900 million due to capacity curtailments and manning reductions that took place mainly in the first half of 2009, in addition to lower maintenance activities.

⁵⁵ Due to hedging and inventory effects, Hydro's realized prices lag LME price developments by about four months. There is no time lag for the effects of LME price developments on the results of the Company's alumina commercial operations, while there is a time lag of about one month for the effects of LME price developments on the results for Alunorte.

Underlying income from Hydro's equity accounted smelters declined mainly due to charges of about NOK 490 million related to the build-up of the operating organization at Qatalum in 2009, compared to charges of roughly NOK 130 million in 2008.

Underlying EBIT for Alunorte, amounted to a loss of NOK 98 million in 2009, despite the temporary measures put in place in March 2009 to address the company's deteriorating financial situation. The decrease from positive underlying EBIT of NOK 447 million in 2008, mainly as a result of lower LME-linked alumina prices. More than half of the price decline was offset by an increase in sales volumes of about 18 percent relating to the third expansion of the plant that was completed in 2008. Variable costs increased somewhat during 2009 as a result of higher prices for caustic and other raw materials partly offset by lower energy costs.

Alumina production volumes declined overall due to the temporary curtailment of the Alpart refinery early in 2009.

Hydro's alumina commercial activities delivered improved underlying EBIT in 2009, despite a weak fourth quarter of 2009, mainly due to higher external volumes sold.

2008 compared with 2007

Underlying EBIT for the year 2008 declined significantly to NOK 2,732 million from NOK 7,646 million in 2007, impacted by lower realized prices measured in Norwegian kroner and substantial increases in the cost of power, freight, alloying materials and carbon, in addition to the effect of the inventory write-downs of about NOK 540 million. Lower realized prices measured in Norwegian kroner resulted in a negative impact on underlying EBIT of about NOK 1,330 million. In the first half of 2008, a heated commodity market resulted in increased variable costs of about NOK 1,240 million compared with 2007. Carbon costs rose sharply mainly due to a strong increase in the price of petroleum coke. Power costs rose due to indexation to various commodity prices in different power contracts. Other cost increases also had a negative impact on underlying EBIT for 2008.

Production of primary metal was strong and stable during 2008 and several of Hydro's smelters achieved record levels. Volume from Hydro's casthouses declined in the second half of 2008 due to the substantial fall in market demand.

Underlying EBIT for Hydro's jointly owned Sørå metal plant amounted to NOK 138 million for 2008 compared with NOK 229 million in 2007. In addition, underlying EBIT from Hydro's share of profit (loss) in equity accounted investments included about NOK 127 million of costs relating to the Qatalum project in 2008 compared with NOK 45 million in 2007.

Underlying EBIT for Alunorte declined for 2008. Positive effects from the higher volumes and higher LME linked alumina prices⁵⁶ were more than offset by significantly higher energy prices, local currency effects and higher LME linked bauxite prices.⁵⁷ During 2008, Alunorte completed a restructuring of the plants' power facilities with the implementation of additional co-generation of electricity following the start-up of new coal-fired boiler toward the end of 2007. The improved energy mix, together with a sharp drop in oil prices, reduced the plant's energy cost in the fourth quarter of 2008.

⁵⁶ Alumina prices for Alunorte are adjusted monthly based on the monthly average LME three-month prices, applied with one month delay.

⁵⁷ Bauxite prices for Alunorte are linked to average LME prices for the past three quarters with an additional one-quarter delay.

Alpart delivered an underlying loss for 2008 impacted by very high oil prices for much of the year. Energy costs for Alpart declined sharply towards the end of 2008, but the positive effects were more than offset by lower realized alumina prices due to the falling LME.

14.6.2 Metal markets

The table below shows key operational and financial information for the Group's metal markets operations for the periods indicated.

Operational and financial information	Three months ended 31 March	Three months ended 31 December	Three months ended 31 March	Year ended 31 December		
	2010	2009	2009	2009	2008	2007
Underlying EBIT (NOK million)	65	(20)	(245)	(83)	703	639
Remelt production (kmt)	148	133	89	455	505	685
Sale of metal products from own production (kmt) ⁵⁸	656	596	550	2,351	2,716	2,888
Sale of third-party metal products (kmt)	13	9	24	63	207	315
Total metal products sales excluding ingot trading (kmt)	670	605	575	2,414	2,923	3,203
Hereof external sales excluding ingot trading (kmt)	414	375	323	1,468	1,733	1,858
External revenue (NOK million) ⁵⁹	6,536	5,638	5,329	23,650	32,787	34,904
Product sales (NOK million) ⁶⁰	5,349	4,891	3,778	17,209	25,505	29,090

First quarter 2010 compared with fourth quarter 2009

Underlying EBIT for metal markets increased to NOK 65 million in the first quarter of 2010 compared with an underlying loss of NOK 20 million in the fourth quarter of 2009 due to significantly improved results from Hydro's sourcing and trading activities as previous trading losses were recaptured. These positive developments were partly offset by negative currency effects of around NOK 100 million due to the weakening Euro against the U.S. dollar.⁶¹

Underlying EBIT from Hydro's remelter operations in the first quarter of 2010 was largely unchanged from the fourth quarter of 2009. Improvements due to increased production and sales volumes were offset by lower results from Hydro's U.S. remelters and somewhat higher raw material costs relating to purchased metal for remelting. Total metal sales from own production and third party contracts increased significantly compared to the fourth quarter of 2009, primarily reflecting seasonally higher shipments of extrusion ingots in Europe.

⁵⁸ Includes external and internal sales from Hydro's primary casthouse operations, remelters, high purity aluminium business and part owned metal sources.

⁵⁹ External sales revenue from the commercial operations described above and revenues from aluminium trading and hedging activities, including derivatives.

⁶⁰ Excludes revenues from Hydro's aluminium trading and hedging activities and derivatives.

⁶¹ Currency effects for Hydro's commercial activities include the effects of changes in currency rates on sales and purchase contracts denominated in foreign currencies (mainly U.S. dollar and Euro for Hydro's Norwegian operations) and the effects of changes in currency rates on the fair market valuation of U.S. dollar denominated derivative contracts (including LME futures) and inventories mainly translated to Norwegian kroner. Currency exposure for Hydro's commercial activities is partly hedged internally with offsetting gains and losses recognized in financial income and expense. Hydro manages its external currency exposure on a consolidated basis in order to take advantage of offsetting positions. The impact of currency effects are commented on at aggregated level across business units in metal markets, whereas business unit results, such as for sourcing and trading activities, are commented on excluding currency effects.

Underlying EBIT for Hydro's metal sourcing and trading operations improved significantly during the first quarter of 2010. In addition to a good operating performance, underlying EBIT was positively impacted by realized gains on physical standard ingot inventories for which hedging losses were recognized in the previous quarter.⁶²

First quarter 2010 compared with first quarter 2009

Underlying EBIT for metal markets increased substantially compared with the first quarter of 2009, which amounted to an underlying loss of NOK 245 million. The underlying losses in the first quarter of 2009 were heavily impacted by negative currency effects of roughly NOK 400 million.

2009 compared with 2008

Metal markets incurred an underlying loss of NOK 83 million in 2009 compared with underlying EBIT of NOK 703 million in 2008. The negative result in 2009 was heavily impacted by negative currency effects of roughly NOK 600 million mainly due to the weakening of the U.S. dollar against Norwegian kroner. Underlying EBIT in 2008 was positively impacted by currency effects of nearly NOK 500 million, but also included inventory write-downs of about NOK 160 million.

Total metal product sales declined significantly in 2009 compared to 2008, in particular in the first half of 2009.

Despite lower production volumes, the underlying EBIT for Hydro's remelters improved in 2009 compared with 2008, which was negatively impacted by inventory write-downs. The decline in remelter production reflected reduced production in Europe and the United States during the first four to five months of 2009 due to the weak market conditions. Remelt production increased from the second quarter of 2009 following improved demand for extrusion ingot, and the plants continued running at high utilization rates during the second half of 2009.

Operating results from Hydro's sourcing and trading activities improved in 2009 compared to 2008, with significant positive contributions both from its physical standard ingot portfolio and LME trading. While the first three quarters were reported with strong trading margins, the full year 2008 result was somewhat moderated by a weak result in the fourth quarter of 2008.

2008 compared with 2007

Metal markets' underlying EBIT amounted to NOK 703 million in 2008 compared with NOK 639 million in 2007. Hydro's European remelt operations delivered an improved performance for the first nine months of 2008, but reduced production substantially in the fourth quarter in response to deteriorating market conditions. Underlying EBIT for Hydro's North American remelters continued to be weak, with underlying losses of NOK 97 million in 2008 compared to underlying losses of NOK 193 million in 2007. The operating performance of Hydro's North American operations also improved during 2008, but results were heavily impacted by the sharp market decline in the fourth quarter of 2008.

Remelt production volumes declined by 26 percent in 2008 compared with 2007, including the effect of the closure of the Ellenville remelter in the United States at end of 2007 and the transfer of three U.S. remelters to Hydro's extruded products business area. Excluding these effects, volumes declined by about 5 percent in 2008 due to the sharp market decline in Europe in fourth quarter of 2008 and overall low production levels in Hydro's remaining North American remelters.

⁶² Unrealized gains and losses on derivative contracts relating to the Company's sourcing and trading activities are not excluded from underlying EBIT, as these are considered to be a normal part of the trading business performance.

Underlying EBIT for Hydro's sourcing and trading activities declined for 2008 due the market development in second half of 2008.

14.6.3 Rolled products

The table below shows key operational and financial information for the Group's rolled products operations for the periods indicated.

Operational and financial information	Three months ended 31 March	Three months ended 31 December	Three months ended 31 March	Year ended 31 December		
	2010	2009	2009	2009	2008	2007
	Underlying EBIT (NOK million)	223	57	(53)	26	651
Sales volumes to external market (kmt)	231	211	191	794	965	1,030

First quarter 2010 compared with fourth quarter 2009

Underlying EBIT for rolled products in the first quarter of 2010 improved significantly amounting to NOK 223 million compared to NOK 57 million in the fourth quarter of 2009, mainly due to higher sales volumes. Higher margins and lower operating unit costs also contributed to the improved underlying EBIT.

Shipments were substantially higher than expected seasonal improvements for all product segments supported by restocking effects and higher end user demand. Beverage can shipments improved by 26 percent supported by increased market demand. Shipments for automotive products increased by 18 percent, mainly driven by higher car sales in the premium markets. Volumes for thin gauge foil in the first quarter of 2010 were also higher compared to the fourth quarter of 2009 mainly for the liquid packaging market sector due to restocking and stronger end user demand. General engineering applications also benefited from improved market conditions and restocking effects, in particular in the transport and general industrial segments. Shipments for lithographic sheets were higher compared to the fourth quarter in 2009, but remained below 2008 levels. Cost reductions continued during the first quarter of 2010 with a focus on manning and non-personnel related operating costs. Labor productivity continued to develop positively and was back to levels experienced in 2008. Unit costs were down to 2008 level as well, although shipments were below 2008 levels. New measures were initiated to counter pressure on cost increases from suppliers during the first quarter of 2010.

First quarter 2010 compared with first quarter 2009

Compared to underlying losses of NOK 53 million in the first quarter of 2009, underlying EBIT in the first quarter of 2010 was substantially higher, mainly due to higher shipments for all product segments. Costs and margins developed in the same manner as described for the fourth quarter of 2009 and the first quarter of 2010.

2009 compared with 2008

Underlying EBIT for rolled products declined significantly in 2009 to NOK 26 million compared with NOK 651 million in 2008, mainly due to the substantial drop in sales volumes for the year.

Market demand declined for all product applications in 2009, in particular for Hydro's automotive and general engineering business unit, where shipments were about 23 percent lower than in 2008. Lower volumes within Hydro's packaging and building unit mainly reflected shipment declines in the beverage can and foil market segment. Volumes in the high-value lithography market were relatively stronger, although also they declined about 13 percent for the year.

Margins measured in Euro weakened somewhat in 2009 compared with 2008, impacted mainly by lower margins within the general engineering market segment.

Both shipments and order intake improved in the second half of 2009. In contrast to typical seasonal trends, shipments increased in the fourth quarter of 2009, compared to the third quarter, due to higher demand for certain product segments combined with some restocking effects.

2008 compared with 2007

Underlying EBIT for Hydro's rolled products business improved to NOK 651 million in 2008 from NOK 552 million in 2007, due to increased margins more than offsetting a decline in volumes. Currency effects due to a stronger Euro versus the U.S. dollar had a negative impact on margins achieved for Hydro's U.S. dollar sales of around NOK 100 million. Approximately 20 percent of Hydro's total sales volume is sold in U.S. dollar denominated markets.

14.6.4 Extruded products

The table below shows key operational and financial information for the Group's extruded products operations for the periods indicated.

Operational and financial information	Three months ended 31 March 2010	Three months ended 31 December 2009	Three months ended 31 March 2009	Year ended 31 December		
				2009	2008	2007
Underlying EBIT (NOK million)	117	68	(204)	(67)	338	800
Sales volumes to external market (kmt)	128	127	113	488	593	625

First quarter 2010 compared with fourth quarter 2009

Underlying EBIT for extruded products in the first quarter of 2010 amounted to NOK 117 million, improving from NOK 68 million in the fourth quarter of 2009, which included losses from the automotive structures operations that were divested at the end of 2009. Underlying EBIT for the remaining businesses declined somewhat due to lower underlying EBIT from Hydro's building systems business, mostly offset by improvements in its other extrusion operations.

Total sales volumes in the first quarter of 2010 increased compared to the fourth quarter of 2009. Volumes for Hydro's European extrusion operations increased significantly from the fourth quarter of 2009 to the first quarter of 2010 mainly due to stronger demand. Volumes declined on a seasonal basis for Hydro's building systems operations. A normal seasonal increase in volumes improved the underlying EBIT somewhat for Hydro's Americas operations compared to the fourth quarter of 2009. Hydro's precision tubing business experienced strong demand in the first quarter of 2010 compared to the fourth quarter of 2009. Margins remained stable for all sectors in the first quarter of 2010 compared to the previous quarter and the first quarter of 2009.

First quarter 2010 compared with first quarter 2009

Underlying EBIT for extruded products in the first quarter of 2010 increased substantially compared to the significant operating losses of NOK 204 million incurred in the first quarter of 2009 which was heavily influenced by the severe drop in demand following the market downturn at the end of 2008. The improvement reflected the substantial cost reductions achieved in all business sectors and the positive developments in sales volumes for all business operations in the first quarter of 2010 compared to the first quarter of 2009 with the exception of slightly lower volumes for Hydro's building systems business due to lower demand in the construction sector.

2009 compared with 2008

Extruded products incurred an underlying loss of NOK 67 million for 2009 compared with an underlying EBIT of NOK 338 million in 2008, due to substantial volume declines for all of Hydro's operating units and lower margins for most of its businesses. Volumes declined by 21 percent from 301 kmt in 2008 to 237 kmt in 2009 for Hydro's Eurasia operations, but to a lesser extent for its building systems operations, which declined by 9 percent from 85 kmt in 2008 to 77 kmt in 2009. The volume decline for Hydro's automotive structures activities for 2009 was also more moderate, amounting to 17 percent, as volumes recovered in second half of 2009 following the sharp decline of more than 30 percent in the fourth quarter of 2008. Volumes for Hydro's North American operations also declined 15 percent from 102 kmt in 2008 to 87 kmt in 2009, following continual volume declines over the past three years.

Underlying EBIT for Hydro's extrusion and precision tubing businesses improved in the second half of 2009 as the markets stabilized, supported by customer restocking. In addition, significant cost reductions helped Hydro to recover most of the effect of the lost volumes. However, all of Hydro's business sectors incurred underlying losses for 2009 except for its building systems business, where higher margins partially offset the effects of the market decline.

Hydro's U.S. extrusion business delivered improved underlying EBIT, although still negative, driven by substantial cost reductions from efforts to align its overall cost structure with the negative market developments experienced over the last several years. Underlying EBIT for Hydro's South America operations was stable in 2009 compared with 2008, as markets recovered from a drop in demand in the first quarter of 2009.

Underlying EBIT for Hydro's automotive operations also improved, but remained negative. Underlying EBIT for Hydro's precision tubing business recovered during 2009 and was slightly positive in the second half of 2009, driven by stronger demand and cost reduction measures.

2008 compared with 2007

Underlying EBIT declined for Hydro's extrusion business to NOK 338 million in 2008 from NOK 800 million in 2007. Hydro's European extruders outperformed a general market decline with continued high margins and stable volumes compared to the first nine months of 2008, but the volume decline from the weaker market in the fourth quarter of 2008 more than offset the positive developments. Volumes for Hydro's building systems business were down, but higher margins partly offset the negative effects. Underlying EBIT for Hydro's U.S. operations also improved from 2007 during the first nine months of 2008, driven by significant cost reductions from efforts to align its overall cost structure with the sharp decline experienced during the last two years in the U.S. market. But the market turbulence in the fourth quarter of 2008 more than offset the positive developments. Underlying EBIT for Hydro's South American operations improved in 2008 compared to 2007.

Significantly lower volumes impacted underlying EBIT for Hydro's automotive operations in 2008 compared with 2007, in addition to costs related to start-up activities for new product lines in Hydro's automotive structures business as well as costs for reducing capacity to align the operations to current market conditions. Underlying EBIT for 2007 included profits from divested activities of around NOK 40 million.

14.6.5 Energy

The table below shows key operational and financial information for the Group's energy operations for the periods indicated.

Operational and financial information	Three months ended 31 March 2010	Three months ended 31 December 2009	Three months ended 31 March 2009	Year ended 31 December		
				2009	2008	2007
Underlying EBIT (NOK million)	588	295	447	1,240	1,865	1,266
Direct production costs (NOK million) ⁶³	163	127	117	438	462	490
Power production (GWh)	2,781	1,929	2,477	7,897	11,361	11,018
External power sourcing (GWh) ⁶⁴	2,175	2,112	2,916	9,480	11,004	11,087
Internal contract sales (GWh) ⁶⁵	3,065	3,062	4,033	13,339	15,938	15,775
External contract sales (GWh) ⁶⁶	569	493	522	1,820	1,764	1,042
Net spot sales (GWh) ⁶⁷	1,323	486	838	2,217	4,663	4,629

First quarter 2010 compared with fourth quarter 2009

Underlying EBIT for Energy in the first quarter of 2010 increased substantially to NOK 588 million compared to NOK 295 million in the fourth quarter of 2009, due to high production and high realized spot prices. Further, planned low maintenance activities and the scheduled start-up of Suldal 1 provided additional capacity to take advantage of the high spot prices experienced in the first quarter of 2010. However, high area price differences between Mid-Norway and Southern Norway had a negative impact on underlying EBIT in the first quarter of 2010.⁶⁸

First quarter 2010 compared with first quarter 2009

Underlying EBIT in the first quarter of 2010 was higher than the underlying EBIT NOK 447 million in the first quarter of 2009, due to higher production and higher realized spot prices.

2009 compared with 2008

Underlying EBIT for Energy declined in 2009 to NOK 1,240 million from NOK 1,865 million in 2008, mainly due to significantly lower power production and lower spot prices, partially offset, however, by lower area costs and lower operating costs.

Power production declined in 2009 as a result of low reservoir levels at the start of the year and the outage of Suldal I for most of the year. The reduced production from the Suldal I outage was partly offset by proceeds from business interruption insurance.

Energy also experienced a decline in internal sales contracts relating to the repurchase of power from primary metal, due to the curtailment of smelter capacity. The related volumes were bought at market prices and to a large extent sold immediately with no significant gain or loss to energy.

⁶³ Includes maintenance and operational costs, transmission costs, property taxes and concession fees for Hydro as operator.

⁶⁴ Includes long-term sourcing contracts and industrial sourcing in Germany.

⁶⁵ Internal contract sales in Norway and Germany, including sales from Hydro's own production and resale of externally sourced volumes.

⁶⁶ External contract sales, mainly concession power deliveries and volumes to former Hydro businesses.

⁶⁷ Spot sales volumes net of spot purchases.

⁶⁸ Energy provides power to the Sunndal smelter which is located in Mid-Norway at fixed price contracts. Hydro's captive hydropower is produced and sold in Southern Norway. As a result, higher area prices in Mid-Norway (NO3) than in Southern Norway represent an additional cost to the energy segment.

2008 compared with 2007

Underlying EBIT for Energy improved to NOK 1,865 million in 2008 from NOK 1,266 million in 2007. The improvement was mainly caused by significantly higher spot prices, higher power production and somewhat lower operating costs.

Hydro's power production in Norway amounted to nearly 11.4 TWh in 2008. Due to high reservoir precipitation in 2007 and 2008, power production was significantly higher than normal in both years. Net spot sales, which represent net volumes sold and purchased, were significantly higher than normal due to high reservoir inflows and power production.⁶⁹

Direct power production costs, which include operations and maintenance, transmission costs, property taxes and concession fees, decreased slightly in 2008 compared with 2007. The decrease primarily reflects lower transmission grid tariffs.

14.6.6 Other and eliminations**First quarter 2010 compared with fourth quarter 2009**

Underlying EBIT for other and eliminations amounted to a loss of NOK 255 million in the first quarter of 2010 compared with a loss of NOK 334 million in the fourth quarter of 2009. Underlying EBIT included the elimination of internal gains and losses on inventories purchased from Group companies which amounted to a loss of NOK 116 million in the first quarter of 2010 compared with a loss of NOK 39 million in the fourth quarter of 2009. Hydro's solar activities incurred an underlying loss of NOK 25 million in the first quarter of 2010 compared with a loss of NOK 40 million in the fourth quarter of 2009.

First quarter 2010 compared with first quarter 2009

Underlying EBIT for other and eliminations amounted to a loss of NOK 253 million in the first quarter of 2009 which included the elimination of internal gains and losses on inventories purchased from Group companies which amounted to an income of NOK 190 million. Hydro's solar activities incurred an underlying loss of NOK 31 million in the first quarter of 2009.

2009 compared with 2008

Underlying EBIT for other and eliminations amounted to a loss of NOK 1,114 million in 2009, compared with a loss of NOK 279 million in 2008. Underlying EBIT included the elimination of unrealized gains and losses on inventories purchased from Group companies, which amounted to a positive effect of NOK 27 million in 2009, compared with a positive effect of NOK 434 million in 2008. Underlying EBIT also included a loss related to unallocated pension cost amounting to NOK 727 million in 2009, compared with a loss of NOK 222 million in 2008. The increased loss was mainly the result of lower expected returns on plan assets due to a decline in market value at the end of 2008 and to higher amortization of losses on actuarial valuation of pension obligations.

Hydro's solar activities incurred an underlying loss of NOK 118 million in 2009, compared with a loss of NOK 129 million in 2008.

2008 compared with 2007

Underlying EBIT for other and eliminations amounted to a negative NOK 279 million in 2008 compared with a negative NOK 750 million in 2007. Underlying EBIT also included an elimination of unrealized profits on inventories purchased from Group companies amounting to a credit of NOK 434 million in 2008

⁶⁹ Mainly due to variations in hydrology, Hydro manages surplus and shortages in its Norwegian power portfolio in the traded electricity market. The balance of Hydro's power portfolio varies both within different periods of the year and from year to year, driven by hydrological conditions and industrial consumption as well as contractual commitments and market developments.

compared with a loss of NOK 69 million in 2007. 2008 also included losses of NOK 150 million relating to a change in the allocation of corporate overhead costs which was offset by positive adjustments included in underlying EBIT for the business areas. Net pension and social security costs included in other and eliminations amounted to NOK 222 million for 2008 compared with NOK 326 million in 2007.

Included in other and eliminations is Hydro's Solar business, which, including its share of profit/loss in equity accounted investments, amounted to a loss of NOK 129 million in 2008 compared with a loss of NOK 82 million in 2007. The loss reflected the fact that Hydro's partnership companies were in a developing and build-up phase, with only limited production from NorSun AS which commenced production around mid-year.

14.7 Liquidity and Capital Resources

The table below includes information on Hydro's liquidity and debt for the years indicated.

Liquidity and financial position	As of 31 March (Unaudited)		As of 31 December (Audited)		
	2010	2009	2009	2008	2007
Net cash provided by operating activities	186	(1,111)	4,546	2,921	14,273
Cash and cash equivalents	2,502	3,128	2,573	3,333	9,330
Short-term Investments ⁷⁰	1,554	1,652	1,519	1,648	2,742
Liquid assets	4,056	4,780	4,092	4,981	12,072
Banks loans and other interest-bearing short-term debt	(972)	(1,953)	(2,010)	(1,169)	(1,045)
Long-term debt	(2,574)	(1,106)	(88)	(279)	(263)
Net interest bearing (debt) assets	511	1,722	1,995	3,534	10,764

14.7.1 Cash flows

As of 31 March 2010, cash, cash equivalents and bank overdraft were unchanged compared to as of 31 December 2009 at NOK 2.5 billion. Cash provided by operating activities excluding working capital changes amounted to NOK 1.8 billion in the quarter, reflecting improved prices and market conditions as well as reduced cost. However, increased business volume and higher prices also led to working capital increases and corresponding negative effects on cash flow of NOK 1.6 billion, resulting in a total net operating cash flow of NOK 0.2 billion. Financing activities in the quarter contributed positively to cash flow with NOK 1.3 billion. Included in this amount were draw downs of EUR 300 million from Hydro's EUR 750 million committed credit facility and repayment of NOK 1.0 billion raised in the later half of 2009 in the domestic commercial paper market. Cash sources were sufficient to cover investments of NOK 1.5 billion, including NOK 1.1 billion of equity injections to Qatalum.

In 2009, cash provided by operating activities increased significantly compared to the previous year. Operating cash, together with funds raised in the domestic commercial paper market and Hydro's liquidity holdings, were sufficient to cover operating requirements and investment activities for 2009. In addition, available credit facilities were used to cover cash flow fluctuations during the year.

Low aluminium prices and significantly reduced sales volumes had a substantial negative impact on operating cash flows in 2009. However, corrective actions, such as reduced capital expenditures, production cuts, capacity curtailments and cost improvement measures generated positive cash effects. In addition, dedicated efforts to reduce working capital, combined with overall reduced business activity,

⁷⁰ Hydro's policy is that the maximum maturity for cash deposits is 12 months. Cash flows relating to bank time deposits with original maturities beyond three months are classified as investing activities and included in short-term investments on the balance sheet.

contributed to offset the negative market influences. Net cash outflows amounted to NOK 0.7 billion for 2009, reducing cash, cash equivalents and bank overdrafts from NOK 3.2 billion at the end of 2008 to NOK 2.5 billion at year-end 2009. Hydro's liquid assets, including cash, cash equivalents, bank overdrafts and short-term investments declined by NOK 0.8 billion to NOK 4.0 billion. The most significant uses of cash in 2009 included investments in property, plant and equipment and other long-term investments, together totaling NOK 5.9 billion. Included in this amount was NOK 2.6 billion of equity injections to Qatalum, Hydro's 50 percent-owned greenfield smelter in Qatar. The main sources of cash included NOK 4.55 billion from continuing operating activities and NOK 0.7 billion from continuing financing activities. Out of NOK 4.55 billion cash provided by continuing operating activities, NOK 5.8 billion were related to working capital reductions.

Volatility in market prices of aluminium, raw materials and exchange rates, as well as working capital developments, represent factors which add uncertainty to the development of Hydro's cash position. Furthermore, due to the uncertain economic conditions, future production and sales volumes are difficult to predict and thereby add additional uncertainty.

14.7.2 Financing arrangements

The table below shows the Group's short-term financing for the periods indicated.

NOK million	Weighted average interest rate 2009	2009	2008	2007
Banks loans and overdraft facilities	3.7%	198	279	176
Other interest-bearing short-term debt	2.1%	1,685	803	798
Current portion of long-term debt	-	127	86	71
Bank loans and other interest-bearing short-term debt		2,010	1,169	1,045

The table below shows the Group's long-terms financing for the periods indicated.

Long-term debt payable in various currencies	Weighted average interest rate	Denominated amount	Balance in NOK		
NOK million		2009	2009	2008	2007
US\$	1.8%	19	110	199	206
EUR	2.6%	3	24	47	19
CNY	6.5%	60	50	99	72
Other			5	-	8
Total unsecured bank loans			189	345	306
Finance lease obligations			11	1	2
Mortgage loans			1	2	5
Other long-term debt			13	16	21
Outstanding debt			215	365	334
Less: Current portion			(127)	(86)	(71)
Total long-term debt			88	279	263

Hydro has a US\$1,700 million, seven-year revolving multi-currency credit facility with a syndicate of international banks, maturing in July 2014. In addition, Hydro has available a EUR 750 million revolving credit facility with a syndicate of international banks, maturing in March 2012. A commitment fee on undrawn amounts is calculated under each of the facilities. Any borrowing under the facilities will be unsecured, and the debt agreements contain no financial ratio covenants and no provisions connected to the value of underlying assets. The facilities are for general corporate purposes, and provide readily available and flexible long-term funding. There was no borrowing under any of these facilities as of 31 December 2009, but in the first quarter of 2010 EUR 300 million was drawn from Hydro's EUR 750 million credit facility and Hydro repaid of NOK 1.0 billion raised in the later half of 2009 in the domestic commercial paper market. Further, on 12 May 2010, Hydro announced that it had issued a NOK 500 million commercial paper loan with maturity on 18 August 2010 and a 2.71 percent coupon. On 16 June 2010, Hydro repaid EUR 50 million on the EUR 750 million facility, leaving a remaining borrowing under this facility of EUR 250 million as of the date of this Prospectus.

Planned capital expenditures and other potential financing requirements in 2010 will be covered by internally generated funds in addition to external funding.

The Company has the ambition over time to access the national and international bond markets as its primary source for external funding of long-term capital requirements. The EUR 750 million revolving facility is intended to serve as a source for financing until replaced by bond financing. The US\$1,700 million revolving facility is intended to serve primarily as a back-up for unforeseen funding requirements and will therefore be maintained as a reserve.

Treasury policies

Hydro's capital management policy is to maximize value creation over time, while maintaining a strong financial position and an investment grade credit rating.

Credit rating

To secure access to attractive terms in the capital markets and remain financially solid, Hydro aims at keeping an investment grade rating from the leading rating agencies, Standard & Poor's (current rating BBB-) and Moody's (current rating Baa2). Subsequent to Hydro's announcement of the Transaction and the Rights Issue on 2 May 2010, Standard & Poor's revised Hydro's rating to BBB-, credit watch positive from BBB- negative outlook, and Moody's affirmed Hydro's rating at Baa2, revising the outlook to stable. To maintain a stable investment grade rating, Hydro targets, over the cycle, to keep adjusted funds from operations of at least 40 percent of adjusted net interest-bearing debt, and the adjusted net interest-bearing debt to adjusted equity ratio below 55 percent.

Liquidity management and funding

Hydro manages its liquidity at the corporate level, ensuring sufficient liquidity to cover Group operational requirements. Hydro's main strategy for mitigating risk related to volatility in cash flow is to maintain a solid financial position and strong credit worthiness. The Company's target, over the business cycle, is to keep its adjusted net interest-bearing debt/equity ratio below 0.55 and to maintain a ratio of funds from operations to adjusted net interest-bearing debt above a level of 0.40. In addition, Hydro has established guidelines for liquidity reserves and for the profile of installment payments on debt in order to secure its financial position. Economic developments in 2009 resulted in low funds from operations and Hydro was not able to meet its minimum target level for this key ratio. Hydro has initiated actions to improve its financial position in order to maintain its investment grade credit rating.

The challenging market conditions during 2009 led to an increased attention on cash flow and credit risk throughout Hydro's entire organization. In addition to measures aimed at securing the cash position, the Company had total undrawn committed credit facilities amounting to NOK 16 billion (i.e. the US\$1,700

million and EUR 750 million revolving facilities) to provide back-up in the case of future cash deficits should alternative financing sources not become available. Hydro is also monitoring the financial performance of key suppliers in order to reduce the risk of default on operations and key projects.

During 2009, net cash provided by operations and cash raised in the domestic commercial paper market and from long-term bank facilities, together with Hydro's liquidity holdings, were sufficient to cover its operating requirements and capital expenditures.

Hydro manages long-term debt and equity financing at the corporate level, with an ambition to access the national and international capital markets as its primary source for external long-term funding. The last time Hydro issued Shares was in connection with the acquisition of Saga Petroleum ASA in 1999. As of 31 December 2009, there was no borrowing under Hydro's long term bank facilities and the Company had no bond debt outstanding.

Funding of subsidiaries, associates and jointly controlled entities

Normally the parent company, Norsk Hydro ASA, incurs debt and then extends loans or equity to wholly owned subsidiaries to fund capital requirements within the Group. When partially-owned subsidiaries or investments in associates and jointly controlled entities are financed, it is the Company's policy to finance according to ownership share and on equal terms with the other owners. All financing of subsidiaries and equity accounted investments are conducted at arm's-length. Project financing may be used in certain cases, with the primary objective generally being to achieve risk mitigation, while also taking into account partnership and other relevant considerations. Hydro's ongoing development of the aluminium smelter in Qatar, through Qatar Aluminium Ltd, is financed through a US\$2.6 billion syndicated bank facility, in addition to equity from the owners. As of 31 December 2009, the current outstanding amount under the credit facility was US\$2,589 million, compared to US\$1,146 million outstanding as of 31 December 2008. The facility is with limited recourse to Hydro during development of the project and without recourse to Hydro after completion of the project.

Shareholder return

Shareholder return consists of dividends and share price development. Over time value creation should be reflected to a greater extent by share price development than through dividends. Hydro's dividend policy is to pay an average of 30 percent of net income over time in ordinary dividends to its shareholders. The dividend for a specific year is determined after taking into consideration expected future earnings and cash flow, future investment opportunities, the outlook for world commodity markets and Hydro's current financial position. Share buybacks or extraordinary dividends may be used to supplement ordinary dividends during periods of strong financials, due consideration being given to the commodity cycle and capital requirements for future growth. The total dividend payout reflects Hydro's goal to give its shareholders a competitive return, benchmarked against alternative investments in comparable companies.

14.7.3 Working capital

The Company believes that the working capital available to it is sufficient for its present requirements, i.e. for at least the 12 months period following the date of this Prospectus. As the Transaction is conditional upon the successful completion of the Rights Issue, this will also apply in the event of completion of the Transaction.

14.8 Recent Developments and Trend Information

Below is a discussion of the main developments pertaining to the markets in which Hydro operates that are likely to have a material effect on the Company's prospects in 2010, as well as other factors impacting Hydro in 2010.

Average LME prices of primary aluminium declined during the first five months of 2010, but varied significantly. From a level of around US\$2,300 per mt in the beginning of the year, prices declined to US\$1,980 per mt in early February 2010. After increasing to US\$2,482 per mt in the middle of April 2010, prices declined below US\$2,000 per mt in the beginning of June 2010.

Estimated demand for primary aluminium in China in the first five months of 2010 reached a record high level of 16.4 million mt on an annualized basis. Production reached a new record of around 17.6 million mt on an annual basis resulting in a surplus of metal.

Excluding China, global demand for primary aluminium strengthened in the first five months of 2010, reaching an annualized consumption of around 23.2 million mt. Production outside China increased to 24.6 million mt on an annualized basis (source: CRU). The increase in production was mainly due to additional new production following the ramp-up of new capacity. About 430,000 mt of the more than 3 million mt of capacity that was curtailed in response to the sharp fall in demand at the end of 2008 and beginning of 2009 has been restarted.

LME stocks were relatively stable at around 4.6 million mt during the first five months of 2010. Industry analysis indicates that there has been a further increase of unreported stocks during this period.

Demand for metal products (extrusion ingot, sheet ingot, foundry alloys and wire rod) continued to improve in the first five months of 2010, but consumption in both Europe and North America remains below levels experienced in 2007 and 2008.

The European flat rolled products market improved in the first quarter of 2010, driven by customer restocking and a slight increase in consumer demand. Developments in the North American market were similar. The positive development continued in the first two months of the second quarter of 2010, but the second quarter is still expected to end below the levels experienced prior to the severe economic downturn which began towards the end of 2008.

European demand for extruded aluminium products was stable in the first quarter of 2010 following a slight increase in the normally seasonally lower fourth quarter due to customer restocking. Demand continued relatively unchanged during the first two months of the second quarter of 2010. However, demand continues to be below levels achieved in 2007 and 2008 and is weak within the construction sector. An expected seasonal increase in demand in the North American market did not occur in the first quarter of 2010. However, demand increased from the weak first quarter of 2009 and market developments in the first two months of the second quarter of 2010 indicate a somewhat more positive development following a long period of decline. Market demand in South America in the first five months of 2010 continued to be positive, mainly in Brazil.

Nordic electricity spot prices reached record high levels during the first quarter of 2010, particularly in the Mid-Norway area (NO3) where the effects of record high deficits in the hydrological balance throughout Norway was exacerbated by outages in Swedish nuclear power supplies.⁷¹ High demand due to cold temperatures and corresponding high production depleted reservoirs. Exceptionally dry weather has resulted in snow accumulations of about 50 percent of normal levels in Southern Norway at the end of the first quarter of 2010. In the second quarter of 2010, the Nordic electricity spot prices have stabilized at lower levels due to increased imports of power and lower demand. Power production is expected to be significantly lower than normal for several quarters in order to normalize reservoir levels.

⁷¹ Mid-Norway has limited transmission capacity from areas other than the Swedish power grid.

Hydro has sold forward substantially all of its primary aluminium production for the second quarter of 2010 at a price level of around US\$2,175 per mt. The higher realized prices will further improve Hydro's results in the second quarter of 2010. However, the overall impact of LME price improvements for Hydro will be influenced by developments in the U.S. dollar/Norwegian kroner currency exchange rates.

Hydro has hedged the majority of the net aluminium price exposure in Vale Aluminium until the end of 2011, amounting to 670,000 mt with an expected average price of about US\$2,400 per mt for the entire period. The hedges include forward sales for the second half of 2010 of 128,000 mt at US\$2,400 per mt and for 2011 of 320,000 mt at US\$2,445 per mt, and zero cost collars (floor/cap) for the second half of 2010 of 63,000 mt at US\$2,200-2,475 per mt and for 2011 of 159,000 mt at US\$2,200-2,560 per mt. The hedges are aimed at mitigating the risk of a weaker aluminium price and will secure a robust cash flow in the transition phase. The hedges are not conditional upon completion of the Transaction.

During 2009, Hydro curtailed production capacity and reduced production at several plants. If it becomes necessary to permanently close plants that have been curtailed on a temporary basis, additional substantial closure costs will be incurred.

Qatalum will continue incurring operating losses during the ramp-up of production at the site.

Other than this, the Group is not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on its prospects for 2010.

15 MANAGEMENT, SUPERVISORY BODIES, EMPLOYEES AND CORPORATE GOVERNANCE

15.1 General

Hydro is a public limited company organized under Norwegian law with a governance structure based on Norwegian corporate law. The Company's main share listing is on the Oslo Stock Exchange, which subjects it to Norwegian securities legislation and stock exchange regulations.

The main corporate and supervisory governing bodies of the Company are the Corporate Assembly, the Board of Directors and the Corporate Management Board, which includes the President and Chief Executive Officer.

Hydro has developed its governance structure through cooperation between the Corporate Management Board and the other governance bodies to secure compliance with relevant laws and regulations and to reflect business needs. Further development is a continuous process.

15.2 Corporate Assembly

15.2.1 Overview of the Corporate Assembly

The Company's Corporate Assembly is comprised of eighteen members. Twelve are elected by the general meeting of shareholders and six are elected by and among the Group's employees in Norway.

In accordance with Norwegian law, the Corporate Assembly:

- (i) elects the Board of Directors and determines the remuneration of the members of the Board of Directors;
- (ii) nominates the external auditor to be elected by the general meeting of shareholders;
- (iii) based on recommendations from the Board of Directors, makes decisions in matters relating to investments that are substantial in relation to Hydro's resources, and when closures and reorganizations will lead to significant changes for the workforce; and
- (iv) provides recommendations to the general meeting of shareholders with respect to approval of the Board of Directors' proposal regarding the financial statements and dividend.

The table below sets out the name, position and current term of office for each of the members of the Corporate Assembly:

Name	Position	Member since	Term expires ⁷²
Siri Teigum	Chairperson	2001	2012
Leif Teksum	Deputy chairperson	2008	2012
Westye Høegh	Member	1998	2012
Idar Kreutzer	Member	2002	2012
Lars Tronsgaard	Member	2003	2012
Sten-Arthur Sælør	Member	2004	2012
Anne-Margrethe Firing	Member	2006	2012
Terje Venold	Member	2006	2012
Unni Steinsmo	Member	2008	2012
Anne Kverneland Boggsnes	Member	2010	2012
Jon Lund	Member	2010	2012
Tove Wangensten	Member	2010	2012

⁷² The members of the Corporate Assembly are elected for a period of two years until the annual general meeting in the year the term expires, typically early May.

Name	Position	Member since	Term expires⁷²
Bjørn Nedreaas	Member	2007	2011
Svein Kåre Sund	Member	2007	2011
Tor Egil Skulstad	Member	2009	2011
Eivind Torvik	Member	2009	2011
Bente Østlyngen	Member	2009	2011
Bjørn Øvstetun	Member	2009	2011

The business address of the members of the Corporate Assembly is c/o Norsk Hydro ASA, Drammensveien 260, Vækerø, N-0240 Oslo, Norway.

15.2.2 Brief biographies of the members of the Corporate Assembly

Set out below are brief biographies of the members of the Corporate Assembly, including their relevant management expertise and experience, an indication of any significant principal activities performed by them outside the Group and names of companies and partnerships of which a member of the Corporate Assembly is or has been a member of the administrative, management or supervisory bodies or partner the previous five years (not including directorships and executive management positions in subsidiaries of the Company).

Siri Teigum – Chairperson. Ms. Teigum is a lawyer by profession and a partner in the law firm Advokatfirmaet Thommessen AS. Ms. Teigum holds no Shares in the Company.

Current directorships and management positions: Advokatfirmaet Thommessen AS (partner), Gyldendal ASA (member of the board of directors) and Kollektivtransportproduksjon AS (deputy chairperson of the board of directors).

Previous directorships and management positions last five years: Advokatfirmaet Thommessen AS (member of the board of directors).

Leif Teksum – Deputy chairperson. Mr. Teksum holds a master in economics and business administration from the Norwegian School of Economics and Business Administration (NHH) in Bergen. Mr. Teksum is executive vice president for corporate market and payment services in DnB NOR. He has held a number of management positions in Bergen Bank and DnB/DnB NOR, such as bank manager of the foreign exchange and capital market division, division manager of DnB Markets, division manager of DnB's capital management division and division manager of shared services, including IT. Mr. Teksum holds no Shares in the Company.

Current directorships and management positions: DnB NOR Bank ASA (executive vice president for corporate market and payment services), PBS Holding A/S (member of the board of directors) and Bank DnB NOR A/S (chairperson of the board of directors).

Previous directorships and management positions last five years: Oslo Børs ASA (chairman of the board of directors), Oslo Børs VPS Holding ASA (chairman of the board of directors), VPS ASA (chairman of the board of directors), DnB NOR Finans ASA (chairman of the board of directors) and Nordlandsbanken ASA (chairman of the board of directors).

Westye Høegh – Member. Mr. Høegh holds a bachelor of law, University of Oslo (1968) and a master of business administration from Wharton School, University of Pennsylvania. He has been an assistant district judge (*Norwegian: "dommerfullmektig"*), had bank practice in Paris and been employed in Leif Høegh & Co. ASA since 1974 including member of the board of directors since 1974 and chairperson of the board from 1984 to 2003. Mr. Høegh has held several positions within the Norwegian Shipowners' Association and was its president for the period from 1994 to 1995. He has been a member of the European Community Shipowners' Association Council and chairperson of INTERTANKO. Mr. Høegh holds 195,000 Shares in the Company.

Current directorships and management positions: Hurtigruten ASA (member of the corporate assembly), Høegh Eiendom AS (member of the board of directors), Fraternitas AS (chairperson of the board of directors) and Liv-Fond AS (chairperson of the board of directors).

Previous directorships and management positions last five years: Leif Høegh & Co Ltd (chairperson of the board of directors).

Idar Kreutzer – Member. Mr. Kreutzer holds a master of science in business from the Norwegian School of Economics and Business Administration (NHH). He is currently the chief executive officer of Storebrand ASA and has been with the Storebrand Group since 1992. He became chief financial officer in 1995 and group chief executive officer in 2000. Mr. Kreutzer holds no Shares in the Company.

Current directorships and management positions: Storebrand ASA (group chief executive officer), Storebrand Livsforsikring AS (chairperson of the board of directors), Storebrand Kapitalforvaltning AS (chairperson of the board of directors), Storebrand Bank AS (chairperson of the board of directors) and SPP AB (chairperson of the board of directors).

Previous directorships and management positions last five years: None.

Lars Tronsgaard – Member. Mr. Tronsgaard holds a master of business and economics from the Norwegian School of Management (BI) and is an authorized stockbroker. He is currently deputy managing director of Folketrygdfondet, where he has had different leadership positions since 1992. Mr. Tronsgaard also has experience from leadership positions in, *inter alia*, Realkreditt, Chase Manhattan Bank and Norcem. Mr. Tronsgaard holds no Shares in the Company.

Current directorships and management positions: Folketrygdfondet (deputy managing director) and Norsk Tillitsmann ASA (member of the board of directors).

Previous directorships and management positions last five years: None.

Sten-Arthur Sælør – Member. Mr. Sælør holds a master of business and economics from the Norwegian School of Management (BI). He is currently senior vice president in Gjelsten Holding AS. Mr. Sælør's experience includes management positions in Overhalla Industrier AS and Statskog SF. He has held several board positions in Norwegian industry and public companies. Mr. Sælør holds no Shares in the Company.

Current directorships and management positions: Gjelsten Holding AS (senior vice president), NOAH AS (chairperson of the board of directors), Langøya Eiendom AS (chairperson of the board of directors), Hafjell Arena AS (chairperson of the board of directors), Miljøstein AS (chairperson of the board of directors), Trango 1 AS (chairperson of the board of directors) and Pro Kapital AS (member of the board of directors).

Previous directorships and management positions last five years: Miljøstein Shipping AS (chairperson of the board of directors), Expert ASA (member of the board of directors) and Hornbull AS (member of the board of directors).

Anne-Margrethe Firing – Member. Ms. Firing holds a bachelor in business administration from the Norwegian School of Economics and Business Administration (NHH). She is senior vice president and head of International Network in Nordea. Ms. Firing has held a number of international management positions in Nordea and Christiania Bank og Kreditkasse ASA. Ms. Firing holds 1,800 Shares in the Company.

Current directorships and management positions: Nordea (senior vice president and head of International Network), Nordea AB's Shanghai Branch (member of the steering committee), Nordea Bank Finland Plc's New York Branch, Germany Branch, Singapore Branch and London Branch (member of the respective executive committees) and Statoil ASA (deputy member of the corporate assembly).

Previous directorships and management positions last five years: None.

Terje Venold – Member. Mr. Venold holds a master of science in business from the Norwegian School of Management (BI). He has been employed in Veidekke ASA since 1988, as the president and chief executive officer since 1989. Mr. Venold has also experience from Norsk Data and Arne Blystads Rederi. In addition to several directorships within the Veidekke group, he is currently a member of the executive committee of the Confederation of Norwegian Enterprise (NHO) and chairs the board of Stiftelsen AksjeNorge. Mr. Venold holds 2,000 Shares in the Company.

Current directorships and management positions: Veidekke ASA (president and chief executive officer), the Confederation of Norwegian Enterprise (NHO) (member of the executive committee), Norwegian School of Management (BI) (chairperson of the board of directors), Storebrand ASA (chairperson of the corporate assembly), Orkla ASA (member of the corporate assembly) and Stiftelsen AksjeNorge (chairperson of the board of directors).

Previous directorships and management positions last five years: None.

Unni Steinsmo – Member. Ms. Steinsmo holds a master in physical chemistry and a PhD in materials technology from the Norwegian University of Science and Technology (NTNU) in Trondheim. In 1996, she was appointed adjunct professor in corrosion, corrosion protection and surface technology at NTNU. Ms.

Steinsmo was promoted to vice president of research in SINTEF material technology in 1997. From 2004, she has been president and chief executive officer in SINTEF. She is deputy chairperson of the Research Council of Norway and a member of the Norwegian Academy of Technological Sciences (Norges Tekniske Vitenskapsakademi). Ms. Steinsmo holds no Shares in the Company, however, her husband holds 100 Shares in the Company.

Current directorships and management positions: SINTEF (president and chief executive officer) and the Research Council of Norway (deputy chairperson).

Previous directorships and management positions last five years: Teeness AS, now a subsidiary of Sandvik ASA (deputy chairperson of the board of directors).

Anne Kverneland Bogsnes – Member. Ms. Kverneland Bogsnes holds a degree in business and economics from the Norwegian School of Management (BI). She is currently county director of the Norwegian Labor and Welfare Administration in Hordaland county. Ms. Kverneland Bogsnes has extensive experience from both private and public enterprises. She is the former chief executive officer of Rolls-Royce Marine AS, Foundry – Bergen, where she also held other executive positions. She previously worked in the offshore and construction industries. She has also been self-employed. Ms. Kverneland Bogsnes has experience from a number of boards in the Norwegian business sector. Ms. Kverneland Bogsnes has previously been the chairperson of the board of Helse Vest RHF and has been, among others, board member of Statnett SF, board member of the Norwegian Labor Inspection Authority, member of the executive boards of the Confederation of Norwegian Industry (NHO) and the former NAVO and vice chairperson of the board of the Federation of Norwegian Manufacturing Industries (TBL). Ms. Kverneland Bogsnes holds 100 Shares in the Company.

Current directorships and management positions: The Norwegian Labor and Welfare Administration in Hordaland county (county director), the Bergen Philharmonic Orchestra (chairperson of the board of directors), Sparebanken Vest (deputy chairperson of the board of directors) and Den Nasjonale Scene (member of the board of directors).

Previous directorships and management positions last five years: Engasjert AS (self-employed senior consultant), Helse Bergen HF (chief executive officer), Inventas Produktdesign (chairperson of the board of directors), Ålvik vekst, Kvam KF (member of the board of directors), Mantena AS (member of the board of directors), Oceanteam Power & Umbilical ASA (deputy chairperson of the board of directors) and Teknologisk Institutt AS (deputy chairperson of the board of directors).

Jon Lund – Member. Mr. Lund holds a master of science from the Norwegian University of Science and Technology (NTNU). Mr. Lund is currently self-employed. He was previously chief executive officer of Aker Yards, and has held a number of executive positions in the shipbuilding industry. He is a former chairperson of the board of the Maritime Forum of Norway and the industry organization for the maritime industry. Mr. Lund holds no Shares in the Company.

Current directorships and management positions: Weldindustry AS (chairperson of the board of directors), Future Operation Management AS (chairperson of the board of directors), Sunnhordland Lufthavn AS (chairperson of the board of directors), GIEK (member of the board of directors), Oma Baatbyggeri AS (member of the board of directors), PR Havship III DA (member of the board of directors), GEL Ship AS (chairperson of the board of directors) and W. Giertsen AS (member of the board of directors).

Previous directorships and management positions last five years: Maritime Forum of Norway (chairperson of the board of directors), Federation of Norwegian Maritime Industries (chairperson of the board of directors), Viking Innovation Partner AS (chairperson of the board of directors) and ISO Products & Solutions AS (chairperson of the board of directors).

Tove Wangensten – Member. Ms. Wangensten holds a master of science in civil engineering from the Norwegian University of Science and Technology (NTNU). She is currently director of Frambu Resource Centre for Rare Diagnoses. Ms. Wangensten has experience within offshore operations, the construction industry, hospitals, and private and public care services. She has held a number of executive positions in offshore and construction industries, and has been chief executive for health and care in several municipalities, and a division director at ISS. Ms. Wangensten has been a board member and deputy chairperson of the board of Raufoss ASA, a board member of Legevisitten AS, and later chairperson of the board of the same company. Ms. Wangensten holds no Shares in the Company.

Current directorships and management positions: Frambu Resource Centre for Rare Diagnoses (member of the board of directors).

Previous directorships and management positions last five years: None.

Bjørn Arthur Nedreaas – Member. Mr. Nedreaas has been employed in Hydro since 1979 as an operator, transport coordinator and production planner. He has long experience as an employee representative representing FLT in the Norwegian Confederation of Trade Unions. Mr. Nedreaas holds 3,094 Shares in the Company.

Current directorships and management positions: None.

Previous directorships and management positions last five years: None.

Svein Kåre Sund – Member. Mr. Sund holds a bachelor of science from HIST in Trondheim, Norway. He is responsible for cathodes in the electrolysis at Hydro, Sunndal. Mr. Sund is an employee representative in The Norwegian Society of Engineers and Technologists (NITO) representing the employees through the Central Cooperative Council (Sentralt samarbeidsråd). Mr. Sund holds 1,479 Shares in the Company.

Current directorships and management positions: None.

Previous directorships and management positions last five years: None.

Tor Egil Skulstad – Member. Mr. Skulstad has been employed in Hydro since 22 April 2002. Mr. Skulstad holds 498 Shares in the Company.

Current directorships and management positions: Hydro Aluminium Profiler AS (member of the board of directors).

Previous directorships and management positions last five years: None.

Eivind Torvik – Member. Mr. Torvik has held the position as head of Sunndal Kjemiske Fagforening, a local branch of the Norwegian labor union for industry and energy (Industri Energi), since February 2009. He has for two years been union representative at Hydro's aluminium plant in Sunndal, Norway. He has been employed as operator at the Sunndal plant since 1997. Mr. Torvik holds 491 Shares in the Company.

Current directorships and management positions: Nesset Næringshage AS (member of the board of directors) and Møre og Romsdal AP (member of the board of directors).

Previous directorships and management positions last five years: None.

Bente Østlyngen – Member. Ms. Østlyngen holds a bachelor of business administration from the Norwegian School of Management (BI). She is a manager in trade finance, corporate finance in Hydro and has held a wide range of positions since joining the company in 1975. Ms. Østlyngen is representing the employees through Negotia and Central Cooperation Council (Sentralt samarbeidsråd). Ms. Østlyngen holds 1,604 Shares in the Company.

Current directorships and management positions: None.

Previous directorships and management positions last five years: None.

Bjørn Øvstetun – Member. Mr. Øvstetun has a certificate of apprenticeship in mechanics and two-year trade school. He has worked in ÅSV/Hydro since 1976. He has been a full-time employee representative since 1995 and chairperson of Årdal Kjemiske Fagforening (The Chemical Union of Årdal) since 2005. Mr. Øvstetun represents the employees in the Corporate Assembly through the Norwegian Confederation of Trade Unions (LO). Mr. Øvstetun holds 1,659 Shares in the Company.

Current directorships and management positions: Norsk Hydros Pensjonskasse (member of the board of directors) and Øvstetun Gard (member of the board of directors).

Previous directorships and management positions last five years: None.

15.2.3 Remuneration and benefits upon termination of employment

The members of the Corporate Assembly receive remuneration from Hydro for services rendered during the year. In the annual general meeting held on 4 May 2010, it was decided that, with effect from 1 January 2010, the remuneration to the members of Corporate Assembly shall be as follows: (i) chairperson – annual compensation of NOK 90,000 (from NOK 85,000 in 2009) with the addition of meeting allowances; (ii) deputy chairperson – annual compensation of NOK 45,000 (from NOK 42,500 in 2009) with the addition of meeting allowances; and (iii) member/deputy member – NOK 6,500 per meeting (from NOK 6,000 in 2009) where the member/deputy member is present. Total fees for Corporate Assembly services provided to Hydro during the year 2009 amounted to NOK 581,000.

No member of the Corporate Assembly has entered into any agreement with the Group, providing benefits upon termination of their employment.

15.2.4 Nomination Committee

The nomination committee of the Company (the "**Nomination Committee**") consists of four members appointed by the general meeting of shareholders. The chairperson of the Nomination Committee and at least one of the other members shall be elected among the shareholder-elected members of the Corporate Assembly. Currently, the members of the Nomination Committee consist of Siri Teigum (chairperson), Westye Høegh, Leif Teksum and Mette Wikborg.

The Nomination Committee nominates candidates to the Board of Directors and the Corporate Assembly, and proposes the remuneration to the Board, its sub-committees and to the Corporate Assembly.

15.3 Board of Directors

15.3.1 Overview of the Board of Directors

The Articles of Association provide that the Company's Board of Directors shall consist of nine to eleven members. Currently, six to eight of the members of the Board of Directors are elected by the Corporate Assembly, while three are elected by and among Hydro's employees in Norway, normally for a period of two years.

In accordance with Norwegian law, the Board of Directors assumes the overall governance of the Company, ensures that appropriate management and control systems are in place and supervises the day-to-day management as carried out by the President and CEO.

All shareholder-elected Board members are external. None of the Board members elected by the employees are part of Hydro's executive management. Although employee elected Board members have no other service agreements with the Company outside of their employee contracts, they are subject to their duties as Board members.

The table below sets out the name, year of birth, position and current term of office, followed by additional biographical information, for each of the members of the Board of Directors:

Name	Year of birth	Position	Board committee	Director since	Term expires⁷³
Terje Vareberg	1948	Chairperson	Chairperson Compensation Committee	2007	2012
Bente Rathe	1954	Deputy chairperson	Audit Committee	2007	2012
Finn Jebsen	1950	Director	Compensation Committee	2007	2012
Inge K. Hansen	1946	Director	Chairperson Audit Committee	2008	2012
Eva Persson	1953	Director	Audit Committee	2010	2012
Liv Monica Bargem Stubholt	1961	Director	Compensation Committee	2010	2012
Sten Roar Martinsen	1962	Director		2005	2011
Jørn B. Lilleby	1952	Director	Audit Committee	2007	2011
Billy Fredagsvik	1956	Director		2007	2011

The business address of the members of the Board of Directors is c/o Norsk Hydro ASA, Drammensveien 260, Vækerø, N-0240 Oslo, Norway.

15.3.2 Brief biographies of the members of the Board of Directors

Set out below are brief biographies of the members of the Board of Directors, including their relevant management expertise and experience, an indication of any significant principal activities performed by them outside the Group and names of companies and partnerships of which a member of the Board of Directors is or has been a member of the administrative, management or supervisory bodies or partner the previous five years (not including directorships and executive management positions in subsidiaries of the Company).

Terje Vareberg – Chairperson of the Board. Mr. Vareberg holds a master of science in business from the Norwegian School of Economics and Business Administration (NHH). He is the chief executive officer of Sparebank 1 SR-Bank. Mr. Vareberg holds 10,000 Shares in the Company.

Current directorships and management positions: Sparebank 1 SR-Bank (chief executive officer), Sparebank 1 Gruppen AS (member of the board of directors), Bank 1 Oslo AS (member of the board of directors) and PBS Holding A/S (deputy chairperson of the board of directors).

Previous directorships and management positions last five years: Rogaland Teater AS (deputy chairperson of the board of directors) and IRIS AS (chairperson of the board of directors).

Bente Rathe – Deputy chairperson. Ms. Rathe is an independent business woman. She holds a master of science in business from Trondheim Økonomiske Høgskole and a master of business administration from the University of Denver. Ms. Rathe holds 5,000 Shares in the Company.

⁷³ The members of the Board of Directors are elected for a period of two years until the first meeting of the Corporate Assembly following the annual general meeting in the year the term expires, typically mid-May.

Current directorships and management positions: Powel AS (deputy chairperson of the board of directors), Innovasjon Norge (deputy chairperson of the board of directors), Choice Hotel Scandinavia AS (member of the board of directors), Home Invest AS (member of the board of directors), Svenska Handelsbanken AB (member of the board of directors), Nedre Romerike Vannverk AS (member of the board of directors), Sentralrensenlegget RA-2 AS (member of the board of directors) and Ekokz AS, (chairperson of the board of directors).

Previous directorships and management positions last five years: Kongsberg Automotive ASA (alternate member of the board of directors), Sea4 AS (member of the board of directors), Petoro AS (chairperson of the board of directors), Det Norske Veritas (member of the board of directors) and Vi Partners AS (member of the board of directors and chief executive officer).

Finn Jebsen – Board member. Mr. Jebsen is an independent business man. He holds a master of science in business from the Norwegian School of Economics and Business Administration (NHH) and a master of business administration from the University of California in Los Angeles, United States. Mr. Jebsen holds 32,545 Shares in the Company.

Current directorships and management positions: Kongsberg Gruppen ASA (chairperson of the board of directors), Kavli Holding AS (chairperson of the board of directors), KLP Forsikring (deputy chairperson of the board of directors), A Wilhelmsen Management AS (member of the board of directors), Berner Gruppen AS (member of the board of directors) and Flateburet AS (member of the board of directors).

Previous directorships and management positions last five years: Elkem ASA (chairperson of the board of directors) and Cermaq ASA (deputy chairperson of the board of directors).

Inge K. Hansen – Board member. Mr. Hansen is an independent advisor. He holds a master of science in business from the Norwegian School of Economics and Business Administration (NHH). Mr. Hansen holds no Shares in the Company.

Current directorships and management positions: Avinor AS (chairperson of the board of directors), Gjensidige Forsikring BA (chairperson of the board of directors) NorSun AS (chairperson of the board of directors), Norwind AS (member of the board of directors), Bertel O Steen AS (chairperson of the board of directors), Jiffy International AS (member of the board of directors), Sissener AS (member of the board of directors) and Master Marine AS (member of the board of directors).

Previous directorships and management positions last five years: Aker Kværner ASA (president and chief executive officer) and BI Norwegian School of Management (chairperson and a member of the board of directors).

Eva Persson – Board member. Ms. Persson has worked for the Swedish Volvo Group since 1988. She is presently senior vice president and general counsel for the Volvo Group, a position she has held since 1997, and member of the Volvo Group’s executive committee with responsibility for legal, compliance, taxes and security issues. She is also secretary to the board of directors of Volvo. She holds a master of law from the University of Lund, Sweden. Ms. Persson holds no Shares in the Company.

Current directorships and management positions: Svenska Handelsbanken, Region Western Sweden (member of the board of directors), AB Volvo (member of the group executive committee), Volvo Holding Sverige AB, (chairperson of the board of directors), Volvo Holding USA AB (chairperson of the board of directors), Sotrof AB (chairperson of the board of directors) and Volvo Korea Holding AB (chairperson of the board of directors).

Previous directorships and management positions last five years: The second Swedish national pension fund, AP2 (member of the board of directors), Fortos Ventures AB (chairperson of the board of directors) and Renault Trucks Management Board (member of the management board).

Liv Monica Bargem Stubholt – Board member. Ms. Stubholt is interim president and chief executive officer of Aker Seafoods ASA, Norway, and Aker ASA’s investment manager in Aker Clean Carbon AS. In the second half of 2010, she will enter into the position of chief executive officer of Aker Clean Carbon AS. From 2007 to 2009, she held the position as state secretary in the Norwegian Ministry of Petroleum and Energy, and from 2005 to 2007, she held the position as state secretary of the Norwegian Ministry of Foreign Affairs. Ms. Stubholt is a lawyer by profession and holds a law degree from the University of Oslo. She is chairperson of the board of Aker Clean Carbon AS, board member of Senterpartiet’s central committee and deputy chairperson of the EEA Research Committee, established by the Norwegian government to undertake a thorough, research-based review of the EEA agreement. Ms. Stubholt holds no Shares in the Company.

Current directorships and management positions: Aker Seafoods ASA (president and chief executive officer), Aker Clean Carbon AS (chairperson of the board of directors) and Senterpartiet's central committee (member of the board of directors).

Previous directorships and management positions last five years: Norwegian electricity grid company Statnett SF (member of the board of directors).

Sten Roar Martinsen – Employee representative. Mr. Martinsen holds a position as a process operator in the Company and a full time union official representing the Norwegian Confederation of Trade Unions. He holds a certificate of apprenticeship in electrochemistry and has work supervisor training. Mr. Martinsen holds 2,299 Shares in the Company.

Current directorships and management positions: Industri Energi (member of the board of directors).

Previous directorships and management positions last five years: AOF Haugaland (member of the board of directors).

Jørn B. Lilleby – Employee representative. Mr. Lilleby holds a position as a maintenance supervisor in the Company and a full time union official representing the Central Cooperative Council. He holds a master of science in mechanical engineering from the Norwegian Institute of Technology. Mr. Lilleby holds 1,424 Shares in the Company.

Current directorships and management positions: T Ottem Transport AS (member of the board of directors), Ottem Resirk AS (member of the board of directors), Sivilingeniør Jørn Bjarne Lilleby (owner and managing director) and the community of interest ENGN Grimsmoen airfield (member of the board of directors).

Previous directorships and management positions last five years: None.

Billy Fredagsvik – Employee representative. Mr. Fredagsvik holds a position as a process operator in the Company and full time union official representing the Norwegian Confederation of Trade Unions. He is educated in mechanics from the trade school. He has no other current directorships. Mr. Fredagsvik holds 1,489 Shares in the Company.

Current directorships and management positions: None.

Previous directorships and management positions last five years: None.

15.3.3 Remuneration and benefits upon termination of employment

The remuneration paid to the Board of Directors in 2009 was a total of NOK 3,278,000. The table below sets out the total remuneration paid to the current members of the Board of Directors in 2009 (in NOK).⁷⁴ Members of the Board of Directors who were appointed after 31 December 2009 are not included in the table.

Name	Current position	Remuneration for 2009
Terje Vareberg	Chairperson	554,000
Bente Rathe	Deputy chairperson	385,000
Finn Jebsen	Director	294,000
Inge K. Hansen	Director	445,000
Sten Roar Martinsen	Director	275,000
Jørn B. Lilleby	Director	385,000
Billy Fredagsvik	Director	275,000

None of the members of the Board of Directors has entered into any agreement with the Group, providing benefits upon termination of their employment.

15.3.4 Board committees

Compensation Committee

The Company's compensation committee (the "**Compensation Committee**") shall consist of not less than three members of the Board of Directors. The current members of the Compensation Committee are indicated in the table in Section 15.3.1 (Management, Supervisory Bodies, Employees and Corporate Governance–Board of Directors–Overview of the Board of Directors) above.

The Compensation Committee reviews the performance of, and puts forward proposals regarding, the compensation of the President & CEO to the Board of Directors. The Compensation Committee also assists in evaluating the compensation of the Corporate Management Board and in determining performance-promoting schemes for the management.

Audit Committee

The Company's audit committee (the "**Audit Committee**") consists of at least three members of the Board of Directors. The current members of the Audit Committee are indicated in the table in Section 15.3.1 (Management, Supervisory Bodies, Employees and Corporate Governance–Board of Directors–Overview of the Board of Directors) above. The Audit Committee meets the Norwegian requirements regarding independence and competence.

The Audit Committee assists the Board of Directors relating to the integrity of the Group's financial statements and financial reporting processes and internal controls; the Group's risk assessment and risk management policies related to financial reporting; the qualifications, independence and performance of the external auditor; and the performance of the internal audit function.

To ensure the independence of the internal audit function, the head of Internal Audit reports functionally to the Board through the Audit Committee as from 2009.

The Audit Committee maintains a pre-approval policy governing the engagement of the Company's primary and other external auditors to ensure auditor independence.

⁷⁴ Includes remuneration received from all companies within the Group. Remuneration for employee elected members includes salaries, bonuses and benefits in kind.

15.4 Corporate Management Board

15.4.1 Overview of the Corporate Management Board

According to Norwegian corporate law, the President and CEO constitutes a formal governing body that is responsible for the daily management of the Company. The division of functions and responsibilities between the President and CEO and the Board of Directors is defined in greater detail in the rules of procedures established by the Board.

The Corporate Management Board, including the President and CEO, has a shared responsibility for promoting Hydro's objectives and securing the Company's property, organization and reputation. Members of the Corporate Management Board are also Executive Vice Presidents (EVPs) with responsibility for the respective business areas, Projects, Finance, Corporate Staffs (Legal, CSR, HR and Organization Development, HSE and Company Secretary), and Strategy and Business Development.

Hydro's Corporate Management Board consists of ten members. The table below sets out the name, year of birth and position held for each of the members of the Corporate Management Board, as of the date of this Prospectus followed by additional biographical information.

Name	Year of birth	Employed in Hydro since	Current position since	Position
Svein Richard Brandtzæg	1957	1985	2009	President and Chief Executive Officer
Oliver Bell	1958	2002	2009	EVP Rolled Products
Kjetil Ebbesberg	1971	2009	2009	EVP Metal Markets
Hans Joachim Kock	1954	1998	2010	EVP Extruded Products
Arvid Moss	1958	1991	2008	EVP Corporate Strategy and Business Development
Jørgen C. Arentz Rostrup	1966	1991	2009	EVP and Chief Financial Officer
Tom Røtjær	1953	1980	2007	EVP Projects
Ola Sæter	1960	1983	2009	EVP Energy
Johnny Undeli	1953	1977	2010	EVP Bauxite and Alumina
Hilde Merete Aasheim	1958	2008	2008	EVP Primary Metal
Wenche Agerup	1964	1997	2010	EVP Corporate Staffs (Legal, CSR, HR and Organization Development, HSE and Company Secretary)

The business address of the members of the Corporate Management Board is c/o Norsk Hydro ASA, Drammensveien 260, Vækerø, N-0240, Oslo, Norway.

15.4.2 Brief biographies of the members of the Corporate Management Board

Set out below are brief biographies of the members of the Corporate Management Board, including their relevant management expertise and experience, and names of companies and partnerships of which a member of the Corporate Management Board is or has been a member of the administrative, management or supervisory bodies or partner the previous five years (not including directorships and executive management positions in subsidiaries of the Company).

Svein Richard Brandtzæg – President and CEO. Mr. Brandtzæg has previously held the position of Executive Vice President Aluminium Products, Head of Rolled Products, Head of Metal Products and Head of Magnesium. He holds a PhD from the Norwegian Institute of Technology and a degree from the Norwegian School of Management. Mr. Brandtzæg holds 27,014 Shares in the Company.

Current directorships and management positions: International Aluminium Institute (chairperson of the board of directors), Norwegian Technical Science Academy NTVA (elected member) and Deutsch Norwegische Handelskammer (member).

Previous directorships and management positions last five years: Eurometeaux (member of the executive committee) and the European Aluminium Association (treasurer and member of the executive committee).

Oliver Bell – EVP Rolled Products. Mr. Bell has held various positions within the Group, including as Head of Rolled Products, Head of Automotive, Construction, Packaging and General Engineering in the Rolled Products segment. He has also held various management positions in VAW. He holds a degree in business administration from the University of Cologne, Germany. Mr. Bell holds no Shares in the Company.

Current directorships and management positions: Deutsch Norwegische Handelskammer (member of the board of directors), Alunorf GmbH (chairperson of the supervisory board) and Hydro Aluminium Rolled Products AS (chairperson of the board of directors).

Previous directorships and management positions last five years: None.

Kjetil Ebbesberg – EVP Metal Markets. Mr. Ebbesberg has experience as chief financial officer of the Norwegian retail group COOP. His experience with the Company comprises Chief Financial Officer of Metal Markets, Head of Foundry Alloys and experience from Extrusion and Building Systems. He holds a master of science in business from the Norwegian School of Economics and Business Administration (NHH). Mr. Ebbesberg holds 627 Shares in the Company.

Current directorships and management positions: None.

Previous directorships and management positions last five years: Coop Norge SA (chief financial officer), Coop Eiendom AS (member of the board of directors), Coop Norge AS (member of the board of directors), Smart Club AS (member of the board of directors), Coop Øst SA (deputy chairperson of the board of directors), FinansGruppen Eiendom AS (member of the board of directors), AmCo Eiendom AS (member of the board of directors) and EuroCoop aisbl, Brussels (member of the board of directors).

Hans Joachim Kock – EVP Extruded Products. Mr. Kock began his career in 1980 with Baader North American Corp. in the United States. He has held a number of management positions in German companies, including VIAG AG in Bonn, VAW aluminium AG and Aluminium Norf GmbH. In 1998, he joined Hydro as managing director of the Rolled Products plant in Italy, and then went on to other senior financial and management positions. Most recently, he held the position as Head of Finance for Extruded Products. Mr. Kock holds a degree in business administration and engineering from the University of Karlsruhe (TH). Mr. Kock holds 5,000 Shares in the Company.

Current directorships and management positions: None.

Previous directorships and management positions last five years: Alunorf GmbH (member of the board of directors).

Arvid Moss – EVP Corporate Strategy and Business Development. Mr. Moss has previously held the position as the project leader for the oil and gas merger agreement with Statoil ASA and has been Head of Metal Products and Head of Automotive Structures. He holds a master of science in business from the Norwegian School of Economics and Business Administration (NHH). Mr. Moss holds 60,604 Shares in the Company and, in addition, his wife holds 1,150 Shares in the Company.

Current directorships and management positions: The Confederation of Norwegian Enterprise (NHO) (member of the board of directors), Posten Norge AS (chairperson of the board of directors) and Bygdø Allé 51 Bolig AS (member of the board of directors).

Previous directorships and management positions last five years: None.

Jørgen C. Arentz Rostrup – EVP and Chief Financial Officer. Mr. Rostrup has previously held the position as the Executive Vice President Energy, Head of Markets in Oil & Energy, Head of Trading & Marketing in Markets, Head of Finance, Exploration & Production Norway and President of Norsk Hydro USA Inc. He holds a master of science in business from the Norwegian School of Economics and Business Administration (NHH). Mr. Rostrup holds 7,559 Shares in the Company.

Current directorships and management positions: CLIMIT Project (chairperson of the board of directors) and Argentum Fondsinvesteringer AS (member of the board of directors).

Previous directorships and management positions last five years: Christian Michelsens Research AS (chairperson of the board of directors).

Tom Røtjer – EVP Projects. Mr. Røtjer has previously held the position as the project director for the Ormen Lange/Langede development project and Head of Technology and Projects. He holds a master of science in mechanical engineering from the Norwegian Institute of Technology. Mr. Røtjer holds 17,429 Shares in the Company.

Current directorships and management positions: None.

Previous directorships and management positions last five years: Master Marine ASA (member of the board of directors).

Ola Sæter – EVP Energy. Mr. Sæter has previously held the position as the Head of Energy Portfolio & Trading, Head of Trading and Crude Oil Sales, Oil & Energy, Head of Finance, Oil & Energy Markets, Head of Strategy & Finance, Refining and Marketing Division. He holds a degree from Trondheim College of Economics and Business Administration. Mr. Sæter holds 5,639 Shares in the Company.

Current directorships and management positions: None.

Previous directorships and management positions last five years: Grytting AS (member of the board of directors).

Johnny Undeli – EVP Bauxite and Alumina. Mr. Undeli has previously held the position as Executive Vice President Extruded Products. Before that, he held the position as the Head of Extrusion Eurasia and has held various leadership positions within Hydro’s extrusion business in Europe and Hydro’s former oil and gas business. He holds a master of science in petroleum technology from the Norwegian Institute of Technology. Mr. Undeli holds 2,466 Shares in the Company.

Current directorships and management positions: The European Aluminium Association (member of the executive committee).

Previous directorships and management positions last five years: None.

Hilde Merete Aasheim – EVP Primary Metal. Ms. Aasheim has previously held the position as the Head of Staff Functions and Corporate Services in StatoilHydro ASA, Head of the integration between Statoil ASA and Hydro’s oil and gas activities, Head of Leadership and Culture in Hydro, and Head of the Silicon Division in Elkem. She holds a master of science in business from the Norwegian School of Economics and Business Administration (NHH). Ms. Aasheim holds 1,033 Shares in the Company.

Current directorships and management positions: Norsk Industri (member of the board of directors) and Yara International ASA (member of the board of directors).

Previous directorships and management positions last five years: Veidekke ASA (member of the board of directors).

Wenche Agerup – EVP Corporate Staffs (Legal, CSR, HR and Organization Development, HSE and Company Secretary). Ms. Agerup has held various positions in Hydro since 1997, including the position as Project Director of the Kimberley Bauxite & Alumina Project, plant manager in Årdal, Norway, Head of Bauxite & Alumina, and head of Mergers and Acquisitions (M&A). Ms. Agerup holds a law degree from the University of Oslo and a master of business and administration from Babson College in Boston, United States. Ms. Agerup holds 3,974 Shares in the Company.

Current directorships and management positions: None.

Previous directorships and management positions last five years: DnB Nor ASA (member of the board of representatives), DnB Nor Bank ASA (member of the board of representatives), Vital Forsikring ASA (member of the board of representatives), DnB Nor Boligkreditt AS (member of the board of representatives) and Ferd AS (member of the board of directors).

15.4.3 Remuneration and benefits upon termination of employment

The table below sets out the total remuneration paid to the members of the Corporate Management Board in 2009 (in NOK).⁷⁵ Members of the Corporate Management Board who were appointed after 31 December 2009 are not included in the table.

Name	Salary ⁷⁶	Bonus paid ⁷⁷	Ordinary benefits in kind ⁷⁸	Total remuneration	Pension benefits ⁷⁹
Svein Richard Brandtzæg ⁸⁰	4,849,000	None	221,000	5,070,000	20,520,000
Eivind Reiten ⁸⁰	6,147,000	None	387,000	6,534,000	1,017,000
Oliver Bell ⁸¹	3,972,000	762,000	156,000	4,890,000	11,998,000
Kjetil Ebbesberg ⁸²	1,751,000	None	119,000	1,870,000	761,000
Arvid Moss.....	2,213,000	9,000	217,000	2,439,000	538,000
Jørgen C. Arentz Rostrup ⁸³	2,584,000	None	206,000	2,790,000	2,218,000
Tom Røtjær	2,694,000	None	216,000	2,910,000	455,000
Ola Sæter ⁸⁴	2,154,000	318,000	163,000	2,635,000	4,801,000
Johnny Undeli ⁸⁵	4,000,000	1,107,000	143,000	5,250,000	9,264,000
Hilde Merete Aasheim	2,545,000	None	223,000	2,768,000	547,000

The members of the Corporate Management Board did not receive any bonuses from the Company for the year 2009, except Arvid Moss, who received NOK 9,000. The bonuses received by Oliver Bell, Ola Sæter and Johnny Undeli relate to bonus programs under their previous positions in Hydro. For further information about the Company's bonus program, see Note 11 to the Company's audited consolidated financial statements as of, and for the year ended, 31 December 2009, which is incorporated hereto by reference, see Section 21.7 (Additional Information–Incorporation by Reference).

From 2010, the Company will establish a Long Term Incentive (LTI) program in the form of an award of 30 and 25 percent of annual base salary for the President and CEO and the other members of Corporate Management Board, respectively. The LTI payment requires that Hydro has a positive underlying EBIT. Leaders in other key functions may also be included in the LTI arrangement at 15 or 20 percent of their base salary. Participants will be required to invest the net LTI amount after tax in Shares in the Company. Such Shares shall be acquired in the market and must be held in for at least three years. A participant who on his/her own initiative leaves the Company will be required to repay the Company an

⁷⁵ Amounts paid by subsidiaries outside Norway have been translated to NOK at average exchange rates for 2009.

⁷⁶ Salary is the amount paid to the individual during 2009, including any payments made before they joined the Corporate Management Board or after stepping down from the Corporate Management Board and includes vacation pay.

⁷⁷ Remuneration-in-kind is the total of all non-cash related benefits received by the individual during 2009 and includes such items as the taxable portion of insurance premiums, car and mileage allowances and electronic communication items.

⁷⁸ Bonus is the amount paid in 2009 based on performance achieved in 2008. Such bonus was earned before the individuals joined the Corporate Management Board.

⁷⁹ The estimated change in the value of pension benefits reflects both the effect of earning an additional year's pension benefit and the adjustment to present value of previously earned pension rights. It is calculated as the increase in Projected Benefit Obligations (PBO) calculated with stable assumptions. As such, the number includes both the annual accrual of pension benefits and the interest element related to the total accrued pension benefit. For all individuals listed in the table except Kjetil Ebbesberg, this is the estimated change from 1 January 2009 to 31 December 2009. Kjetil Ebbesberg's estimated change in value of pension benefits is calculated from 30 March 2009 to 31 December 2009. Kjetil Ebbesberg returned to Hydro from an external company effective 30 March 2009

⁸⁰ Effective 30 March 2009, Svein Richard Brandtzæg succeeded Eivind Reiten as the President and CEO, and Mr. Reiten resigned from the Corporate Management Board and left Hydro.

⁸¹ Oliver Bell became member of the Corporate Management Board as of 30 March 2009.

⁸² Kjetil Ebbesberg became member of the Corporate Management Board as of 30 March 2009.

⁸³ Effective 1 May 2009, Jørgen C. Arentz Rostrup succeeded John Ove Ottestad as Chief Financial Officer.

⁸⁴ Ola Sæter became member of the Corporate Management Board as of 1 May 2009.

⁸⁵ Johnny Undeli became member of the Corporate Management Board as of 30 March 2009.

amount equivalent to the after tax value at the time of resignation for any Shares not held for the three years requirement. The LTI arrangement will be evaluated annually. When implementing the LTI arrangement, changes in respect of mutual notice periods, compensation level in the event of termination of employment, as well as the possibility for early retirement from the age of 62 with reduced pension payment until the age 65, will be sought from the other members of the Corporate Management Board.

In the event the President and CEO's employment is terminated either on the initiative of Hydro or as a result of a mutual agreement, he has the right to salary and other remuneration (excluding bonus) for a period of 12 months. Termination payments are not made after he has reached the age of 62. If, during the course of these 12 months the President and CEO receives new income from other sources, Hydro may decide to reduce his payments, based on certain conditions.

No other member of the Corporate Management Board has entered into any agreement with the Group, providing benefits upon termination of their employment.

15.5 Shares Acquired by Members of the Corporate Assembly, the Board of Directors and the Corporate Management Board

The following table sets out the effective cash cost of Shares acquired in the Company by the current members of the Corporate Assembly, the Board of Directors and the Corporate Management Board during the past year, as well as such members' total number of Shares as of the date of the Prospectus. Persons who have not acquired Shares during the past year are not included.

Name	Position	Date	Number of Shares acquired	Price per Share (NOK)	Total number of Shares
Westye Høegh.....	Member of the Corporate Assembly	Various dates	76,000	34.30	195,000
Bjørn Nedreaas	Member of the Corporate Assembly	23.04.10	486	20.57	3,094
Tor Egil Skulstad	Member of the Corporate Assembly	23.04.10	486	20.57	498
Svein Kåre Sund.....	Member of the Corporate Assembly	23.04.10	486	20.57	1,479
Eivind Torvik.....	Member of the Corporate Assembly	23.04.10	486	20.57	491
Bente Østlyngen.....	Member of the Corporate Assembly	23.04.10	486	20.57	1,604
Bjørn Øvstetun.....	Member of the Corporate Assembly	23.04.10	486	20.57	1,659
Anne Kverneland Bogsnes	Member of the Corporate Assembly	23.04.10	100	36.22	100
Bente Rathe.....	Deputy chairperson of the Board	02.06.10	5,000	37.96	5,000
Sten Roar Martinsen	Board member	23.04.10	486	20.57	2,299
Jørn B. Lilleby	Board member	23.04.10	486	20.57	1,424
Billy Fredagsvik	Board member	23.04.10	486	20.57	1,489
Svein Richard Brandtzæg	President and Chief Executive Officer	23.04.10	486	20.57	27,014
Kjetil Ebbesberg	EVP Metal Markets	23.04.10	486	20.57	627
Arvid Moss.....	EVP Corporate Strategy and Business Development	23.04.10	486	20.57	61,754

Name	Position	Date	Number of Shares acquired	Price per Share (NOK)	Total number of Shares
Jørgen C. Arentz					
Rostrup	EVP and Chief Financial Officer	23.04.10	486	20.57	7,559
Tom Røtjer	EVP Projects	23.04.10	486	20.57	17,429
Ola Sæter	EVP Energy	23.04.10	486	20.57	5,639
Johnny Undeli	EVP Extruded Products	04.05.10 /23.04.10	1,486	37.25	2,466
Hilde Merete Aasheim ..	EVP Primary Metal	23.04.10	486	20.57	1,033
Wenche Agerup	EVP Legal and Corporate Social Responsibility, HR and Organization Development	23.04.10	486	20.57	3,974

The effective cash contribution of the persons listed above was NOK 3,025,525, giving an average purchase price of NOK 33.30 per Share, while the Subscription Price in the Rights Issue is NOK 26.30 per Offer Share.

15.6 Pensions

The accrued pension commitments excluding payments into funded pension schemes in respect of the members of the Corporate Management Board during 2009 amounted to approximately NOK 55.6 million. Apart from the employee representatives, none of the members of the Corporate Assembly, the Board of Directors or the Nomination Committee is entitled to any pension benefits from the Company.

15.7 Conflicts of Interest, etc.

There are no potential conflicts of interests between the duties the members of the Corporate Assembly, the Board of Directors and the Corporate Management Board have to the Company and their private interests and/or duties.

None of the members of the Corporate Assembly, the Board of Directors or the Corporate Management Board have been associated with any bankruptcies, receiverships or liquidations for the last five years (except for Eva Persson (member of the Board of Directors) who was chairperson of the board of directors in Fortos Ventures AB which is currently under voluntary liquidation following a restructuring of the Volvo Group), been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or been disqualified by a court from acting as a member of the administrative, management or supervisory body of an issuer or from acting in the management or conduct of the affairs of any issuer, or convicted of any fraudulent offences, for the last five years.

There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any member of the Corporate Assembly, the Board of Directors and the Corporate Management Board has been selected.

There are no family relationships between any members of Corporate Assembly, the Board of Directors and the Corporate Management Board.

15.8 Employees

15.8.1 Geographic location and business areas

As of 31 May 2010, the Group had approximately 19,000 employees.

As of 31 December 2009, the Group had approximately 19,250 employees. 4,350 of these were in the primary metal, 630 were in metal markets, 4,000 were in rolled products segment, 9,300 were in extruded products segment and 200 were in energy. The remaining employees were employed in shared service and support functions and in general management functions not associated with a particular segment.

The table below reflects a breakdown of the number of employees of the Group and their geographic location as of 31 December 2009, 2008 and 2007.

Location	As of 31 December		
	2009	2008	2007
Norway	4,421	6,019	7,139
Germany	4,417	4,553	4,618
France.....	1,466	1,785	1,658
Italy.....	1,211	1,287	1,334
United Kingdom.....	453	506	887
Spain	1,005	1,051	640
Poland.....	65	188	184
Austria	408	415	408
Other EU	2,279	2,850	3,436
Total EU	11,306	12,635	13,165
Switzerland.....	58	71	74
Other Europe	5	10	55
Total Europe	15,790	18,735	20,433
United States	1,504	1,967	2,519
Other Americas	703	837	803
Asia	691	532	487
Australia.....	561	563	490
Total outside Europe.....	3,459	3,899	4,299
Total	19,249	22,634	24,732

15.8.2 Employee share purchase plan

Hydro has established a share purchase plan for employees in Norway. The plan payout is based on share price performance. Under the plan offered in 2009, eligible Hydro employees received a NOK 2,500 share-purchase discount to purchase NOK 10,000 of Shares in Hydro, which corresponds to a 25 percent discount from the market price, as shareholder return did not exceed 12 percent in the period from 1 January to 31 December 2008 (the performance measurement period).

In the performance period from 1 January to 31 December 2009, shareholder return exceeded 12 percent. Therefore, under the plan which was offered in 2010, employees received a discount of NOK 10,000 on their purchase of NOK 20,000 of Hydro Shares. The discount of NOK 10,000 corresponds to a 50 percent discount from the market price.

Employees are eligible to receive an offer to purchase shares under this plan if they were 1) employed by Hydro or a more than 90 percent owned Norwegian subsidiary, and 2) employed as of 31 December through the final acceptance date of the share purchase offer.

Compensation expense related to the 2008 performance measurement period was accrued and recognized over the service period of 31 December 2008 through 27 March 2009, the final acceptance date of the offer. In 2008 and 2009, the participation rates of eligible employees in the employee share

purchase plan were 79 and 88 percent, respectively. Details related to the employee share purchase plan are given in the table below.

Performance measurement period	2009	2008	2007
Total shareholder return performance target achieved	>12%	<12%	>12%
Employee rebate, NOK	10,000	2,500	10,000
Employee rebate, percent	50	25	50

Share purchase plan compensation	2009	2008
Award Share price, NOK	24.30	37.57
Number of Shares issued, per employee	411	266
Total number of shares issued to employees	1,898,820	1,429,484
Compensation expense related to the award, NOK thousand	11,535	53,706

In 1988, Hydro established a stock option share purchase program for employees in the United Kingdom. The stock option purchase program is organized in an independent trust. The trust acquired Shares in the market at the time the options were granted, meaning that no new issuance of Shares by the Company is required under the program. The last options were granted in July 2002 and the program will be operational until July 2012, when the last remaining options expire. No further options will be granted. The program consists of three different schemes following amendments to the original scheme rules. Each year the employees were given the option to acquire a limited number of Shares at a fixed price during a period from the third to the tenth year from the grant date. The exercise price of the shares originally equaled the share price at the time the options were granted. On 1 October 2007, in connection with the demerger of Hydro's oil and gas business to Statoil ASA, the value of the options was reduced. The options remain options over Shares in the Company only and do not give an option to purchase the shares in Statoil ASA which were issued for each Share in the Company to the trust. As of 31 December 2009, 19,813 options were outstanding.

15.9 Corporate Governance

Hydro's principles for corporate governance follow the Norwegian Code of Practice for Corporate Governance dated 21 October 2009.

16 REGULATORY MATTERS

16.1 General

Hydro is subject to a broad range of laws and regulations in the various countries and legal jurisdictions in which it operates. These laws and regulations impose stringent standards and requirements and potential liabilities regarding accidents and injuries, the construction and operation of Hydro's plants and facilities, air and water pollutant emissions, the storage, treatment and discharge of waste waters, the use and handling of hazardous or toxic materials, waste disposal practices, and the remediation of environmental contamination, among other things.

16.2 Aluminium Operations – Regulation

16.2.1 Environmental matters

Hydro's aluminium operations are subject to a broad range of environmental laws and regulations in each of the jurisdictions in which they operate. These laws and regulations, as interpreted by relevant agencies and the courts, impose increasingly stringent environmental protection standards regarding, among other things, air emissions, the storage, treatment and discharge of waste water, the use and handling of hazardous or toxic materials, waste disposal practices, and the remediation of environmental contamination. The costs of complying with these laws and regulations, including participation in assessments and remediation of sites, could be significant.

Aluminium production is an energy-intensive process that has the potential to produce significant environmental emissions, especially air emissions. Carbon dioxide and perfluorocarbons (PFCs), both greenhouse gases, are emitted during primary aluminium production.

In the EU and other jurisdictions, various protocols address transboundary pollution controls, including the reduction in emissions from industrial sources of various toxic substances such as polyaromatic hydrocarbons, and the control of pollutants that lead to acidification.

The EU has a framework of environmental directives integrated into the Water Framework Directive (2000/60/EC) regarding discharges of dangerous substances to water. The directive does not, however, set specific emission limit values for specific pollutants. The implementation of the Water Framework Directive is done through specific legislation on bathing waters, drinking water, nitrates in ground and surface waters, and urban waste water treatment. Based upon the information currently available regarding implementation in the Member States and Norway, Hydro's management does not believe it will have a material negative impact on its business. The EU has also adopted Directive 2008/105/EC on environmental quality standards in the field of water policy, which sets environmental quality standards (EQS) for surface waters for a number of priority substances and priority hazardous substances (PHS). These standards must be observed from 2015 onwards. Among the substances found on the PHS list are polycyclic aromatic hydrocarbons, which are sometimes emitted by the aluminium industry. Any emissions, discharges and losses of such substances (i.e. PHS) must cease in the EU by 2025. Pending transposition and implementation of this Directive in the national legislation of the EU Member States and Norway (by 13 July 2010), Hydro has developed its own implementation plan to ensure compliance with the new rules.

The United States has a regulatory permit system limiting the discharge from facilities to water bodies and publicly owned treatment works, as well as regulations to prohibit discharges of hazardous substances into groundwater.

Hydro has a number of facilities that have been operated for a number of years or have been acquired after operation by other entities. Sub-surface contamination of soil and groundwater has been identified at a number of such sites and may require remediation under the laws of the various jurisdictions in

which the plants are located. Hydro has made provisions in its accounts for expected remediation costs relating to sites where contamination has been identified, which based on presently known facts, it believes will be sufficient to cover the cost of remediation under existing laws. Because of uncertainties inherent in making such estimates or possible changes to existing legislation, it is possible that such estimates may prove to be insufficient and will need to be revised and increased in the future. In addition, contamination may be determined to exist at additional sites that could require future expenditure. Therefore, actual costs could be greater than the amounts reserved.

16.2.2 Oslo and Paris Convention (OSPAR)

The Oslo and Paris Convention for the Protection of the Marine Environment of the North-East Atlantic has resulted in new discharge levels for the aluminium industry related to the prevention of marine pollution, which were scheduled for implementation by all signatories to the Convention by 2007. In accordance with the Oslo and Paris Convention regulations, the Norwegian Pollution Authority has issued stricter emission permits for primary aluminium plants. As a result, the Söderberg primary aluminium production line in Høyanger was shut down in February 2006, the Söderberg line in Årdal was closed in June 2007 and the Söderberg line in Karmøy was shut down during the first quarter of 2009.

16.2.3 Integrated pollution prevention and control

Under the EU Directive on Integrated Pollution Prevention and Control 2008/17/EC (the IPPC Directive), industrial installations require national operating permits based on best available techniques (BAT) for pollution prevention and control. The European Commission has issued a guidance document relevant for the aluminium industry: Best Practice Reference (BREF) for the Non-Ferrous Metals Industries (2001). In 2000, the Norwegian authorities established stricter emission limits for the aluminium industry in Norway from 1 January 2007, in line with the IPPC Directive. Hydro's aluminium production facilities comply with the new requirements except for the Söderberg facilities at Karmøy, which were granted an exception until the end of 2009 with respect to dust and PAH. As mentioned above, these facilities were closed down in early 2009. The current IPPC rules and the related BREF note are in the process of being revised at European level, with new legal requirements being applicable as of 2011, and the new BREF note being finalized in the course of 2010. The Company expects that it will be in a position to comply with the new rules once they are agreed.

16.2.4 Climate gases

The EU Emissions Trading Directive 2003/87/EC (the ETS Directive) establishes a scheme for trading greenhouse gas emission allowances. The directive establishes an internal emission trading system (ETS) in CO₂ emission allowances for the period 2005-2012. During this period, the aluminium industry has not been included in the emission-trading directive, but has been exposed to the EU emission-trading system through the effects of the law on the power generation industry and the resulting increase in power prices ("indirect effects"). The implementation of the ETS Directive in Germany, which resulted in a major pass-through of CO₂ allowance prices by producers to customers, together with little progress in energy market liberalization throughout Europe, has led to significant increases in the cost of power, which again have necessitated restructuring throughout Germany's aluminium industry. This EU Directive is also relevant for the EEA and Norway joined the EU ETS in 2008.

In April 2009, the EU adopted a new law amending these rules (Directive 2009/29/EC) to include primary and secondary aluminium production where combustion units have a total rated thermal input exceeding 20 MW in the ETS for the period 2013-2020 for the direct emissions of CO₂ and PFC gases from aluminium plants. Aluminium production is qualified as an industrial sector exposed to a high risk of "carbon leakage" (e.g. risk of European operations losing market share to less carbon efficient installations outside the EU).

This means that it would, in principle, receive a high percentage of the emission allowances needed free-of-charge (100 percent free allocation for the average emissions of the top 10 European producers) although this compensation risks being phased out over time. The precise rules for free allocation of allowances (and hence their impact on the aluminium industry) will be decided by December 2010. Also extremely important for the aluminium industry are provisions allowing Member States to grant financial compensation for the increase in electricity prices due to ETS implementation, while observing EU state aid rules, which are in the process of being amended and should be published by the end of 2010.

16.2.5 EU aluminium tariffs

In 2007, the EU reduced the import duty on non-EU imports of primary un-alloyed aluminium from 6 percent to 3 percent. The EEA, of which Norway is a member, is exempt from such duty for aluminium metal produced in the EEA. The current level of the import duty for both alloyed aluminium – now 6 percent – and non-alloyed aluminium will be reviewed in 2010, but the Company cannot foresee whether these duty levels will be reduced or maintained at the same level.

The World Trade Organization (WTO) round of negotiations on tariff and non-tariff barriers on industrial products may ultimately lead to further reduction, and perhaps elimination of aluminium tariffs. Nevertheless, the WTO negotiations are not expected to have a substantial impact on Hydro in the near future.

16.2.6 Energy taxation

An EU directive on the taxation of energy products became effective on 1 January 2004. The directive expanded the minimum tax system of energy products from mineral oils to all energy products, including coal, coke, natural gas and electricity, and sets forth a minimum level of taxation of energy products in the EU. Thus far, the directive has not made an impact on Hydro's operations, since the taxation level in Germany is higher than the level provided by the directive, and the Group's electrolysis production in Norway benefits from an exemption from the Norwegian energy tax. The EU directive is likely to be revised in the coming years, but Hydro expects a general exemption from energy taxation for energy-intensive industries (e.g. the electrolysis process) to be maintained.

16.2.7 Chemicals legislation – REACH

The EU Regulation 1907/2006/EC concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (known as "REACH") was adopted in late 2006 and entered into force in the EU on 1 June 2007. Aluminium is covered by this regulation and the regulation has also been applicable in Norway since June 2008 through the EEA agreement.

The main aim of REACH is to protect European citizens and the environment from exposure to hazardous chemicals. This will be achieved by requiring producers and importers of chemicals to register them formally and to evaluate their health and safety impacts. In some cases, REACH may require producers and importers to replace hazardous chemicals with those of less concern. The registration of chemicals will be a lengthy process over a number of years and will be prioritized by volumes produced.

Hydro is on track to implement REACH, having successfully completed the first stage in the legal process, the pre-registration of all the key substances Hydro produces and imports from outside the EU. The Company is also on track to complete the full registration of substances produced and imported above 1,000 tonnes/year by the legal deadline of 30 November 2010.

16.3 Energy Operations – Regulation and Taxation

16.3.1 The Norwegian regulatory system for hydropower production

The ownership and utilization of Norwegian waterfalls, i.e. for hydropower production, other than small-scale power production, requires a concession from the Norwegian Ministry of Oil and Energy. According

to new legislation passed in 2008, new concessions may no longer be granted to private entities including Hydro. Moreover, private entities including Hydro may not acquire nor own more than one-third of the shares in companies that own hydropower plants.

The Company's waterfall rights and hydropower plants in Norway were acquired and developed under previous legislation that allowed for private ownership. Approximately one-third of Hydro's normal annual production in Norway – about 3 TWh per year – was acquired before concession laws were enacted and does not contain any compulsory reversion to the Norwegian state. About two-thirds, or 6 TWh per year, of the Group's normal annual production is the subject of concessions granted at the time the waterfall rights were acquired. These power plants operate under concession terms of Norwegian state reversion, with individual concessions expiring in two main parts around 2022 and 2050. Hydro's power plants at Røldal-Suldal, with a normal annual production of 2.8 TWh, will be the first significant production facilities to revert to the Norwegian state in 2022. Reversion to the Norwegian state will be avoided if the power plant, or two-thirds or more of the shares of the entity that owns the power plant, is sold to a public entity prior to reversion.

Under the new legislation, private entities like Hydro may be granted a concession to lease a waterfall for up to 15 years.

16.3.2 Taxation of hydropower production in Norway

Profits from Hydro's hydropower production in Norway are subject to ordinary income tax, currently 28 percent. Revenue for ordinary income tax purposes is based on realized prices. Dams, tunnels and power stations are for tax purposes depreciated on a linear basis over 67 years, and machinery and generators over 40 years. However, such fixed assets are depreciated over the concession period if that is shorter. Transmission and other electrical equipment are depreciated at a 5 percent declining balance.

A natural resource tax of NOK 13 per MWh is currently levied on hydro-generated electricity. The tax is fully deductible from the ordinary income tax.

In addition, a special resource rent tax, currently 30 percent, is imposed on hydropower production in Norway. Unlike the ordinary income tax, financial costs are not deductible against the basis for the resource rent tax. Uplift is a special deduction in the net income computed as a percentage of the average tax basis of fixed assets (including intangible assets and goodwill) for the income year. The percentage, which is determined annually by the Norwegian Ministry of Finance, essentially provides for a certain return on fixed assets above which income becomes subject to the resource rent tax. The percentage used to calculate the uplift for 2009 was 2.0 percent.

Revenue for resource rent tax is, with certain exceptions, not calculated based on realized prices but on the plant's hourly production, multiplied by the area spot price in the corresponding hour. Revenues from sales under certain long-term contracts are valued at contract price. Power supplied to Hydro's own industrial production facilities is valued at the price in the so-called "Statkraft's 1976 contracts" for tax purposes, which for 2009, was 225.55 NOK/MWh. As most of Hydro's hydropower production is used for Hydro's own industrial production or sold under qualifying contracts, only a minor portion of the production has been subject to spot price taxation. The tax reference price for internal supplies is presently subject to review.

17 SHARES, SHAREHOLDER MATTERS AND OWNERSHIP STRUCTURE

17.1 General

The following is a summary of certain information relating to the Shares and certain shareholder matters, including summaries of certain provisions of the Company's Articles of Association and applicable Norwegian law in effect as of the date of this Prospectus. The summary does not purport to be complete and is qualified in its entirety by the Company's Articles of Association and Norwegian law.

17.2 Stock Exchange Listing

The Shares are listed on the Oslo Stock Exchange and the London Stock Exchange, in both respects with ticker code "NHY". The Shares are not listed on any other stock exchange or regulated market, and no application for such listing has been made.

17.3 Share Capital

As of the date of this Prospectus, the Company's registered share capital is NOK 1,361,641,011.68, divided into 1,240,110,211 Shares, each with a nominal value of NOK 1.098. All the Shares are authorized, issued and fully paid in compliance with the Norwegian Public Limited Companies Act. The Shares are registered in the VPS under ISIN NO 0005052605.

The Company holds 33,387,070 Shares in treasury as of the date of this Prospectus. As per 31 December 2009, the Company held 35,324,266 Shares in treasury, with an accumulated cost of NOK 1,177 million, comprised of NOK 39 million in share capital and NOK 1,138 million in retained earnings. The cost of the Shares held in treasury by the Company is deducted from equity.

Following completion of the Rights Issue, the share capital of the Company will be increased to NOK 1,780,037,864.48, divided into 1,621,163,811 Shares, each with a nominal value of NOK 1.098. The share capital following completion of the Private Placement will be disclosed through the Oslo Stock Exchange information system upon the issue at completion.

17.4 Share Capital History

The table below sets forth the historical development of the Company's share capital and the number of issued and outstanding Shares for the period between 1 January 2007 and the date of this Prospectus.

Date	Type of change	Capital increase/decrease (NOK)	New share capital (NOK)	Total number of Shares
1 January 2007			4,708,426,965	1,286,455,455
5 July 2007	Cancellation of treasury shares	(79,154,820)	4,629,272,145	1,264,828,455
5 July 2007	Redeemed shares, Norwegian Government	(61,749,712)	4,567,522,433	1,247,956,949
1 October 2007	Demerger	(3,197,265,703)	1,370,256,730	1,247,956,949
5 May 2009	Cancellation of treasury shares	(4,839,984)	1,365,416,746	1,243,548,949
5 May 2009	Redeemed shares, Norwegian Government	(3,775,734)	1,361,641,012	1,240,110,211

Apart from this, there have not been any changes in the Company's share capital since 1 January 2007 until the date of this Prospectus (i.e. in the period covered by the historical financial information included in this Prospectus). Accordingly, as of 1 January 2009 and 1 January 2010, the Company had a total

number of Shares of 1,247,956,949 and 1,240,110,211, respectively, each with a nominal value of NOK 1.098.

17.5 Major Shareholders

As of 14 June 2010, the Company had approximately 53,600 shareholders. Approximately 76 percent of the Shares were held by Norwegian citizens and approximately 24 percent were held by foreign citizens. The Company's 20 largest shareholders as of 14 June 2010 are shown in the table below.

#	Shareholders	Type of account	Number of Shares	Percent
1	Norwegian Government	Company	543,463,361	43.82
2	Folketrygdfondet	Company	75,672,207	6.10
3	JP Morgan Chase Bank Depository	Nominee	33,565,190	2.71
4	Norsk Hydro ASA	Company	33,387,070	2.69
5	Doge and Cox Intern Fund	Company	32,634,600	2.63
6	Clearstream Banking CID Dept, Frankfurt	Nominee	21,813,156	1.76
7	Rasmussengruppen AS	Company	17,152,000	1.38
8	DnB NOR Markets, Egenhandelskonto	Company	9,745,496	0.79
9	Bank of New York, Mellon SA/NV	Nominee	9,609,919	0.77
10	Deutsche Bank AG London	Company	7,992,979	0.64
11	Pareto Aksje Norge	Company	7,756,200	0.63
12	Vital Forsikring ASA	Company	7,113,604	0.57
13	Odin Norge	Company	7,041,474	0.57
14	Bank of New York, Mellon	Nominee	6,999,762	0.56
15	Statoil Pensjon	Company	5,826,442	0.47
16	DnB NOR Norge (IV) VPF	Company	5,368,257	0.43
17	Storebrand Livsforsikring AS	Company	5,205,221	0.42
18	Awilco Invest AS	Company	4,843,200	0.39
19	Varma Mutual Pension Company	Company	4,800,000	0.39
20	JP Morgan Chase Bank Nordea Treaty Account	Company	4,726,929	0.38
Top 20 shareholders			844,717,067	68.12
Others			395,393,144	31.88
Total			1,240,110,211	100.00

There are no differences in voting rights between the shareholders.

Shareholders owning 5 percent or more of the Shares have an interest in the Company's share capital which is notifiable pursuant to the Norwegian Securities Trading Act. See Section 18.7 (Securities Trading in Norway—Disclosure Obligations) below for a description of the disclosure obligations under the Norwegian Securities Trading Act. As of 14 June 2010 (i.e. prior to completion of the Private Placement and the Rights Issue), the Norwegian Government and Folketrygdfondet owned 43.82 percent and 6.10 percent, respectively, of the Shares. The Company is not aware of any other persons or entities who, directly or indirectly, have an interest in 5 percent or more of the Shares. However, following completion of the Transaction, Vale Austria Holdings will own 22 percent of the outstanding Shares in the Company, see Section 5 (The Transaction, the Private Placement and the Consideration Shares).

Folketrygdfondet is a company by special statute with the Norwegian Government as sole owner. There are no preferential voting rights associated with the Shares held by the Norwegian Government. Hydro has concluded that the Norwegian Government's shareholding represents de facto control over the Company. Following completion of the Rights Issue, and based on their shareholdings as of 14 June 2010, the Norwegian Government is expected to own 43.73 percent and Folketrygdfondet is expected to

own 6.09 percent of the Shares in the Company. Other than this, and insofar as is known to the Company, there are no persons or entities who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company. The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

The Company's Articles of Association do not contain any provisions that would have the effect of delaying, deferring or preventing a change of control of the Company.

The Shares have not been subject to any public takeover bids during 2009 or 2010.

17.6 Authorizations to Increase the Share Capital

The Board of Directors has not been granted any authorizations to increase the Company's share capital, except for the authorization to issue the Consideration Shares as further described in Section 5.2 (The Transaction, the Private Placement and the Consideration Shares—Authorization to issue the Consideration Shares).

17.7 Authorization to Acquire Treasury Shares

The Board of Directors does not, as of the date of this Prospectus, hold any authorizations to acquire Shares to be held in treasury on behalf of the Company.

17.8 Founder Certificates, Subscription Certificates, Share Options and Other Financial Instruments

Section 4A of the Articles of Association provides that if the share capital of the Company is increased, and provided that Norwegian law in force at the time so permits, preferential subscription rights shall be reserved in connection with each such capital increase, on the conditions stipulated by the Board of Directors, for up to 0.83 percent of the increase for holders of the 83 Founder Certificates and 2.79 percent of the increase for holders of the 4,343 Subscription Certificates. However, these preferential rights shall not apply if the increase is made in order to allot shares to third parties as compensation for their transfer of assets to the Company. The certificates may be negotiated independently of the shares.

Other than the Founder Certificated, the Subscription Certificates and the Subscription Rights to be issued in connection with the Rights Issue, there are no outstanding share options, subscription rights, warrants, convertible loans or other instruments which entitle the holder to require that the Company issue new shares.

17.9 Shareholder Rights

All Shares carry equal and full shareholder rights in all respects and no Shares have different rights. The Company has only one class of Shares.

17.10 Limitations on the Right to Own and Transfer Shares

The Shares are freely transferable. The Company's Articles of Association do not contain any provisions imposing limitations on the ownership of the Shares and there are no limitations under Norwegian law on the rights of non-residents or foreign owners to hold or vote for the Shares.

As the Company is the owner of waterfall rights in Norway, anyone who acquires such a number of Shares that will result in the purchaser becoming the owner of more than 20 percent of the Shares in the Company, or anyone already owning 20 percent or more of the Shares in the Company who acquires additional Shares, will need to apply for a concession from the Norwegian Ministry of Petroleum and Energy to own such Shares. Such concessions are normally granted without particular conditions, but the Norwegian Ministry of Petroleum and Energy holds a discretionary power to impose such conditions as

are found necessary in the "public interest", including making the concession time-limited and requiring shares to be transferred to the state without compensation after the concession period.

Moreover, certain transfer restrictions have been agreed with regards to the Consideration Shares. For further information reference is made to Section 5.4 (The Transaction, the Private Placement and the Consideration Shares–Standstill and Lock-Up Agreement) above.

17.11 General Meetings

The general meeting of shareholders is the highest authority of a Norwegian public limited company for all matters other than certain decisions to be made by the Corporate Assembly. See Section 15.2.1 (Management, Supervisory Bodies, Employees and Corporate Governance–The Corporate Assembly–Overview of the Corporate Assembly) and Section 17.20.2 (Shares, Shareholder Matters and Ownership Structure–Summary of the Company's Articles of Association–Provisions with respect to the members of the administrative, management and supervisory bodies). The Company must arrange for the annual general meeting to be held before the end of June every year. The annual general meeting shall, inter alia, approve the annual accounts, the Board of Directors' report and any dividends payable and consider the Board of Director's declaration concerning determination of salaries and other remuneration to the President and Chief Executive Officer and other senior executive officers. An extraordinary general meeting shall be called if the Board of Directors so resolves or the auditors or shareholders holding in aggregate at least 5 percent of the Company's share capital require it.

The general meeting shall be convened by a written notice to all shareholders with a known address 21 days prior to a general meeting at the latest.

A shareholder is entitled to submit proposals to be discussed in a general meeting provided that such proposals are submitted in writing to the Board of Directors at least seven days prior to the deadline for the notice to the general meeting. Such proposal shall be accompanied by a proposed resolution or the reasons why the matter should be included on the agenda. Further, a shareholder is entitled to table draft resolutions for items included on the agenda for the general meeting.

All shareholders in the Company are entitled to attend and vote in general meetings, either in person or by proxy. See Section 17.12 (Shares, Shareholder Matters and Ownership Structure–Voting Rights) below with regard to certain restrictions on voting rights applicable to nominee-registered Shares. The Company will distribute proxy forms to its shareholders together with the notice of any general meeting. See Section 17.20.3 (Shares, Shareholder Matters and Ownership Structure–Summary of the Company's Articles of Association–General meetings) for further information about provisions in the Articles of Association regarding general meetings.

17.12 Voting Rights

Each Share carries one vote in a general meeting.

As a general rule, resolutions shareholders are entitled to make pursuant to Norwegian law or the Company's Articles of Association require approval by a simple majority of the votes cast. However, certain decisions, including resolutions to (i) waive pre-emptive rights in connection with any issue of shares, convertible bonds, warrants, etc., (ii) approve a merger or demerger, (iii) amend the Articles of Association, (iv) authorize an increase or decrease in the share capital, (v) authorize an issuance of convertible loans or warrants, (vi) authorize the Board of Directors to purchase treasury shares or (vii) dissolve the Company, must receive the approval of at least two-thirds of the votes cast and two-thirds of the share capital represented in a general meeting.

Decisions that would (i) reduce any existing shareholder's right with respect to dividend payments or other rights to the assets of the Company or (ii) restrict the transferability of the Shares through introduction of a consent requirement, a right of first refusal upon transfers or a requirement that shareholders must have certain qualifications, require a majority vote of at least 90 percent of the share capital represented in the general meeting in question as well as the majority required for changes to the Articles of Association. Certain other decisions involving fundamental changes in the status of already issued shares, including but not limited to increased obligations of the shareholders, other transfer restrictions than those mentioned above and introduction of forced redemption, require the consent of all shareholders affected thereby as well as the majority required for amendments to the Company's Articles of Association.

The Company's Articles of Association do not contain provisions deviating from the Norwegian Public Limited Companies Act in this respect.

In order to be entitled to vote in a general meeting, a shareholder must, as a general rule, be registered as owner of the Shares in the Company's shareholder register kept by the VPS. Beneficial owners of Shares that are registered in the name of a nominee are generally not entitled to vote under Norwegian law, nor are any persons who are designated in the shareholder register as holding such Shares as nominees. The Company has applied this principle consistently. It should, however, be noted that there are different opinions as to the interpretation of Norwegian law with respect to the right to vote for nominee-registered shares. For example, the Oslo Stock Exchange has in a statement of 21 November 2003 held that in its opinion beneficial owners of Shares that are registered in the name of a nominee may vote in general meetings if they prove their actual shareholding prior to the general meeting.

17.13 Additional Issuances and Preferential Rights

If the Company issues any new Shares, including bonus Shares (i.e. new Shares issued through a transfer from the Company's share premium reserve or distributable equity to the share capital), the Company's Articles of Association must be amended, which requires support by at least two-thirds of the votes cast and share capital represented in a general meeting.

Pursuant to the Norwegian Public Limited Companies Act, the Company's shareholders have a preferential right to subscribe for new Shares issued against contribution in cash on a pro rata basis in accordance with their shareholdings in the Company. Said preferential right may be waived by a resolution in a general meeting passed by two-thirds of the votes cast and share capital represented. A waiver of the shareholders' preferential right in respect of bonus issues requires the approval of all outstanding shares, irrespective of class. Section 4A of the Articles of Association provides for preferential subscription rights for holders of Founder Certificates and Subscription Certificates, which implies that the preferential rights of the Company's shareholders will comprise the remaining shares that are not reserved for the holders of Founder Certificates and Subscription Certificates.

The general meeting may, in a resolution supported by at least two-thirds of the votes cast and share capital represented, authorize the Board of Directors to issue new Shares. Such authorization may remain in force for a maximum of two years, and the nominal value of the shares to be issued may not exceed 50 percent of the nominal share capital of the Company at the time the authorization is registered. The Board of Directors may only waive the shareholders' preferential right to subscribe for new shares issued against contribution in cash if permitted according to the authority.

Under Norwegian law, bonus Shares may be issued through a transfer from the Company's distributable equity or share premium reserve to the share capital. Such bonus issues may be carried out either through the issue of Shares or through an increase of the nominal value of the shares outstanding.

In order to issue Shares in the Company to holders who are citizens or residents of the United States upon the exercise of preferential rights, the Company may be required to file a registration statement in the United States under United States securities law. If the Company decides not to file a registration statement, such holders may not be able to exercise their preferential rights. The same applies to other jurisdictions which, according to the Company's considerations, have similar restrictive legislation, see Section 20 (Restrictions on Sale and Transfer) below.

17.14 Regulation of Dividends

Dividends may be paid in cash or in some instances in kind. The Norwegian Public Limited Companies Act provides several constraints on the distribution of dividends applicable to the Company:

- (i) Dividends are payable only out of distributable reserves. Section 8-1 of the Norwegian Public Limited Companies Act provides that distributable reserves consist of the profit for the prior financial year (as reflected in the income statement approved by the annual general meeting of shareholders) and the retained profit from previous years (adjusted for any reclassification of equity), less (i) uncovered losses, (ii) the book value of research and development, goodwill and net deferred tax assets (as recorded in the balance sheet as of the end of the prior financial year approved by the annual general meeting), (iii) the total nominal value of treasury shares which the Company has acquired for ownership or as security in previous financial years, as well as credit and security which, pursuant to Sections 8-7 to 8-9 of the Norwegian Public Limited Companies Act, fall within the limits of distributable equity, and (iv) the part of the profit for the prior financial year which, by law or pursuant to the Company's Articles of Association, must be allocated to the undistributable reserve or cannot be distributed as a dividends.
- (ii) Dividends can only be distributed to the extent compatible with good and careful business practice, with due regard to any losses which the Company may have incurred since the balance sheet date (i.e. the end of the prior financial year) or which the Company may expect to incur.
- (iii) The amount of dividends the Company can distribute is calculated on the basis of the Company's annual financial statements, not the Group's consolidated financial statements.

Distribution of dividends is resolved by the general meeting on the basis of a proposal from the Board of Directors and a statement from the Corporate Assembly. The general meeting cannot resolve a larger dividend than proposed or accepted by the Board of Directors.

The shareholders have, through the entitlement to dividends, a right to share in the Company's profits. Shareholders holding in aggregate 5 percent or more of the Company's share capital have a right to request that the courts set a higher dividend than decided by the general meeting. The courts may set a higher dividend to the extent the resolved dividend is considered to be unreasonably low.

There is no time limit after which entitlement to dividends lapses under the Norwegian Public Limited Companies Act or the Company's Articles of Association. Further, there are no dividend restrictions or specific procedures for non-Norwegian resident shareholders in the Norwegian Public Limited Companies Act or the Company's Articles of Association.

17.15 Minority Rights

Norwegian law contains a number of protections for minority shareholders against oppression by the majority, including but not limited to those described in this and preceding Sections. Any shareholder may petition the courts to have a decision of the Company's Board of Directors or general meeting

declared invalid on the grounds that it unreasonably favors certain shareholders or third parties to the detriment of other shareholders or the Company itself. In certain grave circumstances, shareholders may require the courts to dissolve the Company as a result of such decisions.

17.16 Transactions with Related Parties

Pursuant to the Norwegian Public Limited Companies Act, an agreement between the Company and (i) a shareholder of the Company, (ii) a shareholder's parent company, (iii) a member of the Board of Directors, (iv) the President and Chief Executive Officer of the Company, (v) somebody acting pursuant to an agreement or understanding with some of the aforementioned persons, or (vi) a person or company that is a close associate (as defined by the Norwegian Public Limited Companies Act) of a shareholder or a shareholder's parent company, which involves consideration from the Company in excess of one-twentieth of the Company's share capital at the time, is not binding for the Company unless the agreement has been approved by the shareholders in a general meeting. There are certain exemptions from this rule. For example, business agreements in the normal course of the Company's business containing pricing and other terms and conditions which are normal for such agreements and the purchase of securities at a price which is in accordance with public quotation do not require such approval.

17.17 Rights of Redemption and Repurchase of Shares

The Company's share capital may be decreased by redemption of Shares or by reducing the nominal value of the Shares. Such a decision requires the approval of at least two-thirds of the aggregate number of votes cast and share capital represented in the general meeting. The Company has not issued redeemable shares (i.e. shares in the Company redeemable without the shareholder's consent). Redemption of individual Shares, apart from treasury shares held by the Company, requires the consent of the shareholders affected by such redemption.

The Company may purchase its own Shares if an authorization to the Board of Directors to this effect has been given by the shareholders in a general meeting with the support of at least two-thirds of the votes cast and share capital represented. The aggregate nominal value of treasury shares so acquired and held by the Company may not exceed 10 percent of the Company's share capital, and treasury shares may only be acquired if the Company's distributable equity, according to the latest adopted balance sheet, exceeds the consideration to be paid for the treasury shares. The authorization from to the Board of Directors cannot be given for a period exceeding 18 months.

17.18 Liability of Directors, members of the Corporate Assembly and the President and Chief Executive Officer

The Board of Directors, Corporate Assembly and the Company's President and Chief Executive Officer owe a fiduciary duty to the Company and thereby to its shareholders. Such fiduciary duty requires that the members of the Board of Directors, members of the Corporate Assembly and the President and Chief Executive Officer act in the Company's best interests when exercising their functions and exercise a general duty of loyalty and care towards the Company. Their principal task is to safeguard the interests of the Company.

Members of the Board of Directors or the Corporate Assembly and the President and Chief Executive Officer may each be held liable for any damage they negligently or willfully cause to the Company.

Norwegian law permits the general meeting to exempt any such person from liability, but the exemption is not binding unless substantially correct and complete information was provided to the general meeting passing the resolution. If a resolution to grant such exemption from liability or not to pursue claims against any such person has been passed by a general meeting with a majority below that required to amend the Company's Articles of Association, shareholders representing more than 10 percent of the

share capital or, if there are more than 100 shareholders in the Company at the relevant point in time, more than 10 percent of the total number of shareholders, may pursue the claim on behalf of the Company and in the Company's name. The cost of any such action is not the responsibility of the Company, but can be recovered from any proceeds the Company receives as a result of the action. If a resolution to grant an exemption from liability or not to pursue claims has been passed with a majority equal to or larger than the majority required to amend the Company's Articles of Association, or if a settlement has been reached, the minority shareholders cannot pursue the claim in the name of the Company. A resolution by the general meeting to exempt the directors, members of the Corporate Assembly or the President and Chief Executive Officer from liability does not protect the directors, members of the Corporate Assembly or the President and Chief Executive Officer from a claim or a lawsuit filed by a third party other than a shareholder, for example a creditor.

17.19 Distribution of Assets on Liquidation

Pursuant to the Norwegian Public Limited Companies Act, a company may be liquidated by a resolution of the company's shareholders in a general meeting passed by the same vote as required with respect to amendments to the Articles of Association. The Shares rank equally in the event of a return on capital by the Company upon liquidation or otherwise.

In the event that a resolution to liquidate the Company has been passed, the Company's assets shall be transformed into cash in order to cover the Company's obligations and for distribution to the shareholders to the extent not all shareholders have voted for distributions in kind.

17.20 Summary of the Company's Articles of Association

The following is a summary of certain provisions of the Company's Articles of Association, some of which have not been addressed in the preceding Sections. The Company's Articles of Association are included in Appendix 1 to this Prospectus.

17.20.1 Objective

The objective of the Company is, pursuant to Section 2 of the Articles of Association, *"... to engage in industry, commerce and transport, to utilize energy resources and raw materials, and to engage in other activities connected with these objectives. Activities may also proceed through participation in or in co-operation with other enterprises."*

17.20.2 Provisions with respect to the members of the administrative, management and supervisory bodies

(i) The Corporate Assembly

The Company's Corporate Assembly shall comprise 18 members, elected for a period of two years at a time. Twelve members and four deputies shall be elected by the annual general meeting, while six members and their deputies shall be elected by and from among the Company's employees. The Corporate Assembly elects its own chairperson and deputy chairperson for periods of two years at a time.

The Corporate Assembly shall exercise supervision to ensure that the objects of the Company are furthered in compliance with the law, the Articles of Association and the resolutions of the general meeting and the Corporate Assembly itself. The Corporate Assembly may adopt recommendations on any matter whatsoever for submission to the Board of Directors. At the proposal of the Board of Directors, the Corporate Assembly shall adopt resolutions in matters concerning investments that are substantial compared with the Company's resources, or concerning such rationalization of, or changes in, operations as will entail a major change in or redeployment of the labor force.

(ii) The Board of Directors

The Board of Directors shall consist of between nine and eleven members elected by the Corporate Assembly.

(iii) The Nomination Committee

The Nomination Committee shall consist of four members. The members of the Nomination Committee shall be elected by the annual general meeting for a term of two years.

(iv) Period of service

The members of the Board of Directors are elected for a period of up to two years at a time. Members of the Board and the Corporate Assembly shall retire the year they reach the age of 70.

17.20.3 General meetings

The annual general meeting shall (i) approve the annual report and accounts, including the distribution of dividend, (ii) elect the shareholders' members and deputy members to the Corporate Assembly, and (iii) deal with any other matters listed in the notice convening the meeting.

General meetings shall be convened by the Board of Directors in accordance with applicable legal requirements.

Documents concerning matters to be considered at the general meeting that have been made available for the shareholders on the Company's website, do not have to be sent to the shareholders. This also applies to documents which by law shall be included in or attached to the notice of the general meeting. A shareholder may nonetheless request that documents concerning matters to be considered at the general meeting be sent to him or her free of charge.

Shareholders or their representatives wishing to attend and vote at the general meeting must inform the company of this at least five days prior to the general meeting.

The general meeting is presided over by the chairperson of the Corporate Assembly or, in his or her absence, by the deputy chairperson.

18 SECURITIES TRADING IN NORWAY

18.1 Introduction

The Oslo Stock Exchange was established in 1819 and is the principal market in which shares, bonds and other financial instruments are traded in Norway. As of 31 December 2009, the total capitalization of companies listed on the regulated markets operated by the Oslo Stock Exchange amounted to approximately NOK 1,530 billion. The Oslo Stock Exchange has recently entered into a strategic cooperation with the London Stock Exchange Group with regards to, *inter alia*, trading systems for equities, fixed income and derivatives.

18.2 Trading of Equities and Settlement

Trading of equities on the Oslo Stock Exchange is carried out in the electronic trading system TradElect. This trading system is in use by all markets operated by the London Stock Exchange, as well as by the Borsa Italiana and the Johannesburg Stock Exchange.

Official trading on the Oslo Stock Exchange takes place between 09:00 hours (CET) and 17:30 hours (CET) each trading day, with pre-trade session between 08:15 hours (CET) and 09:00 hours (CET).

The settlement period for trading on the Oslo Stock Exchange is three trading days (T+3).

Oslo Clearing ASA, a wholly owned subsidiary of Oslo Børs VPS Holding ASA, has a license from the NFSA to act as a central clearing service, and has from 18 June 2010, offered clearing and counterparty services for equity trading on the Oslo Stock Exchange.

Investment services in Norway may only be provided by Norwegian brokerage houses holding a license under the Norwegian Securities Trading Act, branches of brokerage houses from an EEA member state or brokerage houses from outside the EEA that have been licensed to operate in Norway. Brokerage houses in an EEA member state may also provide cross-border investment services in Norway.

It is possible for brokerage houses to undertake market-making activities in shares listed in Norway if they have a license to this effect under the Norwegian Securities Trading Act, or in the case of brokerage houses in an EEA member state, a license to carry out market-making activities in their home jurisdiction. Such market-making activities will be governed by the regulations of the Norwegian Securities Trading Act relating to brokers' trading for their own account. However, such market-making activities do not as such require notification to the NFSA or the Oslo Stock Exchange except for the general obligation on brokerage houses that are members of the Oslo Stock Exchange to report all trades in stock exchange listed securities.

18.3 Information, Control and Surveillance

Under Norwegian law, the Oslo Stock Exchange is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of the Oslo Stock Exchange monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

The NFSA controls the issuance of securities in both the equity and bond markets in Norway and evaluates whether the issuance documentation contains the required information and whether it would otherwise be unlawful to carry out the issuance.

Under Norwegian law, a company which is listed, or has applied for listing, on a Norwegian regulated market, must promptly release any inside information (i.e. precise information about financial instruments, the issuer thereof or other matters which are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and which are not publicly available

or commonly known in the market). A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. The Oslo Stock Exchange may levy fines on companies violating these requirements.

18.4 The VPS and Transfer of Shares

The VPS is the Norwegian paperless centralized securities register. It is a computerized bookkeeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded. The Company's shareholder register is operated through the VPS. The VPS and the Oslo Stock Exchange are both wholly owned by Oslo Børs VPS Holding ASA.

All transactions relating to securities registered in the VPS are made through computerized book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, Norges Bank (i.e. Norway's central bank), authorized securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

The entry of a transaction in the VPS is prima facie evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security. A transferee or assignee of shares may not exercise the rights of a shareholder with respect to such shares unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such share acquisition, and the acquisition is not prevented by law, the relevant company's articles of association or otherwise.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS' control which the VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the NFSA on an ongoing basis, as well as any information that the NFSA requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

18.5 Shareholder Register

Under Norwegian law, shares are registered in the name of the owner of the shares. As a general rule, there are no arrangements for nominee registration. However, shares may be registered in the VPS by a fund manager (bank or other nominee) approved by the Norwegian Ministry of Finance, as the nominee of foreign shareholders. Nominee registration for Norwegian shareholders is not permitted. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the company and to the Norwegian authorities. In case of registration by nominees, the registration in the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions but cannot vote in general meetings on behalf of the beneficial owners, see Section 17.12 (Shares, Shareholder Matters and Ownership Structure–Voting Rights) above.

18.6 Foreign Investment in Norwegian Shares

Foreign investors may trade shares listed on the Oslo Stock Exchange through any broker that is a member of the Oslo Stock Exchange, whether Norwegian or foreign.

18.7 Disclosure Obligations

If a person's, entity's or consolidated group's proportion of shares and/or rights to shares in a company listed on a regulated market with Norway as its home state (e.g. the Company) reaches, exceeds or falls below the respective thresholds of 5, 10, 15, 20, 25 percent, 1/3, 50 percent, 2/3 or 90 percent of the share capital or the voting rights of the company, the person, entity or group in question has an obligation under the Norwegian Securities Trading Act to notify the Oslo Stock Exchange immediately. The same applies if the disclosure thresholds are passed due to other circumstances, such as a change in the company's share capital.

18.8 Insider Trading

According to Norwegian law, subscription for, purchase, sale or exchange of financial instruments that are listed, or subject to the application for listing, on a Norwegian regulated market, or incitement to such dispositions, must not be undertaken by anyone who has inside information, see Section 18.3 (Securities Trading in Norway—Information, Control and Surveillance) above. The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value is connected to such financial instruments or incitement to such dispositions.

18.9 Mandatory Offer Requirement

The Norwegian Securities Trading Act requires any person, entity or consolidated group who becomes the owner of shares representing more than 1/3 of the voting rights of a Norwegian company listed on a Norwegian regulated market to, within four weeks, make an unconditional general offer for the purchase of the remaining shares in such company. A mandatory offer obligation may also be triggered where a party acquires the right to become the owner of shares which together with the party's own shareholding represent more than 1/3 of the voting rights in the company and the Oslo Stock Exchange decides that this must be regarded as an effective acquisition of the shares in question.

The mandatory offer obligation ceases to apply if the person entity or consolidated group sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

When a mandatory offer obligation is triggered, the person subject to the obligation shall immediately notify the Oslo Stock Exchange and the company accordingly. The notification shall state whether an offer will be made to acquire the remaining shares in the company or whether a sale will take place. As a main rule, a notification to the effect that an offer will be made cannot be retracted. The offer and the offer document required are subject to approval by the Oslo Stock Exchange before the offer is submitted to the shareholders or made public.

The offer price per share must be at least as high as the highest price paid or agreed by the offeror for the shares in the six-month period prior to the date the threshold was exceeded. However, if it is clear that the market price was higher when the mandatory offer obligation was triggered, the offer price shall be at least as high as the market price. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate its offer at such higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered.

In case of failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant threshold within four weeks, the Oslo Stock Exchange may force the acquirer to sell the shares exceeding the threshold by public auction. Moreover, a shareholder who fails to make an offer may not, as long as the mandatory offer obligation remains in force, exercise rights in the company, such as voting in a general meeting of shareholders, without the consent of a majority of the remaining shareholders. The shareholder may, however, exercise the right to dividend and his/her/its pre-emption

rights in the event of a share capital increase. If the shareholder neglects his/her/its duties to make a mandatory offer, the Oslo Stock Exchange may impose a cumulative daily fine which runs until the circumstance has been rectified.

A shareholder or consolidated group who has passed the relevant threshold for a mandatory offer obligation without triggering such an obligation, and who consequently has not previously made an offer for the remaining shares in the company in accordance with the mandatory offer rules is, as a main rule, obliged to make a mandatory offer in the event of a subsequent acquisition of shares in the company (subsequent offer obligation).

A shareholder who represents more than 1/3 of the votes in a Norwegian company listed on a Norwegian regulated market is obliged to make an offer to purchase the remaining shares of the company (repeated offer obligation) where the shareholder through acquisition becomes the owner of shares representing 40 percent or more of the votes in the company. The same applies correspondingly where the shareholder through acquisition becomes the owner of shares representing 50 percent or more of the votes in the company. The mandatory offer obligation ceases to apply if the shareholder sells the portion of the shares which exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

Pursuant to the Norwegian Securities Trading Act and the Norwegian Securities Regulation of 29 June 2007 No. 876, the above mentioned rules also apply in part or in whole to acquisitions of shares in certain non-Norwegian companies whose shares are listed on a Norwegian regulated market.

18.10 Compulsory Acquisition

Pursuant to the Norwegian Public Limited Companies Act and the Norwegian Securities Trading Act, a shareholder who, directly or through subsidiaries, acquires shares representing more than 90 percent of the total number of issued shares in a Norwegian public limited company, as well as more than 90 percent of the total voting rights, has a right, and each remaining minority shareholder of the company has a right to require such majority shareholder, to effect a compulsory acquisition for cash of the shares not already owned by such majority shareholder. Through such compulsory acquisition the majority shareholder becomes the owner of the remaining shares with immediate effect.

If a shareholder acquires shares representing more than 90 percent of the total number of issued shares, as well as more than 90 percent of the total voting rights, through a voluntary offer in accordance with the Norwegian Securities Trading Act, a compulsory acquisition can, subject to the following conditions, be carried out without such shareholder being obliged to make a mandatory offer: (i) the compulsory acquisition is commenced no later than four weeks after the acquisition of shares through the voluntary offer, (ii) the price offered per share is equal to or higher than what the offer price would have been in a mandatory offer, and (iii) the settlement is guaranteed by a financial institution authorized to provide such guarantees in Norway.

A majority shareholder who effects a compulsory acquisition is required to offer the minority shareholders a specific price per share, the determination of which is at the discretion of the majority shareholder. However, where the offeror, after making a mandatory or voluntary offer, has acquired more than 90 percent of the voting shares of the offeree company and a corresponding proportion of the votes that can be cast in the general meeting, and the offeror pursuant to Section 4–25 of the Norwegian Public Limited Companies Act completes a compulsory acquisition of the remaining shares within three months after the expiry of the offer period, it follows from the Norwegian Securities Trading Act that the redemption price shall be determined on the basis of the offer price, absent specific reasons indicating another price.

Should any minority shareholder not accept the offered price, such minority shareholder may, within a specified deadline of not less than two months, request that the price be set by a Norwegian court. The cost of such court procedure will, as a general rule, be the responsibility of the majority shareholder, and the relevant court will have full discretion in determining the consideration to be paid to the minority shareholder as a result of the compulsory acquisition.

Absent a request for a Norwegian court to set the price or any other objection to the price being offered, the minority shareholders would be deemed to have accepted the offered price after the expiry of the specified deadline.

18.11 Foreign Exchange Controls

There are currently no foreign exchange control restrictions in Norway, other than in certain extreme macroeconomic conditions, that would potentially restrict the payment of dividends to a shareholder outside Norway, and there are currently no restrictions that would affect the right of shareholders of a Norwegian company who are not residents in Norway to dispose of their shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the NFSA have electronic access to the data in this register.

19 TAXATION

Set out below is a summary of certain Norwegian tax matters related to investments in the Company. The summary is based on Norwegian laws, rules and regulations applicable as of the date of this Prospectus, which may be subject to any changes in law occurring after such date. Such changes could possibly be made on a retroactive basis. The summary does not address foreign tax laws.

The summary is of a general nature and does not purport to be a comprehensive description of all the Norwegian tax considerations that may be relevant for a decision to acquire, own or dispose of shares. Shareholders who wish to clarify their own tax situation should consult with and rely upon their own tax advisors. Shareholders resident in jurisdictions other than Norway and shareholders who cease to be resident in Norway for tax purposes (due to domestic tax law or tax treaty) should consult with and rely upon their own tax advisors with respect to the tax position in their country of residence and the tax consequences related to ceasing to be resident in Norway for tax purposes.

Please note that for the purpose of the summary below, a reference to a Norwegian or foreign shareholder refers to the tax residency rather than the nationality of the shareholder.

19.1 Norwegian Shareholders

19.1.1 Taxation of dividends

(i) Norwegian Personal Shareholders

Dividends received by shareholders who are individuals resident in Norway for tax purposes ("**Norwegian Personal Shareholders**") are taxable as ordinary income for such shareholders at a flat rate of 28 percent to the extent the dividend exceeds a tax-free allowance.

The allowance is calculated on a share-by-share basis. The allowance for each share is equal to the cost price of the share multiplied by a determined risk-free interest rate based on the effective rate after tax of interest on treasury bills (*Norwegian: "statskasseveksler"*) with three months maturity. The allowance is calculated for each calendar year, and is allocated solely to Norwegian Personal Shareholders holding shares at the expiration of the relevant calendar year. Norwegian Personal Shareholders who transfer shares will thus not be entitled to deduct any calculated allowance related to the year of transfer. Any part of the calculated allowance one year exceeding the dividend distributed on the share ("excess allowance") may be carried forward and set off against future dividends received on, or gains upon realization, of the same share. Any excess allowance will also be included in the basis for calculating the allowance on the same share the following years.

(ii) Norwegian Corporate Shareholders

Dividends received by shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes ("**Norwegian Corporate Shareholders**") are included in the calculation of the shareholders' net income from shares qualifying for the participation exemption, including dividends received from the Company. Only 3 percent of net income from shares qualifying for the participation exemption shall be included in the calculation of ordinary income. Ordinary income is subject to tax at a flat rate of 28 percent, implying that net income from shares is effectively taxed at a rate of 0.84 percent.

19.1.2 Capital gains tax

(i) Norwegian Personal Shareholders

Sale, redemption or other disposal of shares is considered a realization for Norwegian tax purposes. A capital gain or loss generated by a Norwegian Personal Shareholder through a realization of shares is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the shareholder's ordinary income in the year of disposal. Ordinary income is taxable at a rate of 28 percent.

The gain is subject to tax and the loss is tax-deductible irrespective of the duration of the ownership and the number of shares disposed of.

The taxable gain/deductible loss is calculated per share, as the difference between the consideration for the share and the Norwegian Personal Shareholder's cost price of the share, including any costs incurred in relation to the acquisition or realization of the share. From this capital gain, Norwegian Personal Shareholders are entitled to deduct a calculated allowance, provided that such allowance has not already been used to reduce taxable dividend income. See Section 19.1.1 (Taxation–Norwegian Shareholders–Taxation of dividends) above for a description of the calculation of the allowance. The allowance may only be deducted in order to reduce a taxable gain, and cannot increase or produce a deductible loss, i.e. any unused allowance exceeding the capital gain upon the realization of a share will be annulled.

If the Norwegian Personal Shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in, first-out basis.

(ii) Norwegian Corporate Shareholders

Capital gains derived from the realization of shares qualifying for the participation exemption are included in the calculation of net income from such shares. Losses incurred upon realization of such shares may be deducted in order to reduce net taxable income from shares in the same fiscal year. Only 3 percent of net income from shares qualifying for the participation exemption shall be included in the calculation of ordinary income. Ordinary income is subject to tax at a flat rate of 28 percent, implying that net income from shares is effectively taxed at a rate of 0.84 percent. Negative net income from shares does not reduce ordinary income.

19.1.3 Taxation of Subscription Rights

(i) Norwegian Personal Shareholders

A Norwegian Personal Shareholder's subscription for shares pursuant to a subscription right is not subject to taxation in Norway. Costs related to the subscription for shares will be added to the cost price of the shares.

Sale and other transfer of subscription rights is considered a realization for Norwegian tax purposes. For Norwegian Personal Shareholders, a capital gain or loss generated by a realization of subscription rights is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the basis for the computation of ordinary income in the year of disposal. The ordinary income is taxable at a flat rate of 28 percent.

(ii) Norwegian Corporate Shareholders

A Norwegian Corporate Shareholder's subscription for shares pursuant to a subscription right is not subject to taxation in Norway. Costs related to the subscription for the shares will be added to the cost price of the shares.

Capital gains derived from the realization of subscription rights to shares in limited liability companies resident in Norway for tax purposes (and certain other entities) are included in the calculation of net income from shares qualifying for the participation exemption, see Section 19.1.2 (Taxation–Norwegian Shareholders–Capital gains tax) above. Losses incurred upon realization of such subscription rights may be deducted in order to reduce net taxable income from shares in the same fiscal year. Only 3 percent of net income from shares qualifying for the participation exemption is included in the calculation of ordinary income for Norwegian Corporate Shareholders which is subject to tax at a flat rate of 28 percent, implying that such net income is effectively taxed at a rate of 0.84 percent. Negative net income from shares does not reduce ordinary income.

19.1.4 Net wealth tax

The value of shares is included in the basis for the computation of wealth tax imposed on Norwegian Personal Shareholders. Currently, the marginal wealth tax rate is 1.1 percent of the value assessed. The value for assessment purposes for shares listed on the Oslo Stock Exchange is the listed value as of 1 January in the year of assessment.

Norwegian Corporate Shareholders are not subject to wealth tax.

19.2 Foreign Shareholders

19.2.1 Taxation of dividends

(i) Foreign Personal Shareholders

Dividends distributed to shareholders who are individuals not resident in Norway for tax purposes ("**Foreign Personal Shareholders**"), are as a general rule subject to withholding tax at a rate of 25 percent. The withholding tax rate of 25 percent is normally reduced through tax treaties between Norway and the country in which the shareholder is resident. The withholding obligation lies with the company distributing the dividends and the Company assumes this obligation.

Foreign Personal Shareholders resident within the EEA for tax purposes may apply individually to Norwegian tax authorities for a refund of an amount corresponding to the calculated tax-free allowance on each individual share (see above).

If a Foreign Personal Shareholder is carrying on business activities in Norway and the shares are effectively connected with such activities, the shareholder will be subject to the same taxation of dividends as a Norwegian Personal Shareholder, as described above.

Foreign Personal Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

(ii) Foreign Corporate Shareholders

Dividends distributed to shareholders who are limited liability companies (and certain other entities) not resident in Norway for tax purposes ("**Foreign Corporate Shareholders**"), are as a general rule subject to withholding tax at a rate of 25 percent. The withholding tax rate of 25 percent is normally reduced through tax treaties between Norway and the country in which the shareholder is resident.

Dividends distributed to Foreign Corporate Shareholders resident within the EEA for tax purposes are exempt from Norwegian withholding tax provided that the shareholder is the beneficial owner of the shares and that the shareholder is genuinely established and performs genuine economic business activities within the relevant EEA jurisdiction.

Foreign Corporate Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

Nominee registered shares will be subject to withholding tax at a rate of 25 percent unless the nominee has obtained approval from the Norwegian Tax Directorate for the dividend to be subject to a lower withholding tax rate. To obtain such approval the nominee is required to file a summary to the tax authorities including all beneficial owners that are subject to withholding tax at a reduced rate.

The withholding obligation in respect of dividends distributed to Foreign Corporate Shareholders and on nominee registered shares lies with the company distributing the dividends and the Company assumes this obligation.

19.2.2 Capital gains tax

(i) Foreign Personal Shareholders

Gains from the sale or other disposal of shares by a Foreign Personal Shareholder will not be subject to taxation in Norway unless the Foreign Personal Shareholder holds the shares in connection with business activities carried out or managed from Norway.

(ii) Foreign Corporate Shareholders

Capital gains derived by the sale or other realization of shares by Foreign Corporate Shareholders are not subject to taxation in Norway.

19.2.3 Taxation of Subscription Rights

(i) Foreign Personal Shareholders

A Foreign Personal Shareholder's subscription for shares pursuant to a subscription right is not subject to taxation in Norway.

Gains from the sale or other transfer of subscription rights by a Foreign Personal Shareholder will not be subject to taxation in Norway unless the Foreign Personal Shareholder holds the subscription rights in connection with business activities carried out or managed from Norway.

(ii) Foreign Corporate Shareholders

A Foreign Corporate Shareholder's subscription for shares pursuant to a subscription right is not subject to taxation in Norway.

Capital gains derived by the sale or other transfer of subscription rights by Foreign Corporate Shareholders are not subject to taxation in Norway.

19.2.4 Net wealth tax

Shareholders not resident in Norway for tax purposes are not subject to Norwegian net wealth tax. Foreign Personal Shareholders can, however, be taxable if the shareholding is effectively connected to the conduct of trade or business in Norway.

19.3 Inheritance Tax

When shares are transferred by way of inheritance or gift, such transfer may give rise to inheritance or gift tax in Norway if the decedent, at the time of death, or the donor, at the time of the gift, is a resident or citizen of Norway, or if the shares are effectively connected with a business carried out through a permanent establishment in Norway. However, in the case of inheritance tax, if the decedent was a citizen but not a resident of Norway, Norwegian inheritance tax will not be levied if inheritance tax or a similar tax is levied by the decedent's country of residence.

Inheritance tax will be applicable to gifts if the donor is a citizen of Norway at the time the gift was given. However, for taxes paid in the donor's country of residence a credit will be given in the Norwegian gift taxes.

The basis for the computation of inheritance tax is the market value at the time the transfer takes place. The rate is progressive from 0 to 15 percent. For inheritance and gifts from parents to children, the maximum rate is 10 percent.

19.4 Duties on Transfer of Shares

No stamp or similar duties are currently imposed in Norway on the transfer or issuance of shares in Norwegian companies.

20 RESTRICTIONS ON SALE AND TRANSFER

20.1 General

The grant of Subscription Rights and issue of Offer Shares upon exercise of Subscription Rights and the offer of unsubscribed Offer Shares to persons resident in, or who are citizens of countries other than Norway, may be affected by the laws of the relevant jurisdiction. Investors should consult their professional advisors as to whether they require any governmental or other consents or need to observe any other formalities to enable them to exercise Subscription Rights or purchase Offer Shares.

The Subscription Rights and Offer Shares have not been and will not be registered under the U.S. Securities Act or under the securities laws of any state or jurisdiction of the United States, and may not be offered, sold, pledged, resold, granted, delivered, allocated, taken up, transferred or delivered, directly or indirectly, within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements under the U.S. Securities Act and in compliance with the applicable securities laws of any state or jurisdiction of the United States. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus is for information only and should not be copied or redistributed. Except as otherwise disclosed in this Prospectus, if an investor receives a copy of this Prospectus in any territory other than Norway, Denmark, France, Germany, Sweden and the United Kingdom, such investor may not treat this Prospectus as constituting an invitation or offer to it, nor should the investor in any event deal in the Subscription Rights and Offer Shares, unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that investor, or the Subscription Rights and Offer Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this Prospectus, the investor should not distribute or send the same, or transfer the Subscription Rights and Offer Shares to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If the investor forwards this Prospectus into any such territories (whether under a contractual or legal obligation or otherwise), the investor should direct the recipient's attention to the contents of this Section.

Except as otherwise noted in this Prospectus and subject to certain exceptions: (i) the Subscription Rights and Offer Shares being granted or offered, respectively, in the Rights Issue may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into, Member States of the EEA that have not implemented the Prospectus Directive, Australia, Japan, the United States or any other jurisdiction in which it would not be permissible to offer the Subscription Rights and/or the Offer Shares (the "**Ineligible Jurisdictions**"); (ii) this Prospectus may not be sent to any person in any Ineligible Jurisdiction; and (iii) the crediting of Subscription Rights to an account of an Ineligible Shareholder or other person who is a resident of an Ineligible Jurisdiction (referred to as "**Ineligible Persons**") does not constitute an offer to such persons of the Subscription Rights or the Offer Shares. Ineligible Persons may not exercise Subscription Rights.

If an investor takes up, delivers or otherwise transfers Subscription Rights, exercises Subscription Rights to obtain Offer Shares or trades or otherwise deals in the Subscription Rights and Offer Shares pursuant to this Prospectus, unless the Company in its sole discretion determines otherwise on a case-by-case basis, that investor will be deemed to have made or, in some cases, be required to make, the following representations and warranties to the Company and any person acting on the Company's or its behalf:

- (i) the investor is not located in an Ineligible Jurisdiction;
- (ii) the investor is not an Ineligible Person;
- (iii) the investor is not acting, and has not acted, for the account or benefit of an Ineligible Person;

- (iv) the investor acknowledges that the Company is not taking any action to permit a public offering of the Subscription Rights or the Offer Shares (pursuant to the exercise of the Subscription Rights or otherwise) in any jurisdiction other than Norway, Denmark, France, Germany, Sweden and the United Kingdom; and
- (v) the investor may lawfully be offered, take up, subscribe for and receive Subscription Rights and Offer Shares in the jurisdiction in which it resides or is currently located.

The Company, the Underwriters and their affiliates and others will rely upon the truth and accuracy of the above acknowledgements, agreements and representations, and agree that, if any of the acknowledgements, agreements or representations deemed to have been made by its purchase of Offer Shares is no longer accurate, it will promptly notify the Company and the Underwriters. Any provision of false information or subsequent breach of these representations and warranties may subject the investor to liability.

If a person is acting on behalf of a holder of Subscription Rights (including, without limitation, as a nominee, custodian or trustee), that person will be required to provide the foregoing representations and warranties to the Company with respect to the exercise of Subscription Rights on behalf of the holder. If such person cannot or is unable to provide the foregoing representations and warranties, the Company will not be bound to authorize the allocation of any of the Subscription Rights and Offer Shares to that person or the person on whose behalf the other is acting. Subject to the specific restrictions described below, if an investor (including, without limitation, its nominees and trustees) is located outside Norway, Denmark, France, Germany, Sweden and the United Kingdom and wishes to exercise or otherwise deal in or subscribe for Subscription Rights and/or Offer Shares, the investor must satisfy itself as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

The information set out in this Section is intended as a general guide only. If the investor is in any doubt as to whether it is eligible to exercise its Subscription Rights or subscribe for the Offer Shares, such investor should consult its professional advisor without delay.

Subscription Rights will initially be credited to financial intermediaries for the accounts of all shareholders who hold Shares registered through a financial intermediary on the Record Date. Subject to certain exceptions, financial intermediaries, which include brokers, custodians and nominees, may not exercise any Subscription Rights on behalf of any person in the Ineligible Jurisdictions or any Ineligible Persons and may be required in connection with any exercise of Subscription Rights to provide certifications to that effect.

Financial intermediaries may sell any and all Subscription Rights held for the benefit of Ineligible Persons to the extent permitted under their arrangements with such Ineligible Persons and applicable law and remit the net proceeds to the accounts of such Ineligible Persons.

Subject to certain exceptions, financial intermediaries are not permitted to send this Prospectus or any other information about the Rights Issue into any Ineligible Jurisdiction or to any Ineligible Persons. Subject to certain exceptions, exercise instructions or certifications sent from or postmarked in any Ineligible Jurisdiction will be deemed to be invalid and Offer Shares will not be delivered to an addressee in any Ineligible Jurisdiction. The Company reserves the right to reject any exercise (or revocation of such exercise) in the name of any person who provides an address in an Ineligible Jurisdiction for acceptance, revocation of exercise or delivery of such Subscription Rights and Offer Shares, who is unable to represent or warrant that such person is not in an Ineligible Jurisdiction and is not an Ineligible Person, who is acting on a non-discretionary basis for such persons, or who appears to the Company or

its agents to have executed its exercise instructions or certifications in, or dispatched them from, an Ineligible Jurisdiction. Furthermore, the Company reserves the right, with sole and absolute discretion, to treat as invalid any exercise or purported exercise of Subscription Rights which appears to have been executed, effected or dispatched in a manner that may involve a breach or violation of the laws or regulations of any jurisdiction.

Notwithstanding any other provision of this Prospectus, the Company reserves the right to permit a holder to exercise its Subscription Rights if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the laws or regulations giving rise to the restrictions in question. Applicable exemptions in certain jurisdictions are described further below. In any such case, the Company does not accept any liability for any actions that a holder takes or for any consequences that it may suffer as a result of the Company accepting the holder's exercise of Subscription Rights.

No action has been or will be taken by the Joint Global Coordinators to permit the possession of this Prospectus (or any other offering or publicity materials or application form(s) relating to the Rights Issue) in any jurisdiction where such distribution may lead to a breach of any law or regulatory requirement.

Neither the Company nor the Underwriters, nor any of their respective representatives, is making any representation to any offeree, subscriber or purchaser of Subscription Rights and/or Offer Shares regarding the legality of an investment in the Subscription Rights and/or the Offer Shares by such offeree, subscriber or purchaser under the laws applicable to such offeree, subscriber or purchaser. Each investor should consult its own advisors before subscribing for Offer Shares or purchasing Subscription Rights and/or Offer Shares. Investors are required to make their independent assessment of the legal, tax, business, financial and other consequences of a subscription for Offer Shares or a purchase of Subscription Rights and/or Offer Shares.

A further description of certain restrictions in relation to the Subscription Rights and the Offer Shares in certain jurisdictions is set out below.

20.2 United States

The Subscription Rights and Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered, sold, taken up, exercised, resold, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

Pursuant to this Prospectus, the Subscription Rights and Offer Shares are being offered and sold outside the United States in reliance on Regulation S under the U.S. Securities Act. In addition, concurrently with the offers and sales in reliance on Regulation S, the Company may effect private placement transactions in the United States pursuant to a U.S. private placement memorandum (the "**U.S. Private Placement Memorandum**") to a limited number of "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act) pursuant to an exemption from the registration requirements of the U.S. Securities Act who have executed and returned an investor letter to the Company prior to exercising any Subscription Rights. The form investor letter is attached to the U.S. Private Placement Memorandum which incorporates this Prospectus and includes certain additional information for qualified institutional buyers in the United States. Qualified institutional buyers eligible to participate in the private placement transactions in the United States should review the entire U.S. Private Placement Memorandum, copies of which may be received from the Company upon certification of the requesting investor's eligibility to participate in the Rights Issue through a private placement pursuant to an exemption from the registration requirements of the U.S. Securities Act.

Accordingly, this Prospectus will not be sent to any shareholder with a registered address in the United States. In addition, the Company and the Joint Global Coordinators reserve the right to reject any instruction sent by or on behalf of any account holder with a registered address in the United States in respect of the Subscription Rights and/or the Offer Shares.

Until 40 days after the commencement of the Rights Issue, any offer or sale of the Subscription Rights and Offer Shares within the United States by any dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the U.S. Securities Act.

Offers and Sales of the Offering Shares in the United States will only be made by the Company pursuant to the U.S. Private Placement Memorandum, which requires an investor letter in the form in Annex 1 thereto to be executed and returned. In accordance with the investor letter, each person to which Offer Shares are offered or sold by the Company in the United States, by its subscription of the Offer Shares, will be deemed to have represented, warranted, agreed and acknowledged to the Company, on its behalf and on behalf of any investor accounts for which it is subscribing for Offer Shares, as the case may be, that:

- (i) it is a "qualified institutional buyer" as defined in Rule 144A under the U.S. Securities Act, it is not purchasing Offer Shares with a view to their distribution in the United States within the meaning of U.S. federal securities laws, and, if it is subscribing for the Offer Shares as a fiduciary or agent for one or more accounts, each such account is a qualified institutional buyer, with full investment discretion with respect to each such account, and the full power and authority to make (and does make) the acknowledgements, representations, warranties and agreements in the investor letter on behalf of each such account;
- (ii) it acknowledges that the Subscription Rights and the Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and cannot be resold or otherwise transferred unless they are registered under the U.S. Securities Act or unless an exemption from such registration is available as set out in the investor letter; and
- (iii) it understands and acknowledges that the foregoing representations, agreements and acknowledgements are requirements in connection with United States and other securities laws and that the Company, its affiliates and others are entitled to rely on the truth and accuracy of the representations, agreements and acknowledgements contained herein. It agrees that if any of the representations, agreements and acknowledgements made herein and are no longer accurate, it will promptly notify the Company.

Each person to which Subscription Rights and/or Offer Shares are distributed, offered or sold pursuant to this Prospectus will be deemed, by its subscription for Offer Shares or purchase of Subscription Rights and/or Offer Shares, to have represented and agreed, on its behalf and on behalf of any investor accounts for which it is subscribing for Offer Shares or purchasing Subscription Rights and/or Offer Shares, as the case may be, that:

- (i) the purchaser is, and the person, if any, for whose account or benefit the purchaser is exercising the Subscription Rights or acquiring the Offer Shares is, outside the United States at the time the exercise or buy order for the Subscription Rights or the Offer Shares is originated and continues to be located outside the United States, and the person, if any, for whose account or benefit the purchaser is exercising the Subscription Rights or acquiring the Offer Shares reasonably believes that the purchaser is outside the United States, and neither the purchaser nor any person acting on its behalf knows that the transaction has been pre-arrange with a buyer in the United States;

the Subscription Rights and Offer Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States, and, subject to certain exceptions, may not be offered or sold within the United States; and

- (ii) it acknowledges that the Company, the Underwriters and their affiliates and others will rely upon the truth and accuracy of the above acknowledgements, agreements and representations, and agree that, if any of the acknowledgements, agreements or representations deemed to have been made by its purchase of Offer Shares is no longer accurate, it will promptly notify the Company and the Underwriters.

20.3 EEA Selling Restrictions

In relation to each Member State of the EEA other than Norway, Denmark, France, Germany, Sweden and the United Kingdom which has implemented the Prospectus Directive (each a “**Relevant Member State**”) an offer of Offer Shares which are the subject of the Rights Issue contemplated by this Prospectus may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of any Offer Shares may be made at any time under the following exemptions under the Prospectus Directive, provided such exemptions have been implemented in that Relevant Member State:

- (i) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- (ii) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43,000,000 and (3) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts;
- (iii) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or
- (iv) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Offer Shares shall result in a requirement for the publication by the Company or any Underwriter of a Prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Offer Shares to be offered so as to enable an investor to decide to purchase any Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

In the case of any Subscription Rights or Offer Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Subscription Rights and Offer Shares acquired by it in the Rights Issue have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Subscription Rights or Offer Shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the Company and each of the Underwriters has been obtained to each such proposed offer or

resale. The Company and each of the Underwriters and their respective affiliates will rely upon the truth and accuracy of the foregoing representation.

20.4 Notice to Canadian Investors

20.4.1 General

This document constitutes an offering of the securities described herein only in the Canadian provinces of British Columbia, Ontario and Québec (the "**Relevant Provinces**") and to those persons where and to whom they may be lawfully offered for sale, and therein only by persons permitted to sell such securities. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of the securities referred to in this document in Canada. No securities commission or similar authority in Canada has reviewed or in any way passed upon this document or the merits of the securities described herein and any representation to the contrary is an offence.

This document is for the confidential use of only those persons to whom it is delivered by the Company and the Underwriters in connection with the offering of the securities in the Relevant Provinces. No person has been authorized to give any information or to make any representations concerning this offering other than those contained herein.

Distribution of this document or the information it contains to any person other than those persons, if any, retained to advise you with respect to this offering is unauthorized and any disclosure of this document or any of this information without the prior written consent of the Company and the Underwriters in connection with the offering of the securities in the applicable Relevant Provinces is prohibited. Each recipient of this document, by accepting delivery hereof, agrees to the foregoing and further agrees to make no copies or reproductions of this document.

Canadian investors should read the whole of this document and should be aware that an investment in the Company involves risks. In particular, the attention of Canadian investors is drawn to Section 2 (Risk Factors) for a discussion of certain risks and other factors that should be considered in connection with an investment in the Company.

The Company reserves the right to reject all or part of any offer to purchase the Offer Shares for any reason or allocate to any purchaser less than all of the Offer Shares for which it has subscribed. PLEASE BE ADVISED THAT ALL CANADIAN SHAREHOLDERS ARE ELIGIBLE SHAREHOLDERS FOR THE PURPOSES OF THIS OFFERING AND MAY (I) RECEIVE THIS DOCUMENT AND (II) PARTICIPATE IN THE RIGHTS ISSUE; HOWEVER, THE UNDERWRITTEN PORTION OF THIS OFFERING AS FURTHER DESCRIBED IN SECTION 6.21 (THE RIGHTS ISSUE-THE UNDERWRITING) WILL NOT BE EXTENDED TO SHAREHOLDERS OR OTHER INVESTORS RESIDENT IN CANADA.

20.4.2 Resale restrictions

The distribution of the Subscription Rights and the Offer Shares in Canada is being made on a basis that is exempt from the requirement that the Company prepares and files a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the Subscription Rights and the Offer Shares must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with prospectus and dealer registration requirements or exemptions from the prospectus and dealer registration requirements. These resale restrictions may in some circumstances apply to resales of the Subscription Rights and the Offer Shares outside of Canada. Canadian purchasers are advised to seek legal advice prior to any resale of the Subscription Rights and the Offer Shares. Canadian investors should also refer to Section 20 (Restrictions on Sale and Transfer) contained within the Prospectus for additional restrictions on resales applicable to holders of the Subscription Rights and the Offer Shares.

The Company is not a “reporting issuer”, as such term is defined under applicable Canadian securities laws, in any province or territory of Canada. Canadian investors are advised that the Company is not required to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Shares to the public in any province or territory of Canada. Canadian investors are further advised that the Company currently does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Subscription Rights and the Offer Shares to the public in any province or territory of Canada in connection with this offering.

20.4.3 Taxation

Any discussion of taxation and related matters contained within this document does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the Offer Shares and, in particular, does not address Canadian tax considerations. Canadian investors should consult with their own legal and tax advisers with respect to the tax consequences of an investment in the Offer Shares in their particular circumstances and with respect to the eligibility of the Offer Shares for investment by such investor under relevant Canadian legislation and regulations.

20.4.4 Enforcement of legal rights

The Company is organized under the laws of Norway. All or substantially all of the Company’s directors and officers, and certain of the experts named herein, may be located outside of Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon the Company or such persons. All or a substantial portion of the assets of the Company and such other persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or persons outside of Canada.

20.4.5 Language of documents

Upon receipt of this document, each Canadian investor hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu’il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d’achat ou tout avis) soient rédigés en anglais seulement.

20.5 Notice to Hong Kong Investors

The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Rights Issue. If you are in any doubt regarding any of the contents of this Prospectus, you should obtain independent professional advice. This Prospectus does not constitute an offer or sale in Hong Kong of any Subscription Rights or the Offer Shares and no person may offer or sell in Hong Kong, by means of this Prospectus other than to (a) professional investors within the meaning of Part I of Schedule 1 to the Securities and Futures Ordinance of Hong Kong (Cap. 571) (“**SFO**”) and any rules made under the SFO (“professional investors”) or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance of Hong Kong (Cap. 32) (“**CO**”) or which do not constitute an offer or invitation to the public for the purposes of the CO or the SFO. No person shall issue or possess for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to Subscription Rights or Offer Shares which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than

with respect to those Subscription Rights or Offer Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to such professional investors.

Existing Shareholders agree not to offer or sell in Hong Kong any Subscription Rights or the Offer Shares other than (a) to professional investors; or (b) in other circumstances which do not result in the document offering for sale the Subscription Rights or the Offer Shares being a "prospectus" as defined in the CO or which do not constitute an offer to the public within the meaning of the CO or the SFO. Existing Shareholders also agree not to issue or have in their possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Subscription Rights or the Offer Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Subscription Rights or the Offer Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors.

20.6 Notice to Swiss Investors

This Prospectus is not being publicly distributed in Switzerland. Each copy of this Prospectus is addressed to a specifically named recipient and may not be passed on to third parties. The Subscription Rights or Offer Shares are not being offered to the public in or from Switzerland, and neither this Prospectus, nor any other offering material in relation to the Subscription Rights or Offer Shares may be distributed in connection with any such public offering.

21 ADDITIONAL INFORMATION

21.1 Name, Incorporation and Registered Office

The Company's legal and commercial name is Norsk Hydro ASA. Hydro is a Norwegian public limited company incorporated under the laws of Norway in accordance with the Norwegian Public Limited Companies Act with registration number 914 778 271. The Company was founded on 2 December 1905 and registered with the Norwegian Register of Business Enterprises on 9 March 1988.

The Company has its registered address at Drammensveien 260, Vækerø, N-0283 Oslo, Norway, with telephone number +47 22 53 81 00 and fax number +47 22 53 90 69.

21.2 Related Party Transactions

The following is an overview of the related party transactions entered into by the Group in the period from 1 January 2007 to the date of this Prospectus.

21.2.1 The Norwegian Government

As noted in Section 17.5 (Shares, Shareholder Matters and Ownership Structure—Major Shareholders), the Company has concluded that it is under de facto control of the Norwegian Government.

The Norwegian Government has ownership interests in a substantial number of companies. The ownership interests in 51 companies is managed by the ministries and covered by public information from the Norwegian Ministry of Trade and Industry. Hydro conducts business transactions with a number of these companies, including purchase of power from Statkraft SF. Generally, transactions are agreed independent of the common control exercised by the Norwegian Government. In December 2006, the Board of Directors in Hydro and Statoil agreed to propose a plan whereby Hydro's petroleum activities would be demerged and merged with Statoil ASA to form StatoilHydro ASA (later re-named Statoil ASA). The plan was approved by the general meeting in July 2007, and the demerger and merger was completed on 1 October 2007.

The annual general meeting held on 6 May 2008 approved a buy-back authorization of 45,000,000 Shares over a one-year period. The Norwegian Government agreed to participate in the redemption of a proportional number of Shares in order to leave its ownership interest unchanged. Including the share redemption, the authorization provided for a maximum of 80,105,091 Shares to be cancelled. In total, Hydro bought back 4,408,000 Shares at an average price of NOK 33.93 per Share under this authorization. A decision to cancel the Shares repurchased, and 3,438,738 Shares owned by the Norwegian Government, was approved at the general meeting on 5 May 2009. The Norwegian Government received a total compensation of NOK 124 million for the Shares, which corresponds to the average price per Share for the buy-back in the market, plus interest compensation.

21.2.2 Loans to employees

Total loans given by the Company to Norwegian employees as of 31 December 2009 were NOK 300 million. Loans to employees consist of NOK 162 million secured loans (home and car loans) with the remainder unsecured. The unsecured loan balance as of 31 December 2009, NOK 7 million was related to the employee share purchase plan.

21.3 Material Contracts

Other than (i) the Sale and Contribution Agreement described in Section 5.1 (The Transaction, the Private Placement and the Consideration Shares—The Transaction and the Private Placement) above, (ii) the Subscription and Underwriting Agreement and the Underwriting Agreement described in Section 6.21 (The Rights Issue—The Underwriting) above and (iii) the agreements entered into in the ordinary course of business, no material contract has been entered into by any member of the Group

during the two years immediately preceding the date of this Prospectus, and no contract containing obligations or entitlements that are, or may be, material to the Group as of the date of this Prospectus has been entered into by any member of the Group.

21.4 Legal and Arbitration Proceedings

The Group has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware), during the last twelve months which may have, or have had in the recent past, significant effect on the financial position or profitability.

21.5 Auditors and Advisors

The Company's current statutory auditor is KPMG. KPMG's registration number is 935 174 627 and its address is Sørkedalsveien 6, P.O. Box 7000 Majorstuen, N-0306 Oslo, Norway. KPMG is a member of Den Norske Revisorforening (The Norwegian Institute of Public Accountants). KPMG was elected as Hydro's auditor in the annual general meeting held on 4 May 2010, and has not audited any of the Company's financial information. Until May 2010, the Company's statutory auditor was Deloitte. Deloitte's registration number is 980 211 282 and its address is Karenslyst alle 20, P.O. Box 347 Skøyen, N-0213 Oslo, Norway. Deloitte is a member of Den Norske Revisorforening (The Norwegian Institute of Public Accountants). Deloitte has been the Company's statutory auditor for the historical financial period covered by this Prospectus.

Citigroup Global Markets Limited, DnB NOR Bank ASA, DnB NOR Markets and BNP PARIBAS are Joint Global Coordinators and Joint Bookrunners, and Commerzbank Aktiengesellschaft, Nordea Bank Norge ASA, Skandinaviska Enskilda Banken AB (publ) and Société Générale are Co-Managers for the Rights Issue.

Advokatfirmaet Thommessen AS (Norwegian law) and Latham & Watkins (London) LLP (International counsel) are acting as legal advisors to the Company and Advokatfirmaet Selmer DA (Norwegian law) and Davis Polk & Wardwell LLP (international counsel) are acting as legal advisors to the Underwriters.

21.6 Documents on Display

Copies of the following documents will be available for inspection at the Company's registered office during normal business hours from Monday to Friday each week (except public holidays) for a period of 12 months from the date of this Prospectus:

- (i) the Company's Articles of Association;
- (ii) the Company's Certificate of Registration;
- (iii) the consolidated audited financial statements of the Company as of, and for the years ended, 31 December 2009, 2008, 2007 and the Company's unaudited condensed consolidated financial statements as of, and for the three months ended, 31 March 2010 and 31 December 2009 (with comparable figures as of, and for the three months ended, 31 March 2009 and 31 December 2008, respectively);
- (iv) historical financial information for the Company's significant subsidiaries; and
- (v) this Prospectus.

21.7 Incorporation by Reference

The information incorporated by reference in this Prospectus shall be read in connection with the cross-reference list set out in the table below. Except as provided in this Section, no information is incorporated by reference in this Prospectus.

The Company incorporates by reference the Company's audited consolidated financial statements as of, and for the years ended, 31 December 2009, 2008 and 2007, and the Company's unaudited condensed consolidated financial statements as of, and for the three months ended, 31 March 2010 and 31 December 2009 (with comparable figures as of, and for the three months ended, 31 March 2009 and 31 December 2008, respectively).

Section in the Prospectus	Disclosure requirements of the Prospectus	Reference document and link	Page (P) in reference document ⁸⁶
Sections 13, 14	Audited historical financial information (Annex I, Section 20.1)	Hydro – Financial Statements 2009: http://www.hydro.com/upload/Annual_reporting/annual_2009/downloadcenter/Reports/01_annual_report.pdf	PF1-PF71
		Hydro – Financial Statements 2008: http://www.hydro.com/upload/Annual_reporting/annual_2008/downloadcenter/Reports/01_annual%20report.pdf	PF1-PF68
		Hydro – Financial Statements 2007: http://www.hydro.com/upload/Annual_reporting/annual_2007/downloadcenter/Reports/01_annual%20report.pdf	PF1-PF86
Sections 13, 14	Audit report (Annex I, Section 20.4.1)	Hydro – Auditor's Report 2009: http://www.hydro.com/upload/Annual_reporting/annual_2009/downloadcenter/Reports/01_annual_report.pdf	PF85
		Hydro – Auditor's Report 2008: http://www.hydro.com/upload/Annual_reporting/annual_2008/downloadcenter/Reports/01_annual%20report.pdf	PF78
		Hydro – Auditor's Report 2007: http://www.hydro.com/upload/Annual_reporting/annual_2007/downloadcenter/Reports/01_annual%20report.pdf	PF97
Sections 13, 14	Accounting policies (Annex I, Section 20.1)	Hydro – Accounting Principles: http://www.hydro.com/upload/Annual_reporting/annual_2009/downloadcenter/Reports/01_annual_report.pdf	PF7-PF14
Sections 12, 13, 14	Interim financial information (Annex I, Section 20.6.1)	Hydro – First Quarter Financial Statement 2010: http://www.hydro.com/upload/Documents/Reports/Quarterly%20reports/2010/report_q1_2010_en.pdf	P1-P24
		Hydro – Fourth Quarter Financial Statement 2009: http://www.hydro.com/upload/Documents/Reports/Quarterly%20reports/2009/report_q4_2009_en.pdf	P1-P28

⁸⁶ The original page number as stated in the reference document.

22 DEFINITIONS USED IN THE PROSPECTUS

In the Prospectus, the following defined terms have the following meanings:

ADRs:	The Company's American Depositary Receipts.
ADR Record Date:	The record date to be established by the Depositary in respect of the ADRs for distribution of proceeds of the sale of Subscription Rights.
Albras:	ALBRAS – Alumínio Brasileiro S.A.
Alunorte:	ALUNORTE – Alumina do Norte do Brasil S.A.
Anti-Money Laundering Legislation:	The Norwegian Money Laundering Act of 6 March 2009 No. 11 and the Norwegian Money Laundering Regulations of 13 March 2009 No. 302, collectively.
Audit Committee:	The audit committee of the Company.
Board of Directors:	The board of directors of the Company.
Brazilian Real or R\$:	The lawful currency of Brazil.
CAP:	Companhia de Alumina do Pará S.A.
CET:	Central European Time.
Certificate Holders:	Holders of Founder Certificates and Subscription Certificates.
Closing Spot Rate:	The closing spot rate as determined by Bloomberg at 17:00 (New York time).
CO:	The Companies Ordinance of Hong Kong.
Co-Managers:	Commerzbank Aktiengesellschaft, Nordea Bank Norge ASA, Skandinaviska Enskilda Banken AB (publ) and Soci�t� G�n�rale, collectively.
Combined Group:	The Group and Vale Aluminium.
Company:	Norsk Hydro ASA, or Norsk Hydro ASA and its consolidated subsidiaries if required by the context..
Compensation Committee:	The compensation committee of the Company.
Consideration Shares:	The new shares to be issued in the Private Placement.
Corporate Assembly:	The corporate assembly of the Company.
Corporate Management Board:	The Group's executive management.
Deloitte:	Deloitte AS.
Deposit Agreement:	The deposit agreement between the Company and the Depositary, as amended and restated on 29 November 2007.
Depositary:	J.P. Morgan Chase Bank, N.A.
DnB NOR Markets:	DnB NOR Bank ASA, DnB NOR Markets.
EAA:	The European Aluminium Association.
ECB Daily Reference Rate:	The daily reference exchange rate published by the European Central Bank.
EEA:	The European Economic Area.
Eletronorte:	Centrais El�tricas do Norte do Brasil AS.
Euro or EUR:	The lawful common currency of the EU member states who have adopted the Euro as their sole national currency (the Euro area).
Existing Shareholders:	Registered holders of the Company's shares as appearing in the Company's shareholder register in the VPS as of 24 June 2010.
Existing Shares:	The existing Shares of the Company.
Folketrygdfondet:	The Government Pension Fund Norway, represented by its investment manager Folketrygdfondet.
Foreign Corporate Shareholders:	Shareholders who are limited liability companies not resident in Norway for tax purposes.
Foreign Personal Shareholders:	Shareholders who are individuals not resident in Norway for tax purposes.
Founder Certificates:	The 83 unredeemed founder certificates in the Company giving, on certain conditions, preferential subscription rights in connection with capital increases in the Company.
Group:	The Company and its consolidated subsidiaries.
Hydro:	Norsk Hydro ASA, or Norsk Hydro ASA and its consolidated subsidiaries if required by the context.
IFRS:	International Financial Reporting Standards, issued by the International Financial Reporting Interpretations Committee (IFRIC) (formerly, the "Standing

	Interpretations Committee" (SIC)).
Ineligible Jurisdictions:.....	Jurisdictions in which it would not be permissible to offer the Subscription Rights and/or the Offer Shares.
Ineligible Persons:.....	Ineligible Shareholders or other persons in an Ineligible Jurisdiction or citizens of an Ineligible Jurisdiction.
Ineligible Shareholders:	Existing Shareholders resident in jurisdictions where the Prospectus may not be distributed and/or with legislation that, according to the Company's assessment, prohibits or otherwise restricts subscription for Offer Shares.
ISIN:	International Securities Identification Number.
Joint Global Coordinators and/or Joint Bookrunners:	Citigroup Global Markets Limited, DnB NOR Bank ASA, DnB NOR Markets and BNP PARIBAS, collectively.
KPMG:	KPMG AS, the Company's auditor.
LME:	London Metals Exchange.
Lock-Up:	The lock-up agreed pursuant to the Standstill and Lock-Up Agreement.
London Stock Exchange:	The London Stock Exchange's main market for listed securities.
MRN:	Mineração Rio do Norte S.A.
NFSA:	The Financial Supervisory Authority of Norway (<i>Norwegian: "Finanstilsynet"</i>).
Norwegian kroner or NOK:.....	Norwegian kroner, the lawful currency of Norway.
Nomination Committee:	The nomination committee of the Company.
Norwegian Corporate Shareholders:	Shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes.
Norwegian Government:	The Norwegian Government represented by the Norwegian Ministry of Trade and Industry.
Norwegian Personal Shareholders:	Shareholders who are individuals resident in Norway for tax purposes.
Norwegian Public Limited Companies Act:.....	The Norwegian Public Limited Companies Act of 13 June 1997 No. 45 (<i>Norwegian: "allmennaksjeloven"</i>).
Norwegian Securities Trading Act:	The Norwegian Securities Trading Act of 29 June 2007 No. 75 (<i>Norwegian: "verdipapirhandelloven"</i>).
Offer Shares:.....	The 381,053,600 new shares of the Company to be issued in the Rights Issue.
Official List:	The Official List of the UK Financial Services Authority.
Oslo Stock Exchange:	Oslo Børs ASA.
Paragominas:	A newly-incorporated joint venture company, holding Vale's interests in the Paragominas bauxite mines in Brazil.
Payment Date:.....	15 July 2010, the date on which payment for the Offer Shares falls due.
President and Chief Executive Officer:.....	The president and chief executive officer of the Company.
Private Placement:	The private placement of Consideration Shares towards Vale Austria Holdings in connection with the Transaction.
Prospectus:	This Prospectus dated 21 June 2010.
Prospectus Directive:	Directive 2003/71/EC.
Record Date:	24 June 2010, the date for determining the list of Existing Shareholders.
Receiving Agent:	DnB NOR Bank ASA, Registrar Department.
Relevant Member State:.....	A Member State of the EEA other than Norway, Denmark, Germany, France, Sweden and the United Kingdom which has implemented the Prospectus Directive.
Relevant Provinces:	The Canadian provinces of British Columbia, Ontario and Québec.
Reserve Report:	The 2009 reserve statement for the Paragominas mine disclosed to the Company by Vale.
Rights Issue:	The offering of 381,053,600 Offer Shares in the Company at a Subscription Price of NOK 26.30 per Offer Share with Subscription Rights for Existing Shareholders and Certificate Holders, as further described in Section 6 (The Rights Issue).
Sale and Contribution Agreement:.....	The sale and contribution agreement between Hydro, Vale and Vale Austria Holdings dated 2 May 2010, pursuant to which Hydro has agreed to purchase the substantial part of Vale's and Vale Austria Holdings' aluminium business, comprising Vale's bauxite mining operations (excluding Vale's interest in MRN), alumina refining operations and aluminium smelting operations, together with related assets, as well as specified liabilities.
Share(s):	"Shares" means the common shares in the capital of Hydro each having a

	nominal value of NOK 1.098 and "Share" means any one of them.
Standstill and Lock-Up Agreement:	The standstill and lock-up agreement between Hydro, Vale and Vale Austria Holdings dated 2 May 2010.
Subscription and Underwriting Agreement:	The subscription and underwriting agreement between Folketrygdfondet and the Company dated 2 May 2010.
Subscription Certificates:	The 4,343 unredeemed subscription certificates in the Company giving, on certain conditions, preferential subscription rights in connection with capital increases in the Company.
Subscription Forms:	The forms for subscription for Offer Shares.
Subscription Period:	The period during which the Offer Shares can be subscribed for, beginning on 25 June 2010 and expiring at 17:30 hours (CET) on 9 July 2010.
Subscription Price:	NOK 26.30 per Offer Share, the price for each Offer Share to be issued by the Company in the Rights Issue.
Subscription Rights:	Subscription Rights granted to the Existing Shareholders and Certificate Holders providing preferential rights to subscribe for, and be allocated, Offer Shares at the Subscription Price.
Transaction:	The contemplated sale and contribution of Vale Aluminium by Vale Austria Holdings to the Company, subject to the terms and conditions of the Sale and Contribution Agreement.
Underwriters:	Citigroup Global Markets Limited, DnB NOR Bank ASA, DnB NOR Markets, BNP PARIBAS, Commerzbank Aktiengesellschaft, Nordea Bank Norge ASA, Skandinaviska Enskilda Banken AB (publ) and Société Générale, collectively.
Underwriting Agreement:	The underwriting agreement, as amended, between the Company and the Underwriters dated 2 May 2010.
U.S. Private Placement Memorandum:	The U.S. private placement memorandum prepared by the Company in connection with the Rights Issue.
U.S. Securities Act:	United States Securities Act of 1933, as amended.
U.S. dollars or US\$:	U.S. dollars, the lawful currency of the United States of America.
U.S. GAAP:	United States generally accepted accounting principles.
Vale:	Vale S.A.
Vale Aluminium:	The interest and assets to be acquired by Hydro from Vale Austria Holdings under the Sale and Contribution Agreement.
Vale Austria Holdings:	Vale Austria Holdings GmbH.
VPS:	The Norwegian Central Securities Depository.

23 NORWEGIAN SUMMARY

This Norwegian summary has been prepared for the Norwegian securities market in connection with the Rights Issue and the Private Placement in the Company. The information provided in this Section is a summary of information provided in the rest of the Prospectus, and does not contain any additional information. The information is thus only provided in the Norwegian language.

Dette norske sammendraget er utarbeidet for det norske verdipapirmarkedet i forbindelse med fortrinnsrettsemisjonen ("**Fortrinnsrettsemisjonen**") i Norsk Hydro ASA ("**Selskapet**" eller "**Hydro**", og sammen med sine konsoliderte datterselskaper "**Gruppen**") av nye aksjer i Selskapet (de "**Nye Aksjene**") og noteringen av nye aksjer i Selskapet ("**Vederlagsaksjene**") som utstedes i en rettet emisjon (den "**Rettede Emisjonen**") mot Vale Austria Holdings GmbH ("**Vale Austria Holdings**") i forbindelse med Selskapets salgs- og innskuddsavtale inngått med Vale S.A. ("**Vale**") og Vale Austria Holdings (et heleid datterselskap av Vale) for overtagelsen av visse eierinteresser i bauksittgruven Paragominas, ALUNORTE - Alumina do Norte do Brasil S.A., ALBRAS - Alumínio Brasileiro S.A., Companhia de Alumina do Pará S.A. og visse andre tilknyttede eiendeler ("**Vale Aluminium**") fra Vale Austria Holdings ("**Transaksjonen**").

Sammendraget utgjør en del av det engelskspråklige "Prospectus" ("**Prospektet**"). Investeringsgrunnlaget for det norske verdipapirmarkedet består således ikke kun av det norske sammendraget, men av hele Prospektet. Investorer oppfordres til å lese hele Prospektet nøye før en investeringsbeslutning eventuelt treffes. Ved eventuell motstrid mellom det norske sammendraget og de deler av Prospektet som er skrevet på engelsk, skal den engelske delen av Prospektet gå foran.

Dette norske sammendraget er en oversettelse av Prospektets Kapittel 1 (Summary).

Prospektet har blitt forelagt Finanstilsynet for kontroll og godkjenning i henhold til verdipapirhandelloven § 7-7.

Enhver ny vesentlig omstendighet og enhver vesentlig unøyaktighet i Prospektet som kan få betydning for vurderingen av aksjene i Selskapet ("**Aksjene**"), og som oppstår eller oppdages mellom tidspunktet for godkjenning av Prospektet og tidspunkt for noteringen av de Nye Aksjene og Vederlagsaksjene på Oslo Børs, vil bli offentliggjort og fremlagt så raskt som mulig i form av et tillegg til Prospektet i samsvar med verdipapirhandelloven § 7-15.

23.1 SAMMENDRAG

Dette sammendraget bør leses som en innledning til den fullstendige teksten i dette Prospektet. Enhver investeringsbeslutning knyttet til Fortrinnsrettsemisjonen, Aksjene (inkludert de Nye Aksjene) eller Tegningsrettene (som definert nedenfor) bør baseres på en vurdering av Prospektet i sin helhet. Dersom et krav knyttet til informasjonen i dette Prospektet bringes inn for en domstol, kan saksøkende investor i henhold til nasjonal lovgivning i et land som er medlem av Det europeiske økonomiske samarbeidsområdet ("EØS"), måtte dekke kostnader forbundet med oversettelse av dette Prospektet, før saken behandles. Personene som har utarbeidet dette sammendraget, herunder eventuelle oversettelser av sammendraget, kan ikke holdes sivilrettslig ansvarlig for dette sammendraget, med mindre det er villedende, unøyaktig eller selvmotsigende når det leses sammen med andre deler av dette Prospektet.

23.1.1 Introduksjon av Hydro

Hydro er en av verdens største produsenter av primæraluminium, med elektrolyseproduksjon i Australia, Canada, Tyskland, Norge, Qatar og Slovakia. Det meste av Hydros aluminium blir solgt i form av bearbeidede støperiprodukter, og Hydro er en ledende global leverandør av pressbolt, valseblokker, tråd og støpelegeringer (kilde: Informasjon fra Selskapet). Alumina er sammen med energi en av de viktigste kostnadsfaktorene ved produksjon av aluminium. Hydro har eierinteresser i aluminaraffinerier som leverte omkring 69 prosent av Gruppens aluminabehov i 2009. Det viktigste av disse er Alunorte som er verdens største aluminaraffineri med en av de laveste bearbeidelseskostnadene i industrien. Gruppen har tilgang til betydelig kapasitet av egenprodusert kraft basert på kostnads- og utslippseffektiv vannkraftproduksjon i Norge, og et utslippseffektivt gasskraftverk i Qatalum.

Hydro er markedsleder innenfor en rekke nedstrøms aluminiumprodukter og -markeder, særlig innenfor bygg-, emballasje-, litografi- og bilindustrien (kilde: Informasjon fra Selskapet). Hydro er en høykvalitetsleverandør av verdikjende aluminiumprodukter og -løsninger, med sterke posisjoner i markeder som gir muligheter for bearbeidede produkter. Hydros ambisjon er å bli anerkjent som verdens ledende leverandør av aluminiumsløsninger, en tilpassningsdyktig og innovativ teknologileder som i samarbeid med sine kunder vil videreutvikle virksomheten og aluminiumsindustrien.

Hydros virksomhet innenfor valsede produkter er hovedsakelig lokalisert i Europa hvor Gruppen i 2009 hadde omkring 80 prosent av sitt totale salgsvolum. Hydro er den nest største leverandøren (kilde: Hydro estimat basert på data fra CRU⁸⁷) i den europeiske valseindustrien med en estimert markedsandel på 17 prosent i Europa (kilde: Informasjon fra Selskapet/European Aluminium Association Markedsrapport, april 2010). Hydro innehar en ledende global stilling innen høybearbeidede produkter som litografiske trykkplater og aseptisk folie.

Gruppens ekstruderingsvirksomhet består hovedsakelig av vanlig bløtlegerte ekstruderte produkter og byggesystemer for fasader, veggdelere, dører og vinduer. Hydros nettverk av ekstruderingsanlegg leverer tilpassede profiler og byggesystemer til lokale kunder. Hydro er ledende i Europa (kilde: Informasjon fra Selskapet) på byggesystemer i aluminium, og fokuserer nå tungt på energieffektive byggløsninger. Hydro har produksjon av presisjonsrør i alle større regioner, og har en ledende posisjon i det globale markedet for varmførende systemer (kilde: Informasjon fra Selskapet).

Med mer enn 100 års erfaring innen vannkraftproduksjon, er Hydro den nest største kraftverksaktøren i Norge, og den største privateide produsenten av elektrisk kraft i Norge (kilde: Informasjon fra Selskapet). I tillegg til egen produksjon kjøper Hydro årlig rundt 7 TWh elektrisk kraft under langsiktige

⁸⁷ CRU er en uavhengig forretningsanalyse- og konsulentgruppe som fokuserer på gruve-, metall-, energi-, kabel-, gjødsel- og kjemikaliemarkedene.

kontrakter, hovedsakelig med statseide Statkraft SF. Selskapets beholdning av kraftavtaler besørger langsiktige leveranser av energi til forutsigbare priser for industrivirksomheten i Norge.

Selskapets hovedkontor er i Oslo, Norge. I henhold til informasjon tilgjengelig på Oslo Børs' nettsider (www.oslobors.no) hadde Selskapet en markedsverdi på omkring NOK 46 milliarder per 17. juni 2010, og var dermed det syvende største selskapet notert på Oslo Børs basert på markedsverdi. Selskapets største aksjeeier er den norske stat ved Nærings- og handelsdepartementet ("**Staten**"), som eier 43,82 prosent av Aksjene per 14. juni 2010.

23.1.2 *Transaksjonen, den Rettete Emisjonen og Vederlagsaksjene*

Hydro annonserte den 2. mai 2010 at Selskapet hadde inngått en salgs- og innskuddsavtale ("**Salgs- og Innskuddsavtalen**") med Vale og Vale Austria Holdings, hvorefter Selskapet avtalte å kjøpe fra Vale Austria Holdings, og Vale Austria Holdings avtalte å yte som innskudd, Vale Aluminium, som utgjør i det vesentligste hele Vales aluminiumsvirksomhet (unntatt Vales eierinteresser i Mineração Rio do Norte S.A. ("**MRN**")).

Som vederlag for salget og innskuddet av Vale Aluminium, skal Vale Austria Holdings ved gjennomføringen av Transaksjonen motta:

- (i) nyutstedte Vederlagsaksjer i Hydro, utstedt gjennom den Rettete Emisjonen, tilsvarende 22 prosent av utestående aksjer i Hydro på gjennomføringstidspunktet;⁸⁸
- (ii) et kontantvederlag tilsvarende ca. US\$ 1,1 milliarder (forutsatt et nettoproveny på US\$ 1,75 milliarder fra den foreslåtte Fortrinnsrettsemissjonen) som er underlagt en justering oppad (nedad) tilsvarende 28,2 prosent av ethvert beløp mindre (større) enn de forutsatte US\$ 1,75 milliarder og faktisk netto kapitaltilførsel i US\$ fra Fortrinnsrettsemissjonen; og
- (iii) ordinære justeringen etter gjennomføring i tilknytning til: mellomliggende aksjeeierutdelinger til Vale fra Alunorte og Albras, arbeidskapital og nettogjeld for Paragominas, kapitaltilskudd foretatt av Vale til og nettogjeld for CAP, og betalinger/fordringer for forretningsavtaler.

Transaksjonen er betinget av at Fortrinnsrettsemissjonen gjennomføres. Hverken Vale eller Vale Austria Holdings er Eksisterende Aksjeeiere (som definert nedenfor) i Selskapet og vil ikke delta i Fortrinnsrettsemissjonen. Se Kapittel 5.1 (The Transaction, the Private Placement and the Consideration Shares–The Transaction and the Private Placement) for nærmere redegjørelse om andre betingelser for gjennomføringen av Transaksjonen.

Gjennomføring av Transaksjonen er forventet å skje i fjerde kvartal av 2010.

Vederlagsaksjene vil bli notert på Oslo Børs så snart aksjekapitalforhøyelsen knyttet til den Rettete Emisjonen er registrert i Foretaksregisteret og Vederlagsaksjene er registrert i VPS. Opptak av Vederlagsaksjene på det britiske Finanstilsynets offisielle liste (den "**Offisielle Listen**") og for handel på London Stock Exchange vil skje så snart som mulig deretter, og forventes å skje på eller omkring samme dag som noteringen av Vederlagsaksjene på Oslo Børs.

23.1.3 *Bakgrunnen og begrunnelse for Fortrinnsrettsemissjonen*

Bakgrunnen og begrunnelsen for Fortrinnsrettsemissjonen er å finansiere kontantvederlaget under Transaksjonen, støtte opp under Selskapets "investment grade rating" samt øke Selskapets kapasitet til å gjennomføre fremtidige prosjekter.

⁸⁸ Dvs. det totale antallet Aksjer etter gjennomføring fratrukket Aksjer eid av eller pantsatt til fordel for Hydro.

23.1.4 Sammendrag av Fortrinnsrettsemisjonen

Det følgende er et sammendrag av de viktigste vilkårene for Fortrinnsrettsemisjonen.

Fortrinnsrettsemisjonen.....	Fortrinnsrettsemisjonen er et tilbud fra Selskapet om å utstede 381 053 600 Nye Aksjer i Selskapet til en tegningskurs på NOK 26,30 per Nye Aksje (" Tegningskursen "), med et samlet bruttoproveny på NOK 10 021 709 680.
Tegningskurs	Tegningskursen er NOK 26,30 per Nye Aksje.
Betingelser for gjennomføring	Gjennomføring av Fortrinnsrettsemisjonen er betinget av, dersom Fortrinnsrettsemisjonen ikke er fulltegnet, at Garantiavtalen (som definert nedenfor) er fullt ut gyldig og i kraft. Dersom det blir klart at ovennevnte betingelse ikke vil bli oppfylt, vil Fortrinnsrettsemisjonen bli trukket.
Skjæringsdato.....	24. juni 2010 (" Skjæringsdatoen ") (dvs. at aksjeeiere som er registrert i Selskapets aksjeeierregister i VPS per 24. juni 2010 vil motta Tegningsretter).
Tegningsretter	Selskapets aksjeeiere som registrert i VPS på Skjæringsdatoen (de " Eksisterende Aksjeeierne "), vil bli tildelt tegningsretter (" Tegningsrettene ") i forhold til sin registrerte aksjeholdning i Selskapet per nevnte dato. Selskapet vil utstede 7 Tegningsretter for hver 23 eksisterende Aksje i Selskapet registrert som eiet av vedkommende Eksisterende Aksjeeier per Skjæringsdatoen. Det vil ikke bli utstedt Tegningsretter for Aksjer eid av Selskapet. Hvert uinnløste stiftersertifikat (" Stiftersertifikat ") berettiger innehaver til 38 105 Tegningsretter og hvert uinnløste tegningssertifikat (" Tegningssertifikat ") berettiger innehaver til 2 447 Tegningsretter. Innehavere av Stiftersertifikat og Tegningssertifikat i Selskapet (samlet " Sertifikatinnehaver ") må for å bli tildelt Tegningsretter, fremlegge henholdsvis det originale Stiftersertifikat eller Tegningssertifikat for DnB NOR Bank ASA, Verdipapirservice (" Oppgjørsagenten ") innen kl 15.00 (norsk tid) den 8. juli 2010. Dersom slike originale sertifikater ikke fremlegges innen nevnte dato, vil det ikke tildeles Tegningsretter knyttet til slike Stiftersertifikat eller Tegningssertifikat. For å kunne motta Tegningsretter før utløpet av handelsperioden for Tegningsrettene, må Sertifikatinnehavere fremlegge henholdsvis Stiftersertifikat eller Tegningssertifikat for Oppgjørsagenten innen kl 15.00 (norsk tid) den 5. juli 2010. Se Kapittel 6.9 (The Rights Issue-Subscription Rights) for ytterligere informasjon. Antallet Tegningsretter tildelt den enkelte Eksisterende Aksjeeier og Sertifikatinnehaver vil bli rundet ned til nærmeste hele Tegningsrett. Hver Tegningsrett vil, med forbehold for gjeldende verdipapirlovgivning, gi rett til å tegne og bli tildelt én Ny Aksje i Fortrinnsrettsemisjonen. Ervervede Tegningsretter vil gi samme rett til å tegne Nye Aksjer som Tegningsretter eid av Eksisterende Aksjeeiere og Sertifikatinnehavere. Tegningsretter som ikke er solgt før kl 17.30 (norsk tid) den 6. juli 2010, eller utøvd før kl 17.30 (norsk tid) den 9. juli 2010, vil være uten verdi og vil bortfalle uten noen form for kompensasjon til eieren.
Utvanning.....	Eksisterende Aksjeeiere som velger ikke å delta i Fortrinnsrettsemisjonen, vil bli utvannet med ca. 24 prosent, men vil ha anledning til å selge sine Tegningsretter. På grunn av Tegningsretter som tildeles Sertifikatinnehavere, vil Eksisterende Aksjeeiere bli utvannet med ca. 1,1 prosent selv om de deltar i Fortrinnsrettsemisjonen, med mindre slike Eksisterende Aksjeeiere tildeles flere Nye Aksjer enn det antall Tegningsretter som opprinnelig er tildelt, på bakgrunn av overtegning (dvs. tegning av flere Nye Aksjer enn det tegneren er berettiget til å tildeles basert på det antall Tegningsretter som innehas av tegneren) eller tegning på grunnlag av ervervede Tegningsretter.
Tegningsperiode	Tegningsperioden i Fortrinnsrettsemisjonen løper fra den 25. juni 2010 til kl 17.30 (norsk tid) den 9. juli 2010 (" Tegningsperioden ").
Handel i Tegningsretter	Tegningsrettene vil være fritt omsettelige og notert på Oslo Børs med ticker "NHYT" fra den 25. juni 2010 til kl 17.30 (norsk tid) den 6. juli 2010.

Tegningsrettene vil således bare kunne omsettes i en del av Tegningsperioden.

- Tegningsprosedyre Nye Aksjer må tegnes ved å sende inn en korrekt utfylt tegningsblankett ("**Tegningsblanketten**") til Oppgjørsagenten innen utløpet av Tegningsperioden, eller, for norske statsborgere, på nett som nærmere beskrevet nedenfor. Eksisterende Aksjeeiere vil motta Tegningsblanketter som inneholder informasjon om antall Tegningsretter tildelt den aktuelle Eksisterende Aksjeeieren og enkelte andre opplysninger knyttet til vedkommendes aksjeholdning. Overtegning og tegning uten Tegningsretter vil være tillatt, men det kan ikke gis noen garanti for at Nye Aksjer vil bli tildelt på bakgrunn av slike tegninger. Tegnere som ikke er Eksisterende Aksjeeiere, inkludert tegnere som er Sertifikatinnehavere, må tegne Nye Aksjer på en Tegningsblankett i den form som er inntatt i vedlegg 2 "Form of Subscription Form" eller vedlegg 3 "Form of Norwegian Language Subscription Form". Eksisterende Aksjeeiere kan også velge å benytte slike Tegningsblanketter. Korrekt utfylte Tegningsblanketter må være mottatt av Oppgjørsagenten senest kl 17.30 (norsk tid) den 9. juli 2010. Tegnere som er norske statsborgere, kan også tegne nye aksjer gjennom VPS' nettbaserte tegningssystem (eller ved å følge linken på www.hydro.com/emisjon, som vil viderekoble tegneren til VPS' online tegningssystem).
- Tildeling Tildeling av Nye Aksjer vil skje rundt den 13. juli 2010 i henhold til følgende kriterier: (i) Tildeling til tegnere på grunnlag av tildelte og ervervede Tegningsretter som er gyldig utøvd i løpet av Tegningsperioden; (ii) Dersom ikke alle Tegningsrettene utøves, vil de tegnere som har benyttet sine Tegningsretter og som har overtegnet, bli tildelt ytterligere nye aksjer på pro rata basis basert på det antall Tegningsretter som er utøvd av hver slik tegner. Dersom proratarisk tildeling ikke lar seg gjennomføre, vil Selskapet foreta tildeling etter loddtrekning; (iii) Nye Aksjer som ikke er tildelt i henhold til (i) og (ii) ovenfor, vil bli tildelt tegnere som ikke innehar Tegningsretter. Tildeling vil bli forsøkt gjort pro rata basert på de respektive tegningsbeløp, dog slik at tildeling kan bli rundet ned til nærmeste 100 Aksjer; (iv) Nye Aksjer som ikke er tildelt i henhold til (i), (ii) og (iii) ovenfor, vil bli tegnet av og tildelt Folketrygdfondet og Garantistene (som definert nedenfor), basert på og i henhold til de respektive garantiforpliktelsene til Folketrygdfondet og Garantistene. Det vil ikke bli tildelt Nye Aksjer til Folketrygdfondet i henhold til (iv) ovenfor dersom Folketrygdfondet oppfyller sin forpliktelse til å tegne Nye Aksjer som beskrevet i Kapittel 6.21 (The Rights Issue–The Underwriting).
- Betaling..... Oppgjør for Nye Aksjer som blir tildelt en tegner forfaller til betaling den 15. juli 2010 ("**Betalingsdatoen**"). Tegnere som har norsk bankkonto, må gi Oppgjørsagenten en ugjenkallelig engangsfullmakt til å belaste en spesifisert bankkonto i en norsk bank for det beløp som skal betales for Nye Aksjer tildelt tegneren, og vil gjøre dette ved å signere Tegningsblanketten. Den spesifiserte bankkontoen forventes å bli belastet på eller etter Betalingsdatoen. Oppgjørsagenten har kun fullmakt til å belaste den spesifiserte bankkontoen én gang, men forbeholder seg retten til å gjøre inntil tre debiteringsforsøk. Tegnere som ikke har norsk bankkonto, må sørge for at betaling for Nye Aksjer som blir tildelt dem skjer med tilgjengelige midler på eller før Betalingsdatoen, og må kontakte Oppgjørsagenten i forkant av slik betaling. Forsinket betaling belastes med gjeldende forsinkelsesrente i henhold til forsinkelsesrenteloven av 17. desember 1976 nr. 100; 8,75 prosent p.a. på dato for prospektet. Innenfor rammen av de begrensninger som oppstilles i den norske allmennaksjeloven av 13. juni 1997 nr. 45 ("**allmennaksjeloven**") og etter Tilretteleggerens (som definert nedenfor) valg, vil Nye Aksjer ikke bli levert til tegnere som ikke oppfyller betalingsvilkårene. I henhold til en avtale om betalingsgaranti inngått mellom Selskapet og Tilretteleggerne, vil Tilretteleggerne, inntil deres respektive pro rata andel av beløpet garantert av Garantistene som beskrevet i Kapittel 6.21 (The Rights Issue–The Underwriting) ovenfor og i henhold til vilkårene i

betalingsgarantien, den 16. juli 2010 betale ethvert tegningsbeløp som ikke er betalt ved forfall av tegnerne i Fortrinnsrettsemisjonen, med unntak av Folketrygdfondet, Staten og Garantistene (for eventuelle ikke tegnede Nye Aksjer allokert til dem), for å sikre rettidig registrering av kapitalforhøyelsen knyttet til de Nye Aksjene i Foretaksregisteret. Ikke-betalende tegnere vil forbli fullt ut ansvarlige for å betale det beløp som skal betales for Nye Aksjer tildelt dem, uavhengig av slik betaling fra Tilretteleggerne. Selskapet og Tilretteleggerne forbeholder seg imidlertid retten til å selge eller eventuelt selv overta de Nye Aksjene, etter forholdene, uten videre underretning til tegneren fra og med den fjerde dagen etter Betalingsdatoen i henhold til allmennaksjeloven § 10-12 (4) dersom betaling ikke er mottatt den tredje dagen etter Betalingsdatoen. Dersom de Nye Aksjene selges på vegne av tegneren, vil tegneren være ansvarlig for ethvert tap, samt kostnader, gebyrer og utgifter, pådratt eller lidt av Selskapet og/eller Tilretteleggerne som følge av eller i tilknytning til slik overdragelse. Selskapet og/eller Tilretteleggerne kan inndrive betaling for ethvert utestående beløp i henhold til norsk rett.

Levering	Selskapet forventer at de Nye Aksjene vil bli levert til VPS-konti for tegnere som har fått tildelt Nye Aksjer rundt den 19. juli 2010.
Handel i Nye Aksjer	De Nye Aksjene vil bli notert på Oslo Børs så snart kapitalforhøyelsen knyttet til Fortrinnsrettsemisjonen er registrert i Foretaksregisteret og de Nye Aksjene er registrert i VPS. Det forventes at dette vil skje på eller omkring den 19. juli 2010. Noteringen av de Nye Aksjene på Oslo Børs forventes å skje samme dag. Opptak av de Nye Aksjene på den Offisielle Listen og for handel på London Stock Exchange vil skje så snart som mulig deretter, og forventes å skje på eller omkring samme dag som noteringen av de Nye Aksjene på Oslo Børs.
Restriksjoner knyttet til salg og overdragelser.....	Det gjelder visse restriksjoner for salg og overdragelse av Tegningsrettene og de Nye Aksjene i enkelte juridiske saker. Se Kapittel 20 (Restrictions on Sale and Transfer).
Rangering og utbytte	De Nye Aksjene vil være likestilte i ethvert henseende med de eksisterende Aksjene og vil gi fulle aksjeeierrettigheter i Selskapet fra registreringen av kapitalforhøyelsen knyttet til Fortrinnsrettsemisjonen i Foretaksregisteret. De Nye Aksjene vil gi rett til å motta utbytte som Selskapet måtte vedta etter nevnte registrering.
Lovvalg og vernetting.....	Tegningsblankettene og vilkårene for Fortrinnsrettsemisjonen skal være underlagt og fortolkes i henhold til norsk rett, og de Nye Aksjene vil bli utstedt i henhold til norsk rett. Enhver tvist som måtte oppstå i forbindelse med Tegningsblankettene eller Fortrinnsrettsemisjonen skal være eksklusivt underlagt norske domstoler, med Oslo tingrett som vernetting.
Tegningsgaranti	Folketrygdfondet har forpliktet seg til å tegne og garantere for sin proratariske andel av Fortrinnsrettsemisjonen basert på Folketrygdfondets aksjeinnehav i Selskapet per dato for Garantiavtalen (som definert nedenfor) (dvs. NOK 583 675 716), betinget av visse vilkår beskrevet i Kapittel 6.21 (The Rights Issue-The Underwriting) ovenfor. Den resterende delen av Fortrinnsrettsemisjonen, med unntak av 43,41 prosent som Staten har fått fullmakt til å tegne, er garantert av Citigroup Global Markets Limited, DnB NOR Bank ASA, DnB NOR Markets, BNP PARIBAS, Commerzbank Aktiengesellschaft, Nordea Bank Norge ASA, Skandinaviska Enskilda Banken AB (publ) og Société Générale (samlet " Garantistene ") i henhold til, og underlagt begrensningene i, garantiavtalen inngått mellom Selskapet og Garantistene den 2. mai 2010, med endringer (" Garantiavtalen "). Garantiavtalen inneholder enkelte betingelser og termineringsrettigheter beskrevet i Kapittel 6.21 (The Rights Issue-The Underwriting) ovenfor.

Nettoprovenyet, kostnader og bruk av proveny Nettoprovenyet fra Fortrinnsrettsemisjonen forventes å bli ca. NOK 9 871 millioner, etter fradrag for garantiprovisjoner og andre godtgjørelser og utgifter i tilknytning til Fortrinnsrettsemisjonen på ca. NOK 151 millioner. Hydro har til hensikt å benytte nettoprovenyet til å finansiere kontantvederlaget i Transaksjonen forutsatt i Salgs- og Innskuddsavtalen, støtte opp under Selskapets "investment grade rating" og øke Selskapets kapasitet til å gjennomføre fremtidige prosjekter.

23.1.5 Viktige datoer for Fortrinnsrettsemisjonen

Tidsplanen nedenfor viser enkelte indikative nøkkeldatoer for Fortrinnsrettsemisjonen:

Siste handelsdag for Aksjene inklusive Tegningsretter	21. juni 2010
Første handelsdag for Aksjene eksklusive Tegningsretter.....	22. juni 2010
Skjæringsdato	24. juni 2010
Første dag i Tegningsperioden.....	25. juni 2010
Første handelsdag for Tegningsrettene på Oslo Børs	25. juni 2010
Handel i Tegningsrettene avsluttes	6. juli 2010 kl 17.30 (norsk tid)
Tegningsperioden utløper	9. juli 2010 kl 17.30 (norsk tid)
Tildeling av Nye Aksjer.....	Forventet rundt 13. juli 2010
Utsendelse av tildelingsbrev.....	Forventet rundt 13. juli 2010
Betalingsdato	15. juli 2010
Levering av de Nye Aksjene	Forventet rundt 19. juli 2010
Notering av og første handelsdag for de Nye Aksjene på Oslo Børs og London Stock Exchange	Forventet rundt 19. juli 2010

23.1.6 Finansiell informasjon

Tabellene nedenfor inneholder et sammendrag av historisk finansiell informasjon og annen informasjon for Selskapet, på konsolidert basis, for regnskapsårene avsluttet den 31. desember 2009, 2008 og 2007 og for tremåneders-periodene avsluttet den 31. mars 2010 og 2009. Tabellene bør leses i sammenheng med de fullstendige regnskapene, som er inntatt i dette Prospektet ved referanse (jf. Kapittel 21.7 (Additional Information-Incorporation by Reference) ovenfor), og de øvrige kapitlene i dette Prospektet, herunder Kapittel 12 (Capitalization and Indebtedness), Kapittel 13 (Selected Consolidated Financial and Other Data) og Kapittel 14 (Operating and Financial Review).

Hydro sammendrag av konsoliderte resultatregnskap

NOK millioner (unntatt beløp per Aksje)	Tremåneders- periodene avsluttet 31. mars		Regnskapsår avsluttet 31. desember		
	(Urevidert)		(Revidert)		
	2010	2009	2009	2008	2007
Driftsinntekter	18 145	16 569	67 409	88 455	94 316
Andel resultat investeringer regnskapsført etter egenkapitalmetoden	(236)	(413)	(809)	(915)	1 000
Andre inntekter, netto	183	134	107	865	1 093
Sum inntekter	18 091	16 290	66 706	88 405	96 409
Avskrivninger og nedskrivninger	721	827	3 494	4 915	3 552
Andre kostnader	16 385	17 061	64 619	82 296	83 833
Sum kostnader	17 106	17 888	68 113	87 211	87 385
Resultat før finansposter og skatt (EBIT)	985	(1 598)	(1 407)	1 194	9 025
Finansinntekter (-kostnader), netto	545	1 473	2 774	(5 026)	3 208
Resultat før skatt	1 530	(126)	1 367	(3 832)	12 233
Skatt	(605)	(155)	(951)	565	(3 075)
Resultat fra videreført virksomhet	924	(280)	416	(3 267)	9 158
Resultat fra avhendet virksomhet	-	-	-	(247)	9 447
Resultat	924	(280)	416	(3 514)	18 604
Minoritetens andel av resultat	55	67	117	411	408
Resultat henført til Hydros aksjeeiere	869	(347)	299	(3 925)	18 196
Resultat per Aksje fra videreført virksomhet (i NOK)	0,72	(0,29)	0,25	(3,04)	7,17
Resultat per Aksje fra avhendet virksomhet (i NOK)	-	-	-	(0,20)	7,74
Resultat per Aksje henført til Hydros aksjeeiere (i NOK)	0,72	(0,29)	0,25	(3,25)	14,90
Gjennomsnittlig antall utestående Aksjer (millioner)	1 205	1 206	1 205	1 209	1 221

Hydro sammendrag av konsoliderte balanser

NOK millioner (unntatt antall Aksjer)	Per 31. mars		Per 31. desember		
	(Urevidert)		(Revidert)		
	2010	2009	2009	2008	2007
Eiendeler					
Kontanter og bankinnskudd	2 502	3 128	2 573	3 333	9 330
Verdipapirer	1 554	1 652	1 519	1 648	2 742
Fordringer og andre finansielle omløpsmidler	15 576	16 077	13 679	18 833	16 531
Varebeholdning	9 678	13 264	10 030	16 293	12 227
Sum omløpsmidler	29 311	34 120	27 802	40 108	40 830
Eiendeler holdt for salg, avhendet virksomhet	-	-	-	-	6 741
Bygninger, maskiner og inventar	25 499	28 038	25 647	29 338	26 750
Andre anleggsmidler	25 109	24 798	24 150	25 711	17 724
Sum anleggsmidler	50 608	52 837	49 797	55 049	44 474
Sum eiendeler	79 919	86 957	77 599	95 157	92 046
Gjeld og egenkapital					
Banklån og annen rentebærende kortsiktig gjeld	972	1 953	2 010	1 169	1 045
Annen kortsiktig gjeld	13 551	17 509	13 032	22 175	17 310
Sum kortsiktig gjeld	14 523	19 462	15 042	23 344	18 355
Gjeld i virksomhet under avvikling	-	-	-	-	2 021
Langsiktige lån	2 574	1 106	88	279	263
Annen langsiktig gjeld	14 430	14 856	14 425	16 135	14 152
Utsatt skatteforpliktelse	816	1 143	849	1 258	2 246
Sum langsiktig gjeld	17 820	17 104	15 361	17 673	16 662
Sum gjeld	32 343	36 567	30 403	41 016	37 038
Egenkapital henført til Hydros aksjeeiere	46 458	49 034	46 169	52 808	54 049
Minoritetsinteresser	1 118	1 357	1 026	1 333	959
Sum egenkapital	47 577	50 391	47 195	54 141	55 008
Sum egenkapital og gjeld	79 919	86 957	77 599	95 157	92 046
Totalt antall utestående Aksjer (i millioner)	1 205	1 206	1 205	1 206	1 209

Hydro sammendrag av konsoliderte kontantstrømoppstillinger

NOK millioner	Tremåneders- periodene avsluttet 31. mars		Regnskapsår avsluttet 31. desember		
	(Urevidert)		(Revidert)		
	2010	2009	2009	2008	2007
Drift:					
Resultat	924	(280)	416	(3 514)	18 604
Resultat fra avhendet virksomhet	-	-	-	247	(9 447)
Avskrivninger og nedskrivninger	721	827	3 494	4 915	3 552
Andre justeringer	(1 459)	(1 658)	636	1 273	1 564
Netto kontantstrøm tilført fra drift	186	(1 111)	4 546	2 921	14 273
Investeringsaktiviteter:					
Investering i bygninger, maskiner og inventar	(436)	(546)	(2 743)	(3 485)	(3 485)
Andre langsiktige investeringer	(1 221)	(184)	(3 137)	(5 374)	(1 403)
Kjøp av kortsiktige investeringer	-	-	-	(2 850)	(5 000)
Salg av bygninger, maskiner og inventar	6	9	24	95	122
Salg av langsiktige investeringer	111	40	8	679	4 330
Salg av kortsiktige investeringer	-	-	-	3 600	17 200
Netto kontantstrøm benyttet til investeringsaktiviteter	(1 540)	(681)	(5 848)	(7 335)	11 764
Finansieringsaktiviteter:					
Opptak av lån	2 431	1 878	2 878	93	25
Nedbetaling av lån	(1 081)	(60)	(1 978)	(187)	(1 210)
Netto økning (reduksjon) i annen kortsiktig gjeld	(50)	(92)	15	(159)	
Kjøp av egne Aksjer	-	-	(124)	(149)	(2 887)
Salg av egne Aksjer	9	13	43	44	66
Betalt utbytte	-	-	(166)	(6 359)	(6 134)
Netto kontantstrøm tilført fra (benyttet til) finansieringsaktiviteter	1 309	1 739	668	(6 717)	(10 140)
Valutakurseffekter på kontanter, bankinnskudd og kassekreditt	23	(74)	(56)	(11)	(285)
Netto kontantstrøm tilført fra avhendet virksomhet	-	-	-	5 075	(12 799)
Netto reduksjon i kontanter, bankinnskudd og kassekreditt	(22)	(127)	(690)	(6 067)	2 813
Kontanter, bankinnskudd og kassekreditt reklassifisert til eiendeler holdt for salg	-	-	-	-	(105)
Kontanter, bankinnskudd og kassekreditt per begynnelse av periode	2 499	3 189	3 189	9 256	6 548
Kontanter, bankinnskudd og kassekreditt per avsluttet periode	2 477	3 062	2 499	3 189	9 256

Hydro sammendrag av konsoliderte endringer i egenkapital

NOK millioner	Aksje- kapital	Annen innskutt egen- kapital	Egne Aksjer	Opptjent egen- kapital	Annen egen- kapital	Egenkapital henført til Hydros aksjeeiere	Minoritets interesser	Total egen- kapital
1. januar 2007	4 708	9 736	(6 624)	89 544	(1 533)	95 831	771	96 601
<i>Endringer i egenkapital for 2007 (revidert)</i>								
Kjøp av egne Aksjer	-	-	(123)	-	-	(123)	-	(123)
Egne Aksjer solgt til ansatte	-	53	68	-	-	121	-	121
Sletting av egne Aksjer	(79)	-	2 396	(2 317)	-	-	-	-
Innløsning Aksjer eid av Staten	(62)	(2 702)	-	-	-	(2 763)	-	(2 763)
Betalt utbytte	-	-	-	(6 134)	-	(6 134)	(102)	(6 236)
Fisjonsjustering	(3 197)	(6 727)	-	(41 339)	4 174	(47 089)	-	(47 089)
Totalresultat for perioden	-	-	-	18 196	(3 989)	14 207	291	14 498
31. desember 2007	1 370	360	(4 283)	57 950	(1 348)	54 049	959	55 008
<i>Endringer i egenkapital for 2008 (revidert)</i>								
Kjøp av egne Aksjer	-	-	(149)	-	-	(149)	-	(149)
Egne Aksjer solgt til ansatte	-	(51)	158	-	-	107	-	107
Betalt utbytte	-	-	-	(6 053)	-	(6 053)	(306)	(6 359)
Transaksjoner med minoritetseiere/konsernet	-	-	-	(4)	-	(4)	(1)	(5)
Kjøp (salg) av eierandeler	-	-	-	-	-	-	(10)	(10)
Totalresultat for perioden	-	-	-	(3 925)	8 783	4 858	691	5 549
31. desember 2008	1 370	309	(4 274)	47 968	7 435	52 808	1 333	54 141
<i>Endringer i egenkapital for 2009 (revidert)</i>								
Egne Aksjer solgt til ansatte	-	(17)	63	-	-	46	-	46
Sletting av egne Aksjer	(5)	(61)	147	(81)	-	-	-	-
Innløsning Aksjer eid av Staten	(4)	(121)	-	-	-	(124)	-	(124)
Betalt utbytte	-	-	-	-	-	-	(166)	(166)
Kjøp (salg) av eierandeler	-	-	-	-	-	-	9	9
Fisjonsjustering	-	-	-	(237)	-	(237)	-	(237)
Andre justeringer	-	(67)	2 887	(2 820)	-	-	-	-
Totalresultat for perioden	-	-	-	299	(6 621)	(6 322)	(150)	(6 472)

NOK millioner	Aksje- kapital	Annen innskutt egen- kapital	Egne Aksjer	Opptjent egen- kapital	Annen egen- kapital	Egenkapital henført til Hydros aksjeeiere	Minoritets- interesser	Total egen- kapital
31. desember 2009	1 362	43	(1 177)	45 128	813	46 169	1 026	47 195
<i>Endringer i egenkapital for 2010 (urevidert)</i>								
Minoritetsinteresser hensyntatt ved kjøp av datterselskap	-	-	-	-	-	-	8	8
Totalresultat for perioden	-	-	-	869	(580)	289	85	374
31. mars 2010	1 362	43	(1 177)	45 997	234	46 458	1 118	47 577

Tabellene nedenfor viser informasjon om Selskapets konsoliderte kapitalisering og netto gjeld per 31. mars 2010.

Hydro konsolidert kapitalisering

NOK millioner	Per 31. mars 2010 (urevidert)
Gjeld	
Banklån og annen rentebærende kortsiktig gjeld	972
Garantert.....	-
Pantesikret	50
Usikret	922
Langsiktige lån	2 574
Garantert.....	-
Pantesikret	115
Usikret	2 459
Sum gjeld	3 546
Egenkapital	
Aksjekapital	1 362
Annen innskutt egenkapital.....	43
Annen egenkapital henført til Selskapets aksjeeiere	45 054
Minoritetsinteresser	1 118
Sum egenkapital.....	47 577
Sum gjeld og egenkapital	51 123

Hydro konsolidert netto gjeld

NOK millioner	Per 31. mars 2010 (urevidert)
Netto gjeld	
(A) Kontanter.....	2 339
(B) Bankinnskudd.....	163
(C) Verdipapirer ⁸⁹	1 554
(D) Likviditet (A) + (B) + (C).....	4 056
(E) Kortsiktige finansielle fordringer⁹⁰.....	1 955
(F) Kortsiktig banklån ⁹¹	253
(G) Kortsiktig andel av langsiktig gjeld ⁹²	82
(H) Annen kortsiktig finansiell gjeld ⁹³	638
(I) Kortsiktig finansiell gjeld (F) + (G) + (H).....	973
(J) Netto kortsiktig finansiell gjeld (I) - (E) - (D).....	(5 038)
(K) Langsiktige banklån.....	2 495
(L) Obligasjonslån.....	-
(M) Annen langsiktig finansiell gjeld.....	78
(N) Langsiktig finansiell gjeld (K) + (L) + (M).....	2 574
(O) Netto finansiell gjeld (J) + (N).....	(2 465)

23.1.7 Ingen vesentlige endringer

Det har ikke inntruffet noen vesentlige endringer i Gruppens finansielle eller forretningsmessige stilling etter den 31. mars 2010 og frem til datoen for dette Prospektet, bortsett fra utstedelsen av et sertifikatlån på NOK 500 millioner med forfall den 18. august 2010 og en 2,71 prosent kupongrente, som annonsert den 12. mai 2010.

23.1.8 Trendinformasjon

I løpet av de første fem månedene av 2010 falt de gjennomsnittlige prisene for primæraluminium på London Metals Exchange fra et nivå på rundt US\$ 2 300 per tonn i begynnelsen av året til under US\$ 2 000 per tonn i begynnelsen av juni 2010. Etterspørsel etter metallprodukter (pressbolt, valseblokker, tråd og støpelegeringer) fortsatte å forbedres i de første fem månedene av 2010, men forbruk i både Europa og Nord-Amerika har forblitt under nivåene erfart i 2007 og 2008. En nærmere beskrivelse av utviklingen i drift, forvaltning, kostnader og markedsaktiviteter som Gruppen har erfart siden den 31. desember 2009, og en beskrivelse av trender som det er rimelig grunn til å tro at kan ha en vesentlig innvirkning på Gruppens utsikter for 2010, er gitt i Kapittel 14.8 (Operating and Financial Review–Recent Developments and Trend Information).

⁸⁹ Aksjer, verdipapirer og obligasjoner for handelsformål og andre liknende omsettelige verdipapirer og obligasjoner.

⁹⁰ Kortsiktige finansiell gjeld (forfall innen 1 år) er ikke inkludert i "Likviditet". Inkluderer derivater, forskuddsbetalinger og opptjente inntekter.

⁹¹ Kortsiktige gjeld til finansinstitusjoner (forfall innen 1 år).

⁹² Obligasjonsgjeld og ansvarlig lånekapital med forfall innen ett år eller mindre.

⁹³ Andre kortsiktige finansielle forpliktelser inkludert utstedte verdipapir, derivater, forskuddsbetalinger og påløpte kostnader.

23.1.9 Sammendrag av risikofaktorer

En rekke risikofaktorer vil kunne ha en vesentlig negativ effekt på Gruppen og markedsverdien av Tegningsrettene og/eller Aksjene. Nedenfor er en kort oppsummering av de risikofaktorer som er nærmere beskrevet i Kapittel 2 (Risk Factors). Vær oppmerksom på at de risikofaktorer som er beskrevet i Kapittel 2 (Risk Factors), ikke er de eneste risikofaktorer som kan påvirke Gruppen og markedsverdien av Tegningsrettene og/eller Aksjene. Ytterligere risikofaktorer som på det nåværende tidspunkt ikke er kjent for Gruppen, eller som Gruppen på det nåværende tidspunkt anser som uvesentlige, vil også kunne ha en vesentlig negativ innvirkning på Gruppen og markedsverdien av Tegningsrettene og/eller Aksjene. Det kan ikke gis noen garanti for at den risikostyring og internkontroll som gjennomføres av Gruppen, er tilstrekkelig til å håndtere alle relevante risikofaktorer.

Risikofaktorer knyttet til Gruppen og dets virksomhet

- Hydro opplever fortsatt utfordrende markedsførhold som kan ha en negativ effekt på Gruppens driftsresultat og likviditet.
- Hydro vil ikke nødvendigvis lykkes med å redusere driftskostnadene i sine smelteverkaktiviteter tilstrekkelig til å kompensere for en utvidet periode med svake aluminiumsmarkeder.
- Hydro opplever en usikker etterspørselssituasjon i sine nedstrøms markeder for aluminiumsprodukter.
- Hydro opplever en vedvarende høy risiko for mislighold hos motparter.
- En forringelse av Hydros finansielle stilling eller en nedgradering fra kredittvurderingsforetak av Selskapets kredittvurdering kan øke Hydros låne- og kapitalkostnader og ha en vesentlig negativ påvirkning på dets forretningsforhold, inkludert mulige samarbeid og initiativer til nye vekstmuligheter.
- Prissvingninger kan påvirke Hydros driftskostnader og kan også ha en vesentlig negativ påvirkning på Hydros rapporterte driftsresultat.
- Hydros rapporterte resultat og konkurranseevne er eksponert for endringer i valutakurser.
- Hydros nedstrømsvirksomhet er i økende grad eksponert for konkurranse fra Kina.
- Mislykket eller forsinket gjennomføring av større prosjekter kan ha vesentlig negativ påvirkning på Hydros konkurranseevne.
- Vekst- og overgangsmarkeder utgjør en konkurransetrussel for Hydros virksomhet.
- Hydro er eksponert for stadig mer byrdefulle lover og forskrifter knyttet til reduksjon av CO₂-utslipp.
- Hydros virksomhet avhenger av dets evne til å erstatte langsiktige energikontrakter på konkurransedyktige vilkår.
- Fremtidige oppkjøp, fusjoner eller strategiske allianser vil kunne negativt påvirke Hydros finansielle stilling.
- Selskapets forretningsutvikling vil mest sannsynlig skje innenfor vekst- og overgangsmarkeder som karakteriseres av å ha høyere juridisk, skattemessig, og regulatorisk risiko, samt gjennomføringsrisiko.
- Investeringer som minoritetspartner i felleskontrollerte foretak og sammenslutninger, reduserer Hydros evne til å kontrollere sine virksomhetsaktiviteter.
- Hydro kan mislykkes med å utvikle teknologiske løsninger for å støtte sin vekststrategi.
- Store ulykker vil kunne medføre vesentlige krav, bøter eller vesentlige skade for Hydros omdømme.
- Hydro vil kunne oppleve ikke å lykkes i å tiltrekke og beholde tilstrekkelig kvalifisert arbeidskraft.
- Hydro kan bli vesentlig negativt påvirket av rettstvister eller etterforskninger.
- Hydro vil kunne bli utsatt for tjenesteforsømmelser foretatt av Hydros ansatte.
- Hydro vil kunne bli utsatt for uforutsett ansvar for miljøskader.

- Hydro vil kunne oppleve ikke å ha evne til å opprettholde tilstrekkelig grad av forsikring til å dekke alle risiki knyttet til virksomheten.
- Hydro vil kunne bli utsatt for ansvar knyttet til virksomheter overført til overtakende selskaper.

Risikofaktorer knyttet til Vale Aluminium og den Samlede Gruppen

- Risiko knyttet til å drive virksomhet i Brasil.
- Den brasilianske regjeringen har tidligere utøvd, og vil i fremtiden kunne fortsette å utøve, betydelig innflytelse over brasiliansk økonomi. Brasils politiske og økonomiske forhold vil kunne påvirke Vale Aluminium direkte.
- Vale Aluminiums virksomhet innenfor gruvedrift og aluminaraffinering er avhengig av mineralutvinningskonsesjoner og tillatelser fra tilsynsorganer. Endringer i regler og forskrifter vil kunne ha en vesentlig negativ påvirkning på Hydros finansielle stilling.
- Reserveestimatene vil kunne avvike vesentlig fra de mineralkvanta som Gruppen sammen med Vale Aluminium (den "**Samlede Gruppen**") er i stand til å utvinne, estimerer over levetid for gruver vil kunne vises seg å være unøyaktige og svingende markedspriser og endringer i drifts- og kapitalkostnadene vil kunne medføre at enkelte reserver er ulønnsomme å utvinne.
- Drifts- og kapitalkostnader knyttet til rørledningen fra Paragominas vil kunne avvike fra Selskapets estimerer.
- Drifts- og kapitalkostnader knyttet til Paragominas-gruven vil kunne være uforutsigbare.
- Større utbyggingsprosjekter som er del av Transaksjonen, er utsatt for risikoen for økte kostnader eller forsinkelser som forhindrer en vellykket gjennomføring.
- Transaksjonen medfører en ytterligere eksponering av Hydros resultater og konkurranseevne i forhold til valutaendringer.

Risikofaktorer knyttet til Transaksjonen

- Dersom visse vilkår for gjennomføring ikke er oppfylt, vil Transaksjonen kunne bli kansellert eller vil kunne bli gjennomført på en annen måte enn beskrevet i dette Prospektet.
- Gruppen vil påføres oppkjøpsrelaterte kostnader knyttet til Transaksjonen.
- Hydro vil måtte pådra seg og/eller overta betydelige finansielle forpliktelser i forbindelse med Transaksjonen, hvorav deler vil måtte refinansieres innen 31. desember 2013.
- Selv om Transaksjonen gjennomføres, vil Gruppen kunne møte ytterligere risikofaktorer og utfordringer som en konsekvens av integreringen av Vale Aluminium i sin eksisterende virksomhet.
- Det ureviderte pro forma sammendraget av de sammenslåtte regnskaper inntatt i dette Prospektet reflekterer ikke nødvendigvis hva driftsresultatet, balansen og kontantstrømmen i den Samlede Gruppen faktisk ville vært i den samme perioden.
- Dersom Transaksjonen ikke gjennomføres, eller dersom den gjennomføres og deler av provenyet forblir ubrukt, vil alternativ bruk av slikt proveny fra Fortrinnsrettsemisjonen kunne være ineffektiv.

Risikofaktorer knyttet til Aksjene

- Markedsverdien på Aksjene kan svinge betydelig og vil ikke nødvendigvis reflektere den underliggende verdien av Hydros eiendeler, eller etter gjennomføringen av Transaksjonen, den underliggende verdien av eiendelene i den Samlede Gruppen.
- Hydros evne til å utbetale utbytte er avhengig av at det finnes fri egenkapital til utdeling.
- Reelle eiere av Aksjer som er registrert gjennom en forvalterkonto vil ikke kunne utøve stemmerettigheter for slike Aksjer dersom ikke deres eierskap er omregistrert i deres navn i VPS forut for generalforsamlingen.
- Eventuelle fremtidige aksjeemisjoner kan ha vesentlig negativ innvirkning på Aksjenes markedsverdi.

- Aksjeeiere vil bli utvannet hvis de ikke kan eller ikke ønsker å delta i fremtidige emisjoner av aksjer og vil uansett bli utvannet som følge av Sertifikatinnehaveres fortrinnsrett i fremtidige kontantemisjoner, så vel som fra utstedelsen av Vederlagsaksjer til Vale Austria Holdings og andre rettede emisjoner.
- Enkelte begrensinger for salg og annen overdragelse vil kunne begrense aksjeeieres muligheter til å selge eller på annen måte overføre Aksjene.
- Investorer vil kunne være avskåret fra å inndrive tap ved sivilrettslige prosesser i andre jurisdiksjoner enn Norge.
- Norsk lov kan begrense aksjeeieres muligheter til å gjennomføre rettsprosesser mot Selskapet.
- Etter gjennomføringen av Fortrinnsrettsemisjonen og Transaksjonen vil en vesentlig eierandel i Selskapet forbli eid av enkelte få aksjeeiere, og slike store aksjeeieres eventuelle fremtidige salg av Aksjer kan få vesentlig negativ innvirkning på Aksjenes markedsverdi.

Risikofaktorer knyttet til Fortrinnsrettsemisjonen

- Eksisterende Aksjeeiere som ikke deltar i Fortrinnsrettsemisjonen kan oppleve betydelig utvanning av sitt aksjeinnhav, og vil uansett kunne oppleve utvanning som følge av Sertifikatinnehaveres fortrinnsrett, og Sertifikatinnehavere som ikke deltar i Fortrinnsrettsemisjonen vil kunne oppleve ikke å få utnyttet den fulle verdien av sine rettigheter.
- Det vil ikke nødvendigvis oppstå et aktivt marked for handel i Tegningsrettene på Oslo Børs og/eller markedsverdien av Tegningsrettene kan svinge.
- Salg av Tegningsretter av eller på vegne av Eksisterende Aksjeeiere eller Sertifikatinnehavere kan føre til en reduksjon i Tegningsrettene og Aksjenes markedspris, samt forsterke Aksjenes volatilitet.
- Dersom Fortrinnsrettsemisjonen kanselleres, vil Tegningsrettene ikke lenger ha noen verdi.
- Aksjeeiere bosatt utenfor Norge er utsatt for valutarisiko.

23.1.10 Styre, konsernledelse og ansatte

Per datoen for dette Prospektet består Hydros styre av Terje Vareberg (styreleder), Bente Rathe (nestleder), Finn Jebsen, Inge K. Hansen, Eva Persson, Liv Monica Bargem Stubholt, Sten Roar Martinsen, Jørn B. Lilleby og Billy Fredagsvik.

Per datoen for dette Prospektet består konsernledelsen av Svein Richard Brandtzæg (Konsernsjef), Oliver Bell (Konserndirektør, Valsede Produkter), Kjetil Ebbesberg (Konserndirektør, Metallmarked), Hans Joachim Kock (Konserndirektør, Ekstruderte Produkter), Arvid Moss (Konserndirektør, Konsernstrategi og forretningsutvikling), Jørgen C. Arentz Rostrup (Konserndirektør, Økonomi og finans), Tom Røtjer (Konserndirektør, Prosjekter), Ola Sæter (Konserndirektør, Energi), Johnny Undeli (Konserndirektør, Bauksitt & Alumina), Hilde Merete Aasheim (Konserndirektør, Primærmetall) og Wenche Agerup (Konserndirektør, Konsernstaber (Juridisk kontor, Samfunnsansvar (CSR), Personal- og organisasjonsutvikling (HR), Helse, miljø og sikkerhet (HMS), samt Direksjonssekretariatet)).

Per 31. mai 2010 hadde Gruppen ca. 19 000 ansatte.

23.1.11 Revisor og rådgivere

Selskapets nåværende revisor er KPMG AS. Frem til mai 2010 var Selskapets revisor Deloitte AS. Citigroup Global Markets Limited, DnB NOR Bank ASA, DnB NOR Markets og BNP PARIBAS er tilretteleggere ("**Tilretteleggerne**"), og Commerzbank Aktiengesellschaft, Nordea Bank Norge ASA, Skandinaviska Enskilda Banken AB (publ) og Société Générale er medtilretteleggere for Fortrinnsrettsemisjonen. Advokatfirmaet Thommessen AS (norsk rett) og Latham & Watkins (London) LLP (internasjonal rådgiver) er juridiske rådgivere for Selskapet, og Advokatfirmaet Selmer DA (norsk rett) og Davis Polk & Wardwell LLP (internasjonal rådgiver) er juridiske rådgivere for Garantistene.

23.1.12 Største aksjeeiere

Per 14. juni 2010 hadde Selskapet totalt ca. 53 600 aksjeeiere. Omkring 76 prosent av Aksjene var eid av norske personer og ca. 24 prosent var eid av utenlandske personer. Selskapets 20 største aksjeeiere per 14. juni 2010 fremgår av tabellen nedenfor:

#	Aksjeeier	Kontotype	Antall Aksjer	Prosent
1	Staten	Selskap	543 463 361	43,82
2	Folketrygdfondet	Selskap	75 672 207	6,10
3	JP Morgan Chase Bank Depository	Forvalter	33 565 190	2,71
4	Norsk Hydro ASA	Selskap	33 387 070	2,69
5	Doge and Cox Intern Fund	Selskap	32 634 600	2,63
6	Clearstream Banking CID Dept, Frankfurt	Forvalter	21 813 156	1,76
7	Rasmussengruppen AS	Selskap	17 152 000	1,38
8	DnB NOR Markets, Egenhandelskonto	Selskap	9 745 496	0,79
9	Bank of New York, Mellon SA/NV	Forvalter	9 609 919	0,77
10	Deutsche Bank AG London	Selskap	7 992 979	0,64
11	Pareto Aksje Norge	Selskap	7 756 200	0,63
12	Vital Forsikring ASA	Selskap	7 113 604	0,57
13	Odin Norge	Selskap	7 041 474	0,57
14	Bank of New York, Mellon	Forvalter	6 999 762	0,56
15	Statoil Pensjon	Selskap	5 826 442	0,47
16	DnB NOR Norge (IV) VPF	Selskap	5 368 257	0,43
17	Storebrand Livsforsikring AS	Selskap	5 205 221	0,42
18	Awilco Invest AS	Selskap	4 843 200	0,39
19	Varma Mutual Pension Company	Selskap	4 800 000	0,39
20	JP Morgan Chase Bank Nordea Treaty Account	Selskap	4 726 929	0,38
Totalt de 20 største aksjeeiere			844 717 067	68,12
Andre			395 393 144	31,88
Totalt			1 240 110 211	100,00

23.1.13 Transaksjoner mellom nærstående parter

Selskapet har inngått enkelte transaksjoner med nærstående parter, sine datterselskaper og tilknyttede selskaper, samt sine største aksjeeiere. Transaksjoner med datterselskaper er eliminert ved konsolideringen og er ikke rapportert som transaksjoner med nærstående parter i Gruppens konsoliderte regnskap. Se Kapittel 21.7 (Additional Information–Related Party Transactions) for detaljer om Selskapets transaksjoner med nærstående parter.

23.1.14 Forskning og utvikling, patenter og lisenser

Totale forsknings- og utviklingskostnader i Gruppen var NOK 690 millioner i 2009, NOK 606 millioner i 2008 og NOK 507 millioner i 2007. Forsknings- og utviklingsaktiviteter har til formål å gjøre aluminiumsproduksjon mer effektiv, blant annet ved videreutvikling av Hydros elektrolyseteknologi. En vesentlig andel av forsknings- og utviklingsmidlene benyttes også til videreutvikling av produksjonsprosesser og produkter innen utvikling av støping og legeringer, ekstrudering, presisjonsrørvirksomheten, byggsystemer så vel som valsede produkter. Det meste av forsknings- og utviklingskostnadene knytter seg til Hydros interne forskningsorganisasjon, mens resten av midlene støtter arbeid utført ved eksterne institusjoner. Selskapet har en rekke forsknings- og utviklingsssenter i Europa og etablerte i 2009 et nytt teknologi- og kompetansesenter i Doha, Qatar.

23.1.15 Aksjer

Per datoen for dette Prospektet, er Selskapets registrerte aksjekapital NOK 1 361 641 011,68, fordelt på 1 240 110 211 Aksjer, hver pålydende NOK 1,098. Det er kun én aksjeklasse. Hver aksje har én stemme i generalforsamlingen og for øvrig like rettigheter. Alle Aksjene er lovlig utstedt og fullt betalt. Ved gjennomføring av Fortrinnsrettsemisjonen vil Selskapets aksjekapital øke med NOK 418 396 852,80 til NOK 1 780 037 864,48, fordelt på 1 621 163 811 Aksjer, hver pålydende NOK 1,098. Aksjekapitalen etter gjennomføring av den Rettede Emisjonen, vil bli publisert gjennom Oslo Børs' informasjonssystem ved gjennomført utstedelse.

23.1.16 Vedtektene

Selskapets vedtekter er inntatt som Vedlegg 1 til Prospektet.

I henhold til vedtektenes § 2 er Selskapets formål "*... å drive industri, handel og transport, og å nyttiggjøre energi og råstoffforekomster, samt å drive annen virksomhet i forbindelse med disse formål. Virksomheten kan også drives ved deltagelse i eller i samarbeid med andre foretagender.*"

23.1.17 Dokumenter som er tilgjengelige for offentligheten

Kopier av følgende dokumenter vil være tilgjengelige for gjennomsyn ved Selskapets hovedkontor innenfor normal arbeidstid mandag til fredag hver uke (unntatt helligdager) for en periode på 12 måneder fra datoen for dette Prospektet:

- Selskapets vedtekter,
- Selskapets firmaattest,
- Selskapets konsoliderte reviderte regnskaper for årene avsluttet den 31. desember 2009, 2008, 2007 og ureviderte pro forma sammendrag av de konsoliderte regnskaper for henholdsvis de tre måneder avsluttet den 31. mars 2010 og 31. desember 2009 (med sammenlignbare tall for tremåneders-periodene avsluttet henholdsvis den 31. mars 2009 og 31. desember 2008),
- historisk finansiell informasjon for Selskapets vesentlige datterselskaper, og
- dette Prospektet.

24 DANISH SUMMARY

This Danish summary has been prepared for the Danish securities market in connection with the Rights Issue and the Private Placement in the Company. The information provided in this Section is a summary of information provided in the rest of the Prospectus, and does not contain any additional information. The information is thus only provided in the Danish language.

Dette dansksprogede resumé er udarbejdet til det danske værdipapirmarked i forbindelse med fortegningsretsemissionen ("**Fortegningsretsemissionen**") foretaget af Norsk Hydro ASA ("**Selskabet**" eller "**Hydro**"), og, sammen med sine koncernforbundne datterselskaber, "**Koncernen**") vedrørende nye aktier i Selskabet (de "**Udbudte Aktier**") og notering af nye aktier i Selskabet ("**Vederlagsaktierne**"), der vil blive udstedt ved privat placering (den "**Private Placering**") til Vale Austria Holdings GmbH ("**Vale Austria Holdings**") i forbindelse med Selskabets aftale med Vale S.A. ("**Vale**") og Vale Austria Holdings (et helejet datterselskab af Vale) om overtagelse af visse rettigheder i bauxit minedriften Paragominas, ALUNORTE - Alumina do Norte do Brasil S.A., ALBRAS - Alumínio Brasileiro S.A., Companhia de Alumina do Pará S.A. og visse relaterede aktiver ("**Vale Aluminium**") fra Vale Austria Holdings ("**Transaktionen**").

Dette resumé er en integreret del af det engelsksprogede "Prospectus" ("**Prospektet**"). Tegningsmaterialet til brug for det danske værdipapirmarked består således ikke udelukkende af dette resumé, men af Prospektet i sin helhed. Det anbefales, at investorer læser hele Prospektet grundigt, før der tages beslutning om en eventuel investering. I tilfælde af uoverensstemmelse mellem dette dansksprogede resumé og de engelsksprogede dele af Prospektet har de engelsksprogede dele af Prospektet forrang.

Dette dansksprogede resumé er en oversættelse af Prospektets Afsnit 1 (Summary).

Prospektet er indgivet til det norske finanstilsyn til gennemgang og godkendelse i medfør af § 7-7 i den norske lov om handel med værdipapirer (*norsk: "verdipapirhandelloven"*).

Enhver væsentlig ny faktor, væsentlig fejl eller ukorrekthed, som vil kunne påvirke vurderingen af aktierne i Selskabet ("**Aktierne**"), og som opstår efter Prospektets godkendelse og før notering af de Udbudte Aktier og Vederlagsaktierne på Oslo Børs ("**Fondsbørsen i Oslo**"), vil straks blive offentliggjort og meddelt som et tillæg til dette Prospekt i overensstemmelse med § 7-15 i den norske lov om handel med værdipapirer.

24.1 RESUMÉ

*Følgende resumé bør læses som en indledning til Prospektet i sin helhed. Enhver investeringsbeslutning i relation til Fortegningsretsemissionen, Aktierne (herunder de Udbudte Aktier) eller Tegningsretter (som defineret nedenfor) bør træffes på baggrund af det fuldstændige Prospekt. Såfremt der ved en domstol rejses et krav, der relaterer sig til oplysningerne i dette Prospekt, kan den sagsøgende investor i henhold til national lovgivning i en EØS-medlemsstat ("**EØS**") blive pålagt at betale omkostningerne til oversættelse af Prospektet, inden sagen anlægges. De personer, der har udarbejdet dette resumé, herunder en eventuel oversættelse, ifalder ikke noget civilretligt ansvar, medmindre det er misvisende, ukorrekt eller uoverensstemmende, når det læses sammen med Prospektets øvrige Afsnit.*

24.1.1 Præsentation af Hydro

Hydro er en af verdens største producenter af primær aluminium, med elektrolyseproduktion i Australien, Canada, Tyskland, Norge, Qatar og Slovakiet. Det meste af Hydros aluminium sælges som forædlede støberiprodukter, og Hydro er førende på verdensplan inden for levering af ekstruderingsblokke, pladeblokke, trådemner og primære støbelegeringer (kilde: Selskabet). Alumina udgør sammen med energiomkostninger en af de vigtigste omkostningsfaktorer ved produktion af aluminium. Hydro har ejerandele i aluminaraffinaderier, som i 2009 dækkede ca. 69 procent af Koncernens samlede alumina-forbrug. Den vigtigste ejerandel, Alunorte, er verdens største aluminaraffinaderi og er blandt de selskaber, der har de laveste omstillingsomkostninger i branchen. Koncernen er i høj grad selvforsynende med energi baseret på vandkraftproduktion i Norge med lave omkostninger og begrænset udledning og et stationært gasfyret kraftværk til Qatalum.

Hydro er førende inden for en række aluminiumsprodukter og på en række markeder, herunder især inden for byggebranchen, emballageindustrien, den grafiske branche og bilbranchen (kilde: Selskabet). Hydro leverer forædlede aluminiumsprodukter og -løsninger af høj kvalitet og har et stærkt fodfæste på markeder, hvor der er store muligheder for forædlede produkter. Hydros ambition er at blive kendt som verdens førende leverandør af aluminiumsløsninger, som er fleksibel og innovativ på det teknologiske område, og som samarbejder med sine kunder til gavn for virksomheden og hele aluminiumbranchen.

Hydros aktiviteter inden for fladvalsedede produkter foregår primært i Europa, der i 2009 tegnede sig for ca. 80 procent af Koncernens samlede omsætning. Hydro er Europas næststørste leverandør (kilde: Hydros skøn baseret på data fra CRU⁹⁴) af valsedede produkter med en skønnet markedsandel på 17 procent (kilde: Selskabet/European Aluminium Association Market Report April 2010). Hydro er førende inden for højt forædlede produktsegmenter som f.eks. grafiske trykplader og sterilt folie.

Koncernens ekstruderingsaktiviteter består primært af fremstilling af generelle ekstruderede produkter på basis af bløde legeringer og byggesystemer til facader, skillevægge, døre og vinduer. Hydros netværk af ekstruderingsanlæg leverer skræddersyede profiler og byggesystemer til lokale kunder. Hydro er Europas førende (kilde: Selskabet) leverandør af byggesystemer i aluminium og har i øjeblikket stor fokus på energibesparende bygningsløsninger. Hydro har produktion af præcisionsrør i alle større regioner og er førende på det globale marked for varmeoverførselsapplikationer (kilde: Selskabet).

Med mere end 100 års erfaring inden for vandkraft er Hydro den næststørste kraftværksoperatør i Norge og den største private producent (kilde: Selskabet). Derudover køber Hydro hvert år ca. 7 TWh under langtidskontrakter indgået primært med det norske statsejede selskab Statkraft SF. Selskabets portefølje sikrer en langsigtet elektricitetsforsyning til forudsigelige priser til brug for Selskabets industrielle aktiviteter i Norge.

⁹⁴ CRU er et uafhængigt analyse- og konsulentfirma med speciale inden for minedrift, metalforarbejdning, energi, kabler, gødning og kemisk virksomhed.

Selskabet har hovedsæde i Oslo, Norge. Ifølge Fondsbørsen i Oslos hjemmeside (www.oslobors.no) havde Selskabet pr. 17. juni 2010 en børsværdi på ca. NOK 46 mia., hvilket gør det til det syvende største selskab, der er noteret på Fondsbørsen i Oslo, målt på børsværdi. Selskabets største aktionær er den norske stat ved Nærings- og Handelsdepartementet (den "**Norske Stat**"), der pr. 14. juni 2010 var indehaver af 43,82 procent af Aktierne.

24.1.2 *Transaktionen, Privat Placering og Vederlagsaktier*

Hydro meddelte den 2. maj 2010, at Selskabet havde indgået en salgs- og indkudsftale ("**Salgs- og indkudsftalen**") med Vale og Vale Austria Holdings, hvorefter Hydro køber, og Vale Austria Holdings indvilgede i at indskyde, Vale Aluminium, der udgør stort set alle Vales aluminiumsaktiviteter (ekskl. Vales andel i Mineração Rio do Norte S.A. ("**MRN**")).

Som vederlag for salget og indskuddet af Vale Aluminium modtager Vale Austria Holdings i forbindelse med gennemførelse af Transaktionen:

- (i) nyudstedte Vederlagsaktier i Hydro, der udstedes gennem en Privat Placering, svarende til 22 procent af Hydros udestående aktiekapital,⁹⁵
- (ii) et kontant beløb, svarende til ca. US\$1,1 mia. (baseret på et nettoprovenu fra den påtænkte Fortegningsretsemission på US\$1,75 mia.), idet beløbet er genstand for en opjustering (nedjustering) svarende til 28,2 procent ethvert beløb mindre (større) end det forventede provenu på US\$1,75 mia. og det faktiske nettoprovenu fra Fortegningsretsemissionen, og
- (iii) sædvanlige efterfølgende justeringer for: ekstraordinær udbytteudlodning til Vale foretaget af Alunorte og Albras, working capital og nettorentebærende gæld, kapitaltilførelser til CAP foretaget af Vale og CAP's nettorentebærende gæld samt skyldige beløb/tilgodehavender relateret til kommercielle kontrakter.

Gennemførelsen af Transaktionen er betinget af, at Fortegningsretsemissionen gennemføres. Hverken Vale eller Vale Austria Holdings er Eksisterende Aktionærer (som defineret nedenfor) i Selskabet og vil ikke deltage i Fortegningsretsemissionen. Se Afsnit 5.1 (The Transaction, the Private Placement and the Consideration Shares–The Transaction and the Private Placement) for nærmere om øvrige betingelser for gennemførelse af Transaktionen.

Transaktionen forventes gennemført i fjerde kvartal 2010.

Vederlagsaktierne vil blive noteret på Fondsbørsen i Oslo, når den til den Private Placering hørende kapitalforhøjelse er registreret i det norske selskabsregister, og Vederlagsaktierne er registreret i den norske værdipapircentral ("**VPS**"). Vederlagsaktierne vil hurtigst muligt herefter blive optaget på UK Financial Services Authority's Officielle Liste (den "**Officielle Liste**") og optaget til handel på Londons hovedbørs ("**Børsen i London**"). Dette forventes at ske omkring det tidspunkt, hvor Vederlagsaktierne noteres på Fondsbørsen i Oslo.

24.1.3 *Baggrunden for og formålet med Fortegningsretsemissionen*

Baggrunden for og formålet med Fortegningsretsemissionen er at opnå et provenu til finansiering af det kontante vederlag i Transaktionen, understøtte Selskabets "investment grade rating" og gøre det muligt for Selskabet at implementere fremtidige projekter.

⁹⁵ Dvs. det samlede antal Aktier efter gennemførelsen minus Aktier, der ejes af eller er pantsat til Hydro.

24.1.4 Sammenfatning af Fortegningsretsemissionen

Nedenfor følger et sammendrag af de væsentligste vilkår og betingelser for Fortegningsretsemissionen.

Fortegningsretsemissionen	Fortegningsretsemissionen består af et tilbud fra Selskabet om udstedelse af 381.053.600 Udbudte Aktier til en tegningskurs på NOK 26,30 pr. Udbudt Aktie (" Tegningskursen ") med et bruttoprovenu på NOK 10,021,709,680.
Tegningskurs.....	Tegningskursen er NOK 26,30 pr. Udbudt Aktie.
Betingelser for gennemførelse.....	Gennemførelsen af Fortegningsretsemissionen er betinget af, at Tegningsgarantiaftalen (som defineret nedenfor) fortsat er gyldig, hvis Fortegningsretsemissionen ikke bliver fuldttegnet. Hvis det står klart, at denne betingelse ikke kan opfyldes, vil Fortegningsretsemissionen blive trukket tilbage.
Registreringsdato	Den 24. juni 2010 (" Registreringsdatoen ") (således, at aktionærer, der er registreret i Selskabets aktionærfortegnelse hos VPS pr. 24. juni 2010, vil modtage Tegningsretter).
Tegningsretter	De af Selskabets aktionærer der er registreret i VPS pr. Registreringsdatoen (de " Eksisterende Aktionærer ") tildeles 7 Tegningsretter for hver 23 af Selskabets aktier (" Eksisterende Aktier "), der er registreret som tilhørende denne på Registreringsdatoen. Hvert enkelt stiftercertifikat (" Stiftercertifikat ") berettiger indehaveren til 38.105 Tegningsretter, og hvert tegningscertifikat (" Tegningscertifikat ") berettiger indehaveren til 2.447 Tegningsretter. Indehavere af Stiftercertifikater og Tegningscertifikater i Selskabet (samlet " Certifikatindehavere ") skal fremvise de(t) originale Stiftercertifikat(er) eller Tegningscertifikat(er) for DnB NOR Bank ASA, Registreringsafdelingen (den " Modtagende Agent "), senest den 8. juli 2010 kl. 15.00 (CET) for at få tildelt Tegningsretter. Hvis de originale certifikater ikke fremvises inden for denne frist, vil der ikke blive tildelt Tegningsretter for de(t) pågældende Stiftercertifikat(er) eller Tegningscertifikat(er). For at opnå Tegningsretter inden udløbet af handelsperioden skal Certifikatindehavere fremvise de(t) originale Stiftercertifikat(er) og Tegningscertifikat(er) til den Modtagende Agent senest den 5. juli 2010 kl. 15.00 (CET). Se Afsnit 6.9 (The Rights Issue-Subscription Rights) for yderligere oplysninger. Det antal Tegningsretter, der udstedes til hver enkelt Eksisterende Aktionær og Certifikatindehaver, rundes ned til nærmeste hele Tegningsret. Hver Tegningsret giver ret til at tegne og få tildelt én Udbudt Aktie i Fortegningsretsemissionen i henhold til gældende værdipapirlovgivning. Erhvervede Tegningsretter giver samme ret til at tegne Udbudte Aktier som Tegningsretter, der er tildelt Eksisterende Aktionærer og Certifikatindehavere. Tegningsretter, der ikke er solgt inden kl. 17.30 (CET) den 6. juli 2010, eller som ikke udnyttes inden den 9. juli 2010 kl. 17.30 (CET), vil ikke have nogen værdi og udløber uden betaling til indehaveren.
Udvanding	Eksisterende Aktionærer, der vælger ikke at deltage i Fortegningsretsemissionen, får deres ejerandel udvandet med ca. 24 procent, men har mulighed for at sælge deres Tegningsretter. Som følge af, at der tildeles Tegningsretter til Certifikatindehavere, vil de Eksisterende Aktionærer opleve en udvanding på ca. 1,1 procent, selv om de deltager i Fortegningsretsemissionen, medmindre de Eksisterende Aktionærer på grund af overtegning (dvs. tegning af flere Udbudte Aktier, end aktietegnerens Tegningsretter berettiger vedkommende til at modtage), eller tegning på grundlag af erhvervede Tegningsretter, tildeles Udbudte Aktier ud over de oprindeligt tildelte Tegningsretter.
Tegningsperiode	Tegningsperioden for Fortegningsretsemissionen løber fra den 25. juni 2010 indtil den 9. juli 2010 kl. 17.30 (CET).
Handel med Tegningsretter.....	Tegningsretterne kan handles frit og vil blive noteret på børsen i Oslo med børs-koden "NHY T" fra den 25. juni 2010 indtil den 6. juli 2010 kl. 17.30 (CET). Tegningsretterne vil således kun kunne handles i en del af Tegningsperioden.
Tegningsprocedurer	Tegning af Udbudte Aktier sker ved at indgive en korrekt udfyldt tegningsformular

("Tegningsformular") til den Modtagende Agent i Tegningsperioden eller - for norske statsborgere - ved at udfylde og indsende den online som beskrevet nedenfor. Eksisterende Aktionærer modtager Tegningsformularer med oplysninger om antallet af Tegningsretter, der tildeles de Eksisterende Aktionærer, og visse andre oplysninger om deres aktiebesiddelse. Overtegning og tegning uden Tegningsretter vil blive tilladt. Der er dog ingen garanti for, at der vil blive tildelt nogen Udbudte Aktier i forbindelse hermed. Aktietegnere, der ikke er Eksisterende Aktionærer, skal tegne Udbudte Aktier på den som bilag 2 ("Standardtegningsformular") eller bilag 3 ("Standardtegningsformular på norsk") vedlagte Tegningsformular. Eksisterende Aktionærer kan også vælge at anvende denne Tegningsformular. Den korrekt udfyldte Tegningsformular skal være den Modtagende Agent i hænde senest den 9. juli 2010 kl. 17.30 (CET). Aktietegnere, der er norske statsborgere, kan også tegne Udbudte Aktier gennem VPS' online-system (eller på www.hydro.com/rightsissue, hvor de vil blive dirigeret til VPS' online-system).

- Tildeling Tildelingen af Udbudte Aktier sker omkring den 12. juli 2010 i henhold til følgende kriterier: (i) tildeling sker til aktietegnere på grundlag af tildelte og erhvervede Tegningsretter, der er gyldigt udnyttet i Tegningsperioden, (ii) hvis ikke alle Tegningsretter udnyttes, vil aktietegnere, der har udnyttet deres Tegningsretter, og som har overtegnet, få tildelt yderligere Udbudte Aktier forholdsmæssigt i forhold til det antal Tegningsretter, som den enkelte aktietegner har udnyttet. Såfremt en forholdsmæssig tildeling ikke er mulig, afgør Selskabet fordelingen ved lodtrækning, (iii) Udbudte Aktier, der ikke er tildelt i henhold til pkt. (i) og (ii) ovenfor, vil blive tildelt aktietegnere, der ikke har nogen Tegningsretter. Aktierne forsøges tildelt forholdsmæssigt i forhold til tegningsbeløb, dog således at tildelingen kan rundes ned til nærmeste 100 Aktier, og (iv) Udbudte Aktier, der ikke tildeles i henhold til pkt. (i), (ii) og (iii) ovenfor, vil blive tegnet af og tildelt til Folketrygdfondet og Tegningsgaranterne (som defineret nedenfor) i henhold til den af Folketrygdfondet og Tegningsgaranterne udstedte tegningsgaranti. Der vil ikke ske nogen tildeling til Folketrygdfondet i henhold til (iv) ovenfor, hvis Folketrygdfondet opfylder sin forpligtelse til at tegne Udbudte Aktier som nærmere beskrevet i Afsnit 6.21 (The Rights Issue–The Underwriting) nedenfor.
- Betaling..... Betaling for Udbudte Aktier, der tildeles en aktietegner, skal ske senest den 15. juli 2010 ("**Betalingsdatoen**"). Aktietegnere, der har en norsk bankkonto, skal og vil ved underskrivelsen af Tegningsformularen give den Modtagende Agent en uigenkaldelig engangsfuldmagt til at debitere en anvist norsk bankkonto for det skyldige beløb i relation til de Udbudte Aktier, der tildeles aktietegneren. Den anviste bankkonto forventes at blive debiteret tidligst på **Betalingsdatoen**. Den Modtagende Agent er kun bemyndiget til at debitere kontoen én gang, men forbeholder sig ret til at foretage op til tre debiteringsforsøg. Aktietegnere, som ikke har en norsk bankkonto, og som betaler for de Udbudte Aktier med clearede midler, skal sikre sig, at betalingen sker senest på **Betalingsdatoen**, og skal kontakte den Modtagende Agent før en sådan betaling. Forfaldne betalinger forrentes med den til enhver tid gældende rentesats i henhold til den norske rentelov nr. 100 af 17. december 1976; 8,75 procent p.a. pr. **datoen** for nærværende Prospekt. Med forbehold for begrænsningerne i den norske aktieselskabslov og efter Joint Global Coordinators' eget skøn vil de Udbudte Aktier ikke blive leveret til en aktietegner, der ikke overholder betalingsbetingelserne. I henhold til en betalingsgarantiaftale indgået mellem Selskabet og Joint Global Coordinators vil Joint Global Coordinators, op til deres respektive forholdsmæssige andele af det af Tegningsgaranterne garanterede beløb som beskrevet i Afsnit 6.21 (The Rights Issue–The Underwriting) nedenfor og i henhold til vilkårene og betingelserne for betalingsgarantien, den 16. juli 2010 betale ethvert tegningsbeløb, der ikke er betalt af aktietegnerne, bortset fra den Norske Stat, Folketrygdfondet og Tegningsgaranterne (for eventuelle utegnede Udbudte Aktier, de måtte være blevet tildelt), ved forfald, for at sikre rettidig registrering af den kapitalforhøjelse, der relaterer sig til de Udbudte

Aktier, i det norske selskabsregister. De ikke-betalende aktietegnere hæfter fortsat fuldt ud for tegningsbeløbet, som skal betales for de tildelte Udbudte Aktier, uanset Joint Global Coordinators' betaling. Selskabet og Joint Global Coordinators forbeholder sig imidlertid ret til efter omstændighederne at sælge eller overtage ejendomsretten til de Udbudte Aktier fra og med den fjerde dag efter Betalingsdatoen uden yderligere varsel til den pågældende aktietegner i henhold til den norske aktieselskabslovs § 10-12, stk. 4, hvis betaling ikke er modtaget senest tre dage efter Betalingsdatoen. Såfremt de Udbudte Aktier sælges på vegne af aktietegneren, hæfter denne for alle tab, omkostninger, afgifter og udgifter, som Selskabet og/eller Joint Global Coordinators måtte lide eller afholde som følge af eller i forbindelse med salget. Selskabet og/eller Joint Global Coordinators kan rejse krav om betaling af ethvert udestående beløb i henhold til norsk ret.

Levering	Selskabet forventer, at de Udbudte Aktier bliver leveret til aktietegnernes VPS-konto omkring den 19. juli 2010.
Handel med Udbudte Aktier	De Udbudte Aktier vil blive noteret på Fondsbørsen i Oslo, så snart kapitalforhøjelsen i forbindelse med Fortegningsretsemissionen er registreret i det norske selskabsregister og de Udbudte Aktier er registreret i VPS. Dette forventes at ske omkring den 19. juli 2010. Noteringen af de Udbudte Aktier på Fondsbørsen i Oslo forventes at ske samme dag. De Udbudte Aktier vil snarest muligt herefter blive optaget på den Officielle Liste og optaget til handel på Børsen i London. Dette forventes at ske omkring det tidspunkt, hvor de Udbudte Aktier noteres på Fondsbørsen i Oslo.
Begrænsninger i forbindelse med salg og overdragelse	I nogle jurisdiktioner er salget og overdragelsen af Tegningsretterne og de Udbudte Aktier omfattet af visse begrænsninger. Se Afsnit 20 (Restrictions on Sale and Transfer).
Status og udbytte	De Udbudte Aktier er i enhver henseende ligestillet med de Eksisterende Aktier og giver samme aktionærrettigheder i Selskabet fra tidspunktet for registrering af den til Fortegningsretsemissionen hørende kapitalforhøjelse i det norske selskabsregister. De Udbudte Aktier giver ret til enhver form for udbytte, som Selskabet måtte deklarerere efter denne registrering.
Lovvalg og værneting	Tegningsblanketterne og vilkårene for Fortegningsretsemissionen reguleres af norsk ret og fortolkes i henhold hertil, og de Udbudte Aktier udstedes i henhold til norsk ret. De norske domstole, med byretten i Oslo som værneting, har enekompetence til at afgøre enhver tvist, som måtte udspringe af eller opstå i forbindelse med Tegningsblanketterne eller Fortegningsretsemissionen.
Tegningsgaranti	Folketrygdfondet har påtaget sig at tegne og garantere tegning af de Udbudte Aktier svarende til Folketrygdfondets forholdsmæssige andel af Fortegningsretsemissionen baseret på dets aktiebesiddelse på tidspunktet for Tegningsgarantiaftalens indgåelse (dvs. NOK 583.675.716) på visse betingelser som beskrevet i Afsnit 6.21 (The Rights Issue-The Underwriting) nedenfor. Den resterende del af Fortegningsretsemissionen er - med undtagelse af de 43,41 procent, som den Norske Stat har ret til at tegne - garanteret af Citigroup Global Markets Limited, BNP PARIBAS, DnB NOR Bank ASA, DnB NOR Markets, Commerzbank Aktiengesellschaft, Nordea Bank Norge ASA, Scandinaviska Enskilda Banken AB (publ) og Société Générale (" Tegningsgaranterne ") i henhold til tegningsaftalen indgået mellem Selskabet og Tegningsgaranterne den 2. maj 2010 med senere ændringer (" Tegningsgarantiaftalen "). Tegningsgarantiaftalen indeholder visse betingelser og hævebeføjelser som nærmere beskrevet i Afsnit 6.21 (The Rights Issue-The Underwriting) nedenfor.

Nettoprovenu, udgifter og

anvendelse af provenu Fortegningsretsemissionen forventes at indbringe et nettoprovenu på ca. NOK 9.871 mio. efter fradrag af garantiprovision og øvrige gebyrer og udgifter i forbindelse med Fortegningsretsemissionen svarende til ca. NOK 151 mio. Hydro har til hensigt at anvende nettoprovenuet til finansiering af den kontante del af vederlaget i Transaktionen, understøtte Selskabets "investment grade rating" og gøre det muligt for Selskabet at implementere fremtidige projekter.

24.1.5 *Vigtige datoer i forbindelse med Fortegningsretsemissionen*

I nedenstående tidsplan er angivet vigtige datoer (indikative) i forbindelse med Fortegningsretsemissionen.

Sidste handelsdag for Aktierne, inkl. Tegningsretter.....	21. juni 2010
Første handelsdag for Aktierne, ekskl. Tegningsretter	22. juni 2010
Registreringsdato	24. juni 2010
Tegningsperioden begynder:	25. juni 2010
Handel med Tegningsretter begynder på børsen i Oslo	25. juni 2010
Handel med Tegningsretter ophører	6. juli 2010 kl. 17.30
Tegningsperioden udløber.....	9. juli 2010 kl. 17.30
Tildeling af de Udbudte Aktier	Forventet omkring den 13. juli 2010
Udsendelse af breve om tildeling	Forventet omkring den 13. juli 2010
Betalingsdato	15. juli 2010
Levering af de Udbudte Aktier	Forventet omkring den 19. juli 2010
Notering og påbegyndelse af handel med de Udbudte Aktier på børsene i Oslo og London	Forventet omkring den 19. juli 2010

24.1.6 *Regnskabsoplysninger*

Nedenfor gives et sammendrag af historiske regnskabsoplysninger og andre oplysninger om Selskabet på koncernbasis for regnskabsårene afsluttet den 31. december 2009, 2008 og 2007, samt for de første tre måneder (dvs. til og med 31. marts) af 2010 og 2009. Nedenstående skemaer skal læses i sammenhæng med de regnskaber, der er indarbejdet i dette Prospekt ved henvisning (se Afsnit 21.7 (Additional Information–Incorporation by Reference)) og Prospektets øvrige afsnit, herunder Afsnit 12 (Capitalization and Indebtedness), Afsnit 13 (Selected Consolidated Financial and Other Data) og Afsnit 14 (Operating and Financial Review).

Sammendragene konsoliderede resultatopgørelser for Hydro

Millioner NOK (undtagen tal pr. Aktie)	De tre måneder afsluttet 31. marts (Urevideret)		Regnskabsår afsluttet 31. december (Revideret)		
	2010	2009	2009	2008	2007
Omsætning	18.145	16.569	67.409	88.455	94.316
Andel af fortjeneste (tab) på investeringer indregnet efter indre værdis metode	(236)	(413)	(809)	(915)	1.000
Øvrige indtægter, netto	183	134	107	865	1.093
Indtægter i alt	18.091	16.290	66.706	88.405	96.409
Afskrivninger og værdiforringelser	721	827	3.494	4.915	3.552
Øvrige omkostninger	16.385	17.061	64.619	82.296	83.833
Omkostninger i alt	17.106	17.888	68.113	87.211	87.385
Resultat før finansielle poster og skat (EBIT)	985	(1.598)	(1.407)	1.194	9.025
Finansielle indtægter (omkostninger), netto	545	1.473	2.774	(5.026)	3.208
Resultat før skat	1.530	(126)	1.367	(3.832)	12.233
Indkomstskat	(605)	(155)	(951)	565	(3.075)
Resultat af fortsættende aktiviteter	924	(280)	416	(3.267)	9.158
Resultat af ophørende aktiviteter	-	-	-	(247)	9.447
Årets resultat	924	(280)	416	(3.514)	18.604
Nettoresultat, der kan henføres til minoritetsinteresser	55	67	117	411	408
Nettoresultat, der kan henføres til Hydro-aktionærer	869	(347)	299	(3.925)	18.196
Indtjening og udvandet indtjening pr. Aktie fra fortsættende aktiviteter (NOK)	0,72	(0,29)	0,25	(3,04)	7,17
Indtjening og udvandet indtjening pr. Aktie fra ophørende aktiviteter (NOK)	-	-	-	(0,20)	7,74
Indtjening og udvandet indtjening pr. Aktie, der kan henføres til Hydro-aktionærer (NOK)	0,72	(0,29)	0,25	(3,25)	14,90
Vægtet gennemsnitligt antal cirkulerende Aktier (millioner)	1.205	1.206	1.205	1.209	1.221

Sammendragne konsoliderede balancer for Hydro

Millioner NOK (undtagen antal Aktier)	Pr. 31. marts (Urevideret)		Pr. 31. december (Revideret)		
	2010	2009	2009	2008	2007
Aktiver					
Likvider	2.502	3.128	2.573	3.333	9.330
Kortfristede investeringer	1.554	1.652	1.519	1.648	2.742
Tilgodehavender og øvrige omsætningsaktiver	15.576	16.077	13.679	18.833	16.531
Varebeholdninger	9.678	13.264	10.030	16.293	12.227
Omsætningsaktiver i alt	29.311	34.120	27.802	40.108	40.830
Aktiver, som besiddes med salg for øje, ophørende aktiviteter	-	-	-	-	6.741
Materielle anlægsaktiver	25.499	28.038	25.647	29.338	26.750
Øvrige anlægsaktiver	25.109	24.798	24.150	25.711	17.724
Anlægsaktiver i alt	50.608	52.837	49.797	55.049	44.474
Aktiver i alt	79.919	86.957	77.599	95.157	92.046
Passiver i alt					
Banklån og øvrig rentebærende kortfristet gæld	972	1.953	2.010	1.169	1.045
Øvrige kortfristede forpligtelser	13.551	17.509	13.032	22.175	17.310
Kortfristede forpligtelser i alt	14.523	19.462	15.042	23.344	18.355
Passiver medtaget i afståelsesgrupper, ophørende aktiviteter	-	-	-	-	2.021
Langfristet gæld	2.574	1.106	88	279	263
Øvrige langfristede forpligtelser	14.430	14.856	14.425	16.135	14.152
Udsudte skatteforpligtelser	816	1.143	849	1.258	2.246
Langfristede forpligtelser i alt	17.820	17.104	15.361	17.673	16.662
Passiver eksklusive egenkapital, i alt	32.343	36.567	30.403	41.016	37.038
Egenkapital, der kan henføres til Hydro-aktionærer	46.458	49.034	46.169	52.808	54.049
Minoritetsinteresser	1.118	1.357	1.026	1.333	959
Egenkapital i alt	47.577	50.391	47.195	54.141	55.008
Passiver i alt	79.919	86.957	77.599	95.157	92.046
Aktier i cirkulation i alt (millioner)	1.205	1.206	1.205	1.206	1.209

Sammendragne konsoliderede pengestrømsopgørelser for Hydro

Millioner NOK	De tre måneder afsluttet 31. marts (Urevideret)		Regnskabsår afsluttet 31. december (Revideret)		
	2010	2009	2009	2008	2007
Driftsaktiviteter:					
Årets resultat	924	(280)	416	(3.514)	18.604
Nettoresultat af ophørende aktiviteter	-	-	-	247	(9.447)
Afskrivninger og værdiforringelser	721	827	3.494	4.915	3.552
Øvrige reguleringer	(1.459)	(1.658)	636	1.273	1.564
Nettolikviditet fra drift	186	(1.111)	4.546	2.921	14.273
Investeringsaktiviteter:					
Køb af materielle anlægsaktiver	(436)	(546)	(2.743)	(3.485)	(3.485)
Køb af øvrige langsigtede investeringer	(1.221)	(184)	(3.137)	(5.374)	(1.403)
Køb af kortsigtede investeringer	-	-	-	(2.850)	(5.000)
Provenu fra salg af materielle anlægsaktiver	6	9	24	95	122
Provenu fra salg af øvrige langsigtede investeringer	111	40	8	679	4.330
Provenu fra salg af øvrige kortsigtede investeringer	-	-	-	3.600	17.200
Nettolikviditet anvendt til investering	(1.540)	(681)	(5.848)	(7.335)	11.764
Finansieringsaktiviteter:					
Låneprovenu	2.431	1.878	2.878	93	25
Tilbagebetaling af hovedstol	(1.081)	(60)	(1.978)	(187)	(1.210)
Nettoforøgelse (nettonedbringelse) af øvrig kortfristet gæld	(50)	(92)	15	(159)	
Køb af Aktier	-	-	(124)	(149)	(2.887)
Provenu fra udstedte Aktier	9	13	43	44	66
Udbetalt udbytte	-	-	(166)	(6.359)	(6.134)
Nettolikviditet fra (anvendt i) finansieringsaktiviteter	1.309	1.739	668	(6.717)	(10.140)
Valutakursindvirkninger på likvider og kassekredit	23	(74)	(56)	(11)	(285)
Nettolikviditet fra ophørte aktiviteter	-	-	-	5.075	(12.799)
Nettonedbringelse af likvider og kassekredit	(22)	(127)	(690)	(6.067)	2.813
Likvider og kassekredit omposteret som aktiver, der besiddes med salg for øje	-	-	-	-	(105)
Likvider og kassekredit ved periodens begyndelse	2.499	3.189	3.189	9.256	6.548
Likvider og kassekredit ved periodens slutning	2.477	3.062	2.499	3.189	9.256

Konsoliderede egenkapitaloppgørelser for Hydro

NOK millioner	Aktie- kapital	Yderligere indbetalt kapital	Egne capital- andele	Overført resultat	Øvrige egen- kapital- kompo- nenter	Egenkapital der kan henføres til Hydro- aktionærer	Minoritets- interesser	Egen- kapital i alt
1. januar 2007	4.708	9.736	(6.624)	89.544	(1.533)	95.831	771	96.601
<i>Egenkapitaloppgørelse 2007 (revideret)</i>								
Køb af egne Aktier	-	-	(123)	-	-	(123)	-	(123)
Egne Aktier genudstedt til medarbejdere	-	53	68	-	-	121	-	121
Annullering egne Aktier	(79)	-	2.396	(2.317)	-	-	-	-
Indløste Aktier, den Norske Stat	(62)	(2.702)	-	-	-	(2.763)	-	(2.763)
Bekendtgjort og udbetalt udbytte	-	-	-	(6.134)	-	(6.134)	(102)	(6.236)
Spaltning	(3.197)	(6.727)	-	(41.339)	4.174	(47.089)	-	(47.089)
Årets totalindkomst i alt	-	-	-	18.196	(3.989)	14.207	291	14.498
31. desember 2007	1 370	360	(4.283)	57.950	(1.348)	54.049	959	55.008
<i>Egenkapitaloppgørelse 2008 (revideret)</i>								
Køb af egne Aktier	-	-	(149)	-	-	(149)	-	(149)
Egne Aktier genudstedt til medarbejdere	-	(51)	158	-	-	107	-	107
Bekendtgjort og udbetalt udbytte	-	-	-	(6.053)	-	(6.053)	(306)	(6.359)
Transaktioner med minoritetsaktionærer /koncern	-	-	-	(4)	-	(4)	(1)	(5)
Egenkapitalandele købt (solgt)	-	-	-	-	-	-	(10)	(10)
Årets totalindkomst i alt	-	-	-	(3.925)	8.783	4.858	691	5.549
31. desember 2008	1.370	309	(4.274)	47.968	7.435	52.808	1.333	54.141
<i>Egenkapitaloppgørelse 2009 (revideret)</i>								
Egne Aktier genudstedt til medarbejdere	-	(17)	63	-	-	46	-	46
Annullering egne Aktier	(5)	(61)	147	(81)	-	-	-	-
Indløste Aktier, den Norske Stat	(4)	(121)	-	-	-	(124)	-	(124)
Bekendtgjort og udbetalt udbytte	-	-	-	-	-	-	(166)	(166)
Egenkapitalandele købt (solgt)	-	-	-	-	-	-	9	9
Regulering ved spaltning	-	-	-	(237)	-	(237)	-	(237)
Øvrige reguleringer	-	(67)	2.887	(2.820)	-	-	-	-

NOK millioner	Aktie- kapital	Yderligere indbetalt kapital	Egne capital- andele	Overført resultat	Øvrige egen- kapital- kompo- nenter	Egenkapital der kan henføres til Hydro- aktionærer	Minoritets- interesser	Egen- kapital i alt
Periodens totalindkomst i alt	-	-	-	299	(6.621)	(6.322)	(150)	(6.472)
31. desember 2009	1.362	43	(1.177)	45.128	813	46.169	1.026	47.195
<i>Egenkapitaloppgørelse 2010 (urevideret)</i>								
Minoritetsinteresse indregnet ved køb af datterselskab	-	-	-	-	-	-	8	8
Periodens totalindkomst i alt	-	-	-	869	(580)	289	85	374
31. mars 2010	1.362	43	(1.177)	45.997	234	46.458	1.118	47.577

Nedenstående skemaer indeholder oplysninger om Selskabets konsoliderede kapitalisering og nettogæld pr. 31. marts 2010.

Sammendraget konsolideret kapitaliseringsoppgørelse for Hydro

Millioner NOK	Pr. 31. marts 2010 (urevideret)
Gæld	
Kortfristede finansielle gældsforpligtelser i alt	972
Garanteret	-
Sikret	50
Ikke-garanteret/usikret	922
Langfristede finansielle gældsforpligtelser i alt.....	2.574
Garanteret	-
Sikret	115
Ikke-garanteret/usikret	2.459
Gæld i alt	3.546
Egenkapital	
Aktiekapital.....	1.362
Yderligere indbetalt kapital	43
Øvrig egenkapital, der kan henføres til Selskabet aktionærer	45.054
Minoritetsinteresser	1.118
Egenkapital i alt.....	47.577
Kapitalisering i alt	51.123

Sammendraget konsolideret nettogældsopgørelse for Hydro

Millioner NOK	Pr. 31. marts 2010 (urevideret)
Nettogæld	
(A) Kontantbeholdninger	2.339
(B) Øvrige likvider	163
(C) Omsætningsværdipapirer ⁹⁶	1.554
(D) Likvider (A) + (B) + (C)	4.056
(E) Kortfristede finansielle tilgodehavender⁹⁷	1.955
(F) Kortfristet bankgæld ⁹⁸	253
(G) Kortfristet del af langfristet gæld ⁹⁹	82
(H) Øvrige kortfristede finansielle gældsforpligtelser ¹⁰⁰	638
(I) Kortfristede finansielle gældsforpligtelser (F) + (G) + (H)	973
(J) Kortfristede finansielle gældsforpligtelser, netto (I) - (E) - (D)	(5.038)
(K) Langfristede banklån	2.495
(L) Udstedte obligationer	-
(M) Andre langfristede lån	78
(N) Langfristede finansielle gældsforpligtelser (K) + (L) + (M)	2.574
(O) Finansielle gældsforpligtelser, netto (J) + (N)	(2.465)

24.1.7 Ingen væsentlige ændringer

Der har ikke været nogen væsentlig ændring i Koncernens regnskabs- eller handelsmæssige stilling fra 31. marts 2010 og til datoen for dette Prospekt, bortset fra udstedelsen af et commercial paper-lån på NOK 500 millioner med forfald 18. august 2010 og en 2,71 procent kupon, som offentliggjort 12. maj 2010.

24.1.8 Udvikling

I de første fem måneder af 2010 faldt gennemsnitskurserne for primær aluminium på London Metal Exchange ("LME") fra omkring US\$2.300 pr. mt ved starten af året til under US\$2.000 pr. mt primo juni 2010. Efterspørgslen på metalprodukter (ekstruderingsblokke, pladeblokke, støbelegeringer og trådemner) blev stadig bedre i de første fem måneder af 2010, men forbruget i såvel Europa som Nordamerika er fortsat under niveauerne erfaret i 2007 og 2008. En nærmere beskrivelse af udviklingen i Koncernens drifts-, ledelses-, omkostnings- og markedsaktiviteter siden 31. december 2009, samt en beskrivelse af den udvikling, som med rimelig sandsynlighed vil få væsentlig indvirkning på Koncernens udsigter for 2010, gives i Afsnit 14.8 (Operating and Financial Review—Recent Developments and Trend Information).

⁹⁶ Aktier, commercial paper og obligationer, der besiddes med handel for øje, og lignende omsættelig commercial paper og obligationer

⁹⁷ Kortfristede finansielle aktiver (forfald inden for 1 år) ikke inkluderet i "Likvider". Omfatter derivater og periodeafgrænsningsposter.

⁹⁸ Kortfristet gæld til kreditinstitutter (forfalder inden for 1 år).

⁹⁹ Obligationsgæld og ansvarlig lånekapital med forfald inden for 1 år.

¹⁰⁰ Øvrige kortfristede finansielle gældsforpligtelser omfatter udstedt commercial paper, derivater og periodeafgrænsningsposter.

24.1.9 Sammendrag af risikofaktorer

Der er en række risikofaktorer, der vil kunne få væsentlig negativ indvirkning på Koncernen og på handelsværdien af Tegningsretterne og/eller Aktierne. Nedenfor gives et kort sammendrag af de risikofaktorer, der beskrives i Afsnit 2 (Risk Factors). Bemærk venligst, at de risici, der beskrives i Afsnit 2 (Risk Factors), ikke er de eneste, der vil kunne indvirke på Koncernen og på handelsværdien af Tegningsretterne og/eller Aktierne. Der kan også være yderligere risikofaktorer, som Koncernen ikke på nuværende tidspunkt har kendskab til, eller som Koncernen på nuværende tidspunkt anser for uvæsentlige, der vil kunne få væsentlig negativ indvirkning på Koncernen og på handelsværdien af Tegningsretterne og/eller Aktierne. Der kan ikke gives nogen sikkerhed for, at Koncernens risikostyring og de interne kontrolprocedurer, som Koncernen har iværksat, er tilstrækkelige til at håndtere alle relevante risici.

Risici vedrørende Koncernen og dens driftsaktiviteter

- Hydro opererer fortsat på et vanskeligt marked, hvilket kan have en negativ indvirkning på dets driftsresultat og likviditet.
- Det er ikke sikkert, at Hydro vil kunne nedbringe driftsomkostningerne på sin smeltværksportefølje tilstrækkeligt til at kompensere for en forlænget periode med svage aluminiummarkeder.
- Hydro står i en situation, hvor der er usikkerhed om efterspørgslen på aluminium i efterfølgende omsætningsled.
- Hydro er fortsat udsat for høj risiko for modparters misligholdelse.
- En forværring af Hydro's økonomiske stilling eller en nedjustering af dets kreditværdighed hos ratingbureauerne vil muligvis kunne øge Hydros låne- og kapitalomkostninger og få betydelig negativ indvirkning på dets forhold til forretningsforbindelser, herunder eventuelle joint ventures og nye vækstinitiativer.
- Prisudsving kan påvirke Hydros driftsomkostninger og kan også have en betydelig negativ indvirkning på driftsresultatet.
- Hydros resultat og konkurrencemæssige stilling kan påvirkes af kursudsving på valutamarkederne.
- Hydros virksomhed i efterfølgende omsætningsled udsættes i stadig større grad for konkurrence fra Kina.
- Mislykket eller forsinket udførelse af større projekter vil kunne få væsentlig negativ indvirkning på Hydros konkurrencemæssige stilling.
- Nye markeder eller overgangsmarkeder udgør en konkurrencemæssig trussel mod Hydros virksomhed.
- Hydro pålægges stadig mere byrdefulde krav om begrænsning af CO₂-udslip.
- Hydros virksomhed er afhængig af dets evne til at udskifte langsigtede energiforsyningskontrakter på konkurrencedygtige vilkår.
- Fremtidige opkøb, fusioner eller strategiske alliancer vil muligvis kunne påvirke Hydros økonomiske stilling negativt.
- Udviklingen vil sandsynligvis komme til at ske på de nye markeder eller på overgangsmarkeder, hvor de juridiske, skattemæssige, reguleringsmæssige og implementeringsmæssige risici er større.
- Investeringer som minoritetspartner i enheder og virksomheder under fælles kontrol begrænser Hydros muligheder for forvaltning af sine investeringer.
- Det er ikke sikkert, at det vil lykkes for Hydro at udvikle de teknologiske løsninger, der skal understøtte dets vækststrategier.
- Der kan ske større ulykker, som vil medføre betydelige krav imod eller bøder til Hydro, eller hvorved Hydros omdømme vil lide betydelig skade.

- Hydro vil muligvis ikke være i stand til at tiltrække og fastholde tilstrækkeligt kvalificerede medarbejdere.
- Søgsmål eller undersøgelser vil muligvis kunne udsætte Hydro for en betydelig og negativ påvirkning.
- Der kan muligvis ske forsømmelser fra Hydro-medarbejderes side.
- Hydro kan muligvis blive udsat for uventede krav i forbindelse med skade på miljøet.
- Hydro vil muligvis ikke være i stand til at opretholde tilstrækkelig forsikring til at dække alle risici i forbindelse med sin virksomhed.
- Hydro kan muligvis blive udsat for krav i forbindelse med overdragelse af virksomheder til efterfølgere.

Risici vedrørende Vale Aluminium og den Sammenlagte Koncern

- Risici ved at gøre forretning i Brasilien.
- Den brasilianske stat har tidligere udøvet, og vil muligvis også i fremtiden komme til at udøve, betydelig indflydelse på den brasilianske økonomi. De politiske og økonomiske forhold i Brasilien vil kunne få direkte indvirkning på Vale Aluminium.
- Vale Aluminiums minedrifts- og raffineringsaktiviteter er afhængige af rettighederne til mineralkoncessioner og af myndighedstilladelser. Ændringer i regler og reguleringer kan have en væsentlig negativ indvirkning på Hydros økonomiske stilling.
- Reserveestimerer kan vise sig at afvige væsentligt fra de mineralmængder, som Koncernen sammen med Vale Aluminium (den "**Sammenlagte Koncern**") rent faktisk vil være i stand til at indvinde, ligesom estimerede minelevetider kan vise sig at være forkerte, og prisudsving på markedet og ændringer i drifts- og kapitalomkostninger kan gøre minedrift i visse reserver urentabel.
- Drifts- og kapitalomkostningerne på Paragominas opslemnings-rørledningen kan vise sig at være anderledes end forventet af Selskabet.
- Drifts- og kapitalomkostningerne på Paragominas-minen kan vise sig at være uforudsigelige.
- På de større udviklingsprojekter, som er en del af Transaktionen, vil der være en risiko for, at øgede omkostninger eller forsinkelser kan forhindre en vellykket implementering af dem.
- Transaktionen vil betyde, at Hydros resultat og konkurrencemæssige stilling vil være mere udsat for udsving i valutakurser.

Risici vedrørende Transaktionen

- Der er en risiko for, at Transaktionen ikke gennemføres, eller at Transaktionen ikke gennemføres på den måde, der er beskrevet i dette Prospekt, hvis visse betingelser for closing ikke opfyldes.
- Koncernen vil skulle afholde købsrelaterede omkostninger i forbindelse med Transaktionen.
- Hydro vil kunne ifalde og/eller påtage sig betydelige økonomiske forpligtelser i forbindelse med Transaktionen, hvoraf nogle vil skulle refinansieres senest 31. december 2013.
- Selv hvis Transaktionen gennemføres, kan Koncernen blive udsat for yderligere risici og udfordringer som følge af Vale Aluminiums integrering i Koncernens nuværende aktiviteter.
- Der er en risiko for, at de ureviderede pro forma-sammendrag af regnskabsmæssige oplysninger i dette Prospekt ikke afspejler, hvad den Sammenlagte Koncerns driftsresultat, økonomiske stilling og pengestrømme ville have været for den pågældende periode.
- Hvis Transaktionen ikke gennemføres, eller hvis der efter gennemførelse resterer et overskydende provenu, vil eventuelle alternative anvendelsesmuligheder for et sådant provenu af For-tegningsretsemissionen muligvis ikke være effektive.

Risici vedrørende Aktierne

- Der kan være betydelige udsving i Aktiernes markedsværdi, og markedsværdien vil ikke nødvendigvis afspejle værdien af Hydro som underliggende aktiv eller, efter gennemførelse af Transaktionen, værdien af den Sammenlagte Koncern som underliggende aktiv.
- Hydros evne til at udbetale udbytte er afhængig af, at der er frie reserver til rådighed.
- Kompetente ejere af Aktier registreret på en nominee-konto vil ikke kunne udøve den til disse Aktier knyttede stemmeret, medmindre ejerskabet hos VPS omregistreres forud for generalforsamlingen, således at de ejer de pågældende Aktier i eget navn.
- Eventuelle fremtidige aktieudstedelser kan have væsentlig negativ indvirkning på Aktiernes markedsværdi.
- En aktionærs aktiepost vil blive udvandet, hvis den pågældende aktionær ikke kan eller vil deltage i fremtidige aktieudstedelser, og vil under alle omstændigheder blive udvandet som følge af dels den forkøbsret, der tilkommer Certifikatindehavere i forbindelse med fremtidige aktieudstedelser mod kontant betaling, dels udstedelsen af Vederlagsaktier til Vale Austria Holdings og øvrige aktieudstedelser ved privat placering.
- Der kan være visse salgs- og overdragelsesrestriktioner, som begrænser aktionærernes muligheder for at sælge eller på anden måde overdrage deres Aktier.
- Der er en risiko for, at investorer ikke vil kunne opnå erstatning for tab gennem civilt søgsmål i andre jurisdiktioner end Norge.
- Norsk ret kan begrænse aktionærernes mulighed for at anlægge sag mod Selskabet.
- Efter gennemførelsen af Fortegningsretsemissionen og Transaktionen vil de væsentligste aktiebesiddelser fortsat være koncentreret på et lille antal aktionærer, og eventuelle salg af Aktier fra disse aktionærer vil kunne have en betydelig, negativ indvirkning på Aktiernes markedsværdi.

Risici vedrørende Fortegningsretsemissionen

- Eksisterende Aktionærer, som ikke deltager i Fortegningsretsemissionen, risikerer en betydelig udvanding af deres aktiepost, som under alle omstændigheder vil kunne blive udvandet som følge af den forkøbsret, der tilkommer Certifikatindehavere, ligesom Certifikatindehavere, som ikke deltager i Fortegningsretsemissionen, muligvis ikke vil kunne uddrage den fulde værdi af deres ret-tigheder.
- Der er en risiko for, at der på Fondsbørsen i Oslo ikke vil udvikle sig et aktivt marked for handel med Tegningsretter, og/eller at markedsværdien af Tegningsretterne vil være svingende.
- Salg af Tegningsretter af eller på vegne af Eksisterende Aktionærer eller Certifikatindehavere vil kunne medføre en reduktion af Tegningsretternes og Aktiernes markedsværdi, ligesom det vil kunne mindske stabiliteten af Aktierne.
- Hvis Fortegningsretsemissionen trækkes tilbage, vil Tegningsretterne ikke længere have nogen værdi.
- Aktionærer uden for Norge løber en valutarisiko.

24.1.10 Bestyrelsesmedlemmer, Direktører og Medarbejdere

Hydros bestyrelse består pr. datoen for dette Prospekt af Terje Vareberg (formand), Bente Rathe (næstformand), Finn Jepsen, Inge K. Hansen, Eva Persson, Liv Monica Bargem Stubholt, Sten Roar Martinsen, Jørn B. Lilleby og Billy Fredagsvik.

Hydros direktion består pr. datoen for dette Prospekt af Svein Richard Brandtzæg (President og Chief Executive Officer), Oliver Bell (EVP Rolled Products), Kjetil Ebbesberg (EVP Metal Markets), Hans Joachim Kock (EVP Extruded Products), Arvid Moss (EVP Corporate Strategy and Business Development), Jørgen C. Arentz Rostrup (EVP og Chief Financial Officer), Tom Røtjer (EVP Projects), Ola Sæter (EVP Energy),

Johnny Undeli (EVP Bauxite and Alumina), Hilde Merete Aasheim (EVP Primary Metal) og Wenche Agerup (EVP Corporate Staffs (Legal, CSR, HR and Organization Development, HSE og Company Secretary)).

Koncernen havde pr. 31. maj 2010 ca. 19.000 medarbejdere.

24.1.11 Revision og rådgivning

Selskabets nuværende revisor er KPMG AS. Indtil maj 2010 var Selskabets revisor Deloitte AS. Citigroup Global Markets Limited, BNP PARIBAS, DnB NOR Bank ASA, DnB NOR Markets og BNP PARIBAS er Joint Global Coordinators og Joint Bookrunners, og Commerzbank Aktiengesellschaft, Nordea Bank Norge ASA, Skandinaviska Enskilda Banken AB (publ) og Société Générale er Co-Lead Managers for Fortegningsretsemissionen. Advokatfirmaet Thommessen AS (norsk ret) og Latham & Watkins (London) LLP (international rådgiver) fungerer som Selskabets juridiske rådgivere, og Advokatfirmaet Selmer DA (norsk ret) og Davis Polk & Wardwell LLP (international rådgiver) fungerer som juridiske rådgivere for Tegningsgaranterne.

24.1.12 Største aktionærer

Selskabet havde pr. 14. juni 2010 ca. 53.600 aktionærer. Ca. 76 procent af Aktierne ejedes af norske statsborgere og ca. 24 procent af udenlandske. Selskabets 20 største aktionærer pr. 14. juni 2010 er opregnet i nedenstående liste:

#	Aktionærer	Kontotype	Antal Aktier	Procent
1	Den Norske Stat	Selskab	543.463.361	43,82
2	Folketrygdfondet	Selskab	75.672.207	6,10
3	JP Morgan Chase Bank Depositary	Nominee	33.565.190	2,71
4	Norsk Hydro ASA	Selskab	33.387.070	2,69
5	Doge and Cox Intern Fund	Selskab	32.634.600	2,63
6	Clearstream Banking CID Dept, Frankfurt	Nominee	21.813.156	1,76
7	Rasmussengruppen AS	Selskab	17.152.000	1,38
8	DnB NOR Markets, Egenhandelskonto	Selskab	9.745.496	0,79
9	Bank of New York, Mellon SA/NV	Nominee	9.609.919	0,77
10	Deutsche Bank AG London	Selskab	7.992.979	0,64
11	Pareto Aksje Norge	Selskab	7.756.200	0,63
12	Vital Forsikring ASA	Selskab	7.113.604	0,57
13	Odin Norge	Selskab	7.041.474	0,57
14	Bank of New York, Mellon	Nominee	6.999.762	0,56
15	Statoil Pensjon	Selskab	5.826.442	0,47
16	DnB NOR Norge (IV) VPF	Selskab	5.368.257	0,43
17	Storebrand Livsforsikring AS	Selskab	5.205.221	0,42
18	Awilco Invest AS	Selskab	4.843.200	0,39
19	Varma Mutual Pension Company	Selskab	4.800.000	0,39
20	JP Morgan Chase Bank Nordea Treaty Account	Selskab	4.726.929	0,38
Top 20-aktionærer			844.717.067	68,12
Øvrige			395.393.144	31,88
I alt			1.240.110.211	100,00

24.1.13 Samhandel med nærtstående

Selskabet har indgået visse transaktioner, der kan karakteriseres som samhandel med nærtstående, med sine datterselskaber og tilknyttede virksomheder samt med Selskabets hovedaktionærer. Transaktionerne med datterselskaber udgøres på koncernbasis og regnskabsføres ikke som samhandel

med nærtstående i koncernregnskabet. Se nærmere beskrivelse i Afsnit 21.2 (Additional Information-Related Party Transactions) nedenfor.

24.1.14 Forskning og udvikling, patenter og licenser

Koncernens samlede omkostninger til forskning og udvikling var i 2009 NOK 690 millioner, i 2008 NOK 606 millioner og i 2007 NOK 507 millioner. Formålet med forsknings- og udviklingsaktiviteterne er at effektivisere produktionen af aluminium, og herunder også yderligere forbedre Hydros elektrolyseteknologi. Herudover anvendes en betydelig del af forsknings- og udviklingsmidlerne også til videreudvikling af fremstillingsprocesser og produkter inden for støbe- og legeringsudvikling, ekstrudering, præcisionsrør, byggesystemer og valsede produkter. Størstedelen af forsknings- og udviklingsomkostningerne relaterer sig til Hydros interne forskningsorganisation, mens resten finansierer arbejde udført af eksterne institutter. Selskabet har en række forsknings- og udviklingscentre i Europa og oprettede i 2009 et nyt Technology & Competence Center i Doha, Qatar.

24.1.15 Aktier

Pr. datoen for dette Prospekt er Selskabets registrerede aktiekapital NOK 1.361.641.011,68 fordelt på 1.240.110.211 Aktier à nominelt NOK 1,098. Der er én klasse af Aktier. Aktierne er i enhver henseende ligestillede, og hver Aktie giver én stemme på generalforsamlingen. Alle Aktierne er godkendt, udstedt og fuldt indbetalt. Selskabets aktiekapital vil efter gennemførelsen af Fortegningsretsemissionen blive forhøjet med NOK 418.396.852,80 til NOK 1.780.037.864,48, fordelt på 1 621 163 811 Aktier à nominelt NOK 1,098. Aktiekapitalen efter gennemførelsen af den Private Placering vil blive offentliggjort via informationssystemet på Fondsbørsen i Oslo ved udstedelsens gennemførelse.

24.1.16 Vedtægter

Selskabets vedtægter er vedlagt Prospektet som Bilag 1.

Selskabets formål, jf. vedtægternes § 2, er *"...at udøve industri, handel og transport, og at udnytte energi og råstofforekomster, samt at udøve anden virksomhed i forbindelse med disse formål. Selskabets aktiviteter kan også udøves ved deltagelse i eller i samarbejde med andre virksomheder."*

24.1.17 Tilgængelige dokumenter

Kopi af følgende dokumenter vil være tilgængelig på Selskabets hjemsted inden for normal kontortid fra mandag til fredag hver uge (dog ikke helligdage) i en periode på 12 måneder fra datoen for dette Prospekt.

- Selskabets vedtægter,
- Selskabets registreringsattest,
- Selskabets reviderede koncernregnskab pr., og for årene afsluttet den, 31. december 2009, 2008 og 2007, og Selskabets ureviderede sammendragne konsoliderede koncernregnskab pr., og for de tre måneder afsluttet den, 31. marts 2010 og 31. december 2009 (med sammenligningstal pr., og for de tre måneder afsluttet den, 31. marts 2009, hhv. 31. december 2008),
- historiske regnskabsoplysninger for Selskabets væsentligste datterselskaber, og
- dette Prospekt.

25 FRENCH SUMMARY

This French summary has been prepared for the French securities market in connection with the Rights Issue and the Private Placement in the Company. The information provided in this Section is a summary of information provided in the rest of the Prospectus, and does not contain any additional information. The information is thus only provided in the French language.

Le présent résumé français a été préparé pour le marché des instruments financiers français dans le cadre de l'émission de droits de souscription (l'«**Emission de Droits de Souscription**») par Norsk Hydro ASA (la «**Société**» ou «**Hydro**», et, avec ses filiales consolidées, le «**Groupe**») de nouvelles actions de la Société (les «**Actions Nouvelles**») et de la cotation de nouvelles actions de la Société (les «**Actions d'Apport**») à émettre au titre d'un placement privé (le «**Placement Privé**») au profit de Vale Austria Holdings GmbH («**Vale Austria Holdings**») dans le cadre de l'accord de la Société avec Vale S.A. («**Vale**») et Vale Austria Holdings (une filiale à 100 % de Vale) de reprise de certaines participations dans la Mine Paragominas, ALUNORTE - Alumina do Norte do Brasil S.A., ALBRAS - Alumínio Brasileiro S.A., Companhia de Alumina do Pará S.A. et certains actifs connexes («**Vale Aluminium**») auprès de Vale Austria Holdings (la «**Transaction**»).

Ce résumé fait partie intégrante du Prospectus en langue anglaise (le «**Prospectus**»). Par conséquent, les documents de souscription pour le marché des instruments financiers français ne consistent pas uniquement en ce résumé, mais dans le Prospectus dans son ensemble. Les investisseurs sont incités à lire attentivement l'intégralité du Prospectus avant de prendre une décision d'investissement. En cas de différence entre le présent résumé en français et les parties en anglais du Prospectus, les parties en langue anglaise du Prospectus prévaudront.

Le présent résumé en langue française est une traduction de la Section 1 (Summary) du Prospectus.

Le Prospectus a été soumis à l'Autorité de réglementation financière de Norvège pour examen et agrément en application de la Section 7-7 de la Loi norvégienne sur les transactions d'instruments financiers (*en norvégien : "verdipapirhandelloven"*).

Tout nouveau facteur significatif, erreur importante ou inexactitude susceptible d'affecter la valorisation des actions de la Société (les «**Actions**») apparaissant après l'agrément du Prospectus mais avant l'inscription des Actions Nouvelles et des Actions d'Apport à la cote d'Oslo Børs (la «**Bourse d'Oslo**») sera publié et annoncé dans les plus brefs délais dans un supplément au présent Prospectus conformément à la Section 7-15 de la Loi norvégienne sur les transactions d'instruments financiers.

25.1 RÉSUMÉ

Ce résumé doit être lu comme une introduction au Prospectus. Toute décision d'investissement relative à l'Emission de Droits de Souscription (telle que définie ci-après), aux Actions (y compris les Actions Nouvelles) ou aux Droits de Souscription (tels que définis ci-après) doit être prise après examen attentif de l'intégralité du Prospectus. En application de la législation nationale des Etats membres individuels de l'Espace Economique Européen ("EEE"), si une action relative aux informations contenues dans le présent Prospectus est intentée devant un tribunal, le plaignant pourra être amené à supporter les coûts de la traduction du présent Prospectus préalablement à la procédure judiciaire. Une personne ayant préparé le présent résumé, y compris ses traductions, ne peut être tenue responsable civilement de son contenu que s'il est trompeur, inexact ou contradictoire par rapport aux autres parties du présent Prospectus.

25.1.1 Présentation d'Hydro

Hydro est l'un des plus gros producteurs mondiaux d'aluminium primaire par utilisation d'électrolyse, en Australie, au Canada, en Allemagne, en Norvège, au Qatar et en Slovaquie. La plupart de l'aluminium d'Hydro est vendue sous la forme de produits de fonderie à valeur ajoutée et Hydro est le premier fournisseur mondial de lingot de filage, de lingot de laminage, de fil laminé et d'alliages de fonderie primaire (source : la Société). L'alumine est un des facteurs de coût les plus importants dans la production de métal aluminium, avec l'énergie. Hydro détient des participations dans des raffineries d'alumine qui ont répondu à environ 69 pour-cent des besoins en alumine du Groupe en 2009. La plus importante de ces participations, Alunorte, est la plus grande raffinerie d'alumine du monde avec des coûts de transformation parmi les plus faibles du secteur. Le Groupe dispose d'une capacité électrique auto-produite significative basée sur une production hydro-électrique à faible coût et émissions réduites en Norvège et sur une centrale électrique alimentée en gaz naturel intégrée à l'usine de Qatalum.

Hydro est un leader du secteur dans une gamme de produits et marchés en aval, notamment pour les secteurs de marché de la construction, du conditionnement, de la lithographie et de l'automobile (source : la Société). Hydro est un fournisseur de qualité, à valeur ajoutée de produits et solutions aluminium, avec des positions solides sur des marchés présentant des opportunités pour des produits à valeur ajoutée. L'ambition d'Hydro est d'être reconnue comme le premier fournisseur mondial de solutions aluminium, un leader technologique agile et innovant travaillant en partenariat avec ses clients, faisant progresser l'activité et le secteur de l'aluminium.

Les activités de laminés plats d'Hydro sont principalement situées en Europe, où le Groupe a généré environ 80 pour-cent du volume total de chiffre d'affaires en 2009. Hydro est le second plus gros fournisseur (source : estimation d'Hydro sur la base des chiffres de CRU¹⁰¹) du secteur du laminage européen avec une part de marché estimée à 17 pour-cent en Europe (source : la Société / le Rapport de Marché de l'Association européenne de l'aluminium, avril 2010). Hydro a des positions de leader mondial sur les segments de produits à forte valeur ajoutée comme des plaques d'impression lithographiques et des feuilles aseptiques.

Les opérations d'extrusion du Groupe consistent principalement en des produits extrudés généraux en alliage tendre et de systèmes de construction pour des façades, des cloisons, des portes et fenêtres. Le réseau d'usines d'extrusion d'Hydro fournit à des clients locaux des profils personnalisés et des systèmes de construction. Hydro est le leader européen (source : la Société) de systèmes de construction en aluminium et se concentre actuellement fortement sur des solutions de construction économes en énergie. Hydro dispose d'une production de tubes de précision dans toutes les grandes régions et détient

¹⁰¹ CRU est un groupe indépendant d'analyse et de conseil spécialisé dans les secteurs de l'exploitation minière, des métaux, de l'énergie, des câbles, des engrais et de la chimie.

une position de premier plan sur le marché mondial des applications de produit à transfert thermique (source : la Société).

Jouissant de plus de 100 ans d'expérience dans l'énergie hydraulique, Hydro est le deuxième exploitant de centrale électrique en Norvège, et le plus gros producteur privé (source : la Société). En outre, Hydro achète environ 7 TWh chaque année dans le cadre de contrats à long terme, principalement auprès de l'entreprise publique norvégienne Statkraft SF. Le portefeuille de la Société offre une énergie à long terme à des prix prévisibles pour ses opérations industrielles en Norvège.

Le siège de la Société se trouve à Oslo, en Norvège. D'après les informations disponibles sur le site internet de la Bourse d'Oslo (www.oslobors.no), la Société a une capitalisation boursière d'environ NOK 46 milliards au 17 juin 2010, ce qui en fait la septième plus grosse société cotée de la Bourse d'Oslo au regard de la capitalisation boursière. Le plus gros actionnaire de la Société est le Gouvernement norvégien représenté par le Ministère Norvégien du Commerce et de l'Industrie (le "**Gouvernement Norvégien**"), qui détenait 43,82 pour-cent des Actions au 14 juin 2010.

25.1.2 La Transaction, le Placement Privé et les Actions d'Apport

Le 2 mai 2010, Hydro a annoncé qu'elle avait conclu une convention de cession et d'apport (la "**Convention de Cession et d'Apport**") avec Vale et Vale Austria Holdings au titre de laquelle elle convenait d'acheter à Vale Austria Holdings, laquelle convenait d'apporter, Vale Aluminium, qui représente quasiment la totalité de l'activité aluminium de Vale (à l'exception de la participation de Vale dans Mineração Rio do Norte S.A. ("**MRN**")).

En contrepartie de la cession et de l'apport de Vale Aluminium, Vale Austria Holdings reçoit à la réalisation de la Transaction :

- (i) des Actions d'Apport nouvellement émises par Hydro, à émettre dans le cadre du Placement Privé, égales au moment de la réalisation de l'émission à 22 pour-cent des actions en circulation d'Hydro ;¹⁰² et
- (ii) un montant en numéraire égal à environ US\$ 1,1 milliard (dans l'hypothèse envisagée d'un produit net de l'Emission de Droits de Souscription de US\$ 1,75 milliard), sous réserve de certains ajustements, notamment un ajustement à la hausse (à la baisse) égal à 28,2 pour-cent du montant inférieur (supérieur) par rapport à l'hypothèse de US\$ 1,75 milliard et le produit net effectif en US\$ provenant de l'Emission de Droits de Souscription ; et
- (iii) des ajustements post-réalisation habituels relatifs: aux distributions de dividendes à Vale par Alurnorte et Albras pour la période intérimaire; au besoin de fonds de roulement et la dette nette de Paragominas; aux apports en capital faits par Vale à et la dette nette de CAP; et aux dettes/créances commerciales.

La réalisation de l'Emission de Droits de Souscription est une condition à la réalisation de la Transaction. Ni Vale ni Vale Austria Holdings ne sont des Actionnaires Existants (tels que définis ci-après) et ils ne participeront pas à l'Emission de Droits de Souscription. Voir Section 5.1 (The Transaction, the Private Placement and the Consideration Shares—The Transaction and the Private Placement) pour la présentation des autres conditions de réalisation de la Transaction.

La réalisation de la Transaction est prévue pour le quatrième trimestre 2010.

¹⁰² C'est-à-dire le nombre total d'Actions après la réalisation déduction faite de toute Action détenue par ou nantie au profit de Hydro.

Les Actions d'Apport seront inscrites à la cote de la Bourse d'Oslo dès que l'augmentation de capital se rapportant au Placement Privé aura été enregistrée par le Registre norvégien des Sociétés et que les Actions d'Apport auront été enregistrées par le Dépositaire Central pour les Instruments Financiers ("**VPS**"). L'admission des Actions d'Apport à la cote officielle de l'Autorité des Services Financiers du Royaume-Uni (la "**Cote Officielle**") et aux transactions à la Bourse de Londres aura lieu dès que possible par la suite, et devrait avoir lieu à peu près le même jour que l'admission à la cote des Actions d'Apport sur la Bourse d'Oslo.

25.1.3 Contexte et Motifs de l'Emission de Droits de Souscription

Le contexte et les motifs de l'Emission de Droits de Souscription sont de lever des fonds pour financer la part en numéraire de la contrepartie de la Transaction, pour soutenir la notation de qualité de la Société et pour accroître la capacité de la Société à mettre en œuvre des projets futurs.

25.1.4 Résumé de l'Emission de Droits de Souscription

Ce qui suit est un résumé des principales modalités et conditions de l'Emission de Droits de Souscription.

L'Emission de Droits de Souscription.....	L'Emission de Droits de Souscription consiste en une offre faite par la Société d'émettre 381 053 600 Actions Nouvelles de la Société à un prix de NOK 26,30 par Action Nouvelle (le " Prix de Souscription ") pour un produit brut de NOK 10 021 709 680.
Prix de Souscription	Le Prix de Souscription est égal à NOK 26,30 par Action Nouvelle.
Conditions de réalisation	La réalisation de l'Emission de Droits de Souscription est soumise à la condition que, sauf si l'Emission de Droits de Souscription est intégralement souscrite, la Convention de Prise Ferme (telle que définie ci-après) conclue entre la Société et les Preneurs Fermes (tels que définis ci-après) produit ses pleins effets. S'il apparaît clairement que cette condition ne sera pas remplie, l'Emission de Droits de Souscription sera retirée.
Date de Référence	24 juin 2010 (la " Date de Référence ") (cela signifie que les actionnaires inscrits sur le registre d'actionnaires de la Société par le VPS au 24 juin 2010 recevront des Droits de Souscription).
Droits de Souscription	Chaque titulaire d'actions de la Société enregistrés au 24 juin 2010 par le VPS (l'" Actionnaire Existant ") se verra attribuer 7 droits de souscription cessibles (les " Droits de Souscription ") pour 23 actions existantes de la Société inscrites comme étant détenues par cet Actionnaire Existant à la Date de Référence. Chaque certificat non remboursé de fondateur (le " Certificat de Fondateur ") donne droit à son porteur à 38 105 Droits de Souscription et chaque titulaire d'un certificat non remboursé de souscription (le " Certificat de Souscription ") est en droit de recevoir 2 447 Droits de Souscription. Les porteurs de Certificat de Fondateur ou de Certificat de Souscription (les " Porteurs de Certificat ") doivent présenter les originaux des Certificats de Fondateur ou des Certificats de Souscription, selon le cas, à DnB NOR Bank ASA, Service Teneur de Registres (l'" Agent Collecteur ") avant 15h00 (heure d'Europe centrale) le 8 juillet 2010 afin d'obtenir des Droits de Souscription. Si les originaux de ces certificats ne sont pas présentés avant l'expiration de ce délai, les Droits de Souscription ne seront pas attribués relativement aux Certificats de Fondateur ou Certificats de Souscription correspondants. Afin d'obtenir des Droits de Souscription avant l'expiration de la période de négociation des Droits de Souscription, les Porteurs de Certificat doivent présenter les originaux des Certificats de Fondateur ou des Certificats de Souscription, selon le cas, à l'Agent Collecteur avant 15h00 (heure d'Europe centrale) le 5 juillet 2010. Voir Section 6.9 (The Rights Issue-Subscription Rights) pour plus d'informations. Le nombre de Droits de Souscription émis à chaque Actionnaire Existant et Porteur de Certificats sera arrondi à la baisse au Droit de Souscription entier le plus proche. Chaque Droit de Souscription donnera, sous réserve des lois sur les instruments financiers en

vigueur, le droit de souscrire, et de se voir attribuer, une Action Nouvelle dans l'Emission de Droits de Souscription. Les Droits de Souscription acquis donneront le même droit de souscrire des Actions Nouvelles que des Droits de Souscription détenus par des Actionnaires Existants et des Porteurs de Certificats. **Les Droits de Souscription qui ne sont pas vendus avant 17h30 (heure d'Europe centrale) le 6 juillet 2010 ou qui ne sont pas exercés avant 17h30 (heure d'Europe centrale) le 9 juillet 2010 seront sans valeur et expireront sans indemnisation pour leur détenteur.**

Dilution	Les Actionnaires Existants qui choisissent de ne pas participer à l'Emission de Droits de Souscription verront leur participation diluée d'environ 24 pour-cent, mais auront l'opportunité de vendre leurs Droits de Souscription. En raison des Droits de Souscription attribués aux Porteurs de Certificats, les Actionnaires Existants seront dilués d'environ 1,1 pour-cent même s'ils participent à l'Emission de Droits de Souscription, à moins que ces Actionnaires Existants, sur la base d'une sursouscription (c'est-à-dire une souscription pour un nombre plus important d'Actions Nouvelles que le nombre auquel le souscripteur avait droit en vertu des Droits de Souscription) ou une souscription en vertu des Droits de Souscription acquis, se voient attribuer des Actions Nouvelles en plus du nombre de Droits de Souscription qui leur sont initialement attribués.
Période de Souscription.....	La période de souscription pour l'Emission de Droits de Souscription débutera le 25 juin 2010 et prendra fin le 9 juillet 2010 à 17h30 (heure d'Europe centrale) (la " Période de Souscription ").
Négociation des Droits de Souscription.....	Les Droits de Souscription seront pleinement négociables et seront cotés à la Bourse d'Oslo sous le symbole de cotation "NHY T" du 25 juin 2010 jusqu'à 17h30 (heure d'Europe centrale) le 6 juillet 2010. Les Droits de Souscription ne seront donc négociables que pendant une partie de la Période de Souscription.
Procédures de Souscription.....	Les souscriptions d'Actions Nouvelles doivent être effectuées par la remise d'un formulaire de souscription dûment rempli (un " Formulaire de Souscription ") à l'Agent Collecteur pendant la Période de Souscription, ou, pour les ressortissants norvégiens, en ligne comme décrit ci-dessous. Les Actionnaires Existants recevront des Formulaires de Souscription contenant des informations sur le nombre de Droits de Souscription attribué à l'Actionnaire Existant et sur certains autres points relatifs à leur participation. La sursouscription et la souscription sans Droits de Souscription seront autorisées ; il ne peut toutefois y avoir aucune garantie que des Actions Nouvelles seront attribuées pour ces souscriptions. Les souscriptions d'Actions Nouvelles par des souscripteurs qui ne sont pas des Actionnaires Existants, y compris des souscriptions par des Porteurs de Certificats, doivent être effectuées sur un Formulaire de Souscription dans la forme figurant en Annexe 2 "Forme d'un Formulaire de Souscription" ou en Annexe 3 "Forme d'un Formulaire de Souscription en langue norvégienne". Les Actionnaires Existants peuvent également choisir d'utiliser un tel Formulaire de Souscription. Les Formulaires de Souscription dûment remplis doivent être reçus par l'Agent Collecteur au plus tard à 17h30 (heure d'Europe centrale) le 9 juillet 2010. Les souscripteurs qui sont des ressortissants norvégiens peuvent également souscrire des Actions Nouvelles par le biais du système de souscription en ligne VPS (ou en suivant le lien sur www.hydro.com/rightsissue , qui redirigera le souscripteur vers le système de souscription en ligne VPS).
Attribution	L'attribution d'Actions Nouvelles aura lieu aux environs du 13 juillet 2010 conformément aux critères suivants : (i) l'attribution sera faite aux souscripteurs sur le fondement des Droits de Souscription attribués et acquis qui ont été valablement exercés pendant la Période de Souscription ; (ii) si tous les Droits de Souscription ne sont pas exercés, des souscripteurs ayant exercés leurs Droits de Souscription et ceux qui ont sursouscrit se verront attribuer des Actions Nouvelles supplémentaires au prorata sur la base du nombre de Droits de Souscription exercés par chacun de ces souscripteurs. Si une attribution au prorata n'est pas

possible, la Société décidera l'attribution par le tirage de lots ; (iii) les Actions Nouvelles non attribuées en application des (i) et (ii) ci-dessus seront attribuées à des souscripteurs ne détenant pas de Droits de Souscription. L'attribution sera effectuée au prorata sur la base des montants de souscription correspondants, étant toutefois entendu que ces attributions seront arrondies à la baisse aux 100 Actions les plus proches ; et (iv) les Actions Nouvelles non attribuées en application des (i), (ii) et (iii) ci-dessus seront souscrites par, et attribuées aux, Folketrygdfondet et les Preneurs Fermes, sur le fondement et en application des obligations de prise ferme respectives de Folketrygdfondet et des Preneurs Fermes. Aucune attribution ne sera faite à Folketrygdfondet au titre du (iv) ci-dessus si Folketrygdfondet respecte son obligation de souscription d'Actions Nouvelles telle que décrite en Section 6.21 (The Rights Issue–The Underwriting) ci-dessous.

Paiement..... Le paiement des Actions Nouvelles attribuées à un souscripteur est exigible le 15 juillet 2010 (la "**Date de Paiement**"). Les souscripteurs titulaires d'un compte bancaire norvégien doivent fournir, et le feront en signant le Formulaire de Souscription, à l'Agent Collecteur une autorisation unique et irrévocable de prélèvement du compte norvégien indiqué pour le montant exigible pour les Actions Nouvelles qui sont attribuées au souscripteur. Le compte bancaire indiqué devrait être débité à partir de la Date de Paiement. L'Agent Collecteur n'est autorisé à débiter ce compte qu'une seule fois, mais se réserve le droit de faire jusqu'à trois tentatives de débit. Les souscripteurs qui ne disposent pas d'un compte bancaire norvégien doivent s'assurer que le paiement en fonds disponibles pour les Actions Nouvelles qui leur sont attribuées est effectué au plus tard à la Date de Paiement, et doivent contacter l'Agent Collecteur avant d'effectuer le paiement. Les paiements tardifs se verront facturer des intérêts au taux alors en vigueur de la Loi norvégienne n° 100 sur les intérêts de retard du 17 décembre 1976, fixé à 8,75 pour-cent par an, à compter de la date du présent Prospectus. Sous réserve des restrictions fixées par la Loi norvégienne sur les sociétés par actions cotées et à la discrétion des Coordinateurs Globaux Conjointes (tels que définis ci-après), si un souscripteur ne respecte pas ses obligations de paiement, les Actions Nouvelles ne seront pas remises au souscripteur. En application d'une convention de garantie de paiement conclue par la Société et les Coordinateurs Globaux Conjointes (tels que définis ci-après), ces derniers, dans la limite de leurs pourcentages respectifs au prorata du montant souscrit pas les Preneurs Fermes tels que décrits en Section 6.21 (The Rights Issue–The Underwriting) ci-dessous et sous réserve des conditions de la garantie de paiement, paieront le 16 juillet 2010 tout montant de souscription non réglé par les souscripteurs, à l'exception du Gouvernement Norvégien et de Folketrygdfondet et les Preneurs Fermes (pour toute Action Nouvelle non souscrite qui leur est attribuée), à leur exigibilité, afin de permettre l'enregistrement en temps voulu de l'augmentation de capital relative aux Actions Nouvelles dans le Registre norvégien des Sociétés. Les souscripteurs n'ayant pas payé resteront entièrement redevables du montant de souscription exigible pour les Actions Nouvelles qui leur ont été attribuées, sans qu'il soit tenu compte de ce paiement des Coordinateurs Globaux Conjointes (tels que définis ci-après). Cependant, la Société et les Coordinateurs Globaux Conjointes se réservent le droit de vendre ou de prendre la propriété des Actions Nouvelles, selon le cas, à compter du quatrième jour (inclus) suivant la Date de Paiement sans notification supplémentaire au souscripteur concerné, conformément à la Section 10–12, quatrième paragraphe de la Loi norvégienne sur les sociétés par actions cotées si le paiement n'a pas été reçu dans les trois jours suivant la Date de Paiement. Si les Actions Nouvelles sont vendues pour le compte du souscripteur, celui-ci sera redevable de toute perte, coût, frais et dépense supporté ou subi par la Société et / ou les Coordinateurs Globaux Conjointes du fait de ou relativement à cette vente. La Société et / ou les Coordinateurs Globaux Conjointes peuvent exiger le paiement pour tout montant restant dû conformément au droit norvégien.

Remise des Actions.....	La Société prévoit que les Actions Nouvelles seront remises aux comptes VPS des souscripteurs auxquels elles sont attribuées aux alentours du 19 juillet 2010.
Cotation des Actions Nouvelles.....	Les Actions Nouvelles seront cotées à la Bourse d'Oslo dès que l'augmentation de capital relative à l'Emission de Droits de Souscription aura été enregistrée sur le Registre norvégien des Sociétés et que les Actions Nouvelles auront été enregistrées dans le VPS. Ceci devrait intervenir aux alentours du 19 juillet 2010. L'inscription des Actions Nouvelles à la cote des de la Bourse d'Oslo devrait avoir lieu le même jour. L'admission des Actions Nouvelles à la Cote Officielle et à la négociation à la Bourse de Londres aura lieu dès que possible par la suite, et devrait avoir lieu aux alentours du même jour que l'inscription à la cote des Actions Nouvelles à la Bourse d'Oslo.
Restrictions à la vente et au transfert.....	Certaines restrictions s'appliquent aux transferts et cessions des Droits de Souscription et des Actions Nouvelles dans certains pays. Voir Section 20 (Restrictions on Sale and Transfer).
Rang et dividendes	Les Actions Nouvelles seront à égalité de rang à tous égards avec les actions existantes et bénéficieront de tous les droits d'actionnaire dans la Société à compter de l'enregistrement de l'augmentation de capital relative à l'Emission de Droits de Souscription dans le Registre norvégien des Sociétés. Les Actions Nouvelles seront éligibles à tout dividende que la Société pourra déclarer après cet enregistrement.
Droit applicable et attribution de compétence	Les Formulaires de Souscription et les modalités et conditions de l'Emission de Droits de Souscription seront régis par et interprétés conformément au, et les Actions Nouvelles seront émises en application du, droit norvégien. Tout litige découlant de, ou relatif aux Formulaires de Souscription ou à l'Emission de Droits de Souscription est soumis à la compétence exclusive des tribunaux norvégiens, la District Court d'Oslo étant le lieu de jugement.
Prise Ferme	Folketrygdfondet s'est engagée à souscrire et prendre fermement des Actions Nouvelles pour sa part au prorata de l'Emission de Droits de Souscription sur la base de sa participation au moment de la conclusion de la Convention de Prise Ferme (telle que définie ci-après) (à savoir NOK 583 675 716), sous réserve de certaines conditions décrites à la Section 6.21 (The Rights Issue–The Underwriting) ci-dessous. La part restante de l'Emission de Droits de Souscription, à l'exception des 43,41 pour-cent pour lesquels le Gouvernement Norvégien a obtenu le pouvoir de souscrire, a été souscrite par Citigroup Global Markets Limited, DnB NOR Bank ASA, DnB NOR Markets, BNP PARIBAS, Commerzbank Aktiengesellschaft, Nordea Bank Norge ASA, Skandinaviska Enskilda Banken AB (publ) et Société Générale (ensemble, les " Preneurs Fermes ") en application et sous réserve des limites de la convention de prise ferme conclue entre la Société et les Preneurs Fermes le 2 mai 2010, telle que modifiée (la " Convention de Prise Ferme "). La Convention de Prise Ferme comporte certaines conditions et droits de résiliation tels que décrits plus précisément à la Section 6.21 (The Rights Issue–The Underwriting) ci-dessous.
Produit net, dépenses et utilisation du produit.....	Le produit net de l'Emission de Droits de Souscription devrait s'élever à environ NOK 9 871 millions, après déduction des commissions de souscription et autres commissions et frais relatifs à l'Emission de Droits de Souscription d'environ NOK 151 millions. Hydro entend utiliser le produit net pour financer la partie en numéraire de la contrepartie de la Transaction, pour soutenir la notation de qualité de la Société et pour accroître la capacité de la Société à mettre en œuvre des projets futurs.

25.1.5 Dates Clés de l'Emission de Droits de Souscription

Le calendrier ci-dessous fournit certaines dates clés indicatives pour l'Emission de Droits de Souscription.

Dernier jour de cotation des Actions, y compris Droits de Souscription	21 juin 2010
Premier jour de cotation des Actions, Droits de Souscription exclus	22 juin 2010
Date de Référence	24 juin 2010
Début de la Période de Souscription	25 juin 2010
Début de la cotation des Droits de Souscription à la Bourse d'Oslo.....	25 juin 2010
Fin de la cotation des Droits de Souscription	6 juillet 2010 à 17h30 (heure d'Europe centrale)
Fin de la Période de Souscription	9 juillet 2010 à 17h30 (heure d'Europe centrale)
Attribution des Actions Nouvelles.....	aux environs du 13 juillet 2010
Distribution des lettres d'attribution	aux environs du 13 juillet 2010
Date de Paiement	15 juillet 2010
Remise des Actions Nouvelles	aux environs du 19 juillet 2010
Inscription à la cote et début de cotation des Actions Nouvelles à la Bourse d'Oslo et à la Bourse de Londres	aux environs du 19 juillet 2010

25.1.6 Informations Financières

Les tableaux ci-dessous contiennent un résumé des informations financières et autres données historiques de la Société sur une base consolidée au et pour les exercices clos les 31 décembre 2009, 2008 et 2007, et au et pour les trimestres clos les 31 mars 2010 et 2009. Les tableaux doivent être lus conjointement aux états financiers intégrés par référence au présent Prospectus (voir Section 21.7 (Additional Information–Incorporation by Reference)) et aux autres Sections du présent Prospectus, en particulier la Section 12 (Capitalization and Indebtedness), la Section 13 (Selected Consolidated Financial and Other Data) et la Section 14 (Operating and Financial Review).

Eléments sommaires du compte de résultat consolidé d'Hydro

En millions de NOK (à l'exception du nombre d'Actions)	Trimestre clos le 31 mars (non audité)		Exercices clos le 31 décembre (audité)		
	2010	2009	2009	2008	2007
Chiffre d'affaires	18 145	16 569	67 409	88 455	94 316
Quote-part du bénéfice (perte) net(te) des entreprises associées	(236)	(413)	(809)	(915)	1 000
Autre produit, net	183	134	107	865	1 093
Total des produits	18 091	16 290	66 706	88 405	96 409
Dépréciation, amortissement et perte de valeur	721	827	3 494	4 915	3 552
Autres charges	16 385	17 061	64 619	82 296	83 833
Total des charges	17 106	17 888	68 113	87 211	87 385
Résultat avant éléments financiers et impôts (EBIT)	985	(1 598)	(1 407)	1 194	9 025
Produit (charge) financier, net	545	1 473	2 774	(5 026)	3 208

En millions de NOK (à l'exception du nombre d'Actions)	Trimestre clos le 31 mars (non audité)		Exercices clos le 31 décembre (audité)		
	2010	2009	2009	2008	2007
Bénéfice (perte) avant impôt	1 530	(126)	1 367	(3 832)	12 233
Impôt sur les bénéfices	(605)	(155)	(951)	565	(3 075)
Bénéfice (perte) provenant d'activités poursuivies	924	(280)	416	(3 267)	9 158
Bénéfice (perte) provenant d'activités interrompues	-	-	-	(247)	9 447
Bénéfice (perte) net(te)	924	(280)	416	(3 514)	18 604
Bénéfice (perte) net(te) des intérêts minoritaires	55	67	117	411	408
Bénéfice (perte) net(te) attribuable aux actionnaires d'Hydro	869	(347)	299	(3 925)	18 196
Résultat de base et dilué par Action provenant des activités poursuivies (en NOK)	0,72	(0,29)	0,25	(3,04)	7,17
Résultat de base et dilué par Action provenant des activités interrompues (en NOK)	-	-	-	(0,20)	7,74
Résultat de base et dilué par Action attribuable aux actionnaires d'Hydro (en NOK)	0,72	(0,29)	0,25	(3,25)	14,90
Nombre moyen pondéré d'Actions en circulation (en millions)	1 205	1 206	1 205	1 209	1 221

Etats résumés de la situation financière consolidée d'Hydro

En millions de NOK (à l'exception du nombre d'Actions)	Au 31 mars (non audité)		Au 31 décembre (audité)		
	2010	2009	2009	2008	2007
Actif					
Trésorerie et équivalents de trésorerie	2 502	3 128	2 573	3 333	9 330
Investissements à court terme	1 554	1 652	1 519	1 648	2 742
Créances et autre actif circulant	15 576	16 077	13 679	18 833	16 531
Stocks	9 678	13 264	10 030	16 293	12 227
Total de l'actif circulant	29 311	34 120	27 802	40 108	40 830
Actifs détenus pour cession, activités interrompues	-	-	-	-	6 741
Immobilisations corporelles	25 499	28 038	25 647	29 338	26 750
Autre actif non circulant	25 109	24 798	24 150	25 711	17 724
Total de l'actif non circulant	50 608	52 837	49 797	55 049	44 474

En millions de NOK (à l'exception du nombre d' Actions)	Au 31 mars (non audité)		Au 31 décembre (audité)		
	2010	2009	2009	2008	2007
Total actif	79 919	86 957	77 599	95 157	92 046
Passif et capitaux propres					
Prêts bancaires et autres dettes à court terme porteuses d'intérêts	972	1 953	2 010	1 169	1 045
Autres dettes à court terme	13 551	17 509	13 032	22 175	17 310
Total du passif à court terme	14 523	19 462	15 042	23 344	18 355
Passif inclus dans des groupes cédés, activités interrompues	-	-	-	-	2 021
Dettes à long terme	2 574	1 106	88	279	263
Autres dettes à long terme	14 430	14 856	14 425	16 135	14 152
Impôts différés passif	816	1 143	849	1 258	2 246
Total du passif à long terme	17 820	17 104	15 361	17 673	16 662
Total passif	32 343	36 567	30 403	41 016	37 038
Capitaux propres attribuables aux actionnaires d'Hydro	46 458	49 034	46 169	52 808	54 049
Intérêts minoritaires	1 118	1 357	1 026	1 333	959
Total des capitaux propres	47 577	50 391	47 195	54 141	55 008
Total passif et capitaux propres	79 919	86 957	77 599	95 157	92 046
Nombre total d'Actions en circulation (en millions)	1 205	1 206	1 205	1 206	1 209

Etats résumés de flux de trésorerie consolidés d'Hydro

En millions de NOK	Trimestre clos le 31 mars (non audité)		Exercices clos le 31 décembre (audité)		
	2010	2009	2009	2008	2007
Activités opérationnelles :					
Bénéfice (perte) net(te)	924	(280)	416	(3 514)	18 604
Bénéfice (perte) net(te) provenant d'activités interrompues	-	-	-	247	(9 447)
Dépréciation, amortissement et perte de valeur	721	827	3 494	4 915	3 552
Autres ajustements	(1 459)	(1 658)	636	1 273	1 564
Trésorerie nette provenant des activités opérationnelles	186	(1 111)	4 546	2 921	14 273

En millions de NOK	Trimestre clos le 31 mars (non audité)		Exercices clos le 31 décembre (audité)		
	2010	2009	2009	2008	2007
Opérations d'investissement :					
Acquisition d'immobilisations corporelles	(436)	(546)	(2 743)	(3 485)	(3 485)
Acquisition d'autres investissements à long terme	(1 221)	(184)	(3 137)	(5 374)	(1 403)
Acquisition d'investissements à court terme	-	-	-	(2 850)	(5 000)
Produit des cessions d'immobilisations corporelles	6	9	24	95	122
Produit des cessions d'autres investissements à long terme	111	40	8	679	4 330
Produit des cessions d'investissements à court terme	-	-	-	3 600	17 200
Trésorerie nette utilisée dans des opérations d'investissement	(1 540)	(681)	(5 848)	(7 335)	11 764
Activités de financement :					
Produit des prêts	2 431	1 878	2 878	93	25
Remboursements du capital	(1 081)	(60)	(1 978)	(187)	(1 210)
Augmentation (baisse) nette des autres dettes à court terme	(50)	(92)	15	(159)	
Acquisitions d'Actions	-	-	(124)	(149)	(2 887)
Produit des Actions émises	9	13	43	44	66
Dividendes versés	-	-	(166)	(6 359)	(6 134)
Trésorerie nette provenant des (utilisée par les) activités de financement	1 309	1 739	668	(6 717)	(10 140)
Effets des devises sur la trésorerie et le découvert bancaire	23	(74)	(56)	(11)	(285)
Trésorerie nette provenant d'activités interrompues	-	-	-	5 075	(12 799)
Baisse nette de la trésorerie, des équivalents de trésorerie et du découvert bancaire	(22)	(127)	(690)	(6 067)	2 813
Trésorerie, équivalents de trésorerie et découvert bancaire classés comme détenus en vue de la vente	-	-	-	-	(105)
Trésorerie, équivalents de trésorerie et découvert bancaire à l'ouverture	2 499	3 189	3 189	9 256	6 548
Trésorerie, équivalents de trésorerie et découvert bancaire à la clôture	2 477	3 062	2 499	3 189	9 256

Etats de variations de capitaux propres consolidés d'Hydro

En millions de NOK	Capital social	Capital appelé supplémentaire	Actions propres	Bénéfices non distribués	Autres éléments de capitaux propres	Capitaux propres attribuables aux actionnaires d'Hydro	Intérêts minoritaires	Total des capitaux propres
1^{er} janvier 2007	4 708	9 736	(6 624)	89 544	(1 533)	95 831	771	96 601
<i>Variations de capitaux propres pour 2007 (audité)</i>								
Rachat d'Actions rachetées réémises à des salariés	-	-	(123)	-	-	(123)	-	(123)
Annulation d'Actions autodétenues	-	53	68	-	-	121	-	121
Actions remboursées, le Gouvernement Norvégien	(79)	-	2 396	(2 317)	-	-	-	-
Dividendes déclarés et payés	(62)	(2 701)	-	-	-	(2 763)	-	(2 763)
Scission	-	-	-	(6 134)	-	(6 134)	(102)	(6 236)
Résultat global total pour la période	(3 197)	(6 727)	-	(41 339)	4 174	(47 089)	-	(47 089)
31 décembre 2007	1 370	360	(4 283)	57 950	(1 348)	54 049	959	55 008
<i>Variations de capitaux propres pour 2008 (audité)</i>								
Rachat d'Actions rachetées réémises à des salariés	-	-	(149)	-	-	(149)	-	(149)
Dividendes déclarés et payés	-	(51)	158	-	-	107	-	107
Transactions avec les intérêts minoritaires / avec groupe	-	-	-	(6 053)	-	(6 053)	(306)	(6 359)
Participations acquises (cédées)	-	-	-	(4)	-	(4)	(1)	(5)
Résultat global total pour la période	-	-	-	(3 925)	8 783	4 858	691	5 549
31 décembre 2008	1 370	309	(4 274)	47 968	7 435	52 808	1 333	54 141
<i>Variations de capitaux propres pour 2009 (audité)</i>								
Actions rachetées réémises à des salariés	-	(17)	63	-	-	46	-	46
Annulation d'Actions autodétenues	(5)	(61)	147	(81)	-	-	-	-

En millions de NOK	Capital social	Capital appelé supplémentaire	Actions propres	Bénéfices non distribués	Autres éléments de capitaux propres	Capitaux propres attribuables aux actionnaires d'Hydro	Intérêts minoritaires	Total des capitaux propres
Actions remboursées, le Gouvernement Norvégien	(4)	(121)	-	-	-	(124)	-	(124)
Dividendes déclarés et payés	-	-	-	-	-	-	(166)	(166)
Participations acquises (cédées)	-	-	-	-	-	-	9	9
Ajustement scission	-	-	-	(237)	-	(237)	-	(237)
Autres ajustements	-	(67)	2887	(2 820)	-	-	-	-
Résultat global total pour la période	-	-	-	299	(6 621)	(6 322)	(150)	(6 472)
31 décembre 2009	1 362	43	(1 177)	45 128	813	46 169	1 026	47 195
<i>Variations de capitaux propres pour 2010 (non audité)</i>								
Intérêt minoritaire constaté à l'acquisition de filiale	-	-	-	-	-	-	8	8
Résultat global total pour la période	-	-	-	869	(580)	289	85	374
31 mars 2010	1 362	43	(1 177)	45 997	234	46 458	1 118	47 577

Les tableaux ci-dessous contiennent les informations sur la capitalisation consolidée et l'endettement net de la Société au 31 mars 2010.

Etat de capitalisation consolidée d'Hydro

En millions de NOK	Au 31 mars 2010 (non audité)
Endettement	
Total de la dette courante.....	972
Faisant l'objet de garanties	-
Faisant l'objet de nantissements.....	50
Sans garanties ni nantissements.....	922
Total des dettes non courantes.....	2 574
Faisant l'objet de garanties	-
Faisant l'objet de nantissements.....	115
Sans garanties ni nantissements.....	2 459
Endettement total.....	3 546
Capitaux propres	
Capital social	1 362
Capital appelé supplémentaire.....	43
Autres capitaux propres attribuables aux actionnaires de la Société	45 054
Intérêts minoritaires	1 118
Total des capitaux propres	47 577
Capitalisation totale	51 123

Etat de l'endettement net consolidé d'Hydro

En millions de NOK	Au 31 mars 2010 (non audité)
Endettement net	
(A) Trésorerie	2 339
(B) Equivalents de trésorerie.....	163
(C) Titres de placement ¹⁰³	1 554
(D) Liquidités (A) + (B) + (C)	4 056
(E) Créances financières à court terme¹⁰⁴	1 955
(F) Dettes bancaires à court terme ¹⁰⁵	253
(G) Part à court terme des dettes à long terme ¹⁰⁶	82
(H) Autres dettes financières à court terme ¹⁰⁷	638
(I) Dette financières à court terme (F) + (G) + (H).....	973
(J) Endettement financier net à court terme (I) -- (E) -- (D).....	(5 038)
(K) Prêts bancaires à long terme	2 495
(L) Obligations émises.....	-
(M) Autres prêts à long terme	78
(N) Endettement financier à long terme (K) + (L) + (M).....	2 574
(O) Endettement financier net (J) + (N).....	(2 465)

25.1.7 Absence de Changement Significatif

Il ne s'est produit aucun changement significatif dans la situation financière ou commerciale du Groupe depuis le 31 mars 2010 jusqu'à la date du présent Prospectus, à l'exception de l'émission d'un emprunt sous forme d'effet de commerce de NOK 500 millions venant à échéance le 18 août 2010 et à coupon 2,71 pour-cent, tel qu'annoncé le 12 mai 2010.

25.1.8 Informations sur les Tendances

Au cours des cinq premiers mois de l'année 2010, les prix moyens de l'aluminium primaire de la Bourse des Métaux de Londres ont baissé d'un niveau approximatif de US\$ 2 300 par mt en début d'année à un niveau inférieur à US\$ 2 000 par mt au début du mois de juin 2010. La demande pour les produits métalliques (lingots de filage, lingots de laminage, aillages de fonderie primaire et fils laminés) a continué à s'améliorer au cours des cinq premiers mois de 2010, mais la consommation tant en Europe qu'en Amérique du Nord demeure en dessous des niveaux connus en 2007 et 2008. Une description complémentaire des tendances des activités, de la direction, des coûts et des activités de marchés connus par le Groupe depuis le 31 décembre 2009, ainsi qu'une description des tendances qui sont

¹⁰³ Actions, effets de commerce et obligations détenues pour transactions et autres effets de commerce et obligations négociables similaires.

¹⁰⁴ Actifs financiers à court terme (maturité d'1 an ou moins) non inclus dans "Liquidité". Parmi ceux-ci, les produits dérivés, les paiements anticipés et revenu cumulé.

¹⁰⁵ Dette à court terme auprès d'établissements de crédit (maturité d'1 an ou moins).

¹⁰⁶ Dette obligataire et prêt de capital subordonné avec une maturité d'un an ou moins.

¹⁰⁷ Autres éléments de passif financier à court terme, notamment effets de commerce émis, produits dérivés, produits constatés d'avance et charges cumulées.

raisonnablement susceptibles d'avoir un impact significatif sur les perspectives du Groupe pour 2010, figurent en Section 14.8 (Operating and Financial Review–Recent Developments and Trend Information).

25.1.9 Résumé des Principaux Facteurs de Risque

Un certain nombre de facteurs de risque peuvent avoir un impact défavorable significatif sur le Groupe et sur la valeur de cotation des Droits de Souscription et / ou des Actions. Ci-dessous figure un bref résumé des facteurs de risque décrits à la Section 2 (Risk Factors). Veuillez noter que les risques décrits à la Section 2 (Risk Factors) ne sont pas les seuls risques susceptibles d'affecter le Groupe et la valeur marchande des Droits de Souscription et / ou des Actions. Des risques supplémentaires non connus actuellement par le Groupe ou actuellement considérés par le Groupe comme non significatifs peuvent également avoir un impact négatif important sur le Groupe et la valeur marchande des Droits de Souscription et / ou des Actions. Il ne peut y avoir aucune garantie que les procédures de contrôle interne et de gestion des risques mises en œuvre par le Groupe seront suffisantes pour gérer tous les risques pertinents.

Risques Liés au Groupe et à ses Activités

- Hydro reste confrontée à des conditions de marché difficiles qui pourraient avoir un effet défavorable sur son résultat d'exploitation et sa liquidité.
- Hydro peut ne pas réussir à réduire le coût d'exploitation de son portefeuille de fonderie suffisamment pour compenser une longue période de faiblesse des marchés de l'aluminium.
- Hydro est confrontée à l'incertitude de la demande sur ses marchés aval de l'aluminium.
- Hydro est confrontée à un risque restant élevé de défaillance de cocontractant.
- Une dégradation de la situation financière d'Hydro ou une rétrogradation de ses notations par les agences de notation pourrait augmenter pour Hydro le coût des emprunts et le coût du capital et avoir un effet défavorable important sur ses relations commerciales, notamment d'éventuelles *joint ventures* et de nouvelles initiatives de croissance.
- La volatilité des prix peut affecter les coûts d'exploitation d'Hydro et peut également avoir un effet défavorable significatif sur le résultat d'exploitation annoncé d'Hydro.
- Les résultats annoncés d'Hydro et sa position concurrentielle sont exposés à des variations des taux de change de devises.
- L'activité en aval d'Hydro subit de plus en plus la concurrence venue de Chine.
- La non réalisation ou le retard dans la réalisation de projets importants pourrait avoir un impact négatif important sur la position concurrentielle d'Hydro.
- Les marchés émergents ou en transition présentent une menace concurrentielle pour l'activité d'Hydro.
- Hydro subit une réglementation de plus en plus coûteuse relative à la réduction des émissions de CO₂.
- L'activité d'Hydro dépend de sa capacité à remplacer des contrats d'approvisionnement en énergie à long terme à des conditions concurrentielles.
- De futures acquisitions, fusions ou alliances stratégiques peuvent nuire à la situation financière d'Hydro.
- La croissance d'activité est plus susceptible de se produire sur des marchés émergents et en transition, caractérisés par des risques juridiques, fiscaux, réglementaires et de mise en œuvre plus élevés.
- Des investissements en tant qu'associé minoritaire dans des personnes morales à contrôle conjoint et des partenaires réduisent la capacité d'Hydro à gérer son portefeuille d'activités.
- Hydro peut ne pas réussir à développer des solutions technologiques à l'appui de ses stratégies de croissance.
- De gros accidents pourraient entraîner des revendications et amendes importantes et nuire fortement à la réputation d'Hydro.
- Hydro peut ne pas réussir à attirer et conserver des salariés suffisamment compétents.

- Hydro pourrait être affectée de façon importante par des procédures juridiques ou des enquêtes.
- Hydro peut subir une faute de ses salariés.
- Hydro peut subir des responsabilités imprévues pour un dommage à l'environnement.
- Hydro peut ne pas être en mesure de conserver une assurance suffisante pour couvrir tous les risques liés à ses activités.
- Hydro peut subir des responsabilités relatives à des activités transférées à des sociétés successeurs.

Risques Liés à Vale Aluminium et au Groupe Combiné

- Les risques liés à une activité au Brésil.
- L'Etat brésilien a exercé par le passé, et peut à l'avenir continuer à exercer, une influence importante sur l'économie brésilienne. Les conditions politiques et économiques brésiennes peuvent avoir un impact direct sur Vale Aluminium.
- Les activités d'exploitation minière et de raffinerie d'alumine de Vale Aluminium dépendent des droits aux concessions et des autorisations des organismes de réglementation. Des modifications de la réglementation pourraient avoir un effet défavorable important sur la situation financière d'Hydro.
- Les réserves estimées peuvent différer significativement des quantités de minerai que le Groupe avec Vale Aluminium (ensemble, le "**Groupe Combiné**") peut effectivement extraire ; les estimations de durée d'exploitation de la mine peuvent se révéler inexactes ; et les fluctuations des prix de marché et les variations des coûts d'exploitation et des coûts d'immobilisations peuvent rendre certains gisements non économiquement exploitables.
- Les coûts d'exploitation et les coûts d'immobilisations associés au pipeline de transport de Paragominas peuvent ne pas coïncider avec les hypothèses de la Société.
- Les coûts d'exploitation et les coûts d'immobilisations de la mine de Paragominas peuvent être imprévisibles.
- De grands projets de développement qui font partie de la Transaction courent le risque de coûts ou de délais supplémentaires qui peuvent empêcher la réussite de leur mise en œuvre.
- La Transaction accroît l'exposition des résultats annoncés d'Hydro et de sa position concurrentielle aux variations des taux de change de devises.

Risques Liés à la Transaction

- La Transaction peut ne pas se réaliser ou ne pas être réalisée de la façon décrite dans le présent Prospectus si certaines conditions de *closing* ne sont pas satisfaites.
- Le Groupe supportera des frais d'acquisition dans le cadre de la Transaction.
- Hydro devra supporter et / ou assumer des obligations financières importantes relativement à la Transaction, dont certaines devront être refinancées d'ici le 31 décembre 2013.
- Même si la Transaction est achevée, le Groupe peut être confronté à des risques et défis supplémentaires du fait de l'intégration de Vale Aluminium dans son activité existante.
- Les extraits d'informations financières combinées pro forma non auditées intégrés au présent Prospectus ne reflètent pas nécessairement ce que le résultat d'exploitation, la situation financière et les flux de trésorerie du Groupe Combiné auraient été pour la même période.
- Si la Transaction n'est pas réalisée, ou si elle est réalisée et qu'il y a un produit excédentaire non utilisé pour réaliser la Transaction, l'utilisation alternative de ce produit de l'Emission de Droits de Souscription peut ne pas être efficace.

Risques Liés aux Actions

- La valeur de marché des Actions peut fluctuer de manière importante et peut ne pas refléter la valeur de l'actif sous-jacent d'Hydro ou, après la réalisation de la Transaction, la valeur de l'actif sous-jacent du Groupe Combiné.
- La capacité d'Hydro à verser des dividendes dépend de la disponibilité de réserves distribuables.
- Les titulaires d'Actions dont les titres sont enregistrés dans un compte-titres au nom d'un représentant ne seront pas en mesure d'exercer les droits de vote attachés à ces Actions, à moins que le droit de propriété ne soit réenregistré en leur nom propre dans le VPS avant l'assemblée générale.
- Toute émission d'actions future peut avoir un effet négatif significatif sur le cours des Actions.
- Les Actionnaires seront dilués s'ils ne sont pas en mesure ou ne souhaitent pas participer à des émissions futures d'actions, et ils seront en tout état de cause dilués du fait des droits de préemption des Porteurs de Certificats dans des émissions futures d'actions de numéraire, ainsi que du fait de l'émission des Actions d'Apport destinées à Vale Austria Holdings et d'autres émissions d'actions par placement privé.
- Certaines restrictions de transfert et de cession peuvent limiter la capacité des actionnaires à vendre ou autrement transférer leurs Actions.
- Les investisseurs peuvent être dans l'incapacité de recouvrer leurs pertes dans des procédures civiles en dehors des juridictions norvégiennes.
- Le droit norvégien peut limiter la possibilité des actionnaires d'intenter une action contre la Société.
- Suite à la réalisation de l'Emission de Droits de Souscription et la Transaction, une part significative des actions restera concentrée entre les mains de quelques actionnaires, et les ventes futures d'Actions par ces actionnaires pourraient avoir un effet défavorable significatif sur le cours des Actions.

Risques Liés à l'Emission de Droits de Souscription

- Les Actionnaires Existants qui ne participent pas à l'Emission de Droits de Souscription pourront subir une dilution importante de leur participation, et pourront en tout état de cause être dilués du fait des droits de préemption des Porteurs de Certificats ; les Porteurs de Certificats qui ne participent pas à l'Emission de Droits de Souscription peuvent ne pas être en mesure de dégager toute la valeur de leurs droits.
- Un marché actif pour les Droits de Souscription peut ne pas se développer à la Bourse d'Oslo et / ou la valeur marchande des Droits de Souscription peut fluctuer.
- La vente de Droits de Souscription par ou pour le compte d'Actionnaires Existants ou de Porteurs de Certificats peut entraîner une baisse du cours des Droits de Souscription et des Actions et une volatilité accrue des Actions.
- Si l'Emission de Droits de Souscription est retirée, les Droits de Souscription n'auront plus aucune valeur.
- Les Actionnaires ne se trouvant pas en Norvège subissent un risque de change.

25.1.10 Conseil d'administration, Direction et Salariés

A la date du présent Prospectus, le conseil d'administration d'Hydro est composé de Terje Vareberg (président), Bente Rathe (président adjoint), Finn Jebsen, Inge K. Hansen, Eva Persson, Liv Monica Bargem Stubholt, Sten Roar Martinsen, Jørn B. Lilleby and Billy Fredagsvik.

A la date du présent Prospectus, le comité de direction du Groupe est composé de Svein Richard Brandtzæg (Président et Directeur Général), Oliver Bell (Directeur Exécutif Produits Laminés), Kjetil Ebbesberg (Directeur Exécutif Marchés Métaux), Hans Joachim Kock (Directeur Exécutif Produits Extrudés), Arvid Moss (Directeur Exécutif Stratégie et Business Développement), Jørgen C. Arentz

Rostrup (Directeur Exécutif et Directeur Financier), Tom Røtjer (Directeur Exécutif Projets), Ola Sæter (Directeur Exécutif Energie), Johnny Undeli (Directeur Exécutif Bauxite et Alumine), Hilde Merete Aasheim (Directeur Exécutif Métal Primaire) et Wenche Agerup (Directeur Exécutif Equipes Siège (Juridique, RSE, RH et Analyse de l'Organisation, HSE et Secrétaire Général de la Société)).

Au 31 mai 2010, le Groupe employait environ 19 000 personnes.

25.1.11 Commissaire aux Comptes et Conseillers

Le commissaire aux comptes actuel de la Société est KPMG AS. Jusqu'en mai 2010, le commissaire aux comptes de la Société était Deloitte AS. Citigroup Global Markets Limited, DnB NOR Bank ASA, DnB NOR Markets et BNP PARIBAS sont coordinateurs globaux conjoints (les "**Coordinateurs Globaux Conjoints**") et teneurs de livre conjoints, et Commerzbank Aktiengesellschaft, Nordea Bank Norge ASA, Skandinaviska Enskilda Banken AB (publ) et Société Générale sont co-chefs de file pour l'Emission de Droits de Souscription. Advokatfirmaet Thommessen AS (droit norvégien) et Latham & Watkins (London) LLP (conseil international) sont les conseils juridiques de la Société et Advokatfirmaet Selmer DA (droit norvégien) et Davis Polk & Wardwell LLP (conseil international) sont conseils juridiques des Preneurs Fermes.

25.1.12 Principaux Actionnaires

Au 14 juin 2010, la Société avait environ 53 600 actionnaires. Environ 76 pour-cent des Actions étaient détenues par des ressortissants norvégiens et environ 24 pour-cent étaient détenues par des ressortissants étrangers. Les 20 plus gros actionnaires de la Société au 14 juin 2010 figurent dans le tableau ci-dessous :

n°	Actionnaires	Type de compte	Nombre d'Actions	Pourcentage
1	Le Gouvernement Norvégien	Société	543 463 361	43,82
2	Folketrygdfondet	Société	75 672 207	6,10
3	JP Morgan Chase Bank Depository	Représentant	33 565 190	2,71
4	Norsk Hydro ASA	Société	33 387 070	2,69
5	Doge and Cox Intern Fund	Société	32 634 600	2,63
6	Clearstream Banking CID Dept, Frankfurt	Représentant	21 813 156	1,76
7	Rasmussengruppen AS	Société	17 152 000	1,38
8	DnB NOR Markets, négociation pour compte propre	Société	9 745 496	0,79
9	Bank of New York, Mellon SA/NV	Représentant	9 609 919	0,77
10	Deutsche Bank AG London	Société	7 992 979	0,64
11	Pareto Aksje Norge	Société	7 756 200	0,63
12	Vital Forsikring ASA	Société	7 113 604	0,57
13	Odin Norge	Société	7 041 474	0,57
14	Bank of New York, Mellon	Représentant	6 999 762	0,56
15	Statoil Pensjon	Société	5 826 442	0,47
16	DnB NOR Norge (IV) VPF	Société	5 368 257	0,43
17	Storebrand Livsforsikring AS	Société	5 205 221	0,42
18	Awilco Invest AS	Société	4 843 200	0,39
19	Varma Mutual Pension Company	Société	4 800 000	0,39
20	JP Morgan Chase Bank Nordea Treaty Account	Société	4 726 929	0,38
Les 20 plus importants actionnaires			844 717 067	68,12
Autres			395 393 144	31,88
Total			1 240 110 211	100,00

25.1.13 Opérations avec des Apparentés

La Société a conclu un certain nombre d'opérations avec ses filiales et des sociétés associées, et avec son principal actionnaire. Les opérations avec les filiales sont éliminées au niveau consolidé et ne sont pas déclarées comme des opérations avec partie liée dans les états financiers consolidés du Groupe. Voir Section 21.2 (Additional Information-Related Party Transactions) ci-dessous pour des détails sur les opérations de la Société avec des apparentés.

25.1.14 Recherche et Développement, Brevets et Licences

Le total des dépenses de recherche et développement du Groupe se sont élevées à NOK 690 millions en 2009, NOK 606 millions en 2008 et NOK 507 millions en 2007. Les activités de recherche et développement visent à rendre plus efficace la production d'aluminium, notamment en améliorant la technologie d'électrolyse d'Hydro. Une part importante des fonds de recherche et développement sont également alloués au développement complémentaire de processus de production et de produits dans la coulée et le développement d'alliage, l'extrusion, les tubes de précision, les systèmes de construction, ainsi que les produits laminés. La plupart des dépenses de recherche et développement concernent l'organisation de recherche interne d'Hydro, le reste finançant des travaux effectués dans des établissements extérieurs. La Société dispose d'un certain nombre de centres de recherche et de développement en Europe et a installé un nouveau Centre de Technologie & de Compétences à Doha, au Qatar en 2009.

25.1.15 Actions

A la date du présent Prospectus, le capital social de la Société s'élève à NOK 1 361 641 011,68, divisé en 1 240 110 211 Actions, d'une valeur nominale de NOK 1,098. Il n'existe qu'une catégorie d'Actions. Les Actions sont égales à tous égards et chaque Action détient une voix aux assemblées générales d'actionnaires. Toutes les Actions sont autorisées, émises et intégralement libérées. Après la réalisation de l'Emission de Droits de Souscription, le capital social de la Société sera augmenté de NOK 418 396 852,80 pour être porté à NOK 1 780 037 864,48, divisé en 1 621 163 811 Actions, d'une valeur nominale de NOK 1,098. Le montant du capital social après à la réalisation du Placement Privé sera publié par le biais du système d'information de la Bourse d'Oslo dès la réalisation de l'émission.

25.1.16 Statuts

Les Statuts de la Société sont intégrés en Annexe 1 au Prospectus.

L'objet de la Société est, conformément à l'Article 2 des Statuts, *"... d'exercer des activités dans l'industrie, le commerce et le transport, d'utiliser les ressources énergétiques et les matières premières, et d'exercer toute autre activité en lien avec ces objets. Des activités peuvent également être exercées par une participation à ou une coopération avec d'autres entreprises."*

25.1.17 Documents disponibles

Des exemplaires des documents ci-dessous seront à disposition pour consultation au siège de la Société aux heures normales de bureau du lundi au vendredi chaque semaine (sauf jours fériés) pendant une période de 12 mois à compter de la date du présent Prospectus :

- les Statuts de la Société ;
- le Certificat d'immatriculation de la Société ;
- les états financiers consolidés audités de la Société aux, et pour les exercices clos les, 31 décembre 2009, 2008, 2007, et des extraits des états financiers consolidés non audités de la Société au, et pour le trimestre clos le, 31 mars 2010 et 31 décembre 2009 (avec des chiffres comparables au, et pour le trimestre clos le 31 mars 2009 et 31 décembre 2008, respectivement) ;

- des informations financières historiques des filiales importantes de la Société ; et
- le présent Prospectus.

26 GERMAN SUMMARY

This German summary has been prepared for the German securities market in connection with the Rights Issue and the Private Placement in the Company. The information provided in this Section is a summary of information provided in the rest of the Prospectus, and does not contain any additional information. The information is thus only provided in the German language.

Diese deutsche Zusammenfassung wurde für den deutschen Wertpapiermarkt in Verbindung mit dem Bezugsangebot neuer Aktien (die „**Angebotenen Aktien**“) (das „**Bezugsangebot**“) der Norsk Hydro ASA (die „**Gesellschaft**“ oder „**Hydro**“ und gemeinsam mit ihren konsolidierten Tochtergesellschaften der „**Hydro-Konzern**“) und der Notierung neuer Aktien der Gesellschaft (die „**Vergütungsaktien**“) erstellt, die im Rahmen einer Privatplatzierung (die „**Privatplatzierung**“) an Vale Austria Holdings GmbH („**Vale Austria Holdings**“) im Rahmen der Vereinbarung der Gesellschaft mit Vale S.A. („**Vale**“) und Vale Austria Holdings (eine hundertprozentige Tochtergesellschaft von Vale) für die Übernahme bestimmter Beteiligungen an der Paragominas-Mine, an ALUNORTE - Alumina do Norte do Brasil S.A., an ALBRAS - Alumínio Brasileiro S.A., an Companhia de Alumina do Pará S.A. und bestimmter diesbezüglicher Vermögenswerte („**Vale Aluminium**“) von Vale Austria Holdings (die „**Transaktion**“) ausgegeben werden.

Diese Zusammenfassung stellt einen untrennbaren Bestandteil des in englischer Sprache verfassten „Prospectus“ (der „**Prospekt**“) dar. Daher bestehen die Zeichnungsunterlagen für den deutschen Wertpapiermarkt nicht alleine aus dieser Zusammenfassung, sondern aus dem gesamten Prospekt. Anlegern wird empfohlen, den gesamten Prospekt genau zu lesen, bevor sie eine Anlageentscheidung treffen. Bei Widersprüchlichkeiten zwischen dieser deutschen Zusammenfassung und den in englischer Sprache abgefassten Teilen des Prospekts, sind die englischsprachigen Teile des Prospekts maßgeblich.

Diese deutsche Zusammenfassung ist eine Übersetzung von Abschnitt 1 (Summary) des Prospekts.

Dieser Prospekt wurde der norwegischen Finanzmarktaufsicht im Einklang mit § 7-7 des norwegischen Wertpapierhandelsgesetzes (*Norwegisch: „verdipapirhandelloven“*) zur Prüfung und Genehmigung vorgelegt.

Jeder/e wesentliche neue Faktor, Fehler oder Ungenauigkeit, der/die die Bewertung der Aktien der Gesellschaft (die „**Aktien**“) beeinflussen kann und der/die nach der Genehmigung dieses Prospekts und vor der Notierung der Angebotenen Aktien und der Vergütungsaktien an der Oslo Børs (die „**Osloer Wertpapierbörse**“) auftritt, wird im Einklang mit § 7-15 des norwegischen Wertpapierhandelsgesetzes umgehend in Form eines Nachtrags zu diesem Prospekt veröffentlicht und bekannt gegeben.

26.1 ZUSAMMENFASSUNG

Die folgende Zusammenfassung sollte als Einleitung zum vollständigen Text dieses Prospekts gelesen werden. Jegliche Anlageentscheidung in Bezug auf das Bezugsangebot, die Aktien (einschließlich der Angebotenen Aktien) oder die Bezugsrechte sollte auf einer Gesamtbetrachtung des vorliegenden Prospekts basieren. Im Fall einer Klage in Bezug auf die in diesem Prospekt enthaltenen Informationen muss ein klagender Anleger eventuell gemäß dem nationalen Recht eines Mitgliedstaats des Europäischen Wirtschaftsraums (der „EWR“) vor der Einleitung des Verfahrens die Kosten der Übersetzung dieses Prospekts tragen. Die Personen, die diese Zusammenfassung einschließlich ihrer Übersetzung erstellt haben, haften nur, wenn diese irreführend, unrichtig oder nicht mit den übrigen Abschnitten dieses Prospekts konsistent ist.

26.1.1 Überblick

Hydro ist einer der größten Erzeuger von Primäraluminium weltweit und produziert unter Verwendung der Elektrolyse-Methode in Australien, Kanada, Deutschland, Norwegen, Qatar und in der Slowakei. Das Aluminium von Hydro wird überwiegend in Form von wertschöpfenden Gussprodukten verkauft, und Hydro ist ein weltweit führender Anbieter von Extrusionsbarren, Tafelblöcken, Walzdraht und Primärgusslegierungen (Quelle: Informationen der Gesellschaft). Aluminiumoxid ist neben den Energiekosten einer der bedeutendsten Kostenfaktoren bei der Herstellung von Aluminiummetallen. Hydro hält Beteiligungen an Aluminiumoxidraffinerien, die im Jahr 2009 ca. 69 Prozent des Aluminiumoxidbedarfs des Hydro-Konzerns gedeckt haben. Die bedeutendste dieser Beteiligungen, Alunorte, ist die größte Aluminiumoxidraffinerie der Welt, und ihre Umwandlungskosten gehören zu den niedrigsten in der Branche. Der Hydro-Konzern hat eine erhebliche Stromerzeugungskapazität auf der Grundlage kostengünstiger und emissionsarmer Wasserkrafterzeugung in Norwegen und eines unternehmenseigenen Gaskraftwerks für Qatalum.

Hydro ist ein Branchenführer für eine Reihe von nachgelagerten Aluminiumprodukten und -märkten, insbesondere in den Marktsegmenten Bauwesen, Verpackung, Druck und Automobile (Quelle: Informationen der Gesellschaft). Hydro ist ein Anbieter qualitativ hochwertiger wertschöpfender Aluminiumprodukte und -lösungen mit starken Positionen in Märkten, die Chancen für wertschöpfende Produkte bieten. Hydro verfolgt das Ziel, als der weltweit führende Anbieter von Aluminiumlösungen anerkannt zu werden, und als flexibler und innovativer Technologieführer, der mit seinen Kunden partnerschaftlich zusammenarbeitet und so das Geschäft und die Aluminiumbranche weiter bringt.

Die Walzbetriebe von Hydro befinden sich überwiegend in Europa, wo der Hydro-Konzern im Jahr 2009 ca. 80 Prozent seines Gesamtumsatzes erzielt hat. Hydro ist der zweitgrößte Lieferant (Quelle: Schätzung der Gesellschaft auf der Grundlage von Daten von CRU¹⁰⁸) in der europäischen Walzindustrie mit einem geschätzten Marktanteil von 17 Prozent in Europa (Quelle: Informationen der Gesellschaft / Marktbericht der *European Aluminium Association* von April 2010). Hydro hat in Produktsegmenten mit hohem Mehrwert wie z.B. bei lithographischen Druckplatten und aseptischer Folie weltweit führende Positionen inne.

Die Extrusionsaktivitäten des Hydro-Konzerns bestehen überwiegend aus allgemeinen extrudierten Weichlegierungsprodukten und Bausystemen für Fassaden, Trennwände, Türen und Fenster. Das Netz der Extrusionswerke von Hydro beliefert Kunden vor Ort mit kundenangepassten Profilen und Bausystemen. Hydro ist in Europa der führende Anbieter (Quelle: Informationen der Gesellschaft) von Aluminiumbausystemen und konzentriert sich derzeit stark auf energieeffiziente Baulösungen. Hydro stellt in allen Hauptregionen Präzisionsrohre her und hat auf dem weltweiten Markt für

¹⁰⁸ CRU ist eine unabhängige Geschäftsanalyse- und Beratungsgruppe mit Schwerpunkt auf den Sektoren Bergbau, Metalle, Energie, Kabel, Dünger und Chemie.

Produktanwendungen der Wärmeübertragung eine Führungsposition inne (Quelle: Informationen der Gesellschaft).

Mit über 100 Jahren Erfahrung im Bereich Wasserkraft ist Hydro der zweitgrößte Kraftwerksbetreiber in Norwegen und der größte Erzeuger in privater Hand (Quelle: Informationen der Gesellschaft). Darüber hinaus kauft Hydro jedes Jahr ca. 7 TWh im Rahmen von langfristigen Verträgen, überwiegend von dem norwegischen staatlichen Unternehmen Statkraft SF. Das Portfolio der Gesellschaft bietet langfristig Energie zu prognostizierbaren Preisen für ihre industriellen Aktivitäten in Norwegen.

Die Gesellschaft hat ihren Sitz in Oslo, Norwegen. Informationen auf der Website der Osloer Wertpapierbörse (www.oslobors.no) zufolge hatte die Gesellschaft zum 17. Juni 2010 eine Marktkapitalisierung von ca. NOK 46 Mrd., was sie nach Marktkapitalisierung zum siebtgrößten an der Osloer Wertpapierbörse notierten Unternehmen macht. Der größte Aktionär der Gesellschaft ist der norwegische Staat vertreten durch das Norwegische Wirtschaftsministerium (der „**norwegische Staat**“), der zum 14. Juni 2010 43,82 Prozent der Aktien hielt.

26.1.2 Die Transaktion, Privatplatzierung und die Vergütungsaktien

Am 2. Mai 2010 meldete Hydro den Abschluss eines Verkaufs- und Einbringungsvertrags mit Vale und Vale Austria Holdings, wonach Hydro sich verpflichtet hat, Vale Aluminium von Vale Austria Holdings zu kaufen, und Vale Austria Holdings sich dazu verpflichtet hat, Vale Aluminium einzubringen, das im Wesentlichen aus dem gesamten Aluminiumgeschäft von Vale besteht (mit Ausnahme der Beteiligung von Vale an der Mineração Rio do Norte S.A. („**MRN**“)).

Als Gegenleistung für den Verkauf und die Einbringung von Vale Aluminium erhält Vale Austria Holdings bei Vollzug der Transaktion:

- (i) neu begebene Vergütungsaktien von Hydro, die über die Privatplatzierung ausgegeben werden und bei der Emission zum Zeitpunkt des Vollzuges 22 Prozent des ausgegebenen Grundkapitals von Hydro ausmachen;¹⁰⁹ und
- (ii) einen Barbetrag in Höhe von ca. US\$1,1 Mrd. (unter der Annahme eines Nettoerlöses in Höhe von US\$1,75 Mrd. aus dem geplanten Bezugsangebot), wobei dieser Betrag bestimmten Bereinigungen nach oben (oder nach unten) in Höhe von 28,2 Prozent des Betrags unterliegt, um den der angenommene Betrag von US\$1,75 Mrd. den tatsächlichen Nettoemissionserlös aus dem Bezugsangebot in US\$ unterschreitet (oder übersteigt).
- (iii) marktübliche Bereinigungen nach Abschluss der Transaktion bezüglich: Ausschüttungen an Vale durch Alunorte und Albras in der Zwischenzeit; Betriebsvermögen und Nettoverschuldung von Paragominas; Kapitaleinlagen durch Vale bei CAP und die Nettoverschuldung von CAP; sowie Forderungen/Verbindlichkeiten aus Handelsverträgen.

Die Durchführung des Bezugsangebots ist eine Bedingung für die Durchführung der Transaktion. Weder Vale noch Vale Austria Holdings sind zum 24. Juni 2010 als Aktionäre der Gesellschaft bei der zentralen norwegischen Wertpapiersammelstelle („**VPS**“) eingetragen (zu diesem Zeitpunkt dort eingetragene Aktionäre der Gesellschaft die „**bestehenden Aktionäre**“) und sind nicht an dem Bezugsangebot beteiligt. Weitere Einzelheiten bezüglich anderer Bedingungen für den Vollzug der Transaktion entnehmen Sie bitte Abschnitt 5.1 (The Transaction, the Private Placement and the Consideration Shares–The Transaction and the Private Placement).

¹⁰⁹ D.h. die Gesamtzahl der Aktien abzüglich sämtlicher von Hydro gehaltenen oder an Hydro verpfändeten Aktien.

Die Transaktion wird voraussichtlich im vierten Quartal 2010 vollzogen.

Die Vergütungsaktien werden an der Osloer Wertpapierbörse notiert, sobald die mit der Privatplatzierung verbundene Kapitalerhöhung im norwegischen Handelsregister eingetragen wurde und die Vergütungsaktien im VPS registriert wurden. Die Aufnahme der Vergütungsaktien in die offizielle Liste der britischen *Financial Services Authority* (die „**offizielle Liste**“) und die Zulassung zum Handel an der London Stock Exchange erfolgen so bald wie möglich danach und voraussichtlich an oder um denselben Tag, an dem die Notierung der Vergütungsaktien an der Osloer Wertpapierbörse erfolgt.

26.1.3 Hintergrund und Zweck des Bezugsangebots

Der Hintergrund und der Zweck des Bezugsangebots besteht darin, Mittel zur Finanzierung des Baranteils der Gegenleistung für die Transaktion, zur Stützung des Investment Grade-Rating der Gesellschaft und zur Steigerung der Fähigkeit der Gesellschaft zur Umsetzung zukünftiger Projekte aufzunehmen.

26.1.4 Zusammenfassung des Bezugsangebots

Nachfolgend sind die wesentlichen Konditionen des Bezugsangebots zusammengefasst.

Das Bezugsangebot	Das Bezugsangebot besteht aus einem Angebot der Gesellschaft zur Emission von 381.053.600 Angebotenen Aktien zu einem Bezugspreis von NOK 26,30 (der „ Bezugspreis “) je Angebotener Aktie für einen Bruttoerlös von NOK 10.021.709.680.
Bezugspreis	Der Bezugspreis beträgt NOK 26,30 pro Angebotener Aktie.
Bedingungen für den Abschluss	Der Abschluss des Bezugsangebots unterliegt der Bedingung, dass der Aktienübernahmevertrag (wie nachfolgend definiert) in vollem Umfang wirksam bleibt, sofern das Bezugsangebot nicht vollständig gezeichnet wird. Wenn klar wird, dass diese Bedingung nicht erfüllt wird, wird das Bezugsangebot zurückgezogen.
Stichtag	24. Juni 2010 (der „ Stichtag “) (d.h. Aktionäre, die zum 24. Juni 2010 im Aktionärsverzeichnis der Gesellschaft im VPS eingetragen sind, erhalten Bezugsrechte).
Bezugsrechte	Jeder bestehende Aktionär erhält 7 Bezugsrechte (die „ Bezugsrechte “) für jede 23 zum Stichtag von diesem bestehenden Aktionär als gehalten eingetragene bestehende Aktie. Jedes Gründungszertifikat (das „ Gründungszertifikat “) berechtigt den jeweiligen Inhaber 38.105 Bezugsrechte, und jedes Zeichnungszertifikat (das „ Zeichnungszertifikat “) berechtigt den jeweiligen Inhaber 2.447 Bezugsrechte zu erhalten. Zertifikatinhaber müssen die Original-Gründungszertifikate bzw. Zeichnungszertifikate bis 15.00 Uhr (MEZ) am 8. Juli 2010 bei der DnB NOR Bank ASA, Registrar Department (der „ Empfangsbevollmächtigte “); einreichen, um Bezugsrechte zu erhalten. Wenn diese Originalzertifikate nicht innerhalb dieser Frist vorgelegt werden, werden für die jeweiligen Gründungszertifikate bzw. Zeichnungszertifikate keine Bezugsrechte gewährt. Um Bezugsrechte vor Ablauf der Handelsfrist für die Bezugsrechte zu erhalten, müssen Zertifikatinhaber die Original-Gründungszertifikate bzw. Zeichnungszertifikate bis 15.00 Uhr (MEZ) am 5. Juli 2010 beim Empfangsbevollmächtigten einreichen. Weitere Einzelheiten entnehmen Sie bitte dem Abschnitt 6.9 (The Rights Issue-Subscription Rights). Die Anzahl der an jeden bestehenden Aktionär und Zertifikatinhaber ausgegebenen Bezugsrechte wird auf das nächste volle Bezugsrecht abgerundet. Jedes Bezugsrecht berechtigt, vorbehaltlich des geltenden Wertpapierrechts, zur Zeichnung und zum Erhalt einer Angebotenen Aktie im Rahmen des Bezugsangebots. Erworbene Bezugsrechte verleihen dasselbe Recht zur Zeichnung von Angebotenen Aktien wie von bestehenden Aktionären und Zertifikatinhabern gehaltene Bezugsrechte. Bezugsrechte, die nicht vor 17:30

Uhr (CET) am 6. Juli 2010 verkauft oder bis 17.30 Uhr (MEZ) am 9. Juli 2010 ausgeübt werden, sind wertlos und verfallen ohne Entschädigung des Inhabers.

- Verwässerung Die Beteiligungen bestehender Aktionäre, die sich gegen eine Beteiligung an dem Bezugsangebot entscheiden, werden um ca. 24 Prozent verwässert, die betroffenen Aktionäre haben jedoch die Möglichkeit, ihre Bezugsrechte zu verkaufen. Aufgrund der in Bezug auf die Zertifikatinhaber gewährten Bezugsrechte werden die Beteiligungen der bestehenden Aktionäre selbst dann um ca. 1,1 Prozent verwässert, wenn sie sich an dem Bezugsangebot beteiligen, sofern diesen bestehenden Aktionären nicht aufgrund Überzeichnung (d.h., Zeichnung von mehr Angebotenen Aktien als dem jeweiligen Zeichner aufgrund seiner Bezugsrechte zustehen) oder Zeichnung unter Verwendung erworbener Bezugsrechte eine über die Anzahl der ihnen ursprünglich zugeteilten Bezugsrechte hinausgehende Zahl Angebotener Aktien zugeteilt wird.
- Zeichnungsfrist Die Zeichnungsfrist für die Bezugsangebot beginnt am 25. Juni 2010 und endet am 9. Juli 2010 um 17.30 Uhr (MEZ) (die „**Zeichnungsfrist**“).
- Handel mit Bezugsrechten Die Bezugsrechte sind vom 25. Juni 2010 bis 17.30 Uhr (MEZ) am 6. Juli 2010 voll handelbar und an der Osloer Wertpapierbörse mit dem Tickersymbol „NHY T“ notiert. **Die Bezugsrechte können somit nur während eines Teils der Zeichnungsfrist gehandelt werden.**
- Zeichnungsverfahren Anträge auf Zeichnung Angebotener Aktien müssen während der Zeichnungsfrist durch Einreichen eines ordnungsgemäß ausgefüllten Zeichnungsscheins (ein „**Zeichnungsschein**“) beim Empfangsbevollmächtigten gestellt werden oder im Falle von norwegischen Bürgern online wie im Folgenden dargelegt. Bestehende Aktionäre erhalten Zeichnungsscheine, die Angaben zu der Anzahl von Bezugsrechten enthalten, die dem bestehenden Aktionär zugeteilt werden, sowie zu bestimmten sonstigen Angelegenheiten in Bezug auf die Beteiligung. Die Überzeichnung und Zeichnung ohne Bezugsrechte ist zulässig; es kann jedoch nicht zugesichert werden, dass für solche Zeichnungen Angebotene Aktien zugeteilt werden. Anträge auf Zeichnung Angebotener Aktien durch Zeichner, die keine bestehenden Aktionäre sind, einschließlich Zeichnungen durch Zertifikatinhaber, müssen auf einem Zeichnungsschein in der in Anhang 2 „Musterzeichnungsschein“ oder in Anhang 3 „Musterzeichnungsschein in norwegischer Sprache“ angegebenen Form gestellt werden. Die bestehenden Aktionäre können ebenfalls einen dieser Zeichnungsscheine verwenden. Ordnungsgemäß ausgefüllte Zeichnungsscheine müssen bis 17.30 Uhr (MEZ) am 9. Juli 2010 beim Empfangsbevollmächtigten eingehen. Zeichner, die norwegische Bürger sind, können Angebotene Aktien auch über das VPS-Onlinezeichnungssystem zeichnen (oder indem sie dem Link auf www.hydro.com/rightsissue folgen, der den Zeichner auf das VPS-Onlinezeichnungssystem weiterleitet).
- Zuteilung Die Zuteilung der Angebotenen Aktien erfolgt am oder um den 13. Juli 2010 gemäß den folgenden Kriterien: (i) die Zuteilung an die Zeichner erfolgt auf der Grundlage der während der Zeichnungsfrist wirksam ausgeübten gewährten oder erworbenen Bezugsrechte; (ii) wenn nicht alle Bezugsrechte ausgeübt werden, werden den Zeichnern, die ihre Bezugsrechte ausgeübt und darüber hinaus Aktien gezeichnet haben, anteilig gemäß der Anzahl der von den einzelnen betroffenen Zeichnern ausgeübten Bezugsrechte weitere Angebotene Aktien zugeteilt. Sofern eine anteilige Zuteilung nicht möglich ist, bestimmt die Gesellschaft die Zuteilung durch Ziehen von Losen; (iii) Angebotene Aktien, die nicht gemäß (i) und (ii) zugeteilt wurden, werden Zeichnern zugeteilt, die keine Bezugsrechte halten. Die Zuteilung erfolgt anteilig gemäß den jeweiligen Zeichnungsbeträgen, wobei diese Zuteilungen jedoch auf die nächsten 100 Aktien abgerundet werden können; und (iv) nicht gemäß (i), (ii) und (iii) zugeteilte Angebotene Aktien werden von Folketrygdfondet (der staatliche norwegische Pensionsfonds, „**Folketrygdfondet**“) und den Konsortialbanken (wie nachfolgend definiert)

gemäß den jeweiligen Aktienübernahme-verpflichtungen von Folketrygdfondet und den Konsortialbanken gezeichnet und diesen zugeteilt. Folketrygdfondet erhält keine Zuteilung gemäß Punkt (iv), wenn Folketrygdfondet seine in Abschnitt 6.21 (The Rights Issue–The Underwriting) näher beschriebene Verpflichtung zur Zeichnung Angebotener Aktien erfüllt.

- Zahlung..... Die Zahlung für die einem Zeichner zugeteilten Angebotenen Aktien ist am 15. Juli 2010 fällig (das „**Zahlungsdatum**“). Zeichner, die ein norwegisches Bankkonto haben, müssen dem Empfangsbevollmächtigten eine einmalige unwiderrufliche Einzugsermächtigung zum Einzug des für die dem Zeichner zugeteilten Angebotenen Aktien zu zahlenden Betrags von einem bestimmten norwegischen Konto gewähren, und sie tun dies mit ihrer Unterschrift auf dem Zeichnungsschein. Die Abbuchung von dem angegebenen Bankkonto erfolgt voraussichtlich am oder nach dem Zahlungsdatum. Der Empfangsbevollmächtigte ist nur zum einmaligen Einzug von diesem Konto ermächtigt, er behält sich jedoch das Recht vor, den Bankeinzug bis zu drei Mal zu versuchen. Zeichner, die kein norwegisches Bankkonto haben, müssen sicherstellen, dass die Zahlung für die ihnen zugeteilten Angebotenen Aktien am oder vor dem Zahlungsdatum in frei verfügbaren Mitteln erfolgt, und sie müssen den Empfangsbevollmächtigten vor dieser Zahlung kontaktieren. Auf überfällige Zahlungen werden Zinsen in Höhe des zum jeweiligen Zeitpunkt gemäß dem norwegischen Verzugszinsgesetz vom 17. Dezember 1976 Nr. 100 geltenden Satzes, zum Zeitpunkt dieses Prospekts 8,75 Prozent p.a. Vorbehaltlich der Einschränkungen im norwegischen Aktiengesellschaftsgesetz und nach freiem Ermessen der Joint Global Coordinators (wie nachfolgend definiert) werden die Angebotenen Aktien nicht an den Zeichner ausgeliefert, wenn ein Zeichner die Zahlungsbedingungen nicht einhält. Gemäß einer Zahlungsgarantievereinbarung zwischen der Gesellschaft und den Joint Global Coordinators zahlen die Joint Global Coordinators innerhalb der Grenzen ihres jeweiligen Anteils an dem von den Konsortialbanken übernommenen Aktienübernahmebetrag wie im Abschnitt 6.21 (The Rights Issue–The Underwriting) dargelegt und vorbehaltlich der Bedingungen der Zahlungsgarantie am 16. Juli 2010 sämtliche von den Zeichnern mit Ausnahme des norwegischen Staats, Folketrygdfondet und den Konsortialbanken (für ihnen zugeteilte nicht gezeichnete Angebotene Aktien) nicht bezahlten Zeichnungsbeträge bei ihrer Fälligkeit, um eine rechtzeitige Eintragung der mit den Angebotenen Aktien verbundenen Kapitalerhöhung in das norwegische Handelsregister zu ermöglichen. Die nichtzahlenden Zeichner haften ungeachtet dieser Zahlung durch die Joint Global Coordinators weiterhin in vollem Umfang für den Zeichnungsbetrag, der für die ihnen zugeteilten Angebotenen Aktien zu zahlen ist. Die Gesellschaft und die Joint Global Coordinators behalten sich jedoch das Recht vor, die Angebotenen Aktien ab einschließlich dem vierten Tag nach dem Zahlungsdatum ohne weitere Ankündigung gegenüber dem fraglichen Zeichner gemäß § 10–12, Absatz 4 des norwegischen Aktiengesellschaftsgesetzes zu verkaufen bzw. das Eigentum an diesen zu übernehmen, wenn die Zahlung nicht bis zum dritten Tag nach dem Zahlungsdatum eingeht. Wenn die Angebotenen Aktien für den Zeichner verkauft werden, haftet der Zeichner für sämtliche Verluste, Kosten, Lasten und Aufwendungen, die der Gesellschaft und/oder den Joint Global Coordinators infolge dieser Verkäufe oder in Verbindung damit entstehen. Die Gesellschaft und/oder die Joint Global Coordinators können die Zahlung ausstehender Beträge gemäß norwegischem Recht durchsetzen.
- Lieferung..... Die Gesellschaft geht davon aus, dass die Angebotenen Aktien am oder um den 19. Juli 2010 auf die VPS-Konten der Zeichner geliefert werden, denen sie zugeteilt werden.
- Handel mit den Angebotenen Aktien Die Angebotenen Aktien werden an der Osloer Wertpapierbörse notiert, sobald die mit dem Bezugsangebot verbundene Kapitalerhöhung im norwegischen Handelsregister eingetragen wurde und die Angebotenen Aktien im VPS registriert wurden. Dies geschieht voraussichtlich am oder um den 19. Juli 2010. Die

	Notierung der Angebotenen Aktien an der Osloer Wertpapierbörse erfolgt voraussichtlich am selben Tag. Die Aufnahme der Angebotenen Aktien in die offizielle Liste und die Zulassung zum Handel an der London Stock Exchange erfolgen so bald wie möglich danach und voraussichtlich an oder um denselben Tag, an dem die Notierung der Angebotenen Aktien an der Osloer Wertpapierbörse erfolgt.
Verkaufs- und Übertragungsbeschränkungen	Für den Verkauf und die Übertragung der Bezugsrechte und der Angebotenen Aktien gelten in bestimmten Ländern bestimmte Beschränkungen. Siehe Abschnitt 20 (Restrictions on Sale and Transfer).
Rang und Dividenden	Die Angebotenen Aktien sind in jeglicher Hinsicht mit den bestehenden Aktien gleichrangig und sie verleihen ab dem Zeitpunkt der Eintragung der mit der Bezugsangebot verbundenen Kapitalerhöhung in das norwegische Handelsregister volle Aktionärsrechte an der Gesellschaft. Die Angebotenen Aktien sind zu sämtlichen Dividenden berechtigt, die die Gesellschaft eventuell nach dieser Registrierung beschließt.
Geltendes Recht und Gerichtsstand	Die Zeichnungsscheine und die Bedingungen der Bezugsangebot unterliegen norwegischem Recht und sind diesem entsprechend auszulegen, und die Angebotenen Aktien werden nach norwegischem Recht ausgegeben. Sämtliche aus oder in Verbindung mit den Zeichnungsscheinen oder dem Bezugsangebot entstehenden Streitigkeiten unterliegen ausschließlich der Rechtsprechung der norwegischen Gerichte mit dem Bezirksgericht Oslo als Gerichtsstand.
Übernahme der Emission	Folketrygdfondet hat sich verpflichtet, anteilig gemäß seiner Beteiligung an dem Bezugsangebot auf Basis seines Aktienbesitzes zum Zeitpunkt der Unterzeichnung des Aktienübernahmevertrags (d.h. in Höhe von NOK 583.675.716) Angebotene Aktien zu zeichnen und zu übernehmen, vorbehaltlich bestimmter im Abschnitt 6.21 (The Rights Issue–The Underwriting) dargelegten Bedingungen. Der verbleibende Teil des Bezugsangebots mit Ausnahme der 43,41 Prozent, für die der norwegische Staat zur Zeichnung ermächtigt wurde, wurde gemäß dem und vorbehaltlich der Beschränkungen im Aktienübernahmevertrag (der „ Aktienübernahmevertrag “) von den Konsortialbanken (Citigroup Global Markets Limited, BNP PARIBAS, DnB NOR Bank ASA, DnB NOR Markets, Commerzbank Aktiengesellschaft, Nordea Bank Norge ASA, Skandinaviska Enskilda Banken AB (publ) und Société Générale, zusammen die „ Konsortialbanken “) übernommen. Der Aktienübernahmevertrag enthält bestimmte Bedingungen und Kündigungsrechte wie im Abschnitt 6.21 (The Rights Issue–The Underwriting) näher beschrieben.
Nettoemissionserlös, Aufwendungen und Verwendung der Erlöse	Der Nettoemissionserlös aus dem Bezugsangebot wird nach Abzug der Konsortialprovisionen und sonstigen Gebühren und Kosten im Zusammenhang mit dem Bezugsangebot in Höhe von ca. NOK 9.871 Mio. voraussichtlich ca. NOK 151 Mio. betragen. Hydro beabsichtigt, den Nettoemissionserlös zur Finanzierung des Baranteils der Gegenleistung für die Transaktion, zur Stützung des Investment Grade-Rating der Gesellschaft und zur Steigerung der Fähigkeit der Gesellschaft zur Umsetzung zukünftiger Projekte zu verwenden.

26.1.5 Kerndaten für das Bezugsangebot

Der folgende Terminplan bietet einen Überblick über einige wichtige Daten für das Bezugsangebot:

Letzter Handelstag für Aktien mit Bezugsrechten	21. Juni 2010
Erster Handelstag für Aktien ohne Bezugsrechte	22. Juni 2010
Stichtag	24. Juni 2010
Zeichnungsfrist beginnt	25. Juni 2010
Handel mit Bezugsrechten beginnt an der Osloer Wertpapierbörse	25. Juni 2010
Handel mit Bezugsrechten endet	6. Juli 2010 um 17.30 Uhr (MEZ)
Zeichnungsfrist endet	9. Juli 2010 um 17.30 Uhr (MEZ)

Zuteilung der Angebotenen Aktien	voraussichtlich am oder um den 13. Juli 2010
Versand der Zuteilungsschreiben	voraussichtlich am oder um den 13. Juli 2010
Zahlungsdatum	15. Juli 2010
Lieferung der Angebotenen Aktien	voraussichtlich am oder um den 19. Juli 2010
Notierung und Aufnahme des Handels mit den Angebotenen Aktien an der Osloer Wertpapierbörse und der London Stock Exchange	voraussichtlich am oder um den 19. Juli 2010

26.2 Finanzinformationen

Die folgenden Tabellen enthalten einen Überblick über die historischen Finanzinformationen und sonstigen Daten der Gesellschaft auf konsolidierter Basis zum und für die Geschäftsjahre zum 31. Dezember 2009, 2008 und 2007, und zum und für die drei Monate zum 31. März 2010 und 2009. Die Tabellen sollten in Verbindung mit dem durch Verweis in diesen Prospekt einbezogenen Vollzug (siehe Abschnitt 21.7 (Additional Information–Incorporation by Reference) und den übrigen Abschnitten dieses Prospekts, einschließlich Abschnitt 12 (Capitalization and Indebtedness), Abschnitt 13 (Selected Consolidated Financial and Other Data) und Abschnitt 14 (Operating and Financial Review), gelesen werden.

Verkürzte Konzerngewinn- und Verlustrechnungen von Hydro

NOK Mio. (mit Ausnahme der Angaben pro Aktie)	Drei Monate zum 31. März (ungeprüft)		Geschäftsjahre zum 31. Dezember (geprüft)		
	2010	2009	2009	2008	2007
Umsatzerlöse	18.145	16.569	67.409	88.455	94.316
Anteil am Gewinn (Verlust) der nach der Equity-Methode erfassten Anlagen	(236)	(413)	(809)	(915)	1.000
Sonstige Erträge, netto	183	134	107	865	1.093
Gesamterlös und Ertrag	18.091	16.290	66.706	88.405	96.409
Abschreibungen und Wertminderungen	721	827	3.494	4.915	3.552
Sonstige Aufwendungen	16.385	17.061	64.619	82.296	83.833
Gesamtaufwendungen	17.106	17.888	68.113	87.211	87.385
Betriebsergebnis (EBIT)	985	(1.598)	(1.407)	1.194	9.025
Finanzerträge (-aufwendungen), netto	545	1.473	2.774	(5.026)	3.208
Ertrag (Verlust) vor Steuern	1.530	(126)	1.367	(3.832)	12.233
Ertragsteuern	(605)	(155)	(951)	565	(3.075)
Ertrag (Verlust) aus fortgeführter Geschäftstätigkeit	924	(280)	416	(3.267)	9.158
Ertrag (Verlust) aus eingestellter Geschäftstätigkeit	-	-	-	(247)	9.447
Nettoertrag (-verlust)	924	(280)	416	(3.514)	18.604
Nettoertrag (-verlust), der Minderheitsbeteiligungen zuzurechnen ist	55	67	117	411	408
Nettoertrag (-verlust), der Hydro-Aktionären zuzurechnen ist	869	(347)	299	(3.925)	18.196
Einfaches und verwässertes Ergebnis je Aktie aus fortgeführter Geschäftstätigkeit (in NOK)	0,72	(0,29)	0,25	(3,04)	7,17
Einfaches und verwässertes Ergebnis je Aktie aus eingestellter Geschäftstätigkeit (in NOK)	-	-	-	(0,20)	7,74
Einfaches und verwässertes Ergebnis je den Hydro-Aktionären zurechenbarer Aktie (in NOK)	0,72	(0,29)	0,25	(3,25)	14,90
Gewichtete durchschnittl. Anzahl der in Umlauf befindlichen Aktien (Mio.)	1.205	1.206	1.205	1.209	1.221

Verkürzte Konzernbilanzen von Hydro

NOK Mio. mit Ausnahme der Anzahl der Aktien	zum 31. März (ungeprüft)		zum 31. Dezember (geprüft)		
	2010	2009	2009	2008	2007
Vermögenswerte					
Zahlungsmittel und Zahlungsmitteläquivalente	2.502	3.128	2.573	3.333	9.330
Kurzfristige Anlagen	1.554	1.652	1.519	1.648	2.742
Forderungen und sonstige kurzfristige Vermögenswerte	15.576	16.077	13.679	18.833	16.531
Vorräte	9.678	13.264	10.030	16.293	12.227
Kurzfristige Vermögenswerte gesamt	29.311	34.120	27.802	40.108	40.830
Zur Veräußerung gehaltene Vermögenswerte, eingestellte Geschäftstätigkeit	-	-	-	-	6.741
Sachanlagen	25.499	28.038	25.647	29.338	26.750
Sonstige langfristige Vermögenswerte	25.109	24.798	24.150	25.711	17.724
Langfristige Vermögenswerte gesamt	50.608	52.837	49.797	55.049	44.474
Vermögenswerte gesamt	79.919	86.957	77.599	95.157	92.046
Verbindlichkeiten und Eigenkapital					
Bankdarlehen und sonstige verzinsliche kurzfristige Schulden	972	1.953	2.010	1.169	1.045
Sonstige kurzfristige Verbindlichkeiten	13.551	17.509	13.032	22.175	17.310
Kurzfristige Verbindlichkeiten gesamt	14.523	19.462	15.042	23.344	18.355
In Veräußerungsgruppen, eingestellten Geschäftstätigkeiten enthaltene Verbindlichkeiten	-	-	-	-	2.021
Langfristige Verschuldung	2.574	1.106	88	279	263
Sonstige langfristige Verbindlichkeiten	14.430	14.856	14.425	16.135	14.152
Latente Steuerverbindlichkeiten	816	1.143	849	1.258	2.246
Langfristige Verbindlichkeiten gesamt	17.820	17.104	15.361	17.673	16.662
Verbindlichkeiten gesamt	32.343	36.567	30.403	41.016	37.038
Hydro-Aktionären zurechenbares Eigenkapital	46.458	49.034	46.169	52.808	54.049
Minderheitsbeteiligung	1.118	1.357	1.026	1.333	959
Eigenkapital gesamt	47.577	50.391	47.195	54.141	55.008
Verbindlichkeiten und Eigenkapital gesamt	79.919	86.957	77.599	95.157	92.046

NOK Mio. mit Ausnahme der Anzahl der Aktien	zum 31. März (ungeprüft)		zum 31. Dezember (geprüft)		
	2010	2009	2009	2008	2007
Gesamtzahl der in Umlauf befindlichen Aktien (Mio.)	1.205	1.206	1.205	1.206	1.209

Verkürzte Konzern-Kapitalflussrechnungen von Hydro

Mio. NOK	Drei Monate zum 31. März (ungeprüft)		Geschäftsjahre zum 31. Dezember (geprüft)		
	2010	2009	2009	2008	2007
Betriebliche Tätigkeit:					
Nettoertrag (-verlust)	924	(280)	416	(3.514)	18.604
Netto(-ertrag) -verlust aus eingestellter Geschäftstätigkeit	-	-	-	247	(9.447)
Abschreibungen und Wertminderungen	721	827	3.494	4.915	3.552
Sonstige Bereinigungen	(1.459)	(1.658)	636	1.273	1.564
Nettomittelzufluss aus der betrieblichen Tätigkeit	186	(1.111)	4.546	2.921	14.273
Investitionstätigkeit:					
Kauf von Sachanlagen	(436)	(546)	(2.743)	(3.485)	(3.485)
Kauf von sonstigen langfristigen Anlagen	(1.221)	(184)	(3.137)	(5.374)	(1.403)
Kauf von kurzfristigen Anlagen	-	-	-	(2.850)	(5.000)
Erlöse aus dem Verkauf von Sachanlagen	6	9	24	95	122
Erlöse aus dem Verkauf von sonstigen langfristigen Anlagen	111	40	8	679	4.330
Erlöse aus dem Verkauf kurzfristiger Anlagen	-	-	-	3.600	17.200
Nettomittelabfluss aus der Investitionstätigkeit	(1.540)	(681)	(5.848)	(7.335)	11.764
Finanzierungstätigkeit:					
Darlehens Erlöse	2.431	1.878	2.878	93	25
Tilgungszahlungen	(1.081)	(60)	(1.978)	(187)	(1.210)
Nettozunahme (-abnahme) der sonstigen kurzfristigen Schulden	(50)	(92)	15	(159)	
Aktienkäufe	-	-	(124)	(149)	(2.887)
Erlös aus emittierten Aktien	9	13	43	44	66
Gezahlte Dividenden	-	-	(166)	(6.359)	(6.134)
Nettomittelzufluss (-abfluss) aus der Finanzierungstätigkeit	1.309	1.739	668	(6.717)	(10.140)
Währungsumrechnungseffekte auf Barbestände und Überziehungskredite	23	(74)	(56)	(11)	(285)
Nettomittelzufluss aus eingestellter Geschäftstätigkeit	-	-	-	5.075	(12.799)
Nettorückgang der Zahlungsmittel,	(22)	(127)	(690)	(6.067)	2.813

Mio. NOK	Drei Monate zum 31. März (ungeprüft)		Geschäftsjahre zum 31. Dezember (geprüft)		
	2010	2009	2009	2008	2007
Zahlungsmitteläquivalente und Überziehungskredite					
Als zur Veräußerung gehaltene Anlagen reklassifizierte Zahlungsmittel, Zahlungsmitteläquivalente und Überziehungskredite	-	-	-	-	(105)
Zahlungsmittel, Zahlungsmitteläquivalente und Überziehungskredite zu Beginn des Berichtszeitraums	2.499	3.189	3.189	9.256	6.548
Zahlungsmittel, Zahlungsmitteläquivalente und Überziehungskredite zum Ende des Berichtszeitraums	2.477	3.062	2.499	3.189	9.256

Konzern-Eigenkapitalveränderungsrechnungen von Hydro

Mio. NOK	Gezeichnetes kapital	Zusätz- liches einges- zahltes Kapital	Eigene Aktien	Gewinn- rücklagen	Sonstige Eigen- kapital- kom- ponenten	Hydro- Aktionären Zuzurech- nendes Eigenkapital	Minder- heits- beteilig- ungen	Gesamtes Eigen- kapital
1. Januar 2007	4.708	9.736	(6.624)	89.544	(1.533)	95.831	771	96.601
<i>Veränderungen des Eigenkapitals für 2007 (geprüft)</i>								
Kauf eigener Aktien An Mitarbeiter wieder ausgegebene eigene Aktien	-	-	(123)	-	-	(123)	-	(123)
Einzahlung eigener Aktien	-	53	68	-	-	121	-	121
Zurückgenommene Aktien, norwegischer Staat	(79)	-	2.396	(2.317)	-	-	-	-
Beschlossene und gezahlte Dividenden	(62)	(2.701)	-	-	-	(2.763)	-	(2.763)
Entflechtung Gesamtertrag für das Jahr	-	-	-	(6.134)	-	(6.134)	(102)	(6.236)
	(3.197)	(6.727)	-	(41.339)	4.174	(47.089)	-	(47.089)
	-	-	-	18.196	(3.989)	14.207	291	14.498
31. Dezember 2007	1.370	360	(4.283)	57.950	(1.348)	54.049	959	55.008
<i>Veränderungen des Eigenkapitals für 2008 (geprüft)</i>								
Kauf eigener Aktien An Mitarbeiter wieder ausgegebene eigene Aktien	-	-	(149)	-	-	(149)	-	(149)
Beschlossene	-	(51)	158	-	-	107	-	107
	-	-	-	(6.053)	-	(6.053)	(306)	(6.359)

Mio. NOK	Gezeichnetes Kapital	Zusätzliches eingezahltes Kapital	Eigene Aktien	Gewinnrücklagen	Sonstige Eigenkapital-komponenten	Hydro-Aktionären Zuzurechnendes Eigenkapital	Minderheitsbeteiligungen	Gesamtes Eigenkapital
und gezahlte Dividenden Transaktionen mit Minderheitsaktionären/konzernintern	-	-	-	(4)	-	(4)	(1)	(5)
Gekaufte (verkaufte) Kapitalbeteiligungen	-	-	-	-	-	-	(10)	(10)
Gesamtertrag für das Jahr	-	-	-	(3.925)	8.783	4.858	691	5.549
31. Dezember 2008	1.370	309	(4.274)	47.968	7.435	52.808	1.333	54.141
<i>Veränderungen des Eigenkapitals für 2009 (geprüft)</i>								
An Mitarbeiter wieder ausgegebene eigene Aktien	-	(17)	63	-	-	46	-	46
Einziehung eigener Aktien	(5)	(61)	147	(81)	-	-	-	-
Zurückgenommene Aktien, norwegischer Staat	(4)	(121)	-	-	-	(124)	-	(124)
Beschlossene und gezahlte Dividenden	-	-	-	-	-	-	(166)	(166)
Gekaufte (verkaufte) Kapitalbeteiligungen	-	-	-	-	-	-	9	9
Entflechtungs-bereinigung	-	-	-	(237)	-	(237)	-	(237)
Sonstige Bereinigungen	-	(67)	2.887	(2.820)	-	-	-	-
Gesamtertrag für den Berichtszeitraum	-	-	-	299	(6.621)	(6.322)	(150)	(6.472)
31. Dezember 2009	1.362	43	(1.177)	45.128	813	46.169	1.026	47.195
<i>Veränderungen des Eigenkapitals für 2010 (ungeprüft)</i>								
Beim Erwerb der Tochtergesellschaft erfasste Minderheitsbeteiligung	-	-	-	-	-	-	8	8
Gesamtertrag für den Berichtszeitraum	-	-	-	869	(580)	289	85	374
31. März 2010	1.362	43	(1.177)	45.997	234	46.458	1.118	47.577

Die folgende Tabelle gibt Auskunft über die Konzern-Kapitalausstattung und die Nettoverschuldung der Gesellschaft zum 31. März 2010.

Konzern-Kapitalausstattung von Hydro

Mio. NOK	zum 31. März 2010 (ungeprüft)
Verschuldung	
Kurzfristige Finanzverschuldung gesamt	972
davon garantiert	-
davon besichert	50
davon nicht garantiert/nicht besichert	922
Langfristige Finanzverschuldung gesamt	2.574
davon garantiert	-
davon besichert	115
davon nicht garantiert/nicht besichert	2.459
Gesamtverschuldung	3.546
Eigenkapital	
Gezeichnetes Kapital	1.362
Zusätzliches eingezahltes Kapital	43
Sonstiges den Aktionären der Gesellschaft zuzurechnendes Eigenkapital	45.054
Minderheitsbeteiligungen	1.118
Eigenkapital gesamt	47.577
Gesamtkapitalisierung	51.123

Konzern-Nettoverschuldung von Hydro

Mio. NOK	zum 31. März 2010 (ungeprüft)
Nettoverschuldung	
(A) Zahlungsmittel	2.339
(B) Zahlungsmitteläquivalente	163
(C) Handelspapiere ¹¹⁰	1.554
(D) Liquidität (A) + (B) + (C)	4.056
(E) Kurzfristige Finanzforderungen¹¹¹	1.955
(F) Kurzfristige Bankdarlehen ¹¹²	253
(G) Kurzfristiger Anteil der langfristigen Verschuldung ¹¹³	82
(H) Sonstige kurzfristige Finanzverschuldung ¹¹⁴	638

¹¹⁰ Aktien, Commercial Paper und Anleihen, die zu Handelszwecken gehalten werden, oder ähnliche handelbare Commercial Paper und Anleihen.

¹¹¹ Kurzfristige Finanzanlagen (Laufzeit 1 Jahr oder kürzer), die nicht im Posten "Liquidität" enthalten sind. Einschließlich Derivate, Anzahlungen und aktiver Rechnungsabgrenzungsposten.

¹¹² Kurzfristige Verschuldung gegenüber Kreditinstituten (Laufzeit 1 Jahr oder kürzer).

¹¹³ Anleienschulden und nachrangiges Darlehenskapital mit einer Laufzeit von einem Jahr oder weniger.

¹¹⁴ Sonstige kurzfristige Finanzverbindlichkeiten, einschließlich begebener Commercial Paper, Derivate, Vorauszahlungen und passiver Rechnungsabgrenzungsposten.

Mio. NOK	zum 31. März 2010 (ungeprüft)
(I) Kurzfristige Finanzverschuldung (F) + (G) + (H)	973
(J) Kurzfristige finanzielle Verschuldung, netto (I) - (E) - (D)	(5.038)
(K) Langfristige Bankdarlehen	2.495
(L) Begebene Anleihen	-
(M) Sonstige langfristige Darlehen	78
(N) Langfristige finanzielle Verschuldung (K) + (L) + (M)	2.574
(O) Finanzielle Verschuldung, netto (J) + (N)	(2.465)

26.2.1 Keine wesentliche Veränderung

Zwischen dem 31. März 2010 und dem Datum dieses Prospekts hat sich weder die Finanzlage noch die Handelsposition des Konzerns wesentlich verändert. Hiervon ausgenommen ist die Ausstellung eines Commercial Paper-Kredits in Höhe von NOK 500 Mio., der am 18. August 2010 fällig und mit 2,71 Prozent verzinst wird, wie am 12. Mai 2010 bekannt gegeben wurde.

26.2.2 Trendinformationen

Während der ersten fünf Monate des Jahres 2010 sanken die Durchschnittspreise für Primäraluminium an der Londoner Metallbörse (die „LME“) von ungefähr US\$2.300 pro 1000 kg zu Jahresbeginn auf unter US\$2.000 pro 1000 kg (Anfang Juni 2010). Die Nachfrage nach Metallprodukten (Extrusionsbarren, Tafelblöcke, Gusslegierungen und Walzdraht) nahm in den ersten fünf Monaten des Jahres 2010 weiter zu, wobei der Verbrauch in Europe und Nordamerika aber nach wie vor unter dem Niveau von 2007 und 2008 bleibt. Eine weitere Beschreibung der Trends in der Geschäftstätigkeit, der Managementaktivitäten, Kosten und Marktaktivitäten des Hydro-Konzerns seit dem 31. Dezember 2009 sowie eine Beschreibung der Trends, die mit einiger Wahrscheinlichkeit wesentliche Auswirkungen auf die Aussichten des Hydro-Konzerns für 2010 haben könnten, findet sich in Abschnitt 14.8 (Operating and Financial Review–Recent Developments and Trend Information).

26.2.3 Zusammenfassung der wichtigsten Risikofaktoren

Einige Risikofaktoren können erhebliche negative Auswirkungen auf den Hydro-Konzern und den Handelswert der Bezugsrechte und/oder Aktien haben. Es folgt eine kurze Zusammenfassung der in Abschnitt 2 (Risk Factors) beschriebenen Risikofaktoren. Beachten Sie bitte, dass die in Abschnitt 2 (Risk Factors) beschriebenen Risiken nicht die einzigen Risiken sind, die negative Auswirkungen auf den Hydro-Konzern und den Handelswert der Bezugsrechte und/oder Aktien haben können. Zusätzliche, derzeit dem Hydro-Konzern unbekannt Risiken bzw. Risiken, die der Hydro-Konzern derzeit für unwesentlich erachtet, können ebenfalls erhebliche negative Auswirkungen auf den Hydro-Konzern und den Handelswert der Bezugsrechte und/oder Aktien haben. Es kann nicht gewährleistet werden, dass das Risikomanagement und die konzerninternen Kontrollmaßnahmen ausreichen, um alle relevanten Risiken zu bewältigen.

Risiken im Zusammenhang mit dem Hydro-Konzern und seiner Geschäftstätigkeit

- Hydro steht weiterhin herausfordernden Marktbedingungen gegenüber, die negative Auswirkungen auf das Betriebsergebnis und die Liquidität des Hydro-Konzerns haben könnten.
- Möglicherweise wird Hydro nicht in der Lage sein, die Betriebskosten seines Verhüttungsportfolios ausreichend zu senken, um eine längere Schwächeperiode der Aluminiummärkte hinreichend kompensieren zu können.

- Hydro sieht sich einer unsicheren Nachfrage in seinen nachgelagerten Aluminiummärkten gegenüber.
- Hydro ist nach wie vor einem hohen Kontrahentenausfallsrisiko ausgesetzt.
- Eine Verschlechterung der Finanzlage von Hydro oder eine Herabstufung der Bonitätsbewertung durch Rating-Agenturen könnte die Darlehenskosten und die Kapitalkosten von Hydro erhöhen und erhebliche negative Auswirkungen auf die Geschäftsbeziehungen, einschließlich möglicher Joint Ventures und neuer Wachstumsinitiativen, von Hydro haben.
- Kursschwankungen können sich auf die Betriebskosten von Hydro auswirken und auch erhebliche negative Auswirkungen auf die veröffentlichten Betriebsergebnisse von Hydro haben.
- Die veröffentlichten Ergebnisse und die Wettbewerbsposition von Hydro werden von Wechselkursschwankungen beeinflusst.
- Das nachgelagerte Geschäft von Hydro sieht sich einem wachsenden Konkurrenzdruck aus China gegenüber.
- Nicht oder verspätet ausgeführte wichtige Projekte können erhebliche negative Auswirkungen auf die Wettbewerbsposition von Hydro haben.
- Schwellen- oder Übergangsmärkte stellen eine Wettbewerbsgefahr für die Geschäftstätigkeit von Hydro dar.
- Hydro ist zunehmend erdrückenderen Richtlinien hinsichtlich der Reduzierung der CO₂-Emissionen ausgesetzt.
- Die Geschäftstätigkeit von Hydro hängt von der Fähigkeit des Unternehmens ab, langfristige Energielieferverträge zu wettbewerbsfähigen Bedingungen zu ersetzen.
- Künftige Übernahmen, Fusionen oder strategische Allianzen können sich negativ auf die Finanzlage von Hydro auswirken.
- Eine weitere Entwicklung der Geschäftstätigkeit wird eher in Schwellen- und Übergangsmärkten erfolgen, was mit höheren rechtlichen, steuerlichen, regulatorischen und Erfüllungsrisiken einhergeht.
- Investitionen als Minderheitspartner in gemeinsam kontrollierten Unternehmen und bei verbundenen Unternehmen reduzieren die Fähigkeit von Hydro, das eigene Geschäftsportfolio zu verwalten.
- Hydro wird möglicherweise nicht in der Lage sein, technische Lösungen zur Unterstützung seiner Wachstumsstrategien zu entwickeln.
- Größere Unfälle könnten zu wesentlichen Forderungen und Strafzahlungen oder einer erheblichen Rufschädigung von Hydro führen.
- Möglicherweise gelingt es Hydro nicht, ausreichend qualifizierte Mitarbeiter zu gewinnen und zu halten.
- Gerichtliche Verfahren oder behördliche Untersuchungen könnten erhebliche negative Auswirkungen auf Hydro haben.
- Hydro könnte unter Fehlverhalten von Mitarbeitern leiden.
- Hydro könnte unvorhergesehenen Haftungen für Umweltschäden ausgesetzt sein.
- Möglicherweise ist Hydro nicht in der Lage, einen ausreichenden Versicherungsschutz aufrecht zu halten, um alle Risiken im Zusammenhang mit seiner Geschäftstätigkeit abzudecken.
- Hydro könnte Haftungen in Bezug auf Geschäftsfelder ausgesetzt sein, die auf andere Gesellschaften übertragen wurden.

Risiken im Zusammenhang mit Vale Aluminium und dem aus dem Hydro-Konzern und Vale Aluminium bestehenden Gesamtkonzern (der „Gesamtkonzern“)

- Risiken in Bezug auf geschäftliche Tätigkeit in Brasilien.
- Die brasilianische Regierung nahm in der Vergangenheit wesentlichen Einfluss auf die Wirtschaft des Landes und könnte dies auch in Zukunft tun. Die politischen und wirtschaftlichen Bedingungen in Brasilien können direkte Auswirkungen auf Vale Aluminium haben.

- Die Bergbau- und Aluminiumgewinnungsaktivitäten von Vale Aluminium sind von der Erteilung von Mineralkonzessionen und –genehmigungen durch die Aufsichtsbehörden abhängig. Änderungen bei den regulatorischen Bestimmungen können erhebliche negative Auswirkungen auf die Finanzlage von Hydro haben.
- Die Schätzungen hinsichtlich vorhandener Mineralreserven können sich wesentlich von den Mengen unterscheiden, die der Gesamtkonzern abbauen kann; die geschätzte Lebensdauer von Minen kann sich als unrichtig erweisen; und Marktpreisschwankungen sowie Veränderungen bei den Betriebs- und Kapitalkosten können dazu führen, dass bestimmte Mineralvorkommen nicht mehr wirtschaftlich abgebaut werden können.
- Die Betriebs- und Kapitalkosten in Bezug auf die Paragominas-Bauxitschlamm-Pipeline decken sich möglicherweise nicht mit den Annahmen der Gesellschaft.
- Die Betriebs- und Kapitalkosten in Bezug auf die Paragominas-Mine können unvorhersehbar sein.
- Wichtige Entwicklungsprojekte, die Teil der Transaktion sind, unterliegen dem Risiko, dass erhöhte Kosten oder Verzögerungen ihre erfolgreiche Umsetzung verhindern.
- Aufgrund der Transaktion steigt das mit Wechselkursschwankungen zusammenhängende Risiko von Hydro in Bezug auf die bekannt gegebenen Ergebnisse und seine Wettbewerbssituation.

Risiken im Zusammenhang mit der Transaktion

- Die Transaktion kann möglicherweise nicht oder nicht auf die in diesem Prospekt beschriebene Weise abgeschlossen werden, wenn bestimmte Bedingungen vor Abschluss der Transaktion nicht zufriedenstellend sind.
- Dem Hydro-Konzern entstehen bei dieser Transaktion übernahmebezogene Kosten.
- Hydro wird im Zusammenhang mit der Transaktion erhebliche finanzielle Verpflichtungen eingehen und/oder übernehmen müssen, von denen einige bis zum 31. Dezember 2013 refinanziert werden müssen.
- Selbst wenn die Transaktion abgeschlossen ist, kann sich der Hydro-Konzern aufgrund der Integration von Vale Aluminium in seine bestehende Geschäftsstruktur weiteren Risiken und Herausforderungen gegenüber sehen.
- Die in diesem Prospekt enthaltenen ungeprüften gekürzten *Pro forma*-Konzernfinanzdaten geben möglicherweise nicht wieder, wie das Betriebsergebnis, die Finanzlage und der Cashflow des Gesamtkonzerns im gleichen Zeitraum ausgesehen hätten.
- Wenn die Transaktion nicht zustande kommt, oder wenn sie abgeschlossen wird und überschüssige Erlöse nicht für den Abschluss der Transaktion verwendet werden, ist eine alternative Verwendung dieser Erlöse aus dem Bezugsangebot möglicherweise nicht wirksam.

Risiken im Zusammenhang mit den Aktien

- Der Marktwert der Aktien kann erheblich schwanken und bildet möglicherweise nicht den zugrunde liegenden Vermögenswert von Hydro oder den zugrunde liegenden Vermögenswert des Gesamtkonzerns nach Abschluss der Transaktion ab.
- Die Fähigkeit von Hydro zur Dividendenzahlung ist von der Verfügbarkeit ausschüttbarer Rücklagen abhängig.
- Die (wirtschaftlich berechtigten) Inhaber von Aktien, die über Stellvertreterdepots registriert sind, können aus diesen Aktien keine Stimmrechte geltend machen, sofern ihre Inhaberschaft nicht vor der Hauptversammlung und im eigenen Namen wieder bei VPS eingetragen worden ist.
- Künftige Aktienemissionen können erhebliche negative Auswirkungen auf den Marktpreis der Aktien haben.
- Die Aktionäre müssen mit einer Verwässerung rechnen, wenn sie nicht in der Lage oder nicht dazu bereit sind, an künftigen Aktienemissionen teilzunehmen, und sie müssen in jedem Fall mit einer Verwässerung dadurch rechnen, dass Zertifikatinhaber ihre Bezugsrechte bei künftigen Aktienemissionen gegen Bareinlage ausüben, und ferner auch durch die Emission von

Vergütungsaktien an Vale Austria Holdings und andere Aktienemissionen im Rahmen von Privatplatzierungen.

- Bestimmte Übertragungs- und Verkaufsbeschränkungen können die Fähigkeit der Aktionäre zum Verkauf oder einer anderweitigen Übertragung ihrer Aktien einschränken.
- Anleger können erlittene Verluste möglicherweise nicht in Zivilverfahren in Rechtsordnungen außerhalb Norwegens einklagen.
- Möglicherweise bestehen im norwegischen Recht Beschränkungen für die Aktionäre, ein Verfahren gegen die Gesellschaft anzustrengen.
- Nach Abschluss des Bezugsangebots und der Transaktion verbleibt ein wesentlicher Aktienanteil in der Hand einiger weniger Aktionäre, und künftige Aktienverkäufe durch diese Aktionäre können ggf. erhebliche negative Auswirkungen auf den Aktienkurs haben.

Risiken im Zusammenhang mit dem Bezugsangebot

- Bestehende Aktionäre, die nicht an dem Bezugsangebot teilnehmen, erfahren möglicherweise eine wesentliche Verwässerung ihres Aktienbestands und müssen in jedem Fall mit einer Verwässerung dadurch rechnen, dass Zertifikatinhaber ihre Bezugsrechte bei künftigen Aktienemissionen ausüben. Zertifikatinhaber, die nicht an dem Bezugsangebot teilnehmen, können möglicherweise nicht den vollen Wert ihrer bestehenden Ansprüche realisieren.
- Möglicherweise wird sich kein aktiver Handelsmarkt für Bezugsrechte an der Osloer Wertpapierbörse entwickeln, und/oder der Marktwert der Bezugsrechte kann schwanken.
- Der Verkauf von Bezugsrechten durch einen oder namens eines bestehenden Aktionärs oder Zertifikatinhabers kann zu einer Senkung des Marktpreises der Bezugsrechte und Aktien führen und die Volatilität der Aktien erhöhen.
- Wird das Bezugsangebot abgebrochen, so verlieren die Bezugsrechte ihren Wert.
- Aktionäre außerhalb Norwegens unterliegen Wechselkursrisiken.

26.2.4 Verwaltungsräte, Positionen im höheren Management und Angestellte

Zum Zeitpunkt der Drucklegung dieses Prospekts waren Terje Vareberg (Vorsitz), Bente Rathe (stellvertretender Vorsitz), Finn Jebesen, Inge K. Hansen, Eva Persson, Liv Monica Bargem Stubholt, Sten Roar Martinsen, Jørn B. Lilleby und Billy Fredagsvik im Verwaltungsrat von Hydro.

Zum Zeitpunkt der Drucklegung dieses Prospekts bestand die Geschäftsleitung des Hydro-Konzerns aus Svein Richard Brandtzæg (Vorsitzender und Chief Executive Officer), Oliver Bell (EVP Walzprodukte), Kjetil Ebbesberg (EVP Metallmärkte), Hans Joachim Kock (EVP Extrusionsprodukte), Arvid Moss (EVP Konzernstrategie und Geschäftsentwicklung), Jørgen C. Arentz Rostrup (EVP und Chief Financial Officer), Tom Røtjær (EVP Projekte), Ola Sæter (EVP Energie), Johnny Undeli (EVP Bauxit und Aluminiumoxid), Hilde Merete Aasheim (EVP Primärmetall) und Wenche Agerup (EVP Konzernpersonal (Recht, CSR, HR und Organisationsentwicklung, HSE und Company Secretary)).

Zum 31. Mai 2010 beschäftigte der Hydro-Konzern rund 19.000 Mitarbeiter.

26.2.5 Abschlussprüfer und Berater

Derzeit ist KPMG AS Abschlussprüfer der Gesellschaft. Bis Mai 2010 war Deloitte AS Abschlussprüfer der Gesellschaft. Citigroup Global Markets Limited, DnB NOR Bank ASA, DnB NOR Markets und BNP Paribas sind Joint Global Coordinators (die „**Joint Global Coordinators**“) und Joint Bookrunners; Commerzbank Aktiengesellschaft, Nordea Bank Norge ASA, Skandinaviska Enskilda Banken AB (publ) und Société Générale sind Co-Managers für das Bezugsangebot. Advokatfirmaet Thommessen AS (norwegisches Recht) und Latham & Watkins (London) LLP (internationale Rechtsberatung) sind die Rechtsberater der Gesellschaft, und Advokatfirmaet Selmer DA (norwegisches Recht) und Davis Polk & Wardwell LLP (internationale Rechtsberatung) sind die Rechtsberater der Konsortialbanken.

26.2.6 Größten Aktionäre

Zum 14. Juni 2010 hatte die Gesellschaft etwa 53.600 Aktionäre. Etwa 76 Prozent der Aktien waren im Besitz norwegischer Staatsbürger, und etwa 24 Prozent waren im Besitz ausländischer Personen. Die folgende Tabelle zeigt die 20 größten Aktionäre der Gesellschaft zum 14. Juni 2010:

#	Aktionäre	Art des Depots	Anzahl der Aktien	In Prozent
1	Norwegischer Staat	Gesellschaftsdepot	543.463.361	43,82
2	Folketrygdfondet	Gesellschaftsdepot	75.672.207	6,10
3	JP Morgan Chase Bank Depository	Stellvertreterdepot	33.565.190	2,71
4	Norsk Hydro ASA	Gesellschaftsdepot	33.387.070	2,69
5	Doge and Cox Intern Fund	Gesellschaftsdepot	32.634.600	2,63
6	Clearstream Banking CID Dept, Frankfurt	Stellvertreterdepot	21.813.156	1,76
7	Rasmussengruppen AS	Gesellschaftsdepot	17.152.000	1,38
8	DnB NOR Markets, Eigenhandelskonto	Gesellschaftsdepot	9.745.496	0,79
9	Bank of New York, Mellon SA/NV	Stellvertreterdepot	9.609.919	0,77
10	Deutsche Bank AG London	Gesellschaftsdepot	7.992.979	0,64
11	Pareto Aksje Norge	Gesellschaftsdepot	7.756.200	0,63
12	Vital Forsikring ASA	Gesellschaftsdepot	7.113.604	0,57
13	Odin Norge	Gesellschaftsdepot	7.041.474	0,57
14	Bank of New York, Mellon	Stellvertreterdepot	6.999.762	0,56
15	Statoil Pensjon	Gesellschaftsdepot	5.826.442	0,47
16	DnB NOR Norge (IV) VPF	Gesellschaftsdepot	5.368.257	0,43
17	Storebrand Livsforsikring AS	Gesellschaftsdepot	5.205.221	0,42
18	Awilco Invest AS	Gesellschaftsdepot	4.843.200	0,39
19	Varma Mutual Pension Company	Gesellschaftsdepot	4.800.000	0,39
20	JP Morgan Chase Bank Nordea Treaty Account	Gesellschaftsdepot	4.726.929	0,38
Top 20 Aktionäre			844.717.067	68,12
Andere			395.393.144	31,88
Insgesamt			1.240.110.211	100,00

26.2.7 Geschäfte mit verbundenen Parteien

Die Gesellschaft hat mit ihren Tochtergesellschaften und verbundenen Unternehmen sowie mit ihren Hauptaktionären bestimmte Geschäfte mit verbundenen Parteien abgeschlossen. Geschäfte mit Tochtergesellschaften werden auf Konsolidierungsebene ausgesondert und nicht als Geschäfte mit verbundenen Parteien in den Konzernabschluss des Hydro-Konzerns aufgenommen. Einzelheiten zu den Geschäften der Gesellschaft mit verbundenen Parteien sind in Abschnitt 21.2 (Additional Information-Related Party Transactions) zu finden.

26.2.8 Forschung und Entwicklung, Patente und Lizenzen

Die Gesamtkosten des Hydro-Konzerns für Forschung und Entwicklung beliefen sich im Jahr 2009 auf NOK 690 Mio., im Jahr 2008 auf NOK 606 Mio. und im Jahr 2007 auf NOK 507 Mio. Die Forschungs- und Entwicklungstätigkeit zielt darauf ab, die Aluminiumproduktion effizienter zu gestalten, wozu auch die Verbesserung der Elektrolysetechnologie von Hydro zählt. Ein wesentlicher Teil der für Forschung und Entwicklung bereitstehenden Mittel wird auch für die Weiterentwicklung der Produktionsverfahren und Produkte im Bereich der Entwicklung von Abguss und Legierung, Extrudierverfahren, Präzisionsrohrmaterial, Bausystemen sowie Walzprodukten verwendet. Ein Großteil der Forschungs- und Entwicklungskosten entfällt auf die internen Forschungseinrichtungen von Hydro, der verbleibende Teil entfällt auf in Arbeiten, die von externen Institutionen durchgeführt werden. Die Gesellschaft verfügt

über eine Reihe von Forschungs- und Entwicklungszentren in Europa und errichtete im Jahr 2009 ein neues Technologie- und Kompetenzzentrum in Doha, Katar.

26.2.9 Aktien

Zum Zeitpunkt der Drucklegung dieses Prospekts belief sich das registrierte Grundkapital der Gesellschaft auf NOK 1.361.641.011,68, eingeteilt in 1.240.110.211 Aktien mit einem Nennwert von je NOK 1.098. Es existiert nur eine Klasse von Aktien. Die Aktien sind in jeder Hinsicht gleichrangig, und bei den Hauptversammlungen der Aktionäre gewährt jede Aktie ein Stimmrecht. Alle Aktien sind genehmigt, ausgegeben und vollständig eingezahlt. Nach Abschluss des Bezugsangebots erhöht sich das Grundkapital der Gesellschaft um NOK 418.396.852,80 auf NOK 1.780.037.864,48, eingeteilt in 1.621.163.811 Aktien mit einem Nennwert von je NOK 1.098. Der Betrag des Grundkapitals nach Abschluss der Privatplatzierung wird vom Informationssystem der Osloer Börse nach Vollzug der Transaktion bekanntgegeben werden.

26.2.10 Satzung der Gesellschaft

Die Satzung der Gesellschaft ist dem Prospekt als Anhang 1 beigefügt.

Zweck der Gesellschaft ist gemäß Ziffer 2 der Satzung der Gesellschaft, *„.....sich in den Bereichen Industrie, Handel und Transport zu betätigen, Energieressourcen und Rohstoffe zu nutzen und andere Tätigkeiten im Zusammenhang mit diesen Zielsetzungen auszuüben. Diese Aktivitäten können auch über eine Beteiligung oder eine Kooperation mit anderen Unternehmen erfolgen.“*

26.2.11 Dokumente zur Einsichtnahme

Die Kopien folgender Dokumente stehen jede Woche während der üblichen Geschäftszeiten von Montag bis Freitag (ausgenommen gesetzliche Feiertage) am eingetragenen Sitz der Gesellschaft für einen Zeitraum von 12 Monaten ab dem Datum dieses Prospekts zur Einsichtnahme zur Verfügung:

- die Satzung der Gesellschaft;
- die Eintragungsurkunde der Gesellschaft;
- die geprüften Konzernabschlüsse der Gesellschaft für die Geschäftsjahre zum 31. Dezember 2009, 2008, 2007 sowie der gekürzte ungeprüfte Quartalsabschluss der Gesellschaft zum 31. März 2010 und 31. Dezember 2009 (mit Vergleichszahlen für den und betreffend den dreimonatigen Berichtszeitraum zum 31. März 2009 bzw. 31. Dezember 2008);
- historische Finanzinformationen der wesentlichen Tochtergesellschaften der Gesellschaft; und
- dieser Prospekt.

27 SWEDISH SUMMARY

This Swedish summary has been prepared for the Swedish securities market in connection with the Rights Issue and the Private Placement in the Company. The information provided in this Section is a summary of information provided in the rest of the Prospectus, and does not contain any additional information. The information is thus only provided in the Swedish language.

Denna svenska sammanfattning har upprättats för den svenska värdepappersmarknaden i samband med en företrädesrättsemission ("**Företrädesrättsemissionen**") av aktier ("**Erbjudandeaktierna**") i Norsk Hydro ASA ("**Bolaget**" eller "**Hydro**" och, tillsammans med dess konsoliderade dotterbolag, "**Koncernen**") och notering av nya aktier i Bolaget ("**Vederlagsaktierna**") som kommer att emitteras i en så kallad private placement ("**Private Placement**") riktad till Vale Austria Holding GmbH ("**Vale Austria Holdings**") i enlighet med Bolagets avtal med Vale S.A. ("**Vale**") och Vale Austria Holdings (ett helägt dotterbolag till Vale) avseende övertagande av vissa delar av bauxitgruvan Paragominas, ALUNORTE - Alumina do Norte do Brasil S.A., ALBRAS - Alumínio Brasileiro S.A. och Companhia de Alumina do Pará S.A. samt vissa tillhörande tillgångar ("**Vale Aluminium**") från Vale Austria Holdings ("**Transaktionen**").

Sammanfattningen är en del av det engelskspråkiga "Prospectus" ("**Prospektet**"). Investeringsunderlaget till den svenska värdepappersmarknaden består således inte bara av sammanfattningen på svenska, utan av hela Prospektet. Investerares uppmanas att läsa hela Prospektet noggrant innan ett eventuellt investeringsbeslut fattas. Vid en eventuell konflikt mellan innehållet i denna svenska sammanfattning och de engelskspråkiga delarna av Prospektet, äger de engelskspråkiga delarna av Prospektet företräde.

Denna svenska sammanfattning innehåller en översättning av Avsnitt 1 (Summary) i Prospektet.

Prospektet har ingivits till Finansinspektionen i Norge för granskning och godkännande enligt § 7-7 i norska värdepappershandelslagen (*norska: verdipapirhandelloven*).

Alla nya materiella omständigheter och alla eventuella felaktigheter eller ofullständigheter i Prospektet som kan påverka bedömningen av aktierna i Bolaget ("**Aktierna**"), vilka uppstår eller uppdagas mellan tidpunkten för godkännandet av Prospektet och noteringen av Erbjudandeaktierna och Vederlagsaktierna på Oslo Børs ("**Oslobörsen**"), kommer att framgå av ett eventuellt tillägg till Prospektet i enlighet med § 7-15 i norska värdepappershandelslagen.

27.1 SAMMANFATTNING

Följande sammanfattning skall läsas som en introduktion till hela texten i detta prospekt. Varje investeringsbeslut avseende Företrädesrättsemissionen, Aktierna (inklusive Erbjudandeaktierna) eller teckningsrätterna skall baseras på en bedömning av Prospektet i dess helhet. Investeraresom väcker talan vid domstol med anledning av uppgifterna i detta Prospekt kan, enligt den nationella lagstiftningen i en medlemsstat i Europeiska Ekonomiska Samarbetsområdet ("EES"), bli tvungna att svara för kostnaderna för översättning av Prospektet innan domstolsförhandlingar inleds. Inget civilrättsligt ansvar kan åläggas de personer som har upprättat denna sammanfattning, inklusive varje översättning härav, såvida den inte är vilseledande, felaktig eller oförenlig med de andra Avsnitten i detta Prospekt.

27.1.1 Introduktion till Hydro

Hydro är en av världens största producenter av primäraluminium, med elektrolytproduktion i Australien, Kanada, Tyskland, Norge, Qatar och Slovakien. Merparten av Hydros aluminium säljs som förädlade gjutningsprodukter och Hydro är en ledande världsomspännande leverantör av pressgöt, valsgöt, valstråd och primära gjutningsblandningar (källa: information från Bolaget). Aluminiumoxid svarar för en av de viktigaste kostnadsposterna i produktionen av aluminiummetall. Hydro innehar ägarandelar i aluminiumoxidraffinaderier som under 2009 stod för ungefär 69 procent av Koncernens aluminiumoxidbehov. Den viktigaste av dessa delägda raffinaderier, Alunorte, är världens största aluminiumoxidraffinaderi med en av branschens lägsta konverteringskostnader. Koncernen har en betydande volym av självgenererad elkapacitet baserad på vattenkraftsproduktion i Norge med låga kostnader och låga utsläpp samt ett inneslutande gaseldat kraftverk för Qatalum.

Hydro är branschledande beträffande ett antal produkter och marknader inom så kallad downstramaluminium, särskilt inom marknadssektorerna bygg, förpackning, litografi och fordon (källa: information från Bolaget). Hydro är en högkvalitativ, förädlingsleverantör av aluminiumprodukter och -lösningar, med en stark ställning på marknader som erbjuder möjligheter för förädlingsprodukter. Hydros ambition är att bli erkänd som världsledande lösningsleverantör av aluminium – en flexibel och innovativ teknikledare som, tillsammans med sina kunder, driver verksamheten och aluminiumindustrin framåt.

Hydros verksamhet för plattvalsade produkter är primärt lokaliserad i Europa, där Koncernen producerade ungefär 80 procent av den totala försäljningsvolymen under 2009. Hydro är den näst största leverantören (källa: uppskattat av Hydro baserad på data från CRU¹¹⁵) inom den europeiska valsningsmarknaden, med en beräknad marknadsandel om 17 procent i Europa (källa: information från Bolaget/European Aluminium Association Market Report April 2010). Hydro har en ledande global ställning inom höga förädlingsproduktsegment såsom litografiska tryckplåtar och aseptisk folie.

Koncernens extruderande verksamhet består främst av mjuklegerade extruderade produkter och byggsystem avseende fasader, väggdelningar, dörrar och fönster. Hydros nätverk av extruderingsanläggningar bistår lokala kunder med specialbeställda profiler och byggsystem. Hydro är det ledande företaget i Europa (källa: information från Bolaget) av byggsystem inom aluminium och fokuserar för närvarande i stor utsträckning på energieffektiva byggnadslösningar. Hydro har produktion av precisionsrör i alla större regioner och har en ledande ställning på den globala marknaden för värmeöverförande produktapplikationer (källa: information från Bolaget).

Med mer än 100 års erfarenhet inom vattenkraft är Hydro den näst största kraftverksoperatören i Norge, och den största privatägda producenten (källa: information från Bolaget). Därutöver köper Hydro cirka 7

¹¹⁵ CRU är en oberoende koncern inom affärsanalys och konsultverksamhet som fokuserar på gruvdrift, metaller, kraftverk, kablar, gödningsmedel och kemiska sektorer.

TWh årligen enligt långtidskontrakt, huvudsakligen av det norska statliga bolaget Statkraft SF. Bolagets portfölj erbjuder därmed långsiktig energi till förutsebara priser till sina industriella verksamheter i Norge

Bolaget har sitt huvudkvarter i Oslo, Norge. Enligt tillgänglig information på Oslobörsens hemsida (www.oslobors.no) hade bolaget den 17 juni 2010 ett börsvärde på ungefär 46 miljarder norska kronor, vilket gör Bolaget till det sjunde största publika bolaget (baserat på börsvärde) som är noterat på Oslobörsen. Den norska staten genom Närings- och handelsdepartementet ("**Norska staten**") är Bolagets största aktieägare med ett aktieinnehav på 43,82 procent per den 14 juni 2010.

27.1.2 Transaktionen, Private Placement och Vederlagsaktier

Den 2 maj 2010 offentliggjorde Hydro att de hade ingått ett överlåtelse- och apportavtal ("**Överlåtelse- och apportavtalet**") med Vale och Vale Austria Holdings enligt vilket Bolaget förband sig att från Vale Austria Holdings förvärva, och Vale Austria Holdings förband sig att tillskjuta, Vale Aluminium, som består av nästan hela Vales aluminiumverksamhet exklusive Vales andelar i Menraçã Rio de Norte S.A. ("**MRN**").

Som vederlag för överlåtelsen och tillskjutandet av Vale Aluminium, ska Vale Austria Holdings vid Transaktionen fullföljande erhålla:

- (i) nyemitterade Vederlagsaktier i Hydro, vilka kommer att emitteras i Private Placement, motsvarande 22 procent av Hydros utestående aktiekapital;¹¹⁶
- (ii) ett kontant belopp motsvarande cirka 1,1 miljarder US\$ (förutsatt en nettointäkt från den föreslagna Företrädesrättsemissionen på 1,75 miljarder US\$), där beloppet är föremål för justeringar uppåt (nedåt) motsvarande 28,2 procent av eventuellt belopp som är lägre (högre) än antagna 1,75 miljarder US\$ och den faktiska nettointäkten från Företrädesrättsemissionen; och
- (iii) sedvanliga justeringar efter fullföljande avseende: aktieutdelningar till Vale från Alunorte och Albras under mallanperioden; Paragominas arbetande kapital och nettoskuldsättning; kapitaltillskott gjorda av Vale till CAP samt CAP:s nettoskuldsättning; och fordringar och skulder till följd av kommersiella avtal.

Fullföljande av Företrädesrättsemissionen är ett villkor för fullföljande av Transaktionen. Varken Vale eller Vale Austria Holdings är Befintliga Aktieägare (såsom definierats nedan) och kommer inte att delta i Företrädesemissionen. Se Avsnitt 5.1 (The Transaction, the Private Placement and the Consideration Shares–The Transaction and the Private Placement) för en närmare redogörelse av övriga villkor för Transaktionens fullföljande.

Fullföljandet av Transaktionen beräknas äga rum under fjärde kvartalet 2010.

Vederlagsaktierna kommer att noteras på Oslobörsen så snart ökningen av aktiekapitalet hänförlig till Private Placement har registrerats av norska motsvarigheten till Bolagsverket och Vederlagsaktierna har blivit registrerade i VPS. Vederlagsaktierna kommer att tas på brittiska Finansinspektionens Official List ("**Official List**") och tas upp till handel på Londonbörsen snarast möjligt därefter, vilket beräknas ske omkring tidpunkten för notering av Vederlagsaktierna på Oslobörsen.

¹¹⁶ Dvs. det totala antalet Aktier efter fullföljandet, minskat med Aktier som ägdes av eller var pantsatta till Hydro.

27.1.3 Bakgrund och motiv till Företrädesemissionen

Bakgrunden och motivet till Företrädesrättsemmissionen är att inbringa intäkter för att finansiera kontantdelen av vederlaget i Transaktionen, upprätthålla Bolagets kreditbetyg samt förbättra Bolagets möjligheter att genomföra Bolagets framtida projekt

27.1.4 Sammanfattning av Företrädesrättsemmissionen

Följande är en sammanfattning av de huvudsakliga villkoren för Företrädesrättsemmissionen.

Företrädesrättsemmissionen.....	Företrädesrättsemmissionen består av ett erbjudande från Bolaget att utfärda 381.053.600 Erbjudandeaktier till en teckningskurs om 26,30 norska kronor per Erbjudandeaktie (" Teckningskurs ") för bruttointäkter på 10.021.709.680 norska kronor.
Teckningskurs.....	Teckningskursen är 26,30 norska kronor per Erbjudandeaktie
Villkor för fullföljande.....	Fullföljandet av Företrädesrättsemmissionen är villkorat av att, såvida Företrädesrättsemmissionen inte fulltecknas, Emissionsgarantiavtalet (såsom definierats nedan) alltså fortsätter att gälla. Om det står klart att ovanstående villkor inte kommer att uppfyllas kommer Företrädesrättsemmissionen att återkallas.
Avstämningsdag.....	24 juni 2010 (" Avstämningsdagen ") (dvs. aktieägare som är registrerade i Bolagets aktiebok (som sköts av VPS, norska motsvarigheten till Euroclear Sweden AB, den 24 juni 2010 kommer att erhålla Teckningsrätter).
Teckningsrätter.....	Bolagets aktieägare som är registrerade i VPS per den 24 juni 2010 (" Befintliga Aktieägarna ") kommer att tilldelas teckningsrätter (" Teckningsrätterna ") i förhållande till sitt registrerade aktieinnehav per nämnda dag. Bolaget kommer därvid att utfärda 7 Teckningsrätter för varje 23 Aktier innehavda per Avstämningsdagen (" Befintliga Aktier "). Varje oinlöst grundarcertifikat (" Grundarcertifikat ") berättigar innehavaren till 38.105 Teckningsrätter och varje oinlöst teckningscertifikat (" Teckningscertifikat ") berättigar innehavaren till 2.447 Teckningsrätter. Innehavare av Grundarcertifikat och Teckningscertifikat (gemensamt benämnda " Certifikatsinnehavarna ") måste, för att erhålla Teckningsrätter, presentera Grundarcertifikat eller Teckningscertifikat i original till DnB NOR Bank ASA, Registreringsavdelningen (" Emissionsbanken ") senast klockan 15.00 (CET) den 8 juli 2010. Om ovan nämnda originalcertifikat inte presenteras senast vid denna tidpunkt kommer Teckningsrätter inte att tilldelas avseende de relevanta Grundarcertifikaten och Teckningscertifikaten. För att erhålla Teckningsrätter före utgången av handelsperioden för Teckningsrätterna måste Certifikatsinnehavarna presentera Grundarcertifikat eller Teckningscertifikat i original till Emissionsbanken klockan 15.00 (CET) den 5 juni 2010. Se Avsnitt 6.9 (The Rights Issue-Subscription Rights) för ytterligare information. Det antal Teckningsrätter som tilldelats varje befintlig aktieägare och Certifikatinnehavare kommer att avrundas nedåt till närmaste hela Teckningsrätt. Varje Teckningsrätt kommer, med förbehåll för tillämplig värdepapperslagstiftning, att berättiga till teckning och tilldelning av en ny Erbjudandeaktie i Företrädesrättsemmissionen. Förvärvade Teckningsrätter kommer att ge samma rätt att teckna Erbjudandeaktier som Teckningsrätter som innehas av Befintliga Aktieägare och Certifikatsinnehavare. Teckningsrätter som inte säljs före 17.30 (CET) den 6 juli 2010 eller på annat sätt avyttras före klockan 17.30 (CET) den 9 juli 2010 kommer inte att ha något värde och kommer att förfalla utan ersättning till innehavaren.
Utspädning.....	Befintliga Aktieägare som väljer att inte delta i Företrädesemissionen kommer att få sin ägarandel utspädd med cirka 24 procent men kommer att ha möjlighet att avyttra sina Teckningsrätter. På grund av att Teckningsrätter tilldelas Certifikatsinnehavarna kommer de Befintliga Aktieägarna få sina ägarandelar utspädda med cirka 1,1 procent även om de väljer att delta i

	Företrädesemissionen, såvida inte sådana Befintliga Aktieägare till följd av överteckning (dvs. teckning av fler Erbjudandeaktier än vad det antal Teckningsrätter som initialt tilldelats dem berättigar till) eller till följd av teckning med stöd av förvärvade Teckningsrätter tilldelas Erbjudandeaktier utöver vad som följer av de initialt tilldelade Teckningsrätterna.
Teckningstid	Teckningstiden för Företrädesrättsemmissionen kommer att inledas den 25 juni 2010 och avslutas den 9 juli 2010 klockan 17.30 (CET).
Handel med Teckningsrätter	Teckningsrätterna kommer att noteras och kunna handlas på Oslobörsen under kortnamnet "NHY T" från den 25 juni 2010 till den 6 juli 2010 klockan 17.30 (CET). Teckningsrätterna kommer således att kunna handlas under endast en del av Teckningstiden.
Teckningsförfarandet	Teckning av Erbjudandeaktier sker genom insändandet av en korrekt ifylld anmälningsblankett (" Anmälningsblankett ") till Emissionsbanken under Teckningstiden, eller, för norska medborgare, online såsom beskrivet nedan. Befintliga Aktieägare kommer att erhålla Anmälningsblanketter som innehåller information om det antal Teckningsrätter som tilldelats dem samt vissa andra frågor som är relaterade till aktieägandet. Överteckning och teckning utan stöd av Teckningsrätter kommer att vara tillåtet; dock föreligger inga garantier för att Erbjudandeaktier kommer att tilldelas baserat på sådan teckning. Teckning av Erbjudandeaktier av personer som inte är Befintliga Aktieägare, inklusive teckning av Certifikatsinnehavare, måste ske på en Anmälningsblankett i den form som anges i Bilaga 2, "Form of Subscription Form", eller Bilaga 3, "Form of Norwegian Language Subscription Form". Befintliga Aktieägare kan också välja att använda en sådan Anmälningsblankett. Korrekt ifyllda Anmälningsblanketter måste ha inkommit till Emissionsbanken senast klockan 17.30 (CET) den 9 juli 2010. Tecknare som är norska medborgare kan även teckna Erbjudandeaktier genom VPS elektroniska teckningssystem (eller genom att följa länken www.hydro.com/rightsissue , som kommer att omdirigera tecknaren till VPS elektroniska teckningssystem).
Tilldelning	Tilldelning av Erbjudandeaktierna kommer att äga rum omkring den 12 juli 2010 i enlighet med följande kriterier:(i) Tilldelning kommer att ske till tecknare på grundval av tilldelade och förvärvade Teckningsrätter, vilka på ett giltigt sätt utnyttjas under Teckningstiden; (ii) om inte alla Teckningsrätter utnyttjas kommer tecknare som utnyttjat sina Teckningsrätter och som har övertecknat sig att tilldelas ytterligare Erbjudandeaktier pro rata baserat på det antal Teckningsrätter som varje sådan tecknare utnyttjat. I den mån som en proportionell tilldelning inte är möjlig kommer Bolaget att fastställa tilldelningen genom lottdragning; (iii) Erbjudandeaktier som inte har tilldelats enligt (i) och (ii) ovan kommer att tilldelas till tecknare som inte innehar Teckningsrätter. Tilldelning kommer att eftersträvas att göras proportionerligt på grundval av respektive teckningsbelopp under förutsättning att sådan tilldelning kan avrundas nedåt till närmaste 100 aktier; och (iv) Erbjudandeaktier som inte tilldelats enligt (i), (ii) och (iii) ovan kommer att tecknas av och tilldelas till Folketrygdfondet och Emissionsgaranterna (såsom definierats nedan) på grundval och i enlighet med respektive emissionsgarantiåtagande av Folketrygdfondet och Emissionsgaranterna. Ingen tilldelning kommer att ske till Folketrygdfondet i enlighet med (iv) ovan om Folketrygdfondet uppfyller sin förpliktelse att teckna Erbjudandeaktier såsom beskrivet i Avsnitt 6.21 (The Rights Issue–The Underwriting) nedan.
Betalning	Betalningen av Erbjudandeaktier som tilldelats en tecknare förfaller den 15 juli 2010 (" Betalningsdagen "). Tecknare som har ett norskt bankkonto måste, och kommer genom att underteckna Anmälningsblanketten, förse Emissionsbanken med ett oåterkalleligt engångstillstånd att debitera ett visst bankkonto i en norsk bank med det belopp som skall betalas för de Erbjudandeaktier som tilldelats tecknaren. Det angivna bankkontot förväntas bli debiterat på eller efter Betalningsdagen. Emissionsbanken är endast behörig att debitera ett sådant

konto en gång, men förbehåller sig rätten att göra upp till tre debiteringsförsök. Tecknare som inte har ett norskt bankkonto måste tillse att betalning med godtagbara medel för Erbjudandeaktierna som tilldelats dem görs senast på Betalningsdagen, och måste vända sig till Emissionsbanken innan sådan betalning görs. Vid försenad betalning kommer ränta att debiteras med gällande procentsatser från tid till annan enligt den norska lagen om dröjsmålsränta från 17 december 1976 nr 100; 8,75 procent per år per dagen för detta Prospekt. Om en tecknare inte följer betalningsvillkoren kommer Erbjudandeaktierna, med förbehåll för den norska lagen om publika aktiebolag från 13 juni 1997 nr 45 (*norska: "allmennaksjeloven"*) ("*lagen om publika aktiebolag*") och enligt Joint Global Coordinators (såsom definierats nedan) gottfinnande inte att levereras till tecknaren. I enlighet med ett betalningsgarantiavtal ingånget mellan Bolaget och Joint Global Coordinators, kommer Joint Global Coordinators, upp till deras respektive prorata-andel av Emissionsgaranternas garanterade belopp såsom beskrivet i Avsnitt 6.21 (The Rights Issue–The Underwriting) nedan och föremål för betalningsgarantivillkor, den 16 juli 2010 att betala det teckningsbelopp som inte har betalats av tecknarna, andra än Norska staten, Folketrygdfondet och Emissionsgaranternas (beträffande ej tecknade Erbjudandeaktier som tilldelats dem), på förfallodagen för att möjliggöra tidsenlig registrering av ökningen av aktiekapitalet hänförlig till de Erbjudandeaktierna hos den norska motsvarigheten till Bolagsverket. Tecknarna som underlåter att betala kommer att hållas ansvariga för teckningsbeloppet som betalas för Erbjudandeaktierna som tilldelats dem oaktat sådan betalning av Joint Global Coordinators. Bolaget och Joint Global Coordinators förbehåller sig rätten att sälja eller bli ägare till Erbjudandeaktierna från och med den fjärde dagen efter Betalningsdagen utan att behöva meddela tecknaren i fråga i enlighet med 10–12 §§ fjärde stycket i den norska lagen om publika aktiebolag, om betalning inte har mottagits inom tre dagar från Betalningsdagen. Tecknaren kommer att vara ansvarig för eventuella förluster, kostnader och utgifter som uppkommit för Bolaget och/eller Joint Global Coordinators som en följd av eller i samband med sådana avyttringar. Bolaget och/eller Joint Global Coordinators kan driva in ett sådant utestående belopp i enlighet med norsk lag.

Leverans	Bolaget beräknar att de Erbjudandeaktier som tilldelats kommer att levereras till respektive VPS-konto omkring den 19 juli 2010.
Handel med Erbjudandeaktier	Erbjudandeaktierna kommer att noteras på Oslobörsen så snart ökningen av aktiekapitalet avseende Företrädesrättsemissionen har registrerats hos norska motsvarigheten till Bolagsverket och Erbjudandeaktierna har registrerats hos VPS. Detta beräknas ske omkring den 19 juli 2010. Notering av Erbjudandeaktierna på Oslobörsen beräknas ske samma dag. Upptagande av Erbjudandeaktierna på Official List och tas upp till handel på Londonbörsen snarast möjligt därefter, vilket beräknas ske omkring tidpunkten för notering av Vederlagsaktierna på Oslobörsen.
Restriktioner avseende försäljning och överlåtelse	Vissa restriktioner gäller för försäljning och överlåtelse av Teckningsrätterna och Erbjudandeaktierna i vissa jurisdiktioner. Se Avsnitt 20 (Restrictions on Sale and Transfer).
Rangordning och utdelning	Erbjudandeaktierna kommer i alla avseenden att likställas med Befintliga Aktier och kommer att medföra fullständiga aktieägarrättigheter i Bolaget från tidpunkten för registrering av ökningen av aktiekapitalet avseende Företrädesrättsemissionen hos norska motsvarigheten till Bolagsverket. Erbjudandeaktierna kommer att berättiga till eventuell utdelning som Bolaget lämnar efter denna registrering.
Tillämplig lag och jurisdiktion	Anmälningssblanketterna och villkoren för Företrädesrättsemissionen regleras av, och tolkas i enlighet med, norsk lagstiftningen. Utgivandet av Erbjudandeaktierna kommer att ske i enlighet med norsk lagstiftning. Eventuella tvister som uppkommer med anledning av eller i samband med Anmälningssblanketterna eller

	Företrädesrättsemissionen omfattas av en exklusiv behörighet för domstolarna i Norge, med Oslo som säte.
Emissionsgaranter	Folketrygdfondet har åtagit sig att teckna Erbjudandeaktier för sin prorata-andel av Företrädesrättsemissionen per dagen för Emissionsgarantiavtalet (såsom definierats nedan) baserat på dess aktieinnehav per dagen för Emissionsgarantiavtalet (dvs. 583.675.716 norska kronor) under vissa villkor som beskrivs i Avsnitt 6.21 (The Rights Issue–The Underwriting) nedan. Den återstående delen av Företrädesrättsemissionen, förutom för de 43.42 procent för vilka den norska staten har blivit tilldelad befogenhet att teckna, har garanterats av Citigroup Global Markets Limited, BNP PARIBAS, DnB NOR Bank ASA, DnB NOR Markets, Commerzbank Aktiengesellschaft, Nordea Bank Norge ASA, Skandinaviska Enskilda Banken AB (publ) och Société Générale (" Emissionsgaranterna ") i enlighet med, och med förbehåll för begränsningarna i, emissionsgarantiavtalet som ingåtts mellan Bolaget och Emissionsgaranterna den 2 maj 2010 (" Emissionsgarantiavtalet "). Emissionsgarantiavtalet innehåller vissa villkor och uppsägningsgrunder som närmare beskrivs i Avsnitt 6.21 (The Rights Issue–The Underwriting) nedan.
Användning av emissionslikvid	Emissionslikviden från Företrädesrättsemissionen förväntas uppgå till cirka 9.871 miljoner norska kronor, efter avdrag för kostnader för emissionsgarantier och andra avgifter och kostnader i samband med Företrädesrättsemissionen vilka beräknas uppgå till cirka 151 miljoner norska kronor. Hydro avser att använda emissionslikviden för att finansiera kontantdelen av vederlaget i Transaktionen, upprätthålla Bolagets kreditbetyg samt förbättra Bolagets möjligheter att genomföra Bolagets framtida projekt.

27.1.5 Viktiga datum för Företrädesrättsemissionen

Tidsplanen nedan utvisar vissa preliminära datum av vikt för Företrädesrättsemissionen.

Sista dag för handel med Aktier inklusive Teckningsrätter.....	21 juni 2010
Första dag för handel med Aktier exklusive Teckningsrätter	22 juni 2010
Avstämningsdag	24 juni 2010
Teckningstid inleds	25 juni 2010
Handel med Teckningsrätter inleds på Oslobörsen	25 juni 2010
Handel med Teckningsrätter avslutas	Klockan 17.30 (CET) den 6 juli 2010
Teckningsperioden avslutas	Klockan 17.30 (CET) den 9 juli 2010
Tilldelning av Erbjudandeaktier.....	Beräknat omkring 13 juli 2010
Utskick av tilldelningsbrev	Beräknat omkring 13 juli 2010
Likviddag.....	15 juli 2010
Leverans av Erbjudandeaktierna.....	Beräknat omkring 19 juli 2010
Notering och påbörjande av handel med Erbjudandeaktier på Oslobörsen och Londonbörsen	Beräknat omkring 19 juli 2010

27.1.6 Finansiell information

Följande tabeller innehåller en sammanfattning av historisk finansiell information och annan information avseende Bolaget på koncernnivå för räkenskapsåren 2009, 2008 och 2007 och för de första tre månaderna 2010 och 2009. Tabellerna skall läsas tillsammans med de finansiella räkenskaperna som har införlivats i Prospektet genom hänvisning (se Avsnitt 21.7 (Additional Information–Incorporation by Reference)) och de övriga avsnitten i detta Prospekt, inklusive Avsnitt 12 (Capitalisation and Indebtness), Avsnitt 13 (Selected Consolidated Financial and Other Data) och Avsnitt 14 (Operating and Financial Review).

Utvalda resultaträkningar för Koncernen

Belopp i miljoner norska kronor (med undantag för data per Aktie)	1 jan – 31 mars (Oreviderat)		Helår (Reviderat)		
	2010	2009	2009	2008	2007
Intäkter	18.145	16.569	67.409	88.455	94.316
Andel resultat investeringar räkenskapsfört efter egetkapitalmetoden	-236	-413	-809	-915	-1.000
Andra intäkter, netto	183	134	107	865	1.093
Summa intäkter	18.091	16.290	66.706	88.405	96.409
Avskrivningar och nedskrivningar	721	827	3.494	4.915	3.552
Andra kostnader	16.385	17.061	64.619	82.296	83.833
Summa kostnader	17.106	17.888	68.113	87.211	87.385
Rörelseresultat (EBIT)	985	-1.598	-1.407	1.194	9.025
Finansiella intäkter (kostnader), netto	545	1.473	2.774	-5.026	3.208
Resultat (förlust) före skatt	1.530	-126	1.367	-3.832	12.233
Skatt	-605	-155	-951	565	-3.075
Resultat (förlust) från vidareförd verksamhet	924	-280	416	-3.267	9.158
Resultat (förlust) från avvecklad verksamhet	-	-	-	-247	9.447
Årets resultat (förlust)	924	-280	416	-3.514	18.604
Minoritetsandel av årets resultat	55	67	117	411	408
Årets resultat (förlust) hänförligt till Hydros aktieägare	869	-347	299	-3.925	18.196
Resultat per Aktie från vidareförd verksamhet (i norska kronor)	0,72	-0,29	0,25	-3,04	7,17
Resultat per Aktie från avvecklad verksamhet (i norska kronor)	-	-	-	-0,20	7,74
Resultat per Aktie hänförligt till Hydros aktieägare (i norska kronor)	0,72	-0,29	0,25	-3,25	14,90
Viktat genomsnitt av utestående Aktier (miljoner)	1.205	1.206	1.205	1.209	1.221

Utvalda balansräkningar för Koncernen

Belopp i miljoner norska kronor, med undantag för antal Aktier	31 mars (Oreviderat)		31 december (Reviderat)		
	2010	2009	2009	2008	2007
Tillgångar					
Kassa och bank	2.502	3.128	2.573	3.333	9.330
Kortfristiga investeringar	1.554	1.652	1.519	1.648	2.742
Fordringar och andra kortfristiga tillgångar	15.576	16.077	13.679	18.833	16.531
Lager	9.678	13.264	10.030	16.293	12.227
Summa omsättningstillgångar	29.311	34.120	27.802	40.108	40.830
Tillgångar innehavda för försäljning, avvecklad verksamhet	-	-	-	-	6.741
Fastigheter, fabriker och utrustning o. dyl.	25.499	28.038	25.647	29.338	26.750
Andra anläggningstillgångar	25.109	24.798	24.150	25.711	17.724
Summa anläggningstillgångar	50.608	52.837	49.797	55.049	44.474
Summa tillgångar	79.919	86.957	77.599	95.157	92.046
Skulder och eget kapital					
Banklån och andra räntebärande kortfristiga skulder	972	1.953	2.010	1.169	1.045
Andra kortfristiga skulder	13.551	17.509	13.032	22.175	17.310
Summa kortfristiga skulder	14.523	19.462	15.042	23.344	18.355
Skulder inkluderade i avvecklad verksamhet	-	-	-	-	2.021
Långfristiga skulder	2.574	1.106	88	279	263
Andra långfristiga skulder	14.430	14.856	14.425	16.135	14.152
Uppskjutna skatteskulder	816	1.143	849	1.258	2.246
Summa långfristiga skulder	17.820	17.104	15.361	17.673	16.662
Summa skulder	32.343	36.567	30.403	41.016	37.038
Eget kapital hänförligt till aktieägare i Hydro	46.458	49.034	46.169	52.808	54.049
Minoritetsandelar	1.118	1.357	1.026	1.333	959
Summa eget kapital	47.577	50.391	47.195	54.141	55.008
Summa eget kapital och skulder	79.919	86.957	77.599	95.157	92.046
Totalt antal utestående Aktier (miljoner)	1.205	1.206	1.205	1.206	1.209

Utvalda kassaflödesanalyser för Koncernen

Belopp i miljoner norska kronor	31 mars (Oreviderat)		31 december (Reviderat)		
	2010	2009	2009	2008	2007
Löpande verksamhet					
Årets resultat (förlust)	924	-280	416	-3.514	18.604
Resultat (förlust) från avvecklade verksamheter	-	-	-	247	-9.447
Avskrivningar och nedskrivningar som belastat detta resultat	721	827	3.494	4.915	3.552
Övriga justeringar	-1.459	-1.658	636	1.273	1.564
Summa kassaflöde från den löpande verksamheten	186	-1.111	4.546	2.921	14.273
Investeringsverksamhet					
Inköp av fastigheter, produktionstillgångar och utrustning	-436	-546	-2.743	-3.485	-3.485
Inköp av andra långfristiga tillgångar	-1.221	-184	-3.137	-5.374	-1.403
Inköp av kortfristiga tillgångar	-	-	-	-2.850	-5.000
Influtna medel från försäljning av fastigheter, produktionstillgångar och utrustning	6	9	24	95	122
Influtna medel från försäljning av andra långfristiga tillgångar	111	40	8	679	4.330
Influtna medel från försäljning av kortfristiga investeringar	-	-	-	3.600	17.200
Summa kassaflöde från investeringsverksamheten	-1.540	-681	-5.848	-7.335	11.764
Finansieringsverksamheten					
Medel från upptagna lån	2.431	1.878	2.878	93	25
Återbetalning av lån	-1.081	-60	-1.978	-187	-1.210
Nettoökning (minskning) i andra kortfristiga skulder	-50	-92	15	-159	
Köp av egna Aktier	-	-	-124	-149	-2.887
Försäljning av egna Aktier	9	13	43	44	66
Utbetald utdelning	-	-	-166	-6.359	-6.134
Summa kassaflöde från investeringsverksamheten	1.309	1.739	668	-6.717	-10.140
Valutakurseffekter på kontanter, banktillgodohavanden och kassakredit					
Valutakurseffekter på kontanter, banktillgodohavanden och kassakredit	23	-74	-56	-11	-285
Nettokassaflöde från avvecklad verksamhet	-	-	-	5.075	-12.799
Nettoreduktion i kontanter, banktillgodohavanden och kassakredit					
Nettoreduktion i kontanter, banktillgodohavanden och kassakredit	-22	-127	-690	-6.067	2.813
Kontanter, banktillgodohavanden och kassakredit omklassificerat till tillgångar innehavda för försäljning					
Kontanter, banktillgodohavanden och kassakredit omklassificerat till tillgångar innehavda för försäljning	-	-	-	-	-105
Kontanter, banktillgodohavanden och	2.499	3.189	3.189	9.256	6.548

Belopp i miljoner norska kronor	31 mars (Oreviderat)		31 december (Reviderat)		
	2010	2009	2009	2008	2007
kassakredit vid periodens början					
Kontanter, banktillgodohavanden och kassakredit vid periodens slut	2.477	3.062	2.499	3.189	9.256

Förändringar i eget kapital för Koncernen

Belopp i miljoner norska kronor	Aktiekapital	Annat tillskjutet kapital	Egna Aktier	Balanserade vinstmedel	Övrigt eget kapital	Eget kapital hänförligt till Hydroaktieägare	Minoritetsintressen	Totalt eget kapital
1 januari 2007	4.708	9.736	-6.624	89.544	-1.533	95.831	771	96.601
<i>Förändringar i eget kapital för 2007 (reviderat)</i>								
Återköp av egna Aktier	-	-	-123	-	-	-123	-	-123
Egna Aktier utgivna till anställda	-	53	68	-	-	121	-	121
Strykning av egna Aktier	-79	-	2.396	-2.317	-	-	-	-
Inlösning av Aktier, ägda av Norska staten	-62	-2.702	-	-	-	-2.763	-	-2.763
Betalade utdelningar	-	-	-	-6.134	-	-6.134	-102	-6.236
Klyvning	-3.197	-6.727	-	-41.339	4.174	-47.089	-	-47.089
Årets totalresultat	-	-	-	18.196	-3.989	14.207	291	14.498
31 december 2007	1.370	360	-4.283	57.950	-1.348	54.049	959	55.008
<i>Förändringar i eget kapital för 2008 (reviderat)</i>								
Återköp av egna Aktier	-	-	-149	-	-	-149	-	-149
Egna Aktier utgivna till anställda	-	-51	158	-	-	107	-	107
Betalade utdelningar	-	-	-	-6.053	-	-6.053	-306	-6.359
Transaktioner med minoritetsägare/koncern	-	-	-	-4	-	-4	-1	-5
Köp (försäljning) av ägarandelar	-	-	-	-	-	-	-10	-10
Årets totalresultat	-	-	-	-3.925	8.783	4.858	691	5.549
31 december 2008	1.370	309	-4.274	47.968	7.435	52.808	1.333	54.141
<i>Förändringar i eget kapital för 2009 (reviderat)</i>								
Egna Aktier utgivna till anställda	-	-17	63	-	-	46	-	46
Strykning av egna Aktier	-5	-61	147	-81	-	-	-	-
Inlösning Aktier, ägda av Norska staten	-4	-121	-	-	-	-124	-	-124
Betalade utdelningar	-	-	-	-	-	-	-166	-166
Köp (försäljning) av ägarandelar	-	-	-	-	-	-	9	9
Klyvningsjustering	-	-	-	-237	-	-237	-	-237
Andra justeringar	-	-67	2.887	-2.820	-	-	-	-
Årets totalresultat	-	-	-	299	-6.621	-6.322	-150	-6.472
31 december 2009	1.362	43	-1.177	45.128	813	46.169	1.026	47.195

Belopp i miljoner norska kronor	Aktiekapital	Annat tillskjutet kapital	Egna Aktier	Balanserade vinstmedel	Övrigt eget kapital	Eget kapital hänförligt till Hydroaktieägare	Minoritetsintressen	Totalt eget kapital
<i>Förändringar i eget kapital för 2010 (oreviderat)</i>								
Erkända minoritetsintressen vid förvärv av dotterbolag								
	-	-	-	-	-	-	8	8
Årets totalresultat								
	-	-	-	869	-580	289	85	374
31 mars 2010	1.362	43	-1.177	45.997	234	46.458	1.118	47.577

Tabellerna nedan utvisar Koncernens kapitalisering och skuldsättning per den 31 mars 2010.

Kapitalisering, Koncernen

Belopp i miljoner norska kronor	31 mars 2010 (oreviderat)
Skuldsättning	
Summa kortfristig finansiell skuld	972
Garanterad	-
Säkerställd.....	50
Ej garanterade / ej säkerställda	922
Summa långfristig finansiell skuld.....	2.574
Garanterad	-
Säkerställd.....	115
Ej garanterade / ej säkerställda	2.459
Total skuldsättning.....	3.546
Eget kapital	
Aktiekapital.....	1.362
Ytterligare insatt kapital	43
Annat eget kapital hänförligt till aktieägarna i Bolaget.....	45.054
Minoritetsintressen	1.118
Totalt eget kapital	47.577
Total kapitalisering.....	51.123

Skuldsättning, Koncernen

Belopp i miljoner norska kronor	31 mars 2010 (oreviderat)
Nettoskuldsättning	
(A) Kassa	2.339
(B) Övriga likvida medel	163
(C) Handlade värdepapper ¹¹⁷	1.554
(D) Likviditet (A) + (B) + (C)	4.056
(E) Kortfristiga finansiella fordringar¹¹⁸	1.955
(F) Kortfristig banksskuld ¹¹⁹	253
(G) Nuvarande andel av långfristig skuld ¹²⁰	82
(H) Övriga finansiella skulder ¹²¹	638
(I) Kortfristig finansiell skuld (F) + (G) + (H)	973
(J) Summa kortfristiga finansiell skuldsättning (I) - (E) - (D)	-5.038
(K) Långfristiga banklån	2.495
(L) Utgivna obligationer	-
(M) Andra långfristiga lån	78
(N) Summa långfristiga finansiella skuldsättning (K) + (L) + (M)	2.574
(O) Finansiell skuldsättning, netto (J) + (N)	-2.465

27.1.7 Inga betydande förändringar

Det har inte inträffat någon betydande förändring i Koncernens finansiella ställning eller handelsposition sedan den 31 mars 2010 fram till datumet för detta Prospekt, med undantag för utgivningen av ett kommersiellt papper uppgående till 500 miljoner norska kronor med förfallodag den 18 augusti 2010 och en räntesats om 2,71 procent, såsom offentliggjordes den 12 maj 2010.

27.1.8 Information om trender

Under de första fem månaderna 2010 föll genomsnittspriset på primäraluminium på London Metals Exchange från en nivå på omkring 2.300 US\$ per mt i början av året till under 2.000 US\$ per mt i början av juni 2010. Efterfrågan på metallprodukter (pressgöt, valsgöt, gjutningsblandningar och valstråd) fortsatte att öka under de första fem månaderna 2010, men konsumtionen i både Europa och Nordamerika är alltjämt under nivåerna som uppnåddes 2007 och 2008. En närmare beskrivning av trenderna inom produktion, organisation, kostnader och marknadsförändringar som upplevts av Koncernen sedan den 31 december 2009, samt en beskrivning av trender som kan förväntas ha en väsentlig påverkan på Koncernens utsikter för 2010 återfinns i Avsnitt 14.8 (Operating and Financial Review–Recent Developments and Trend Information).

¹¹⁷ Aktier, kommersiella papper och obligationer som innehas för handel samt andra liknande handelsbara kommersiella papper och obligationer.

¹¹⁸ Kortfristiga finansiella tillgångar (med förfallotid på ett år eller kortare) inkluderas inte i "Likviditet". Inkluderar derivat, förskottsbetalningar och upplupna intäkter.

¹¹⁹ Kortfristiga skulder till kreditinstitutioner (med förfallotid på ett år eller kortare).

¹²⁰ Låneskuld och lån med efterställd säkerhet med förfallotid på ett år eller kortare.

¹²¹ Övriga kortfristiga finansiella skulder inklusive utfärdade kommersiella papper, förbetalda intäkter och upplupna utgifter.

27.1.9 Sammanfattning av väsentliga riskfaktorer

Ett antal riskfaktorer kan ha en väsentlig negativ effekt på Koncernen och på handelsvärdet av Teckningsrätterna och/eller Aktierna. Nedan följer en kort sammanfattning av de riskfaktorer som beskrivs i Avsnitt 2 (Risk Factors). Observera att de risker som beskrivs i Avsnitt 2 (Risk Factors) inte är de enda risker som kan påverka Koncernen och handelsvärdet av Teckningsrätterna och/eller Aktierna. Ytterligare risker som för närvarande inte är kända av Koncernen eller som Koncernen för närvarande anser oväsentliga kan också ha en väsentlig negativ påverkan på Koncernen och handelsvärdet av Teckningsrätterna och/eller Aktierna. Det finns inga garantier för att de rutiner för riskhantering och intern kontroll som inrättats av Koncernen är tillräckliga för att hantera alla relevanta risker.

Risker hänförliga till Koncernen och dess verksamhet

- Hydro fortsätter att möta utmanande marknadsförhållanden som kan ha negativa effekter på Hydros resultat och likviditet.
- Det finns en risk att Hydro inte klarar att minska sina operationella kostnader i sin smältverksportfölj tillräckligt för att kompensera för en längre tid med svaga aluminiummarknader.
- Hydro möter en osäker efterfrågan på sina aluminiummarknader inom downstream.
- Hydro möter en fortsatt hög kreditrisk hos sina motparter.
- En försämring av Hydros finansiella ställning, eller en nedgradering av kreditvärdigheten av kreditvärderingsinstitut kan öka Hydros upplåningskostnader och kapitalkostnad och kan komma att ha en väsentligt negativ effekt på Hydros affärsrelationer, inklusive potentiella samarbeten och nya tillväxtinitiativ.
- Prisvolatilitet kan påverka Hydros verksamhetskostnader och kan också komma att ha en väsentligt negativ effekt på Hydros rapporterade verksamhetsresultat.
- Hydros rapporterade resultat och marknadsställning är utsatta för valutakursförändringar.
- Hydros downstreamverksamhet är allt mer utsatt för konkurrens från Kina.
- Misslyckanden eller förseningar i genomförandet av större projekt kan ha en väsentlig negativ påverkan på Hydros marknadsställning.
- Nya tillväxtmarknader utgör ett hot mot Hydros verksamhet.
- Hydro är utsatt för allt mer betungande regleringar rörande minskningen av koldioxidutsläpp.
- Hydros verksamhet är beroende av Bolagets förmåga att ersätta långfristiga energiförsörjningskontrakt med konkurrenskraftiga villkor.
- Framtida uppköp, sammanslagningar och strategiska allianser kan väsentligt påverka Hydros finansiella ställning.
- Affärsutveckling kommer sannolikt att ske på tillväxtmarknader som kännetecknas av högre legala, fiskala, regulatoriska och implementeringsrisker.
- Investeringar som minoritetspartner i gemensamt kontrollerade enheter och associationer minskar Hydros förmåga att hantera sin affärsverksamhet.
- Hydro kanske inte kommer att vara framgångsrika med att utveckla tekniska lösningar som upprätthåller Hydros tillväxtstrategi.
- Större olyckor kan resultera i betydande krav eller böter, samt väsentligt skada Hydros anseende.
- Hydro kanske inte kommer att vara framgångsrika med att attrahera och behålla tillräckligt kunniga medarbetare.
- Hydro kan påverkas negativt av rättsliga förfaranden eller utredningar.
- Hydro kan påverkas negativt av misskötsel från sina anställda.
- Hydro kan hållas ansvarigt för oförutsedda miljöskador.
- Hydro riskerar att inte kunna uppehålla en tillräckligt hög försäkringsnivå mot risker i sina verksamheter.

- Hydro riskerar att hållas ansvarigt för garantier hänförliga till verksamheter försålda till tredje parter.

Risker hänförliga till Vale Aluminium och den Sammanslagna Koncernen

- Risker relaterade till att bedriva affärsverksamhet i Brasilien.
- Den brasilianska regeringen har tidigare väsentligt påverkat, och kan i framtiden komma att väsentligt påverka den brasilianska ekonomin. Politiska och ekonomiska förhållanden i Brasilien kan ha direkt påverkan på Vale Aluminium.
- Vale Aluminiums gruv- och aluminiumoxidraffineringsverksamhet är beroende av mineralutvinningstillstånd och tillstånd från regulatoriska myndigheter. Förändringar i befintliga regler kan komma att ha väsentlig påverkan på Hydros finansiella ställning.
- Reservuppskattningar kan väsentligt skilja sig från de mineralkvantiteter som den Sammanslagna Koncernen faktiskt kan utvinna; uppskattningar av gruvors livslängd kan visa sig felaktiga; och prisfluktuationer och förändringar av operativa kostnader och kapitalkostnader kan medföra att vissa reserver inte blir ekonomiskt försvarbara att utvinna.
- Operativa kostnader och kapitalkostnader relaterade till Paragominas mineralkoncentratpipeline kan visa sig inte stämma överens med Bolagets beräkningar.
- Operativa kostnader och kapitalkostnader relaterade till Paragominas gruva kan visa sig vara oförutsägbara.
- Större utvecklingsprojekt som är del av Transaktionen kan riskera högre kostnader eller förseningar som förhindrar en framgångsrik implementering.
- Transaktionen ökar exponeringen av Hydros rapporterade resultat och marknadsställning avseende förändringar i utländska valutakurser.

Risker relaterade till Transaktionen

- Transaktionen riskerar att inte kunna slutföras, eller att inte kunna slutföras på det tilltänkta sätt som är beskrivet i detta Prospekt, om vissa omständigheter för slutförande inte är uppfyllda.
- Koncernen kommer att ådra sig förvärsrelaterade kostnader i samband med Transaktionen.
- Hydro kommer att tvingas ådra sig och/eller anta väsentliga finansiella skyldigheter i anslutning till Transaktionen, några vilka kommer att behöva bli refinansierade senast den 31 december 2013.
- Även om Transaktionen slutförs föreligger alltså risker och utmaningar i att integrera Vale Aluminium i Koncernens befintliga verksamhet.
- Den oreviderade kondenserade och kombinerade finansiella proformainformation som är intagen i detta Prospekt behöver inte nödvändigtvis reflektera vad resultatet från verksamheten, den finansiella ställningen och kassaflödet från den Sammanslagna Koncernen skulle ha varit under samma period.
- Om Transaktionen inte slutförs, eller om den slutförs men det finns överskjutande behållningar som inte använts vid Transaktionens fullgörande, kan alternativa användningar för sådana behållningar vid Företrädesrättsemissionen bli ineffektiva.

Risker relaterade till Aktierna

- Marknadsvärdet på Aktierna kan fluktuera väsentligt och behöver inte reflektera Hydros underliggande tillgångars värde eller, vid fullföljande av Transaktionen, de underliggande tillgångarnas värde i den Sammanslagna Koncernen.
- Hydros förmåga att betala utdelningar är beroende av tillgången till utdelningsbara reserver.
- Aktieägare som har förvaltarregistrerade Aktier kommer inte att kunna rösta för sina Aktier, såvida inte Aktieägarna tillfälligt låter omregistrera Aktierna i eget namn hos VPS före bolagsstämman.

- Eventuella framtida emissioner av aktier kan komma att ha en väsentligt negativ effekt på marknadspriset på Aktierna.
- Aktieägare kommer att bli utspädda om de inte har möjlighet eller inte vill delta i framtida aktieemissioner, och kommer i alla lägen bli föremål för utspädning som en följd av Certifikatsinnehavarnas förköpsrätt i framtida aktieemissioner med kontant betalning och som en följd av utgivningen av Vederlagsaktierna till Vale Austria Holdings samt andra riktade nyemissioner.
- Vissa överlåtelse- och säljrestriktioner kan begränsa aktieägares möjlighet att sälja eller på annat sätt överlåta sina Aktier.
- Investerare riskerar att inte kunna få ersättning för förluster i civilprocesser i jurisdiktioner utanför Norge.
- Norsk lag kan begränsa aktieägares möjlighet att föra talan mot Bolaget.
- Efter fullföljande av Företrädesrättsemissionen och Transaktionen kommer en väsentlig del av aktieägandet alltjämt att vara koncentrerat till några få större aktieägare, och en framtida försäljning av Aktier från sådana aktieägare kan medföra en väsentligt negativ påverkan på marknadspriset på Aktierna.

Risker hänförliga till Företrädesrättsemissionen

- Befintliga Aktieägare som inte deltar i Företrädesrättsemissionen kan bli föremål för en betydande utspädning i sitt aktieäggande, och kan i alla händelser bli utspädda som ett resultat av Certifikatsinnehavares förköpsrätt, och Certifikatsinnehavare som inte deltar i Företrädesrättsemissionen riskerar att inte kunna ta del av det fulla värdet av sina rättigheter.
- En aktiv marknad för Teckningsrätterna kanske inte utvecklas på Oslobörsen och/eller marknadsvärdet på Teckningsrätterna kan komma att fluktuera.
- Försäljningen av Teckningsrätter av eller på uppdrag av Befintliga Aktieägare eller Certifikatsinnehavare kan medföra en minskning av marknadspriset på Teckningsrätterna och Aktierna och innebära en ökad volatilitet i priset på Aktierna.
- Om Företrädesrättsemissionen dras tillbaka kommer Teckningsrätterna att bli värdelösa.
- Aktieägare utanför Norge kan bli föremål för valutarisker.

27.1.10 Styrelseledamöter, ledande befattningshavare och anställda

Per dagen för detta Prospekt består Hydros styrelse av Terje Vareberg (ordförande), Bente Rathe (vice ordförande), Finn Jebsen, Inge K. Hansen, Eva Persson, Liv Monica Bargem Stubholt, Sten Roar Martinsen, Jørn B. Lilleby och Billy Fredagsvik.

Per dagen för detta Prospekt består Koncernens verkställande ledning av Svein Richard Brandtzæg (verkställande direktör och koncernchef), Oliver Bell (vice verkställande direktör, chef för divisionen Rolled Products), Kjetil Ebbesberg (vice verkställande direktör, chef för divisionen Metal Markets), Hans Joachim Kock (vice verkställande direktör, chef för divisionen Extruded Products), Arvid Moss (vice verkställande direktör, chef för divisionen Corporate Strategy and Business Development), Jørgen C. Arentz Rostrup (vice verkställande direktör och finansdirektör), Tom Røtjer (vice verkställande direktör, chef för divisionen Projects), Ola Sæter (vice verkställande direktör, chef för divisionen Energy), Johnny Undeli (vice verkställande direktör, chef för divisionen Bauxite and Alumina), Hilde Merete Aasheim (vice verkställande direktör, chef för divisionen Primary Metal) och Wenche Agerup (vice verkställande direktör, chef för divisionen Corporate Staffs (Legal, CSR, HR and Organization Development, HSE and Company Secretary)).

Per den 31 maj 2010 hade Koncernen cirka 19.000 anställda.

27.1.11 Revisorer och rådgivare

Bolagets nuvarande revisor är KPMG AS. Fram till maj 2010 var Bolagets revisor Deloitte AS. Citigroup Global Markets Limited, DnB NOR Bank ASA, DnB NOR Markets och BNP PARIBAS är Joint Global Coordinators och Joint Bookrunners, och Commerzbank Aktiengesellschaft, Nordea Bank Norge ASA, Skandinaviska Enskilda Banken AB (publ) och Société Générale är Co-Managers för Företrädesrättsemissionen. Advokatfirman Thommessen AS (norsk rätt) och Latham & Watkins (London) LLP (internationell rådgivare) är juridiska rådgivare åt Bolaget och Advokatfirman Selmer DA (norsk rätt) och Davis Polk & Wardwell LLP (internationell rådgivare) är juridiska rådgivare till Emissionsgaranterna.

27.1.12 Största aktieägare

Per den 14 juni 2010 hade Bolaget cirka 53.600 aktieägare. Cirka 76 procent av Aktierna innehades av norska medborgare och cirka 24 procent innehades av utländska medborgare. Bolagets 20 största aktieägare per den 14 juni 2010 visas i tabellen nedan:

#	Aktieägare	Kontotyp	Antal Aktier	Procent
1	Staten	Bolag	543.463.361	43,82
2	Folketrygdfondet	Bolag	75.672.207	6,10
3	JP Morgan Chase Bank Depository	Förvaltare	33.565.190	2,71
4	Norsk Hydro ASA	Bolag	33.387.070	2,69
5	Doge and Cox Intern Fund	Bolag	32.634.600	2,63
6	Clearstream Banking CID Dept, Frankfurt	Förvaltare	21.813.156	1,76
7	Rasmussengruppen AS	Bolag	17.152.000	1,38
8	DnB NOR Markets, Egenhandelskonto	Bolag	9.745.496	0,79
9	Bank of New York, Mellon SA/NV	Förvaltare	9.609.919	0,77
10	Deutsche Bank AG London	Bolag	7.992.979	0,64
11	Pareto Aksje Norge	Bolag	7.756.200	0,63
12	Vital Forsikring ASA	Bolag	7.113.604	0,57
13	Odin Norge	Bolag	7.041.474	0,57
14	Bank of New York, Mellon	Förvaltare	6.999.762	0,56
15	Statoil Pensjon	Bolag	5.826.442	0,47
16	DnB NOR Norge (IV) VPF	Bolag	5.368.257	0,43
17	Storebrand Livsforsikring AS	Bolag	5.205.221	0,42
18	Awilco Invest AS	Bolag	4.843.200	0,39
19	Varma Mutual Pension Company	Bolag	4.800.000	0,39
20	JP Morgan Chase Bank Nordea Treaty Account	Bolag	4.726.929	0,38
Summa för de 20 största aktieägarna			844.717.067	68,12
Övriga			395.393.144	31,88
Sammanlagt			1.240.110.211	100,00

27.1.13 Transaktioner med närstående parter

Bolaget har närstående relationer med sina dotterbolag och intressebolag, och med sina största aktieägare. Transaktioner med dotterföretag elimineras vid koncernredovisningen och redovisas inte som närståendetransaktioner i Koncernens finansiella rapporter. Se Avsnitt 21.2 (Additional Information-Related Party Transactions) nedan för detaljer om Bolagets transaktioner med närstående.

27.1.14 Forskning och utveckling, patent och licenser

De sammanlagda kostnaderna för forskning och utveckling i Koncernen var 690 miljoner norska kronor under 2009, 606 miljoner norska kronor under 2008 och 507 miljoner norska kronor under 2007. Forsknings- och utvecklingsverksamheten syftar till att möjliggöra en effektivare produktion av

aluminium, inklusive förbättringar i Hydros teknik för elektrolys. En betydande del av forsknings- och utvecklingskostnaderna används också för vidareutveckling av produktionsprocesser och produkter inom gjutnings- och legeringsutveckling, pressning, precisions slangar, byggnadssystem samt valsade produkter. Större delen av forsknings- och utvecklingskostnaderna är hänförliga till Hydros interna forskningsorganisation, medan återstående del är hänförlig till externa institutioner. Bolaget har ett antal forsknings- och utvecklingscentrum i Europa, och etablerade ett nytt teknik- och kompetens center i Doha, Qatar, under 2009.

27.1.15 Aktier

Per dagen för detta Prospekt uppgår Bolagets registrerade aktiekapital till 1.361.641.011,68 norska kronor, fördelat på 1.240.110.211 Aktier, envar med ett nominellt värde om 1,098 norska kronor. Det finns ett aktieslag. Aktierna är likvärdiga i alla avseenden och varje Aktie berättigar till en röst på bolagsstämman. Samtliga Aktier är godkända, emitterade och fullt betalda. Efter att Företrädesrättsemissionen är genomförd kommer aktiekapitalet i Bolaget att öka med 418.396.852,80 norska kronor till 1.780.037.864,48 norska kronor, fördelat på 1.621.163.811 Aktier, envar med ett nominellt värde om 1.098 norska kronor. Aktiekapitalet efter att Private Placement har fullföljts kommer att offentliggöras genom Oslobörsens informationssystem när emissionen har fullföljts.

27.1.16 Bolagsordning

Bolagets bolagsordning är intagen som Bilaga 1 till detta Prospekt.

Bolagets syfte är enligt Sektion 2 i Bolagsordningen, *"... att vara verksam inom industri, handel och transport, att utnyttja energiresurser och råvaror, och att vara aktivt i andra områden med koppling till dessa verksamheter. Verksamhet får också bedrivas genom deltagande i eller i samarbete med andra företag."*

27.1.17 Tillgängliga dokument

Kopior av följande dokument kommer att finnas tillgängliga för granskning på Bolagets huvudkontor under normal kontorstid måndag till fredag varje vecka (förutom helgdagar) under en period av 12 månader från dagen för detta Prospekt:

- Bolagets bolagsordning;
- Bolagets Registreringsbevis;
- reviderad koncernredovisning för Bolaget per den, och för avslutade år, 31 december 2009, 2008, 2007 samt Bolagets oreviderade koncernredovisning per den 31 mars 2010 och 31 december 2009 (med jämförbara siffror per den, och för den tremånadersperiod som avslutas, 31 mars 2009 respektive 31 december 2008);
- historisk finansiell information för Bolagets betydande dotterbolag; samt
- detta Prospekt.

APPENDIX 1
ARTICLES OF ASSOCIATION OF HYDRO

Articles of Association of Norsk Hydro ASA

(Last amended on 21 June 2010 – effective from 21 June 2010.)

Section 1

The name of the company is Norsk Hydro ASA.

Section 2

The objectives of the company are to engage in industry, commerce and transport, to utilize energy resources and raw materials, and to engage in other activities connected with these objectives. Activities may also proceed through participation in or in co-operation with other enterprises.

Section 3

The company's registered office is in Oslo.

Section 4

The share capital is NOK 1,361,641,011.68 divided into 1,240,110,211 shares with a nominal value of NOK 1.098. The shares shall be registered in the Norwegian Central Securities Depository. The Board of Directors may refuse the transfer of shares and may take such other steps as may be necessary to prevent shares from being transferred in contravention of the restrictions laid down in Norwegian law.

Section 4 A

If the share capital is increased, and provided that Norwegian law in force at the time so permits, preferential subscription rights shall be reserved in connection with each such capital increase on the conditions stipulated by the Board of Directors, for up to

- a) 0.83 percent of the increase for holders of the 83 unredeemed founder certificates, and up to
- b) 2.79 percent of the increase for holders of the 4,343 unredeemed subscription certificates.

These preferential rights shall not apply if the increase is made in order to issue shares to third parties as compensation for their transfer of assets to the company. The certificates may be transferred independently of the shares.

Section 5

The company's Board of Directors shall be composed of nine to eleven members who are elected by the Corporate Assembly for periods of two years at a time. The Corporate Assembly elects the chairperson and the deputy chairperson of the Board of Directors for the same period.

If the office of a director comes to an end during the period for which he or she is elected, the Corporate Assembly may elect another director to hold office for the remainder of the period in question.

Section 5A

The Nomination Committee consists of a total of four members who shall be shareholders or shareholders' representatives. The members of the Nomination Committee, including its chairperson, are elected by the General Meeting. The chairperson of the Nomination Committee and at least one other member shall be elected from among the members and deputies of the Corporate Assembly elected by the shareholders. The members of the Nomination Committee are elected for periods of two years at a time.

The chairperson of the Board of Directors and the President, who do not hold voting rights, shall be requested to attend at least one meeting of the Nomination Committee before it furnishes its final recommendation.

The Nomination Committee makes its recommendation to the General Meeting regarding the shareholders' election of members and deputy members to the Corporate Assembly and regarding remuneration to the members of the Corporate Assembly.

The Nomination Committee makes its recommendation to the Corporate Assembly regarding the election of the shareholders' representatives to the Board of Directors and regarding remuneration to the members of the Board of Directors.

At the proposal of the Board of Directors' shareholder elected members, the Corporate Assembly's shareholder elected members adopt instructions for the Nomination Committee.

Section 6

The Board of Directors may authorize a Board member, the President or specifically designated employees to sign for the company, and also to designate procurists. The Board of Directors may decide that authorization to sign for the company may only be exercised by several persons jointly.

Section 7

The company's Corporate Assembly shall comprise eighteen members, who are elected for periods of two years at a time. Twelve of the members and their four deputy members shall be elected by the General Meeting, while six of the members and their deputy members shall be elected by and from among the company's employees. The Corporate Assembly elects its own chairperson and deputy chairperson for periods of two years at a time.

Section 8

The Corporate Assembly shall exercise supervision to ensure that the company's objects are furthered in compliance with applicable law, the Articles of Association and the resolutions of the General Meeting and the Corporate Assembly. The Corporate Assembly may adopt recommendations on any matter whatsoever for submission to the Board of Directors. At the proposal of the Board of Directors, the Corporate Assembly shall adopt resolutions in matters concerning investments that are substantial compared with the company's resources, or concerning such rationalization of, or changes in, operations as will entail a major change in or redeployment of the labor force.

Section 9

Members of the Board of Directors and the Corporate Assembly shall retire the year they reach the age of 70.

Section 10

The General Meeting shall be convened by the Board of Directors in accordance with applicable law.

Documents concerning matters to be considered at the General Meeting that have been made available for the shareholders on the company's website do not have to be sent to the shareholders. This also applies to documents which by law shall be included in or attached to the notice of the General Meeting. A shareholder may nonetheless request that documents concerning matters to be considered at the General Meeting are sent to him or her free of charge.

Shareholders or their representatives wishing to attend and vote at the General Meeting must inform the company of this five days prior to the General Meeting.

The General Meeting is presided over by the chairperson of the Corporate Assembly or, in his or her absence, by the deputy chairperson.

Section 11

The Annual General Meeting shall:

- a) approve the annual accounts and the Board of Director's report, including distribution of dividend;
- b) elect the shareholders' members and deputy members to the Corporate Assembly; and
- c) deal with any other matters listed in the notice of the meeting.

APPENDIX 2
FORM OF SUBSCRIPTION FORM

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**Norsk Hydro ASA
RIGHTS ISSUE**

**SUBSCRIPTION FORM
Securities no. ISIN NO 000 5052605**

General information: The terms and conditions of the Rights Issue of 381,053,600 Offer Shares in Norsk Hydro ASA (the "Company") pursuant to a resolution by the Company's Extraordinary General Meeting held on 21 June 2010 are set out in the prospectus dated 21 June 2010 (the "Prospectus"). Terms defined in the Prospectus shall have the same meaning in this Subscription Form. The notice of, and minutes from, the Extraordinary General Meeting (with appendices) and the Company's Articles of Association and annual accounts and annual reports for the last two years are available at the Company's registered office at Drammensveien 260, N-0283 Oslo, Norway.

Subscription procedures: The Subscription Period is from 25 June 2010 to 17:30 hours (CET) on 9 July 2010. Correctly completed Subscription Forms must be received by DnB NOR Bank ASA, Registrar Department (the "Receiving Agent") before the end of the Subscription Period at the following address: **DnB NOR Bank ASA, Registrar Department, N-0021 Oslo, Norway, Fax. +47 22 48 29 80**. The subscriber is responsible for the correctness of the information inserted on the Subscription Form. Subscription Forms received after the end of the Subscription Period, incomplete or incorrect Subscription Forms and any subscription that may be unlawful may be disregarded at the sole discretion of the Company, the Receiving Agent and/or the Joint Global Coordinators. **Subscribers who are Norwegian citizens may also subscribe for Offer Shares through the VPS online subscription system (or by following the link on www.hydro.com/rightsissue, which will redirect the subscriber to the VPS online subscription system).** None of the Company, the Receiving Agent or the Underwriters will be held responsible for postal delays, unavailable fax lines, internet lines or servers or other logistical or technical problems that may result in subscriptions not being received in time or at all by the Receiving Agent. Subscriptions are binding and irrevocable and cannot be withdrawn, cancelled or modified by the subscriber after having been received by the Receiving Agent. By signing and submitting this Subscription Form, the subscriber represents that it has read the Prospectus and is eligible to subscribe for Offer Shares under the terms set forth therein.

Subscription Price: The Subscription Price in the Rights Issue is NOK 26.30 per Offer Share.

Subscription Rights: Holders of Founder Certificates and Subscription Certificates of the Company (the "Certificate Holders") will be granted the right to receive Subscription Rights giving a preferential right to subscribe for, and be allocated, 0.83 percent and 2.79 percent, respectively, of the Offer Shares, and registered holders of the Company's shares (the "Existing Shareholders") as appearing in the VPS as of 24 June 2010 (the "Record Date") will be granted Subscription Rights giving a preferential right to subscribe for, and be allocated, the remaining Offer Shares. Each Founder Certificate entitles the holder thereof to 38,105 Subscription Rights and each Subscription Certificate entitles the holder thereof to 2,447 Subscription Rights, and the Company will issue 7 Subscription Rights for every 23 Shares registered as held by such Existing Shareholder as of the Record Date. The number of Subscription Rights issued to each Certificate Holder and Existing Shareholder will be rounded down to the nearest whole Subscription Right. Subscription Rights will not be issued in respect of the own Existing Shares held in treasury by the Company. **The Certificate Holders must present the original Founder Certificate(s) and Subscription Certificate(s), as the case may be, to the Receiving Agent by 15:00 hours (CET) on 8 July 2010 in order to obtain Subscription Rights. If such original certificates are not presented by this deadline, Subscription Rights will not be granted in respect of the relevant Founder Certificate(s) or Subscription Certificate(s). For Certificate Holders that would like to receive Subscription Rights prior to the end of the trading period for such rights at 17:30 hours (CET) on 6 July 2010 or that do not currently have a VPS account, other deadlines apply, see Section 6.9.2 of the Prospectus.** Each Subscription Right will, subject to applicable securities laws, give the right to subscribe for and be allocated one Offer Share in the Rights Issue. Over-subscription and subscription without Subscription Rights is permitted.


Subscription Rights not used to subscribe for Offer Shares before the end of the Subscription Period will lapse without compensation to the holder, and, consequently, will be of no value from that point in time.

Allocation of Offer Shares: The Offer Shares will be allocated to the subscribers based on the allocation criteria set out in the Prospectus. The Company reserves the right to reject or reduce any subscription for Offer Shares not covered by Subscription Rights. The Company will not allocate fractional Offer Shares. Allocation of fewer Offer Shares than subscribed for does not impact on the subscriber's obligation to pay for the Offer Shares allocated. Notification of allocated Offer Shares and the corresponding subscription amount to be paid by each subscriber are expected to be distributed in a letter from the VPS on or about 13 July 2010.

Payment: The payment for Offer Shares allocated to a subscriber falls due on 15 July 2010 (the "Payment Date"). By signing this Subscription Form, subscribers having a Norwegian bank account irrevocably authorize the Receiving Agent to debit the bank account specified below for the subscription amount payable for the Offer Shares allocated to the subscriber for transfer to the Company's bank account for share issues. The Receiving Agent is only authorized to debit such account once, but reserves the right to make up to three debit attempts. The authorization will be valid for up to seven working days after the Payment Date. The subscriber furthermore authorizes the Receiving Agent to obtain confirmation from the subscriber's bank that the subscriber has the right to dispose over the specified account and that there are sufficient funds in the account to cover the payment. If there are insufficient funds in the subscriber's bank account or if for other reasons it is impossible to debit such bank account when a debit attempt is made pursuant to the authorization from the subscriber, the subscriber's obligation to pay for the Offer Shares will be deemed overdue. Payment by direct debiting is only available for subscribers who are allocated Offer Shares for an amount below NOK 5 million and who have a Norwegian bank account. By signing the Subscription Form, subscribers who subscribe for an amount exceeding NOK 5 million give the Receiving Agent an authorization to manually debit the specified Norwegian bank account on or after the Payment Date. Subscribers who do not have a Norwegian bank account must ensure that payment with cleared funds for the Offer Shares allocated to them is made on or before the Payment Date. Prior to any such payment being made, the subscriber must contact the Receiving Agent (DnB NOR Bank ASA, Registrar Department, telephone number +47 22 48 35 86) for further details and instructions.

PLEASE SEE PAGE 2 OF THIS SUBSCRIPTION FORM FOR OTHER PROVISIONS THAT ALSO APPLY TO THE SUBSCRIPTION

DETAILS OF THE SUBSCRIPTION

Subscriber's VPS account	Number of Subscription Rights	Number of Offer Shares subscribed (incl. over-subscription)	(For broker: Consecutive no.)
SUBSCRIPTION RIGHT'S SECURITIES NUMBER: ISIN NO 001 0577257			Subscription Price per Offer Share NOK 26.30
			Subscription amount to be paid NOK

IRREVOCABLE AUTHORIZATION TO DEBIT ACCOUNT (MUST BE COMPLETED BY SUBSCRIBERS WITH A NORWEGIAN BANK ACCOUNT)

Norwegian bank account to be debited for the payment for Offer Shares allocated (number of Offer Shares allocated x NOK 26.30).

(Norwegian bank account no. 11 digits)

In accordance with the terms and conditions set out in the Prospectus and this Subscription Form, I/we hereby irrevocably subscribe for the number of Offer Shares specified above and grant the Receiving Agent authorization to debit (by direct debiting or manually as described above) the specified bank account for the payment of the Offer Shares allocated to me/us. By signing this Subscription Form, subscribers subject to direct debiting accept the terms and conditions for "Payment by Direct Debiting – Securities Trading" set out on page 2 of this Subscription Form.

Place and date
Must be dated in the Subscription Period

Binding signature. The subscriber must have legal capacity. When signed on behalf of a company or pursuant to an authorization, documentation in the form of a company certificate or power of attorney must be enclosed.

INFORMATION ON THE SUBSCRIBER

VPS account number	
First name	
Surname/company	
Street address	
Post code/district/ country	
Personal ID number/ organization number	
Norwegian bank account for dividends	
Nationality	
Daytime telephone number	

Regulatory Issues: In accordance with the Markets in Financial Instruments Directive ("MiFID") of the European Union, Norwegian law imposes requirements in relation to business investments. In this respect, the Receiving Agent must categorize all new clients in one of three categories: eligible counterparties, professional clients and non-professional clients. All subscribers in the Rights Issue who are not existing clients of the Receiving Agent will be categorized as non-professional clients. Subscribers can, by written request to the Receiving Agent, ask to be categorized as a professional client if the subscriber fulfills the requirements of the Norwegian Securities Trading Act. For further information about the categorization, the subscriber may contact DnB NOR Markets (Subscriber establishment, N-5020 Bergen, Norway or https://www.dnbnor.no/en/markets/business_terms/mifid). **The subscriber represents that he/she/it is capable of evaluating the merits and risks of an investment decision to invest in the Company by subscribing for Offer Shares, and is able to bear the economic risk, and to withstand a complete loss, of an investment in the Offer Shares.**

Selling Restrictions: The attention of persons who wish to subscribe for Offer Shares is drawn to Section 20 of the Prospectus (Restrictions on Sale and Transfer). The Company is not taking any action to permit a public offering of the Subscription Rights or the Offer Shares (pursuant to the exercise of the Subscription Rights or otherwise) in any jurisdiction other than Norway, Denmark, France, Germany, Sweden and the United Kingdom. Receipt of the Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, the Prospectus is for information only and should not be copied or redistributed. Persons outside Norway, Denmark, France, Germany, Sweden and the United Kingdom should consult their professional advisors as to whether they require any governmental or other consent or need to observe any other formalities to enable them to subscribe for Offer Shares. It is the responsibility of any person wishing to subscribe for Offer Shares under the Rights Issue to satisfy himself as to the full observance of the laws of any relevant jurisdiction in connection therewith, including obtaining any governmental or other consent which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories. The Subscription Rights and Offer Shares have not been registered, and will not be registered, under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") and may not be offered, sold, taken up, exercised, resold, delivered or transferred, directly or indirectly, within the United States, except pursuant to an applicable exemption from the registration requirements of the U.S. Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States. The Subscription Rights and Offer Shares have not been and will not be registered under the applicable securities laws of Australia or Japan and may not be offered, sold, taken up, exercised, resold, delivered or transferred, directly or indirectly, in or into Australia or Japan. This Subscription Form does not constitute an offer to sell or a solicitation of an offer to buy Offer Shares in any jurisdiction in which such offer or solicitation is unlawful. A notification of exercise of Subscription Rights and subscription of Offer Shares in contravention of the above restrictions may be deemed to be invalid. By subscribing for the Offer Shares, persons effecting subscriptions will be deemed to have represented to the Company that they, and the persons on whose behalf they are subscribing for the Offer Shares, have complied with the above selling restrictions. Persons effecting subscriptions on behalf of any person located in the United States will be responsible for confirming that such person, or anyone acting on its behalf, has executed the investor letter in the form included in the U.S. Private Placement Memorandum.

Execution Only: The Receiving Agent will treat the Subscription Form as an execution-only instruction. The Receiving Agent is not required to determine whether an investment in the Offer Shares is appropriate or not for the subscriber. Hence, the subscriber will not benefit from the protection of the relevant conduct of business rules in accordance with the Norwegian Securities Trading Act.

Information Exchange: The subscriber acknowledges that, under the Norwegian Securities Trading Act and the Norwegian Commercial Banks Act and foreign legislation applicable to the Joint Global Coordinators there is a duty of secrecy between the different units of the Joint Global Coordinators as well as between the Joint Global Coordinators and the other entities in the Joint Global Coordinators' respective groups. This may entail that other employees of the Joint Global Coordinators or the Joint Global Coordinators' respective groups may have information that may be relevant to the subscriber, but which the Joint Global Coordinators will not have access to in their capacity as Joint Global Coordinators for the Rights Issue.

Information Barriers: The Joint Global Coordinators are securities firms that offer a broad range of investment services. In order to ensure that assignments undertaken in the Joint Global Coordinators' corporate finance departments are kept confidential, the Joint Global Coordinators' other activities, including analysis and stock broking, are separated from the respective Joint Global Coordinators' corporate finance departments by information walls. The subscriber acknowledges that the Joint Global Coordinators' analysis and stock broking activity may conflict with the subscriber's interests with regard to transactions in the Shares, including the Offer Shares, as a consequence of such information walls.

Mandatory Anti-Money Laundering Procedures: The Rights Issue is subject to the Norwegian Money Laundering Act of 6 March 2009 No. 11 and the Norwegian Money Laundering Regulations of 13 March 2009 No. 302 (collectively, the "Anti-Money Laundering Legislation"). Subscribers who are not registered as existing customers of the Receiving Agent must verify their identity to the Receiving Agent in accordance with requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Subscribers who have designated an existing Norwegian bank account and an existing VPS account on the Subscription Form are exempted, unless verification of identity is requested by the Receiving Agent. Subscribers who have not completed the required verification of identity prior to the expiry of the Subscription Period will not be allocated Offer Shares. Participation in the Rights Issue is conditional upon the subscriber holding a VPS account. The VPS account number must be stated in the Subscription Form. VPS accounts can be established with authorized VPS registrars, who can be Norwegian banks, authorized securities brokers in Norway and Norwegian branches of credit institutions established within the EEA. Establishment of a VPS account requires verification of identity to the VPS registrar in accordance with the Anti-Money Laundering Legislation. However, non-Norwegian investors may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorized by the Financial Supervisory Authority of Norway.

Terms and Conditions for Payment by Direct Debiting - Securities Trading: Payment by direct debiting is a service the banks in Norway provide in cooperation. In the relationship between the payer and the payer's bank the following standard terms and conditions apply:

- a) The service "Payment by direct debiting – securities trading" is supplemented by the account agreement between the payer and the payer's bank, in particular Section C of the account agreement, General terms and conditions for deposit and payment instructions.
- b) Costs related to the use of "Payment by direct debiting – securities trading" appear from the bank's prevailing price list, account information and/or information given in another appropriate manner. The bank will charge the indicated account for costs incurred.
- c) The authorization for direct debiting is signed by the payer and delivered to the beneficiary. The beneficiary will deliver the instructions to its bank that in turn will charge the payer's bank account.
- d) In case of withdrawal of the authorization for direct debiting the payer shall address this issue with the beneficiary. Pursuant to the Norwegian Financial Contracts Act the payer's bank shall assist if the payer withdraws a payment instruction that has not been completed. Such withdrawal may be regarded as a breach of the agreement between the payer and the beneficiary.
- e) The payer cannot authorize payment of a higher amount than the funds available on the payer's account at the time of payment. The payer's bank will normally perform a verification of available funds prior to the account being charged. If the account has been charged with an amount higher than the funds available, the difference shall immediately be covered by the payer.
- f) The payer's account will be charged on the indicated date of payment. If the date of payment has not been indicated in the authorization for direct debiting, the account will be charged as soon as possible after the beneficiary has delivered the instructions to its bank. The charge will not, however, take place after the authorization has expired as indicated above. Payment will normally be credited the beneficiary's account between one and three working days after the indicated date of payment/delivery.
- g) If the payer's account is wrongfully charged after direct debiting, the payer's right to repayment of the charged amount will be governed by the account agreement and the Norwegian Financial Contracts Act.

Overdue Payment: Overdue payments will be charged with interest at the applicable rate under the Norwegian Act on Interest on Overdue Payment of 17 December 1976 No. 100; 8.75 percent per annum as of the date of the Prospectus. If the subscriber fails to comply with the terms of payment, the Offer Shares will, subject to the restrictions in the Norwegian Public Limited Companies Act and at the discretion of the Joint Global Coordinators, not be delivered to the subscriber. The Company and the Joint Global Coordinators reserve the right, as described in the Prospectus, to have the Joint Global Coordinators advance the payment on behalf of subscribers who have not paid for the Offer Shares allocated to them within the Payment Date. The non-paying subscribers will remain fully liable for the subscription amount payable for the Offer Shares allocated to them, irrespective of such payment by the Joint Global Coordinators. However, the Company and the Joint Global Coordinators, as the case may be, reserve the right to sell or assume ownership of the Offer Shares from and including the fourth day after the Payment Date without further notice to the subscriber in question in accordance with Section 10-12 fourth paragraph of the Norwegian Public Limited Companies Act if payment has not been received within the third day after the Payment Date. If the Offer Shares are sold on behalf of the subscriber, the subscriber will be liable for any loss, costs, charges and expenses suffered or incurred by the Company and/or the Joint Global Coordinators as a result of or in connection with such sales. The Company and/or the Joint Global Coordinators may enforce payment for any amounts outstanding in accordance with Norwegian law.

APPENDIX 3

FORM OF NORWEGIAN LANGUAGE SUBSCRIPTION FORM

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**Norsk Hydro ASA
FORTRINNSRETTSEMISJON**
**TEGNINGSBLANKETT
Verdipapirnr. ISIN NO 000 5052605**

Generell informasjon: Vilkårene og betingelsene for Fortrinnsrettsemisjonen av 381 053 600 Nye Aksjer i Norsk Hydro ASA ("Selskapet") i henhold til et vedtak av Selskapets ekstraordinære generalforsamling den 21. juni 2010 fremgår av prospektet datert den 21. juni 2010 ("Prospektet"). Uttrykk definert i Prospektet skal ha samme betydning i denne Tegningsblanketten. Innkallingen til og protokollen fra den ekstraordinære generalforsamlingen (med vedlegg) og Selskapets vedtekter og årsregnskaper og årsberetninger for de siste to år er tilgjengelige på Selskapets hovedkontor i Drammensveien 260, N-0283 Oslo, Norge.

Tegningsprosedyrer: Tegningsperioden løper fra den 25. juni 2010 til kl. 17.30 (norsk tid) den 9. juli 2010. Korrekt utfylte Tegningsblanketter må før utløpet av Tegningsperioden være mottatt av DnB NOR Bank ASA, Verdipapirservise ("Oppgjørsagenten") på følgende adresse: **DnB NOR Bank ASA, Verdipapirservise, N-0021 Oslo, Norge, telefaks +47 22 48 29 80**. Den enkelte tegner er ansvarlig for riktigheten av den informasjonen som påføres Tegningsblanketten. Selskapet, Oppgjørsagenten og/eller Tilretteleggerne kan etter eget skjønn velge å forkaste Tegningsblanketter som mottas etter utløpet av Tegningsperioden, Tegningsblanketter som er ufullstendige eller inneholder feil, og tegninger som kan være ulovlige. **Tegnere som er norske statsborgere kan også tegne Nye Aksjer gjennom VPS' online tegningssystem (eller ved å benytte linken på www.hydro.com/emisjon, som vil viderekoble tegneren til VPS' online tegningssystem).** Verken Selskapet, Oppgjørsagenten eller Tilretteleggerne kan holdes ansvarlige for forsinkelser i postgangen, utilgjengelige telefakslinjer, internettlinjer eller servere eller andre logistiske eller tekniske problemer som kan medføre at tegninger ikke mottas av Oppgjørsagenten i tide eller overhodet. Tegninger er bindende og ugjenkallelige og kan ikke trekkes tilbake, annulleres eller endres av tegneren etter at de er mottatt av Oppgjørsagenten. Ved å signere og innlevere denne Tegningsblanketten bekrefter tegneren å ha lest Prospektet og å være berettiget til å tegne Nye Aksjer på de vilkår som der er fastsatt.

Tegningskurs: Tegningskursen i Fortrinnsrettsemisjonen er NOK 26,30 per Nye Aksje.

Tegningsretter: Innehavere av Stiftersertifikater og Tegningssertifikater i Selskapet ("Sertifikatinnehavere") vil bli tildelt rett til å motta Tegningsretter som gir fortrinnsrett til å tegne og bli tildelt henholdsvis 0,83 prosent og 2,79 prosent av de Nye Aksjene, og Selskapets aksjeeiere ("Eksisterende Aksjeeiere"), som registrert i VPS per 24. juni 2010 ("Skjæringsdatoen"), vil bli tildelt Tegningsretter som gir fortrinnsrett til å tegne og bli tildelt de resterende Nye Aksjene. Hvert Stiftersertifikat berettiger innehaveren til 38 105 Tegningsretter og hvert Tegningssertifikat berettiger innehaveren til 2 447 Tegningsretter, og Selskapet vil utstede 7 Tegningsretter for hver 23 Aksjer registrert på den enkelte Eksisterende Aksjeeier på Skjæringsdatoen. Antall Tegningsretter tildelt den enkelte Sertifikatinnehaver og Eksisterende Aksjeeier vil bli rundet ned til nærmeste hele Tegningsrett. Tegningsretter vil ikke bli utstedt i forbindelse med Selskapets egne Aksjer. **Sertifikatinnehavere må for å bli tildelt Tegningsretter fremlegge henholdsvis Stiftersertifikat(er) og Tegningssertifikat(er) i original for Oppgjørsagenten innen kl. 15.00 (norsk tid) den 8. juli 2010. Dersom slike originale sertifikater ikke fremlegges innen nevnte tidsfrist, vil det ikke bli tildelt Tegningsretter i relasjon til slike Stifter- eller Tegningssertifikater. For Sertifikatinnehavere som ønsker å motta Tegningsretter før utløpet av handelsperioden for Tegningsrettene kl. 17.30 (norsk tid) den 6. juli 2010, eller som på nærværende tidspunkt ikke innehar en VPS konto, gjelder andre tidsfrister, se Prospektet punkt 6.9.2.** Hver Tegningsrett vil, betinget av gjeldende verdipapirlovgivning, gi rett til å tegne, og bli tildelt, én Ny Aksje i Fortrinnsrettsemisjonen. Overtegning og tegning uten Tegningsretter er tillatt. **Tegningsretter som ikke er benyttet til å tegne Nye Aksjer før utløpet av Tegningsperioden, vil bortfalle uten kompensasjon til innehaveren og vil følgelig være uten verdi fra det tidspunktet.**

Tildeling av Nye Aksjer: Tildeling av de Nye Aksjene vil bli foretatt på basis av tildelingskriteriene inntatt i Prospektet. Selskapet forbeholder seg retten til å forkaste eller redusere enhver tegning av Nye Aksjer som ikke er dekket av Tegningsretter. Selskapet vil ikke tildele brøkdeler av Nye Aksjer. Tildeling av færre Nye Aksjer enn det er tegnet for påvirker ikke tегnerens forpliktelse til å betale for de tildelte Nye Aksjene. Melding om tildelte Nye Aksjer samt det korresponderende tegningsbeløpet som skal betales av den enkelte tegner forventes å bli gitt i brev fra VPS rundt den 13. juli 2010.

Betaling: Betalingen for de Nye Aksjene tildelt en tegner forfaller den 15. juli 2010 ("Betalingdatoen"). Ved signatur på denne Tegningsblanketten gir tegneren med norsk bankkonto Oppgjørsagenten en ugjenkallelig fullmakt til å belaste den nedenfor spesifiserte bankkontoen for det tegningsbeløp som skal betales for de tildelte Nye Aksjene, og overføre beløpet til Selskapets emisjonskonto. Oppgjørsagenten er kun berettiget til å belaste den spesifiserte kontoen én gang, men forbeholder seg retten til å gjøre inntil tre debiteringsforsøk. Fullmakten vil gjelde for en periode på inntil syv virkedager etter Betalingdatoen. Tegneren gir videre Oppgjørsagenten fullmakt til å innhente bekrefteelse fra tegnerens bank på at tegneren har disposisjonsrett over den spesifiserte kontoen, samt på at det er tilstrekkelige midler på kontoen til å dekke betalingen. Dersom det ikke er tilstrekkelige midler på kontoen, eller dersom det av andre grunner ikke er mulig å debitere kontoen når et debiteringsforsøk gjøres i henhold til fullmakten fra tegneren, vil tегnerens betalingsforpliktelse bli ansett for å være misligholdt. Betaling gjennom engangsfullmakt er kun tilgjengelig for tegnere som er tildelt Nye Aksjer for et beløp som ikke overstiger NOK 5 millioner, og som har en norsk bankkonto. Tegnere som tegner seg for et beløp som overstiger NOK 5 millioner, gir ved signatur på denne Tegningsblanketten Oppgjørsagenten fullmakt til å belaste den spesifiserte norske bankkontoen manuelt på eller etter Betalingdatoen. Tegnere som ikke har norsk bankkonto, må sørge for at betaling for tildelte Nye Aksjer skjer med tilgjengelige midler på eller før Betalingdatoen. For slik betaling foretas, må tegneren kontakte Oppgjørsagenten (DnB NOR Bank ASA, Verdipapirservise, telefonnummer +47 22 48 35 86) for detaljer og nærmere instruksjoner.

VENNLIGST SE SIDE 2 AV DENNE TEGNINGSBLANKETTEN FOR ØVRIGE BESTEMMELSER SOM OGSÅ GJELDER FOR TEGNINGEN

TEGNINGSDETALJER			
Tegners VPS-konto	Antall Tegningsretter	Antall tegnede Nye Aksjer (inkludert overtegning)	(For megler: Konsekutivt nr.)
VERDIPAPIRNR. FOR TEGNINGSRETTENE: ISIN NO 001 0577257			
		Tegningskurs per Nye Aksje NOK 26,30	Tegningsbeløp å betale NOK

UGJENKALLELIG FULLMAKT TIL Å BELASTE KONTO (MÅ FYLLES UT AV TEGNERE MED NORSK BANKKONTO)

Norsk bankkonto for belastning av betaling for tildelte Nye Aksjer (antall tildelte Nye Aksjer x NOK 26,30).	(Norsk bankkonto nr. 11 siffer)
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I samsvar med vilkårene og betingelsene angitt i Prospektet og denne Tegningsblanketten, tegner herved jeg/vi meg/oss ugjenkallelig for det antall Nye Aksjer som angitt ovenfor og gir Oppgjørsagenten fullmakt til å belaste (ved bruk av engangsfullmakt eller manuelt som beskrevet ovenfor) den spesifiserte bankkontoen for betaling for Nye Aksjer tildelt meg/oss. Ved signatur på denne Tegningsblanketten aksepterer tegneren som avgir betalingsfullmakt, vilkårene for "Betaling gjennom Engangsfullmakt - Verdipapirhandel" inntatt på side 2 i denne Tegningsblanketten.

Sted og dato
Må være datert i Tegningsperioden

Bindende signatur. Tegneren må ha rettslig handleevne. Dersom det signeres på vegne av et selskap eller i henhold til fullmakt, må dokumentasjon i form av firmaattest eller fullmakt vedlegges.

INFORMASJON OM TEGEREN

VPS-kontonr.	
Fornavn	
Etternavn/selskap	
Gateadresse	
Postnummer/distrikt/land	
Fødsels- og personnummer/organisasjonsnummer	
Norsk bankkonto for utbytte	
Nasjonalitet	
Telefon dagtid	

Regulatoriske forhold: I overensstemmelse med EUs "Markets in Financial Instruments"-direktiv ("MiFID"), oppstiller norsk rett krav relatert til finansielle investeringer. I denne forbindelse må Oppgjørsagenten klassifisere alle nye kunder i én av tre kategorier: kvalifiserte motparter, profesjonelle kunder og ikke-profesjonelle kunder. Alle tegnere i Fortrinnsrettsemisjonen som ikke er eksisterende kunder av Oppgjørsagenten, vil bli kategorisert som ikke-profesjonelle kunder. Tegnere kan gjennom skriftlig henvendelse til Oppgjørsagenten be om å bli kategorisert som profesjonelle kunder dersom de oppfyller vilkårene i verdipapirhandelloven. For ytterligere informasjon om kundeklassifiseringen kan tegnere kontakte DnB NOR Markets (Kunderregistrering, N-5020 Bergen, Norge eller https://www.dnbnor.no/en/markets/business_terms/mifid).

Tegnere bekrefter å kunne evaluere fordelene og risikoen knyttet til en beslutning om å investere i Selskapet ved å tegne Nye Aksjer, og å være i stand til å bære den økonomiske risikoen ved, og tåle et fullstendig tap av, en investering i de Nye Aksjene.

Salgsrestriksjoner: Personer som ønsker å tegne Nye Aksjer gjøres oppmerksom på kapittel 20 i Prospektet (Restrictions on Sale and Transfer). Selskapet vil ikke foreta noen tiltak for å tillate et offentlig tilbud av Tegningsrettene eller de Nye Aksjene (i henhold til utøvelse av Tegningsrettene eller på annen måte) i noen annen jurisdiksjon enn Norge, Danmark, Frankrike, Tyskland, Sverige og Storbritannia. Mottak av Prospektet vil ikke utgjøre et tilbud i de jurisdiksjoner hvor det vil være ulovlig å fremsette et tilbud, og i slike tilfeller vil Prospektet være kun til informasjon og bør ikke kopieres eller omstruberes. Personer utenfor Norge, Danmark, Frankrike, Tyskland, Sverige og Storbritannia bør søke råd hos sine egne profesjonelle rådgivere med hensyn til om de trenger tillatelser fra myndigheter eller andre, eller må oppfylle andre krav for å kunne tegne Nye Aksjer. Enhver person som ønsker å tegne Nye Aksjer i Fortrinnsrettsemisjonen, har selv ansvar for å fullt oppfylle gjeldende lovgivning i enhver relevant jurisdiksjon i forbindelse med slik tegning, og må herunder innhente nødvendige tillatelser fra myndigheter eller andre, oppfylle andre nødvendige formaliteter og betale alle utstedelses- skatter og overføringskatter og andre skatter som utløses i slike jurisdiksjoner. Tegningsrettene og de Nye Aksjene har ikke og vil ikke bli registrert under United States Securities Act av 1933, med endringer ("U.S. Securities Act") og kan ikke tilbys, selges, tas opp, utøves, selges igjen, leveres eller overføres, direkte eller indirekte, innenfor USA, uten i henhold til et relevant fritak fra registreringskravene i U.S. Securities Act og i overensstemmelse med verdipapirhandelloven i enhver annen stat eller annen jurisdiksjon i USA. Tegningsrettene og de Nye Aksjene har ikke og vil ikke bli registrert under de relevante verdipapirhandellovene i Australia eller Japan og kan ikke tilbys, selges, tas opp, utøves, selges igjen, leveres eller overføres, direkte eller indirekte, innenfor Australia eller Japan. Denne Tegningsblanketten utgjør ikke et tilbud om å selge eller en anmodning med tilbud om å kjøpe Nye Aksjer i noen jurisdiksjon hvor et slikt tilbud eller anmodning vil være ulovlig. Melding om utøvelse av Tegningsretter og tegning av Nye Aksjer i strid med de ovennevnte restriksjoner vil kunne bli ansett som ugyldige. Ved tegning av Nye Aksjer vil personer som effektuerer tegninger bli ansett for å innestå overfor Selskapet at de og de personer de tegner Nye Aksjer på vegne av, har overholdt de ovennevnte salgsrestriksjonene. Personer som effektuerer tegninger på vegne av andre personer lokalisert innenfor USA vil være ansvarlig for å bekrefte at enhver slik person har effektuert et investorbrev i skjema inntatt i U.S. Private Placement Memorandum.

Kun gjennomføring: Oppgjørsagenten vil behandle Tegningsblanketten som en ren instruksjon om gjennomføring. Oppgjørsagenten har ikke plikt til å ta stilling til hvorvidt en investering i de Nye Aksjene vil være hensiktsmessig eller ikke for tegneren. Tegneren vil dermed ikke nytte godt av beskyttelsen som ligger i relevante bestemmelser om forretningskikk i verdipapirhandelloven.

Informasjonsutveksling: Tegnere bekrefter å være innforstått med at det i henhold til verdipapirhandelloven og forretningsbankloven samt utenlandsk lovgivning som gjelder for Tilretteleggerne, er påbud om hemmelighet mellom de ulike deler av Tilretteleggerne virksomheter, så vel som mellom Tilretteleggerne og øvrige enheter i Tilretteleggerne respektive konserner. Dette kan bety at andre ansatte i Tilretteleggerne eller i Tilretteleggerne respektive konserner kan være i besittelse av informasjon som kan være relevant for tegneren, men som Tilretteleggerne ikke vil ha tilgang til i egenskap av Tilretteleggerne for Fortrinnsrettsemisjonen.

Informasjonssperrer: Tilretteleggerne er verdipapirforetak som tilbyr et bredt spekter av investeringstjenester. For å sikre at oppdrag i Tilretteleggerne corporate finance-avdelinger holdes konfidensielle, er Tilretteleggerne øvrige aktiviteter, herunder analyse og aksjemegling, adskilt fra de respektive Tilretteleggerne corporate finance-avdelinger gjennom informasjonssperrer. Tegneren bekrefter å være innforstått med at Tilretteleggerne analytiker- og megleraktiviteter kan komme i konflikt med tegnerens interesser i forhold til transaksjoner i Aksjene, herunder de Nye Aksjene, som følge av slike informasjonssperrer.

Obligatoriske hvitvaskingsprosedyrer: Fortrinnsrettsemisjonen omfattes av hvitvaskingsloven av 6. mars 2009 nr. 11 og hvitvaskingsforskriften av 13. mars 2009 nr. 302 (samlet benevnt "Hvitvaskingslovgivningen"). Tegnere som ikke er registrert som eksisterende kunder av Oppgjørsagenten, må bekrefte sin identitet i samsvar med kravene i Hvitvaskingslovgivningen, med mindre et unntak kommer til anvendelse. Tegnere som i Tegningsblanketten har angitt en eksisterende norsk bankkonto og en eksisterende VPS-konto, er unntatt fra kravet, med mindre Oppgjørsagenten krever at identiteten bekreftes. Tegnere som ikke har fullført den påkrevde bekreftelse av identitet for utløpet av Tegningsperioden, vil ikke bli tildelt Nye Aksjer. Deltakelse i Fortrinnsrettsemisjonen er betinget av at tegneren har en VPS-konto. VPS-kontonummeret må angis i Tegningsblanketten. VPS-konto kan opprettes hos autoriserte VPS-kontoførere, som kan være norske banker, autoriserte verdipapirforetak i Norge, samt norsk avdeling av kredittinstitusjon etablert innenfor EØS. Opprettelse av VPS-konto er i henhold til Hvitvaskingslovgivningen betinget av identitetsbekreftelse overfor VPS-kontofører. Utenlandske investorer kan imidlertid benytte VPS-konti registrert i en forvalters navn. Forvalteren må være autorisert av Finanstilsynet.

Vilkår og betingelser for betaling med engangsfullmakt – verdipapirhandel: Betaling med engangsfullmakt er en tjeneste bankene i Norge tilbyr i fellesskap. I forholdet mellom betaler og betalers bank gjelder følgende standard vilkår og betingelser:

- Tjenesten "Betaling med engangsfullmakt – verdipapirhandel" suppleres av kontoavtalen mellom betaler og betalers bank, særlig kontoavtalens del C, Generelle vilkår for innskudd og betalingsoppdrag.
- Kostnader relatert til bruk av "Betaling med engangsfullmakt – verdipapirhandel" fremgår av bankens gjeldende prisliste, kontoinformasjon og/eller opplyses på annen egnet måte. Banken vil belaste den angitte konto for påløpte kostnader.
- Engangsfullmakten signeres av betaler og leveres til betalingsmottaker. Betalingsmottaker vil levere belastningsoppdraget til sin bank, som igjen kan belaste betalers bank.
- Ved et eventuelt tilbakekall av engangsfullmakten skal betaler først ta opp forholdet med betalingsmottaker. I henhold til finansavtaleloven skal betalers bank medvirke dersom betaler tilbakekaller et betalingsoppdrag som ikke er gjennomført. Slikt tilbakekall kan imidlertid komme til å bli ansett som brudd på avtalen mellom betaler og betalingsmottaker.
- Betaler kan ikke angi et høyere beløp på engangsfullmakten enn det som på belastningstidspunktet er disponibelt på konto. Betalers bank vil normalt gjennomføre dekningskontroll før belastning. Belastning utover disponibelt beløp skal umiddelbart dekkes inn av betaler.
- Betalers konto vil bli belastet på angitt belastningsdag. Dersom belastningsdag ikke er angitt i engangsfullmakten, vil kontobelastning skje snarest mulig etter at betalingsmottaker har levert oppdraget til sin bank. Belastningen vil likevel ikke skje etter utløpet av engangsfullmaktens gyldighetsperiode som angitt ovenfor. Betaling vil normalt være godskrevet betalingsmottaker mellom én og tre virkedager etter angitt belastningsdag/innleveringsdag.
- Dersom betalers konto blir urettmessig belastet på grunnlag av en engangsfullmakt, reguleres betalers rett til tilbakeføring av det debiterte beløp av kontoavtalen og finansavtaleloven.

Forsinket betaling: Forsinket betaling belastes med gjeldende forsinkelsesrente i henhold til forsinkelsesrenteloven av 17. desember 1976 nr. 100, 8,75 % p.a. på datoen for Prospektet. Dersom tegneren ikke oppfyller betalingsvilkårene, vil de Nye Aksjene, betinget av de begrensninger som følger av allmennaksjeloven og etter Tilretteleggerne valg, ikke bli levert til tegneren. Selskapet og Tilretteleggerne forbeholder seg retten til å la Tilretteleggerne forskuttere betalingen på vegne av tegnere som ikke har betalt for de Nye Aksjene tildelt dem innen Betalingsdatoen. Ikke-betalende tegnere vil være fullt ut ansvarlige for å betale det tegningsbeløpet som skal betales for de Nye Aksjene tildelt dem, uavhengig av slik betaling fra Tilretteleggerne. Selskapet og Tilretteleggerne forbeholder seg imidlertid retten til å selge eller eventuelt selv overta de Nye Aksjene, etter forholdene, uten videre underretning til tegneren fra og med den fjerde dagen etter Betalingsdatoen i henhold til allmennaksjeloven § 10-12 (4) dersom betaling ikke er mottatt den tredje dagen etter Betalingsdatoen. Dersom de Nye Aksjene selges på vegne av tegneren, vil tegneren være ansvarlig for ethvert tap samt kostnader, gebyrer og utgifter pådratt av Selskapet og/eller Tilretteleggerne som følge av eller i tilknytning til slikt salg. Selskapet og/eller Tilretteleggerne kan innndre betaling for ethvert utestående beløp i henhold til norsk rett.

APPENDIX 4

UNAUDITED FINANCIAL STATEMENTS FOR ALBRAS, ALUNORTE AND CAP AS OF, AND FOR THE YEAR ENDED, 31 DECEMBER 2009

The financial statements of Albras, Alunorte and CAP as of, and for the year ended, 31 December 2009, have been prepared in accordance with U.S. GAAP. These financial statements have been prepared solely to fulfill the needs of the shareholder Vale, and should not be used for any other purpose. They do not include all the disclosures that would be required for the presentation of U.S. GAAP financial statements on a standalone basis and do not intend to report on the relevant companies as separate entities. These financial statements are unaudited.

ALBRAS - Alumínio Brasileiro S.A.Balance Sheets as of December 31,
Expressed in thousands of U.S. dollars**ALBRAS - Alumínio Brasileiro S.A.**Balance Sheets as of December 31,
Expressed in thousands of U.S. dollars

	2009	2008
Assets		
Current assets		
Cash and cash equivalents	51,159	37,519
Derivative instruments (Note 16)	15,007	8,216
Restricted cash (Note 6)	6,323	5,335
Accounts receivable (Note 7)	33,022	32,562
Related parties (Note 14)	1,485	1,288
Third parties	99,132	115,363
Inventories (Note 8)	16,694	13,925
Recoverable taxes (Note 9)	599	1,091
Deferred income taxes (Note 5)		
Advances to suppliers	36,478	27,178
Energy	633	197
Other	3,921	1,758
	<u>264,453</u>	<u>244,432</u>
Property, plant and equipment and intangible - net (Note 10)	<u>508,639</u>	<u>388,976</u>
Other assets		
Restricted cash (Note 6)	434	
Deferred income taxes, net (Note 5)	121,262	90,061
Derivative instruments (Note 16)	37,463	
Advances to suppliers - energy	510,698	407,678
Judicial deposits	14,295	9,512
Recoverable taxes (Note 9)	264,151	111,964
Other	801	430
	<u>948,670</u>	<u>620,079</u>
Total assets	<u>1,721,762</u>	<u>1,253,487</u>
Liabilities and stockholders' equity		
Current liabilities		
Suppliers	19,288	21,130
Related parties (Note 14)	40,364	45,867
Third parties	6,582	9,376
Taxes, payroll and related charges	5,103	
Deferred income taxes	195,245	99,576
Short-term debt - Related parties (Note 11 and 14)	33,519	33,753
Current portion of long-term debt - Third parties (Note 12)		
Dividends payable (Note 13)	71,209	2,445
Unrealized losses on derivative instruments (Note 16)	1,598	1,285
Other		
	<u>372,908</u>	<u>213,432</u>
Long-term liabilities		
Long-term debt (Note 12)	216,665	249,999
Unrealized losses on derivative instruments (Note 16)	268	
Deferred income taxes	12,737	
Contingencies (Note 17)	9,860	7,819
Other	170	224
	<u>239,700</u>	<u>258,042</u>
Stockholders' equity		
Common stock - class A shares	354,673	354,673
Common stock - class B shares	340,765	340,765
Capital stock (Note 13)	695,438	695,438
Appropriated retained earnings (Note 13)	132,438	53,594
Accumulated losses	(74,019)	(86,209)
Accumulated other comprehensive income	355,297	121,190
	<u>1,109,154</u>	<u>782,013</u>
Total liabilities and stockholders' equity	<u>1,721,762</u>	<u>1,253,487</u>

The accompanying notes are an integral part of these financial information.

ALBRAS - Alumínio Brasileiro S.A.

Statements of Income

Expressed in thousands of U.S. dollars, except when indicated

	Three-month periods ended			Year ended December 31,		
	December 31, 2009	September 30, 2009	December 31, 2008	2009	2008	2008
Operating revenues, net of discounts, returns and allowances	226,953	178,215	245,878	719,185	1,191,569	1,126,910
Sales of aluminum	1,185	1,135	1,355	5,067	11,246	11,246
Other products and services	228,138	179,350	247,233	724,252	1,203,206	1,126,910
Value-added tax and other sales taxes	(2,096)	(1,240)	(1,945)	(5,742)	(10,354)	(10,354)
Net operating revenues	226,042	178,110	245,288	718,510	1,192,852	1,126,910
Operating cost and expenses	(215,123)	(172,496)	(193,991)	(716,707)	(891,145)	(891,145)
Cost of aluminum sold and other related products	(11,011)	(8,749)	(9,136)	(37,835)	(47,199)	(47,199)
Selling, general and administrative expenses	(2,694)	(2,373)	(2,654)	(10,373)	(12,689)	(12,689)
Gain (losses) on derivative instruments, net	(7,330)	(2,988)	(7,809)	(14,840)	(24,930)	(24,930)
Other, net	(238,121)	(184,233)	(199,353)	(771,842)	(865,972)	(865,972)
Operating Income (Loss)	(10,079)	(6,123)	(45,925)	(53,332)	(206,890)	(206,890)
Non-operating income (expenses)	1,146	387	2,433	2,771	9,023	9,023
Financial income	(3,009)	(2,916)	(6,481)	(13,725)	(27,371)	(27,371)
Financial expenses	16,998	37,389	(64,109)	118,770	(70,951)	(70,951)
Foreign exchange and monetary gains (losses), net	(566)	(3,034)	51,624	(266)	39,790	39,790
Gain (loss) on derivative instruments, net	131	(2)	(6,100)	141	(8,019)	(8,019)
Other, net	14,703	31,824	(24,613)	107,691	(68,328)	(68,328)
Income before income taxes	4,624	25,701	21,312	54,359	148,352	148,352
Income taxes	62,476	(14,394)	7,726	43,582	(34,591)	(34,591)
Current (Note 5)	(5,843)	5,841	(490)	(2,360)	(13,511)	(13,511)
Deferred (Note 5)	56,633	(6,743)	7,236	41,222	(68,102)	(68,102)
Net income for the year/period	81,257	16,956	28,548	95,581	100,250	100,250
Basic and diluted earnings per share	0.05	0.02	0.03	0.08	0.09	0.09
Weighted average number of shares (thousands) in the period	1,128,910	1,128,910	1,128,910	1,128,910	1,128,910	1,128,910

The accompanying notes are an integral part of these financial information.

ALBRAS - Alumínio Brasileiro S.A.

Changes in Stockholders' Equity

Expressed in thousands of U.S. dollars, except when indicated

	Three-month periods ended			Year ended December 31,		
	December 31, 2009	September 30, 2009	December 31, 2008	2009	2008	2008
Capital stock:	695,438	695,438	695,438	695,438	695,438	695,438
Beginning and end of the year/period	695,438	695,438	695,438	695,438	695,438	695,438
Accumulated retained earnings	53,594	53,594	47,136	53,594	47,136	47,136
Beginning of the period	78,844	78,844	6,458	78,844	6,458	6,458
Transfer from unappropriated retained earnings	(132,438)	(132,438)	(53,594)	(132,438)	(53,594)	(53,594)
End of the period	(56,432)	(56,432)	(107,854)	(88,209)	(134,489)	(134,489)
Dividends	(78,844)	(78,844)	(6,458)	(78,844)	(6,458)	(6,458)
Transfer to appropriated retained earnings	61,257	61,257	16,958	95,581	100,250	100,250
Net income for the year/period	(74,019)	(74,019)	(88,209)	(74,019)	(88,209)	(88,209)
End of the period	387,396	387,396	313,669	387,396	313,669	313,669
Accumulated other comprehensive income:	(55,177)	(55,177)	(19,575)	(55,177)	(19,575)	(19,575)
Beginning of the period	23,078	23,078	(172,504)	271,284	(255,907)	(255,907)
Hedge Accounting	355,297	355,297	121,150	355,297	121,150	121,150
Translation adjustments	1,109,154	1,079,595	792,015	1,109,154	792,015	792,015
End of the period	1,109,154	1,079,595	792,015	1,109,154	792,015	792,015
Total stockholders equity	61,257	61,257	28,548	95,581	100,250	100,250
Comprehensive income comprised as follows:	(55,177)	(55,177)	(19,575)	(37,177)	(18,454)	(18,454)
Net income for the year/period	23,078	23,078	93,826	271,284	(255,907)	(255,907)
Cumulative translation adjustments	29,158	29,158	(163,931)	325,688	(174,111)	(174,111)
Total comprehensive income for the period	1,128,910	1,128,910	1,128,910	1,128,910	1,128,910	1,128,910
Common shares	1,128,910	1,128,910	1,128,910	1,128,910	1,128,910	1,128,910
Beginning and end of the year/period	1,128,910	1,128,910	1,128,910	1,128,910	1,128,910	1,128,910

The accompanying notes are an integral part of these financial information.

ALBRAS - Alumínio Brasileiro S.A.**Notes to the Financial Information**

Expressed in thousands of U.S. dollars, unless otherwise stated

ALBRAS - Alumínio Brasileiro S.A.**Statements of Cash Flows**

Expressed in thousands of U.S. dollars, except when indicated

	Three-month periods ended			Year ended December 31,	
	December 31, 2009	September 30, 2009	December 31, 2008	2009	2008
Cash flows from operating activities	61,257	16,958	28,548	95,581	108,250
Net income for the period	8,241	7,563	6,275	27,653	30,133
Adjustments to reconcile net income with cash provided by operating activities:					
Depreciation	21	4	8,271	106	8,350
Loss on sale of property, plant and equipment	(51)	(594)	(6,874)	(594)	(3,919)
Provision (reversal) for contingencies	5,483	(78,088)	490	2,360	13,311
Deferred income tax	(22,445)	(78,088)	79,598	(119,254)	72,240
Foreign exchange and monetary losses (gain), net	3,008	2,577	1,297	11,562	1,805
Interest expense	565	3,024	(21,533)	8,596	(63,514)
Loss (gain) on derivative instruments, net					
Decrease (increase) in assets:					
Accounts receivable	(19,348)	11,191	42,575	3,890	(13,089)
Inventories	30,415	(9,605)	(21,410)	50,555	(28,922)
Reservable taxes	(69,445)	(8,043)	(21,663)	(91,742)	(32,665)
Advances to suppliers	8,971	8,371	7,303	32,016	35,473
Restricted cash	21,022	(13,489)	4,263	6,449	(8,136)
Other	(388)	(289)	1,430	(1,582)	382
Increase (decrease) in liabilities:					
Suppliers	(936)	3,099	2,216	(23,631)	(2,319)
Taxes, payroll and related charges	(11,187)	7,077	(2,197)	(7,081)	(1,020)
Interest paid	(3,443)	(65)	(8,011)	(9,443)	(18,874)
Other	(69)	906	5,752	(23)	(6,957)
Net cash provided by (used) in operating activities	12,874	(54,722)	63,400	(14,150)	62,318
Cash flows from investing activities					
Additions to property, plant and equipment	(2,053)	(1,090)	(72,659)	(16,159)	(43,689)
Judicial deposits	(51)	(25)	(27)	(354)	(169)
Net cash used in investing activities	(3,009)	(2,243)	(72,686)	(16,513)	(43,858)
Cash flows from financing activities					
Dividends paid to shareholders	(6,428)	(63,692)	(8,428)	(8,428)	(63,692)
Short-term debt, net	99,955	65,156	94,017	94,017	67,449
Related parties	(85,562)	(50,107)	(5,019)	(5,019)	14,219
Third parties	(22,259)	42,203	(11,650)	(42,144)	1,022
Long-term debt, net	15,727	70,945	(65,356)	40,428	19,428
Third parties					
Net cash provided by (used) in financing activities	21,592	13,275	(6,602)	9,566	36,471
Increase (decrease) in cash and cash equivalents	(190)	1,655	(14,199)	4,054	(23,369)
Effect of exchange rate changes on cash and cash equivalents	25,765	10,925	61,320	37,519	22,397
Cash and cash equivalents, beginning of the period	511,159	25,765	37,519	511,159	37,519
Cash and cash equivalents, end of the period					
Supplemental cash flow information					
Non-cash information					
Income taxes offset against taxes recoverable				(11,534)	(58,920)

1

The Company and its Operations

ALBRAS - Alumínio Brasileiro S.A. ("Albras" or "The Company") was formed in October 1974, having as a principal objective the production and commercialization of aluminum ingots. ALBRAS' project construction began in 1981 and its implementation was done in two phases of 160 thousand tons/year of production. In the first phase, electrolytic cubes started production in July 1985 and reached full (totaling 320 thousand tons/year) capacity in December 1986. The second construction phase started in October 1987, with the electrolytic cubes being activated between May 1990 and February 1991. Due to operating improvements implemented in 1993, the plant's capacity was redefined from 320 to 345 thousand tons/year approximately. In December 2001 the expansion of the Company's aluminum plant was concluded, which resulted in an increase in the production capacity to approximately 406 thousand tons/year, as from 2002.

The Company produced 450 thousand tons during the year ended December 31, 2009, and sold 453 thousand tons during the year.

2

Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), which differ in certain aspects from the Accounting practices adapted in Brazil applied by the Company in its statutory financial statements. However such financial information does not include all disclosures required by US GAAP.

The preparation of financial statements in conformity with US GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's financial statements therefore, include various estimates concerning the selection of useful lives of property, plant and equipment, provisions necessary for contingent liabilities, income tax valuation allowances and other similar evaluations. As additional information becomes available, or actual amounts are determinable, the recorded estimates are revised. Consequently, actual results may be affected by revision to these prior accounting estimates.

As disclosed in Note 3(k) below, the Company changed its accounting policy, effective January 1, 2009, regarding the presentation of realized derivative fair value gains and losses on effective cash flow hedges, when recognized in the income statement.

The Company presents negative working capital as of December 31, 2009. Management has assessed and has concluded that there are no uncertainties or doubts about the Company's ability to continue as a going concern.

ALBRAS - Alumínio Brasileiro S.A.**Notes to the Financial Information**

Expressed in thousands of U.S. dollars, unless otherwise stated

The Brazilian Real is the Company's functional currency. We have selected the US dollar as our reporting currency.

The Company has translated all assets and liabilities from its functional currency, the Brazilian real into US dollars, the Company's reporting currency, at the exchange rate in effect or reporting date (R\$ 1,7412 and R\$ 2,337 to US\$ 1 at December 31, 2009 and 2008, respectively or the first available exchange rate if exchange on December 31 was not available) and all amounts in the statements of operations and cash flows (including amounts related to local currency indexation and exchange variations on assets and liabilities denominated in foreign currency) at the monthly averages rates prevailing during the year.

The translation gain or loss resulting from this process is included in the other accumulated comprehensive income (losses), component of stockholders' equity. The effects of foreign currency exchange variations on transactions denominated in foreign currencies are included in results of operations. All statement of income accounts have been translated to US dollars at the average exchange rates prevailing during the respective periods. Capital accounts are recorded at historical exchange rates.

The quarterly financial information for the three-month period ended December 31 and September 30, 2009 and December 31, 2008 is unaudited. However, in management's opinion, such financial information includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation thereof.

3 Summary of Significant Accounting Policies

Significant accounting policies used in the preparation of the financial statements are described in the following paragraphs:

- (a) Revenues are recognized when products are shipped or services are rendered and when significant risks and benefits of ownership are transferred. Expenses, costs and all other transactions are recognized on the accrual basis. Classification of current assets and liabilities is based on one-year period.
- (b) Cash and cash equivalents are defined as cash in banks and investments in interest bearing securities and are carried at cost plus accrued interest. Short-term investments with original maturities of three months or less at the time of purchase are considered to be cash equivalents.
- (c) Inventories are stated at average cost of acquisition or production. A reserve is made, when necessary, to reduce inventories to market value.

ALBRAS - Alumínio Brasileiro S.A.**Notes to the Financial Information**

Expressed in thousands of U.S. dollars, unless otherwise stated

(d) Property, plant and equipment are stated at cost of purchase or construction, plus interest cost of borrowings incurred during the period of construction. Depreciation is computed by the straight-line method, using global account balances as a basis for calculation, at the annual rates disclosed in Note 10, which are compatible with the useful lives of the assets.

The Company evaluates recoverability of its long-lived assets for purposes of identifying and measuring impairments, whenever events and circumstances indicate that the carrying amount of an asset (or asset group) may not be recoverable. Recoverability is determined by comparing the carrying amount of the asset (or asset group) on the date it is being evaluated for recoverability to the sum of the undiscounted cash flows expected to result from its use and eventual disposition. If the carrying amount of an asset (or asset group) exceeds the gross, undiscounted cash flows from use and disposition, an impairment loss is recognized. The impairment loss is measured as the excess of the carrying amount over the assets' (or asset group's) fair value. Fair value is determined using quoted market prices in active markets, when available. Otherwise, the Company estimates fair value based on the best information available such as market prices for similar assets (group of assets), or using valuation techniques such as the expected present value of future cash flows on a discounted basis. The Company has not recognized any impairment write downs on its long-lived assets for any of the years presented.

(e) The Company fully accrues the liability for future compensation to employees for vacations vested during the period.

(f) The deferred tax effects of tax losses carryforwards and temporary differences recognized pursuant to accounting for income taxes. A valuation allowance is made when management believes that it is more likely than not that tax assets will not be fully recoverable in the future.

(g) Expenditures relating to ongoing compliance with environmental regulations are charged against operations in the statements of income or capitalized as appropriate. These ongoing programs are designed to minimize the environmental impact of the Company's activities. There has not been any material loss to be accrued to date.

(h) Basic and diluted earnings (loss) per share are computed by dividing net income (loss) by the weighted average number of common shares outstanding during the period.

(i) Comprehensive income (loss) consists of net income (loss) and foreign currency translation adjustments and effects of hedge accounting (for the year ended December 31, 2008) and is presented in the statements of changes in stockholders' equity for all periods shown.

ALBRAS - Alumínio Brasileiro S.A.

Notes to the Financial Information

Expressed in thousands of U.S. dollars, unless otherwise stated

(j) The Company applies accounting for derivative financial instruments and hedging activities, as amended. According to this standard a derivative must be designated in a hedging relationship in order to qualify for hedge accounting. If a derivative is designated as a cash flow hedge the effective portions of the change are recorded in other comprehensive income and are recognized in earnings when the hedged item affects earnings. Ineffective portions of changes in the fair value of the derivatives designated as hedges are recognized in earnings.

(k) In 2009, aiming to improve the presentation of its financial statements, the Company changed its accounting policy regarding the income statement line item where it presents the effective portion of realized fair value gains and losses on derivative instruments used in cash flow hedge activities. As a result of that change in the accounting policy, the effective portion when realized and reclassified from other comprehensive income to earnings are now presented as part of operating income (loss). The ineffective portion of changes in the fair values of derivatives designated as hedges and recognized directly in earnings, continue to be presented as part of non-operating income.

(l) Reclassification of certain financial information previously presented:

As a result of the change in accounting policy described in Notes 2 and 3(k) above, certain amounts previously presented in the financial statements as of and for the year ended December 31, 2008, have been reclassified as follows, in order to enable comparability among the financial periods:

	<u>As reported</u>	<u>Reclassification</u>	<u>Reclassified</u>
Operating cost and income/expenses			
Losses on derivative instruments, net		(22,699)	(22,699)
Non-operating income (expenses)			
Gain on derivative instruments, net	16,091	22,699	38,790
Derivatives, net	16,091		16,091

4 Accounting pronouncements

(a) New accounting standards

A new Accounting Standards Update (ASU) number 2010-06 Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements. This update provides amendments to Topic 820 that will provide more robust disclosures about (1) the different classes of assets and liabilities measured at fair value, (2) the valuation techniques and inputs used, (3) the activity in Level 3 fair value measurements, and (4) the transfers between Levels 1, 2, and 3.

ALBRAS - Alumínio Brasileiro S.A.

Notes to the Financial Information

Expressed in thousands of U.S. dollars, unless otherwise stated

A new Accounting Standards Update (ASU) number 2010-01 Accounting for Distributions to Shareholders with Components of Stock and Cash - a consensus of the FASB Emerging Issues Task Force. The amendments in this Update clarify that the stock portion of a distribution to shareholders that allows them to elect to receive cash or stock with a potential limitation on the total amount of cash that all shareholders can elect to receive in the aggregate is considered a share issuance that is reflected in EPS prospectively and is not a stock dividend for purposes of applying Topics 505 and 260 (Equity and Earnings Per Share).

(b) Accounting standards recently adopted

In June 2009, the FASB issued the FASB Accounting Standards Codification (Codification). The Codification became the single source for all authoritative GAAP recognized by the FASB to be applied for financial statements issued for periods ending after September 15, 2009. The Codification does not change GAAP and does not have an effect on our financial position, results of operations or liquidity.

In 2009, we adopted a newly issued accounting standard for accounting and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. In particular, this statement sets forth (1) the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements; (2) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements; and (3) the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. The standard is effective for interim or annual periods ending after June 15, 2009.

5 Income Taxes

Income taxes in Brazil comprise federal income tax and social contribution. The current statutory rates are 25% for federal income tax and 9% for social contribution, resulting in a composite rate of 34%.

ALBRAS - Alumínio Brasileiro S.A.**Notes to the Financial Information**

Expressed in thousands of U.S. dollars, unless otherwise stated

The amount reported as income tax revenue (expense) in the financial information is reconciled to the statutory rates as follows:

	Three-month periods ended			Year ended
	December 31, 2009	September 30, 2009	December 31, 2008	December 31, 2008
Income before income tax	4,624	25,701	21,312	148,352
Federal income tax and social contribution expenses at statutory rates	(1,572)	(8,798)	(7,245)	(18,482)
Adjustments to determine effective tax rate	59,191	3,977	59,131	3,977
Tax incentive	(983)	12,563	(983)	605
Change in value of derivative instruments	67	(5)	(2,058)	(2,244)
Other permanent differences			1,556	
Federal income tax and social contribution benefit (expense)	56,633	(8,743)	7,236	46,102

Composition of the deferred tax asset:

	December 31, 2009	December 31, 2009
The tax credits are as follows		
Tax loss carryforwards	92,430	68,866
Temporary differences		
Arising from the difference between the Brazilian tax basis and the reporting basis	23,571	17,436
Other	5,860	4,850
Total	121,861	91,152
Current assets	599	1,091
Other assets (long-term)	121,262	90,061
	121,861	91,152

ALBRAS - Alumínio Brasileiro S.A.**Notes to the Financial Information**

Expressed in thousands of U.S. dollars, unless otherwise stated

Management expects that the Company will generate future taxable income in order to utilize its total tax and social contribution losses to be carryforward.

The Company had a 75% Income Tax exemption for a production from 345,001 to 560,000 tons/year of aluminum since December 2007. The Company has been claiming for the extension of this benefit for its all production. As from December 2009, the exemption was extended to all production until 560,000 ton/year. The benefit had a retroactive effect, corresponding to the period from December 2007 until the date of the benefit extension. As of December 31, 2009, the total tax incentive recognized in the Company's income statement amounted US\$ 59,131.

6 Restricted Cash

	2009	2008
Judicial blockings		434
Energy contracts	1,423	
Guarantee on payment interest Japan Bank for International Corporation - JIBC	4,542	5,335
Other	358	
	6,323	5,769
Short-term	6,323	5,335
Long-term		434
	6,323	5,769

7 Accounts Receivable

	2009	2008
Customers		
Domestic	1,485	1,288
Export, all denominated in U.S. dollars	33,022	32,562
	34,507	33,850

ALBRAS - Alumínio Brasileiro S.A.**Notes to the Financial Information**

Expressed in thousands of U.S. dollars, unless otherwise stated

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Inventories

	2009	2008
Finished goods - Aluminum	30,866	29,301
Work-in-process	28,180	28,627
Raw materials	16,161	19,106
Spare parts and maintenance supplies	20,067	13,234
Raw materials and others in transit	3,858	25,095
	<u>99,132</u>	<u>115,363</u>

9

Recoverable Taxes

	2009	2008
Recoverable excise tax (i)	167,719	83,686
Withholding tax	5,665	3,582
Income tax (ii)	107,461	38,621
	<u>280,845</u>	<u>125,889</u>
Current assets	16,694	13,925
Other assets (long-term)	264,151	111,964
	<u>280,845</u>	<u>125,889</u>

(i) This balance refers mainly to federal sales tax credits obtained from purchase of raw materials, which can be offset against any other federal taxes payable.

(ii) The increase of the income tax balance refers mainly to the income tax exemption (see note 5).

ALBRAS - Alumínio Brasileiro S.A.**Notes to the Financial Information**

Expressed in thousands of U.S. dollars, unless otherwise stated

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Property, Plant, Equipment and Intangible**(a) Property, Plant, Equipment and Intangible**

	2009		2009		2009	
	Rate	Cost	Depreciation	Net	Cost	Depreciation
Buildings/Land	2.5%	210,922	(125,910)	115,012	189,817	(89,374)
Installations	2.8%	625,361	(249,005)	276,356	405,690	(248,182)
Equipment	10%	44,442	(26,387)	18,055	40,875	(12,603)
Vehicles	20%	8,637	(7,475)	1,162	6,186	(5,248)
Furniture and utensils and instruments of analyses and measurements	10%	9,612	(6,449)	3,163	6,690	(4,194)
Equipment/applications	20%	12,653	(10,954)	1,699	9,048	(7,456)
Capitalized interest	2.86%	74,028	(61,681)	12,347	55,155	(44,379)
Other fixed assets	10%	95,314	(53,347)	41,967	71,895	(44,750)
Construction in progress		30,558		30,558	73,652	
		<u>1,145,907</u>	<u>(641,209)</u>	<u>504,699</u>	<u>841,010</u>	<u>(456,186)</u>
						<u>384,824</u>

(b) Intangible

	2009		2009		2009	
	Rate	Cost	Depreciation	Net	Cost	Depreciation
Software	20%	13,246	(9,306)	3,940	9,569	(5,417)
		<u>13,246</u>	<u>(9,306)</u>	<u>3,940</u>	<u>9,569</u>	<u>(5,417)</u>
						<u>4,152</u>

All property, plant and equipment are located in Brazil and are employed in the aluminum business. Company management believes that the carrying amounts of such property, plant and equipment and of intangible assets are recoverable through future cash flows from operations.

11

Short term Debt

The short-term debt of US\$ 195,245 (US\$ 99,576 in 2008) borrowings is from related parties and relates to export financing denominated in United States dollars.

Annual interest rates on short-term borrowings were from 2,02% and 5,27% in December 2009.

ALBRAS - Alumínio Brasileiro S.A.**Notes to the Financial Information**

Expressed in thousands of U.S. dollars, unless otherwise stated

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Long-term Debt

	2009		2008	
	Current	Long-term	Current	Long-term
Foreign				
Japan Bank for International Corporation - JBIC	33,334	216,665	33,334	249,999
Loans maturing from June 2010 to June 2017	185		419	
Accrued interest				
	<u>33,519</u>	<u>216,665</u>	<u>33,753</u>	<u>249,999</u>

The aforementioned loans and financing are subject to inflation indexation or foreign currency or exchange adjustments, plus interest.

The long-term portion at December 31, 2009 and 2008 becomes due in the following years:

	2009	2008
2010		33,334
2011	33,333	33,334
2012	33,333	33,334
2013	33,333	33,334
2014	33,333	33,334
2015	33,333	33,334
2016	33,333	33,334
2017	<u>16,667</u>	<u>16,661</u>
	<u>216,665</u>	<u>249,999</u>

As of December 31, 2009 annual interest rates on short and long-term debt were as follows:

Up to 1,78%	250,184
Up to 2,02%	99,772
Up to 5,27%	<u>95,473</u>
	<u>445,429</u>

Guarantees:

JBIC: Corporate Guarantee of Vale S.A. (up to 51% of the outstanding principal amount of Facility) and ALBRAS Export Receivables related to Nipon Amazon Alumínio Company - NAAC (49% of the principal amount of Facility). Our long-term debt instrument with Japan Bank for International Corporation - JBIC contain financial covenants. Our principal covenants require us to maintain certain ratios, such as debt to equity and interest coverage. There are no events of default as of December 31, 2009.

ALBRAS - Alumínio Brasileiro S.A.**Notes to the Financial Information**

Expressed in thousands of U.S. dollars, unless otherwise stated

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Capital Stock

The capital stock is composed by 575,744 thousand and 553,166 thousand of subscribed and issued non-redeemable Class A and B common shares, respectively, with par value of R\$ 1,00 each. Each holder of common has equal voting rights on all matters that come before a stockholders' meeting.

All stockholders are entitled to receive minimum annual dividends of 25% of the adjusted net income for the year as stated in the statutory accounting records, after the accumulated losses have been fully offset, upon approval at the annual stockholders' meeting. Dividends are declared and distributed in local currency, Brazilian reais and in accordance with Brazilian statutory law.

Brazilian companies must register foreign invested capital and reinvested earnings with the Brazilian Central Bank in order to remit dividends on such capital and for the capital to be repatriated. At December 31, 2009, the registered foreign capital, represented by Class B common shares, amounts to US\$ 229,745 thousand and ¥ 6,394,733 thousand.

Brazilian laws and our By-laws require that certain appropriations be made from retained earnings to equity reserve accounts on an annual basis, herein denominated appropriated retained earnings, all determined in accordance with amounts stated in the statutory accounting records which are restricted to increase capital or offset statutory accumulated losses. The purpose and basis of appropriation to such reserves are described below:

- **Legal reserve**

This reserve is a requirement for all Brazilian corporations and represents the appropriation of 5% of annual net income based on statutory accounts up to a limit of 20% of capital stock all determined under Brazilian GAAP.

- **Reserve for future capital expenditures (investments reserve)**

Management has decided to allocate the retained earnings to a specific reserve for future capital expenditures in accordance with the Company's capital expenditures projections.

- **Dividends and interest attributed to stockholders**

Brazilian law permits the payment of cash dividends only from retained earnings as stated in the Brazilian GAAP statutory records and such payments are made in Brazilian Reais.

ALBRAS - Alumínio Brasileiro S.A.**Notes to the Financial Information**

Expressed in thousands of U.S. dollars, unless otherwise stated

The stockholders are entitled to minimum dividend of 25% of net income for the year, calculated in accordance with Brazilian corporate law.

The remittance of dividends is based on the retained earnings in local currency at the rate in effect at the remittance date. Therefore, a portion of the translated retained earnings is restricted for distribution.

14**Related Parties Transactions**

Transactions with related parties resulted in the following balances:

	2009		2008	
	Asset	Liability	Asset	Liability
Nippon Amazon Aluminium Company Ltd. NAAC		30,076	20	2,397
Vale S.A.		8,076		10,105
Vale do Rio Doce Energia S.A.		3		2
Alumina do Norte do Brasil S.A. - ALUNORTE	241	12,599	289	12,811
Valeasil Alumínio S.A.				1,887
VALE International S.A.	33,022	165,169	32,562	99,576
Rio Doce International Finance - RDIF	287		288	
	<u>33,550</u>	<u>215,923</u>	<u>33,159</u>	<u>126,778</u>

These balances are included in the following balance sheet accounts:

	2009		2008	
	Asset	Liability	Asset	Liability
Current assets				
Cash and equivalents			32,562	
Accounts receivable	33,022		309	
Other	241		288	
Others assets	287			
Current liabilities		19,288		21,130
Suppliers		195,245		99,576
Current portion of current-term debt				4,891
Dividends payable		1,390		1,181
Other				
	<u>33,550</u>	<u>215,923</u>	<u>33,159</u>	<u>126,778</u>

ALBRAS - Alumínio Brasileiro S.A.**Notes to the Financial Information**

Expressed in thousands of U.S. dollars, unless otherwise stated

The amounts of business and financial operations carried out with related parties are as follows:

	Year ended December 31,					
	December 31, 2009		September 30, 2009		December 31, 2008	
	Income	Expense	Income	Expense	Income	Expense
Sales of aluminum, service and products	101,730		96,642		122,020	
Nippon Amazon Aluminum Company Ltd. - NAAC	111,353		74,015		110,222	
VALE International S.A.			1,302		1,302	
Valeal Alumínio S.A.			412		749	
Alumina do Norte do Brasil S.A. - ALUNORTE	139					
Purchases of raw material		(45,487)		(27,398)		(57,525)
Alumina do Norte do Brasil S.A. - ALUNORTE		(17,084)		(17,063)		(5,695)
Vale S.A.		(9)		(9)		(7)
Vale do Rio Doce Energia S.A.						
Others cost		(616)		(866)		(4,176)
Vale S.A.						
Selling expenses						
Vale S.A.				3,195		
Financial expenses and income, foreign						
Vale S.A.		(577)		(285)		(251)
Alumina do Norte do Brasil S.A. - ALUNORTE	214		198		401	
Nippon Amazon Aluminum Company - NAAC		(241)		(3,290)		(266)
VALE International S.A.		(1,508)		7,943		(8,082)
RDJF - Rio Doce International Finance		(6)		55		(170)
Vale S.A.						
	213,436	(65,530)	177,951	(48,958)	240,723	(72,340)
					699,873	(192,311)
					1,143,912	(285,928)

ALBRAS - Alumínio Brasileiro S.A.**Notes to the Financial Information**

Expressed in thousands of U.S. dollars, unless otherwise stated

These amounts are included in the following statement of operations accounts:

	Three-months periods ended			Year ended December 31,	
	December 31, 2009	September 30, 2009	December 31, 2008	2009	2008
Sales of aluminum, service and products	213,222	172,371	232,991	665,123	1,125,367
Cost of aluminum sold	(63,196)	(45,356)	(67,403)	(184,914)	(281,283)
Selling expenses			3,195		
Administrative expenses	(363)	(87)	120	(130)	842
Financial income, net	(1,387)	(915)	(812)	(4,353)	(1,863)
Foreign exchange and monetary gains (losses), net	(370)	2,980	292	11,736	4,921
	147,906	128,993	166,383	507,562	847,984

15 Fair Value of Financial Instruments

The carrying amount of the Company's current financial instruments generally approximates their fair value. Regarding derivative financial instruments, refers to Note 16.

16 Derivative Financial Instruments

The Company is subject to market risks associated with changes in the world prices of aluminum. The Company seeks to manage this risk by entering into derivative transactions for a portion of its future production, which allows the Company to establish a minimum average profitability targets for its future aluminum production and consequently to manage the Company's cash flow.

However, such derivative contracts also have the effect of reducing potential gains from price increases in the spot market for aluminum. The Company monitors and evaluates its overall position daily in order to evaluate financial results and the impact in the Company's cash flows. The Company also reviews periodically the credit limits and creditworthiness of its hedges counter-parties. All the results of the hedging activity are reported to the Company's management on a monthly basis so that the Company periodically adjusts the goals and strategies of the program in response to market conditions. All aluminum derivative contracts are settled through cash payments and/or receipts, without the physical delivery of aluminum.

In view of the policies and practices established by the Company for operations with derivatives, management considers the occurrence of non-measurable risk situations as unlikely. At December 31, 2009, the fair value of the Company's derivative instruments totals were: assets of US\$ 52,470 and liabilities of US\$ 71,477.

ALBRAS - Alumínio Brasileiro S.A.**Notes to the Financial Information**

Expressed in thousands of U.S. dollars, unless otherwise stated

On December 31, 2009 the Company has hedged prices for 260,000 tons of aluminum through a number of derivative contracts. The fair value of these derivatives is a current liability of US\$ 71,209 as current liabilities, considering that the derivative contracts expire by December 2010.

With the intention to protect its operations against the risks associated to variations in the tax conversion of dollar for reals, the Company contracted operations of swap (US\$ x D), guaranteeing steady flow of box and rude edges.

The Company has entered into a contract on May 11, 2004 to purchase power from Eletronorte to provide electrical energy for its industrial activities which became effective as from June 1, 2004. The contract includes a price adjustment related to LME aluminum prices. If the LME price of aluminum is greater than US\$ 1,450 per metric ton, ALBRAS must pay a higher price for power. Conversely, ALBRAS does not get a lower price if the LME is below US\$ 1,450 per metric ton. ALBRAS can terminate the contract with two years notice if it elects to discontinue production or start using its own resources for power generation. ALBRAS does not have to pay any amounts related to the termination, including any payment related to settling the LME price adjuster. The total term of the contract is 20 years and an energy prepayment of R\$ 1,200,000 (equivalent to US\$ 689,180) was made in connection with such contract.

The price adjustment related to LME is an embedded derivative as defined by "Accounting for Derivative Instruments" which is valued at fair value with variations recorded in the income statement. The fair value variation for the year ended to December 31, 2009 was US\$ 268 as other long-term liabilities

Under US GAAP, all derivatives, whether designated in hedging relationships or not, are required to be recorded in the balance sheet at fair value. A derivative must be designated in a hedging relationship in order to qualify for hedge accounting. These standards include a determination of what portions of hedges are deemed to be effective versus ineffective, in general, a hedging relationship is effective when a change in the fair value of the derivative is offset by an equal and opposite change in the fair value of the underlying hedged item. In accordance with these standards, effectiveness tests are performed in order to assess effectiveness and quantify ineffectiveness for all designated hedges. A cash flow hedge is a hedge of the exposure to variability in expected future cash flows that is attributable to a particular risk such as a forecasted purchase or sale.

Over-the-counter (OTC) forward and zero-cost collar aluminum contracts are used to smooth the effect of fluctuations in the price of aluminum with respect to forecasted sales of aluminum. These contracts have been designated as a hedge to our exposure to variability in future cash flows associated with our aluminum sales. There was no hedge ineffectiveness regarding these contracts since the inception of our cash flow hedge accounting program.

ALBRAS - Alumínio Brasileiro S.A.**Notes to the Financial Information**

Expressed in thousands of U.S. dollars, unless otherwise stated

For the periods ended December 31, 2009 and 2008, the movement of unrealized gain (loss) on derivative is as follows:

	Three-month period ended			Year ended December 31,	
	December 31, 2009	September 30, 2009	December 31, 2008	2009	2008
Initial unrealized losses at beginning of the period	26,066	3,044	(34,658)	8,216	(56,329)
Gain (loss) on derivative instruments	(65,299)	23,022	62,633	(47,449)	83,514
Hedge accounting	2,664	(758)	(20,663)	2,664	(20,092)
Exchange variance	(314)	(758)	(6,977)	(1,041)	(2,972)
Translation adjustment	314	(758)	7,881	1,041	4,095
Gain (losses) on derivative instruments at the end of the year/period	<u>(36,579)</u>	<u>26,066</u>	<u>8,216</u>	<u>(36,579)</u>	<u>8,216</u>

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Commitments and Contingencies

- (a) ALBRAS entered into a contract on May 11, 2004 to purchase power from Centrais Elétricas do Norte do Brasil ("Eletronorte") to provide power for its industrial activities which became effective as from June 1, 2004. See Note 16 for additional information.
- (b) The Company is committed under a take-or-pay agreement to take purchase of approximately 4,595 thousands metric tons of alumina from ALUNORTE - Alumina do Norte do Brasil S.A. (related party) at a formula price, which is calculated based on the London Metal Exchange (LME) quotation for aluminum. At a market price of US\$ 297.29 per metric ton as of December 31, 2009, this represents the following total commitment:

Years	US\$
2010	234,000
2011	234,000
2012	234,000
2013	234,000
2014 and thereafter	430,000
	<u>1,366,000</u>

ALBRAS - Alumínio Brasileiro S.A.**Notes to the Financial Information**

Expressed in thousands of U.S. dollars, unless otherwise stated

The Company is also committed to annually deliver 450,000 metric tons of aluminum to its stockholders under a take-and-pay formula through an agreement between the parties without expiration date. At a market price of US\$ 1,906.65 per metric ton, also based on the LME quotation as of December, 2009, this represents an annual commitment of approximately US\$ 858,000.

- (c) Legal contingencies exist for which the Company and its legal advisors understand the amount accrued by the Company in the amount of US\$ 9,860 (US\$ 7,819 in 2008) is sufficient to cover probable losses.

- (d) The Company has US\$ 17,327 (US\$ 24,640 in 2008) relating to Tax, Labor and Civil claims which, according to the Company and its legal advisors, were classified as a possible losses and therefore did not require provision recognition.

ALBRAS - Alumínio Brasileiro S.A.**Supplemental Information****1 Geographic Information**

The Company's exports from Brazil through related companies, classified by geographic destination, are as follows:

	Three-month period ended			Year ended December 31,	
	December 31, 2009	September 30, 2009	December 31, 2008	2009	2008
Foreign market					
Asia	149,214	143,935	122,020	460,198	579,855
Europe	63,870	26,724	76,146	222,048	439,539
North America			34,075		101,746
	213,084	170,659	232,241	682,246	1,121,140
Domestic	13,869	7,556	13,637	36,939	70,818
	226,953	178,215	245,878	719,185	1,191,958
Related parties					
Third parties	213,084	170,659	232,241	682,246	1,121,140
	13,869	7,556	13,637	36,939	70,818
	226,953	178,215	245,878	719,185	1,191,958

ALBRAS - Alumínio Brasileiro S.A.**Supplemental Information****2 EBITDA**

The EBITDA (earnings before interest, tax, depreciation and amortization) and EBIT (earnings before interest and tax) and ROCE (return on capital employed) are shown as follows:

	Three-month period ended			Year ended December 31,	
	December 31, 2009	September 30, 2009	December 31, 2008	2009	2008
EBITDA					
Net operating revenues	226,042	178,110	245,288	718,510	1,192,852
Cost of goods sold	(215,123)	(172,496)	(193,991)	(716,707)	(891,145)
Others operating income/expenses	(20,998)	(11,737)	(5,372)	(55,135)	(94,827)
Operating income	(10,079)	(6,123)	45,925	(53,332)	206,880
Depreciation	8,241	7,563	6,275	27,653	30,133
	(1,838)	1,440	52,200	(25,679)	237,013
EBITDA	(0,81%)	0,81%	21,26%	(3,57%)	19,87%
EBIT					
EBITDA	(1,838)	1,440	52,200	(25,679)	237,013
Depreciation	(8,241)	(7,563)	(6,275)	(27,653)	(30,133)
	(10,079)	(6,123)	45,925	(53,332)	206,880
Non-operating income (expenses), net - Others	131	(2)	(8,100)	141	(8,019)
Financial expenses, net	14,572	31,826	(16,513)	107,550	(50,509)
Income taxes	56,633	(8,743)	7,236	41,222	(48,102)
	61,257	16,958	26,548	95,581	100,250
Net income for the year/period					
Capital employed					
Property, plant and equipment in operation				407,362	309,158
Inventories				99,132	115,363
Accounts receivable				34,507	33,850
Payable to suppliers and contractors				(69,652)	(66,997)
Salaries and social charges				(5,650)	(5,024)
				475,699	386,350
Total capital employed				(2,55%)	46,97%
Return on capital employed - ROCE					

ALUNORTE - Alumina do Norte do Brasil S.A.Balance Sheets as of December 31,
Expressed in thousands of U.S. dollars**ALUNORTE - Alumina do Norte do Brasil S.A.**Balance Sheets as of December 31,
Expressed in thousands of U.S. dollars

	2009	2008		2009	2008
Assets			Liabilities and stockholders' equity		
Current assets			Current liabilities		
Cash and cash equivalents	19,075	60,824	Suppliers	40,098	61,009
Derivative instruments (Note 14)		14,884	Related parties (Note 12)		77,936
Restricted cash (Note 6)	7,953	6,239	Third parties		
Accounts receivable (Note 7)			Current portion of long-term debt		
Related parties (Note 12)	129,483	117,277	Related parties (Note 12)	21,459	22,397
Third parties	207		Third parties	2,283	8,727
Inventories (Note 8)	178,883	209,387	Taxes, payroll and related charges	13,775	5,308
Recoverable taxes (Note 9)	27,858	48,739	Dividends payable (Note 12)	31,814	6,345
Deferred income taxes (Note 5)	570	907	Derivative instruments (Note 14)	15,874	
Other	4,522	3,008	Other	419	51
	<u>368,561</u>	<u>481,265</u>		<u>185,074</u>	<u>181,771</u>
Property, plant, equipment and intangible - net (Note 10)	<u>2,917,965</u>	<u>2,208,569</u>	Long-term liabilities		
			Long-term debt		
Other assets			Related parties (Note 12)	525,397	205,398
Deferred income taxes, net (Note 5)	39,783	32,092	Third parties	310,000	650,000
Recoverable taxes (Note 9)	202,495	104,328	Other	17	269
Other	8,387	5,416		<u>835,414</u>	<u>855,667</u>
	<u>250,665</u>	<u>141,836</u>	Stockholders' equity		
	<u>3,537,191</u>	<u>2,831,670</u>	Paid up capital stock	1,481,283	1,481,283
Total			Additional paid-in capital	43,647	43,647
			Total	1,524,930	1,524,930
			Appropriated retained earnings	393,736	296,112
			Other accumulated comprehensive income	598,037	(26,810)
				<u>2,516,703</u>	<u>1,794,232</u>
			Total	<u>3,537,191</u>	<u>2,831,670</u>

The accompanying notes are an integral part of this financial information.

ALUNORTE - Alumina do Norte do Brasil S.A.

Statements of Income

Expressed in thousands of U.S. dollars, except when indicated

	Three-month period ended			Year ended December 31,		
	December 31, 2009	September 30, 2009	December 31, 2008	2009	2009	2008
Operating revenues, net of discounts, returns and allowances	430,510	382,539	463,992	1,423,028	1,697,822	1,697,822
Sale of alumina	303	1,039	3,750	3,790	3,876	3,876
Other products and services	430,183	383,879	464,681	1,427,618	1,701,698	1,701,698
Value-added tax and other sales taxes	(5,265)	(7,551)	(9,139)	(24,727)	(45,450)	(45,450)
Net operating revenues	424,888	376,387	455,512	1,402,891	1,659,248	1,659,248
Operating cost and income/expenses	(385,207)	(382,279)	(330,788)	(1,385,661)	(1,245,191)	(1,245,191)
Selling, general and administrative expenses	(14,213)	(11,403)	(14,688)	(44,969)	(51,388)	(51,388)
Gain/(loss) on derivative instruments, net	1,851	(1,287)	(5,689)	1,851	(28,252)	(28,252)
Other	(3,642)	(2,791)	(2,791)	(9,279)	(6,219)	(6,219)
Operating income	(371,413)	(364,965)	(331,173)	(1,410,949)	(1,333,050)	(1,333,050)
Non-operating income (expense)	53,475	11,432	124,337	(6,959)	325,199	325,199
Financial expenses	423	503	2,899	3,270	8,965	8,965
Foreign exchange and monetary gain, net	(3,840)	(4,712)	(11,265)	(22,552)	(30,305)	(30,305)
Gain/(loss) on derivative instruments, net	19,640	76,348	(145,703)	251,869	(201,095)	(201,095)
Other	(19,800)	37,778	(19,500)	36,885	36,885	36,885
Income before income taxes	(3,272)	72,239	(116,320)	219,189	(183,555)	(183,555)
Income taxes	50,201	84,171	8,011	205,131	141,643	141,643
Current (Note 5)	(22,742)	(28,218)	4,308	(71,706)	(26,207)	(26,207)
Deferred (Note 5)	291	(905)	2,346	(3,987)	14,613	14,613
Net income for the period	(22,450)	(23,123)	6,664	(75,693)	(11,594)	(11,594)
Income available to preferred stockholders	27,743	55,048	14,695	129,438	130,049	130,049
Income available to common stockholders	1,377	2,733	729	6,425	6,456	6,456
Basic and diluted earnings per common share	26,366	52,315	13,966	123,013	123,593	123,593
Basic and diluted earnings per preferred share	0.01	0.02	0.01	0.06	0.06	0.06
Weighted average number of shares (thousands of shares)	0.01	0.02	0.01	0.06	0.06	0.06
Common shares	2,209,966	2,209,966	2,209,966	2,209,966	2,209,966	2,209,966
Preferred shares	115,434	115,434	115,434	115,434	115,434	115,434
Total	2,325,400	2,325,400	2,325,400	2,325,400	2,325,400	2,325,400

ALUNORTE - Alumina do Norte do Brasil S.A.

Statements of Changes in Stockholders' Equity

Expressed in thousands of U.S. dollars, except when indicated

	Three-month period ended			Year ended December 31,		
	December 31, 2009	September 30, 2009	December 31, 2008	2009	2009	2008
Capital stock	1,524,930	1,524,930	1,461,293	1,524,930	1,524,930	1,461,293
Beginning of the year/period	1,524,930	1,524,930	1,461,293	1,524,930	1,524,930	1,461,293
Additional paid-in capital	43,647	43,647	43,647	43,647	43,647	43,647
Beginning of the year/period	1,524,930	1,524,930	1,461,293	1,524,930	1,524,930	1,461,293
Total capital	1,524,930	1,524,930	1,524,930	1,524,930	1,524,930	1,524,930
Appropriated retained earnings	296,112	296,112	172,408	296,112	296,112	186,187
Beginning of the year/period	296,112	296,112	123,704	296,112	296,112	186,187
Transfer from retained earnings	37,624	37,624	37,624	37,624	37,624	109,825
End of the period	383,736	383,736	296,112	383,736	383,736	296,112
Retained earnings (accumulated losses)	101,695	46,647	115,564	101,695	46,647	(20,124)
Beginning of the year/period	(31,814)	(31,814)	(6,345)	(31,814)	(31,814)	(20,124)
Dividends	(97,624)	(97,624)	(123,704)	(97,624)	(97,624)	(109,825)
Transfer to retained earnings	27,743	55,048	14,695	129,438	130,049	130,049
Net income for the year/period	101,695	101,695	101,695	101,695	101,695	101,695
End of the period	101,695	101,695	101,695	101,695	101,695	101,695
Other accumulated comprehensive income	563,266	329,148	404,363	563,266	329,148	595,643
Beginning of the year/period	(5,238)	(5,238)	(5,238)	(5,238)	(5,238)	(29,192)
Hedge Accounting	50,009	218,890	(400,609)	624,847	(693,261)	(693,261)
Translation adjustments	599,037	593,266	(26,810)	599,037	593,266	(26,810)
End of the period	2,516,703	2,476,063	1,794,232	2,516,703	1,794,232	1,794,232
Total stockholders' equity	2,516,703	2,476,063	1,794,232	2,516,703	1,794,232	1,794,232
Comprehensive income is comprised as follows	27,743	55,048	14,695	129,438	130,049	130,049
Net income for the period	(5,238)	5,238	(5,238)	(5,238)	5,238	(29,192)
Hedge Accounting	50,009	218,890	(400,609)	624,847	(693,261)	(693,261)
Translation adjustment	72,514	279,166	(418,479)	754,285	(492,404)	(492,404)
Total comprehensive income for the period	115,434	115,434	115,434	115,434	115,434	115,434
Preferred shares	115,434	115,434	115,434	115,434	115,434	115,434
Common shares	2,209,966	2,209,966	2,209,966	2,209,966	2,209,966	2,209,966
Total	2,325,400	2,325,400	2,325,400	2,325,400	2,325,400	2,325,400

The accompanying notes are an integral part of this financial information.

The accompanying notes are an integral part of this financial information.

ALUNORTE - Alumina do Norte do Brasil S.A.**Statements of Cash Flows**

Expressed in thousands of U.S. dollars, except when indicated

	Year ended December 31,		
	December 31, 2009	September 30, 2009	December 31, 2008
Cash flows from operating activities			
Net income	27,743	55,048	14,695
Adjustments to reconcile net income with cash provided by operating activities			
Depreciation	33,186	30,396	19,806
Gain/loss on sale of property, plant and equipment	(284)	605	(2,346)
Income Tax	(20,199)	(61,564)	175,294
Foreign exchange and monetary (gains)	2,970	4,209	20,827
Interest expense	15,834	-	(55,950)
Derivative instruments, net	-	(326)	(169)
Provision for contingencies	-	-	(329)
Decrease (increase) in assets			
Accounts receivable	13,107	(7,489)	3,575
Inventories	31,888	23,725	(64,532)
Prepaid taxes	5,782	(11,309)	(27,142)
Prepaid expenses	4,820	224	(33)
Advance payments, net	(1,817)	(2,218)	(3,681)
Restricted cash	723	1,198	2,236
Others	(27,427)	(2,004)	42,616
Increase (decrease) in liabilities	(5,809)	(4,250)	(7,321)
Suppliers	(13,770)	15,119	(2,348)
Interest paid	-	-	805
Others	64,882	21,172	105,282
Net cash provided by operating activities	(25,478)	(16,205)	(34,486)
Cash flows investing activities	(17)	889	(157)
Additions to property, plant and equipment	(17)	-	-
Judicial deposits	-	-	510
Net cash used in investing activities	(25,595)	(15,095)	(34,643)
Cash flows from financing activities	(8,482)	14,977	(6,482)
Dividends paid to stockholders	(31,925)	-	(10,739)
Short-term debt, net Third parties	331,438	-	331,438
Increase in loans	-	-	95,423
Third parties	-	-	184,974
Repayments of long-term debt	-	(9,883)	(19,997)
Related parties	(331,438)	-	(331,438)
Third parties	-	-	17,654
Net cash from financing activities	(49,407)	5,094	(39,219)
Increase (decrease) in cash and cash equivalents	(1,140)	10,880	(66,798)
Effect of exchange rate changes on cash and cash equivalents	524	1,547	5,049
Cash and cash equivalents, beginning of the period	19,691	7,284	80,824
Cash and cash equivalents, end of the period	19,075	19,691	80,824
Supplemental cash flow information			
Non-cash information			
Income taxes offset against taxes recoverable	(34,689)	(9,444)	(2,845)
			(66,472)
			(42,759)

The accompanying notes are an integral part of this financial information.

ALUNORTE - Alumina do Norte do Brasil S.A.**Notes to the Financial Information**

at December 31, 2009 and 2008

Expressed in thousands of U.S. dollars, unless otherwise stated

1 The Company and its Operations

ALUNORTE - Alumina do Norte do Brasil S.A. ("Alunorte" or "the Company") produces alumina and alumina hydrate. The Company's operations started on July 1995 and product shipments commenced during the third quarter of 1995.

The Company's alumina sales are made exclusively to the aluminum industry, including sales to its related parties. The price of its products and its main raw material (bauxite) is a function of the aluminum price in the international market. Consequently, the Company's performance is dependent upon the industry's worldwide demand for aluminum and the related supply. The Company produced 5,910,000 tons and commercialized 4,999,000 tons in the year ended December 31, 2009.

The expansion of the Company's alumina plant, concluded in the first semester of 2003, increased the production capacity from 1,500,000 to approximately 2,325,000 tons/year during 2003.

An expansion of the Company's alumina plant, concluded in the first quarter of 2006, resulted in an increase the production capacity from 2,325,000 to approximately 4,400,000 tons/year.

The expansion 3 of the Company's alumina plant, concluded in 2008, increased the production to 6,300,000 tons/year.

2 Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), which differ in certain aspects from the accounting practices adopted in Brazil applied by the Company in its statutory financial statements. However, such financial information have been prepared solely to meet the needs of the Company's stockholder Vale S.A., and therefore do not include all disclosures required by US GAAP.

The preparation of financial statements in conformity with US GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's financial statements therefore, include various estimates concerning the selection of useful lives of property, plant and equipment, provisions necessary for contingent liabilities, income tax valuation allowances and other similar evaluations. As additional information becomes available, or actual amounts are determinable, the recorded estimates are revised. Consequently, actual results may be affected by revision to these prior accounting estimates.

ALUNORTE - Alumina do Norte do Brasil S.A.**Notes to the Financial Information****at December 31, 2009 and 2008****Expressed in thousands of U.S. dollars, unless otherwise stated**

The Brazilian Real is the parent Company's functional currency. We have selected the US dollar as our reporting currency.

The Company has translated all assets and liabilities from its functional currency, the Brazilian real into U.S. dollars, the Company's reporting currency, at the current exchange rate in effect at reporting date (R\$ 1,7412 and R\$ 2,337 to US\$ 1 at December 31, 2009 and 2008, respectively or the first available exchange rate if exchange on December 31 was not available) and all amounts in the statements of operations and cash flows (including amounts related to local currency indexation and exchange variations on assets and liabilities denominated in foreign currency) at the monthly averages rates prevailing during the year.

The translation gain or loss resulting from this process is included in the other accumulated comprehensive income (losses), component of stockholders' equity. The effects of foreign currency exchange variations on transactions denominated in foreign currencies are included in results of operations. All statement of income accounts have been translated to US dollars at the average exchange rates prevailing during the respective periods. Capital accounts are recorded at historical exchange rates.

The quarterly financial information for the three-month periods ended December 31 and September 30, 2009 and December 31, 2008 are unaudited. However, in management's opinion, such financial information includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation thereof.

3 Summary of Significant Accounting Policies

Significant accounting policies used in the preparation of the financial statements are described in the following paragraphs:

- (a) Revenues are recognized when products are shipped or services are rendered and when significant risks and benefits of ownership are transferred. Expenses, costs and all other transactions are recognized on the accrual basis. Classification of current assets and liabilities is based on one-year period.
- (b) Cash and cash equivalents are defined as cash in banks and investments in interest bearing securities and are carried at cost plus accrued interest. Short-term investments with original maturities of three months or less at the time of purchase are considered to be cash equivalents.
- (c) Inventories are stated at average cost of acquisition or production. A reserve is made, when necessary, to reduce inventories to market value.

ALUNORTE - Alumina do Norte do Brasil S.A.**Notes to the Financial Information****at December 31, 2009 and 2008****Expressed in thousands of U.S. dollars, unless otherwise stated**

- (d) Property, plant and equipment are stated at cost of purchase or construction, plus interest cost of borrowings incurred during the period of construction. Depreciation is computed by the straight-line method, using global account balances as a basis for calculation, at the annual rates disclosed in Note 10, which are compatible with the useful lives of the assets. The Company evaluates recoverability of its long-lived assets for purposes of identifying and measuring impairments, whenever events and circumstances indicate that the carrying amount of an asset (or asset group) may not be recoverable. Recoverability is determined by comparing the carrying amount of the asset (or asset group) on the date it is being evaluated for recoverability to the sum of the undiscounted cash flows expected to result from its use and eventual disposition. If the carrying amount of an asset (or asset group) exceeds the gross, undiscounted cash flows from use and disposition, an impairment loss is recognized. The impairment loss is measured as the excess of the carrying amount over the assets' (or asset group's) fair value. Fair value is determined using quoted market prices in active markets, when available. Otherwise, the Company estimates fair value based on the best information available such as market prices for similar assets (group of assets), or using valuation techniques such as the expected present value of future cash flows on a discounted basis. The Company has not recognized any impairment write downs on its long-lived assets for any of the years presented.

- (e) The Company fully accrues the liability for future compensation to employees for vacations vested during the period.

- (f) The deferred tax effects of tax losses carry forwards and temporary differences have been recognized pursuant to accounting for income taxes. A valuation allowance is made when management believes that it is more likely than not that tax assets will not be fully recoverable in the future.

- (g) Expenditures relating to ongoing compliance with environmental regulations are charged against operations in the statements of income or capitalized as appropriate. These ongoing programs are designed to minimize the environmental impact of the Company's activities. There has not been any material loss to be accrued to date.

- (h) Basic and diluted earnings (loss) per share are computed by dividing net income (loss) by the weighted average number of common shares outstanding during the period.

- (i) Comprehensive income (loss) consists of net income (loss) and foreign currency translation adjustments and effects of hedge accounting (for the year ended December 31, 2008) and is presented in the statements of changes in stockholders' equity for all periods shown.

ALUNORTE - Alumina do Norte do Brasil S.A.**Notes to the Financial Information
at December 31, 2009 and 2008**

Expressed in thousands of U.S. dollars, unless otherwise stated

- (i) The Company applies accounting for derivative financial instruments and hedging activities, as amended. According to this standard a derivative must be designated in a hedging relationship in order to qualify for hedge accounting. If a derivative is designated as a cash flow hedge the effective notions of the change are recorded in other comprehensive income and are recognized in earnings when the hedged item affects earnings. Ineffective notions of changes in the fair value of the derivatives designated as hedges are recognized in earnings.

4 Accounting Pronouncements**(a) New accounting standards**

A new Accounting Standards Update (ASU) number 2010-06 Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements. This update provides amendments to Topic 820 that will provide more robust disclosures about (1) the different classes of assets and liabilities measured at fair value, (2) the valuation techniques and inputs used, (3) the activity in Level 3 fair value measurements, and (4) the transfers between Levels 1, 2, and 3.

A new Accounting Standards Update (ASU) number 2010-01 Accounting for Distributions to Shareholders with Components of Stock and Cash - a consensus of the FASB Emerging Issues Task Force. The amendments in this Update clarify that the stock portion of a distribution to shareholders that allows them to elect to receive cash or stock with a potential limitation on the total amount of cash that all shareholders can elect to receive in the aggregate is considered a share issuance that is reflected in EPS prospectively and is not a stock dividend for purposes of applying Topics 505 and 260 (Equity and Earnings Per Share).

(b) Accounting standards recently adopted

In June 2009, the FASB issued the FASB Accounting Standards Codification (Codification). The Codification became the single source for all authoritative GAAP recognized by the FASB to be applied for financial statements issued for periods ending after September 15, 2009. The Codification does not change GAAP and does not have any effect on our financial position, results of operations or liquidity.

ALUNORTE - Alumina do Norte do Brasil S.A.**Notes to the Financial Information
at December 31, 2009 and 2008**

Expressed in thousands of U.S. dollars, unless otherwise stated

In 2009, we adopted a newly issued accounting standard for accounting and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. In particular, this statement sets forth (1) the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements; (2) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements; and (3) the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. The standard is effective for interim or annual periods ending after June 15, 2009.

5 Income Taxes

Income taxes in Brazil comprise federal income tax and social contribution. The current statutory rates are 25% for federal income tax and 9% for social contribution, resulting in a composite rate of 34%.

The amount reported as income tax revenue (expense) in the financial information is reconciled to the statutory rates as follows:

	Three-month period ended			Year ended December 31, 2008
	December 31, 2009	September 30, 2009	December 31, 2008	
Income before income tax	50,201	84,171	8,011	205,131
Federal income tax and social contribution	(17,069)	(28,618)	(2,724)	(69,745)
Expenses at statutory rates			(10,057)	(48,159)
Adjustments to reflect effective tax rate	(6,069)	(505)	19,284	(6,069)
Tax incentive	372		131	4,600
Change in fair value on derivative instruments				121
Other permanent differences				
Federal income tax and social contribution revenue (expense) in financial statements	(22,459)	(29,123)	6,694	(75,693)
				(11,594)

ALUNORTE - Alumina do Norte do Brasil S.A.**Notes to the Financial Information
at December 31, 2009 and 2008**

Expressed in thousands of U.S. dollars, unless otherwise stated

Composition of the deferred tax asset:

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Temporary differences		
Temporary differences between Brazilian tax basis and the reporting basis	39,675	32,213
Other	678	786
Net	<u>40,353</u>	<u>32,999</u>
Current asset	570	907
Other assets (long-term)	39,783	32,092
	<u>40,353</u>	<u>32,999</u>

Among other tax benefits, the Company has obtained 100% of federal income tax exemption for a production limited up to 800,000 tons of alumina per year, during a period of ten years, as from 2000. For a production output higher than 800,000 up to 3,200,000 tons per year, such exemption is reduced to 75%.

6 Restricted Cash

	<u>2009</u>	<u>2008</u>
Energy contracts	5,218	
Guarantee on payment interest to ING Capital LLC	2,735	6,239
	<u>7,953</u>	<u>6,239</u>

7 Accounts Receivable

	<u>2009</u>	<u>2008</u>
Customers		
Domestic	21,943	18,354
Export, all denominated in U.S. dollars	107,747	98,923
	<u>129,690</u>	<u>117,277</u>

ALUNORTE - Alumina do Norte do Brasil S.A.**Notes to the Financial Information
at December 31, 2009 and 2008**

Expressed in thousands of U.S. dollars, unless otherwise stated

8 Inventories

	<u>2009</u>	<u>2008</u>
Finished goods - alumina	4,469	13,819
Work-in-process	51,734	48,897
Raw materials	62,825	89,947
Import in progress	18,367	16,474
Spare parts and maintenance supplies	27,028	22,767
Materials in transit	16,149	19,197
Provision for obsolescence	(1,679)	(441)
Provision for adjustment to market value	(1,273)	(1,273)
	<u>178,893</u>	<u>209,387</u>

9 Recoverable Taxes

	<u>2009</u>	<u>2008</u>
Recoverable excise tax (i)	211,073	140,517
Withholding-tax	2,862	1,398
Withholding income taxes	16,418	11,152
	<u>230,353</u>	<u>153,067</u>
Current asset	27,858	48,739
Other assets (long-term)	202,495	104,328
	<u>230,353</u>	<u>153,067</u>

(i) This balance refers mainly to federal sales tax credits obtained from purchase of raw materials, which can be offset against any other federal taxes payable.

ALUNORTE - Alumina do Norte do Brasil S.A.**Notes to the Financial Information****at December 31, 2009 and 2008**

Expressed in thousands of U.S. dollars, unless otherwise stated

10 Property, Plant, Equipment and Intangible**(a) Property, Plant and Equipment**

	2009			2008			
	Rates	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
Buildings/Land	2.5%	454,277	(26,029)	428,248	337,665	(12,958)	324,707
Installations	2.5%	2,080,244	(336,295)	1,743,949	1,605,585	(211,318)	1,394,267
Machinery and equipment	20%	680,609	(102,568)	578,041	363,154	(27,654)	355,500
Other	12.94%	146,088	(46,614)	99,474	104,777	(30,661)	74,116
Construction in progress		65,038		65,038	58,047		58,047
		<u>3,426,256</u>	<u>(511,506)</u>	<u>2,914,750</u>	<u>2,489,228</u>	<u>(282,591)</u>	<u>2,206,637</u>

(b) Intangible

	2009			2008			
	Rates	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Software	20%	7,095	(3,880)	3,215	3,707	(1,775)	1,932
		<u>7,095</u>	<u>(3,880)</u>	<u>3,215</u>	<u>3,707</u>	<u>(1,775)</u>	<u>1,932</u>

All property, plant and equipment are located in Brazil and are employed in the aluminum business. Company management believes that the carrying amounts of such property, plant and equipment and of intangible assets are recoverable through future cash flows from operations.

ALUNORTE - Alumina do Norte do Brasil S.A.**Notes to the Financial Information
at December 31, 2009 and 2008**

Expressed in thousands of U.S. dollars, unless otherwise stated

11 Long-term Debt

	2009		2008	
	Current	Long-term	Current	Long-term
Domestic				
Vale S.A.				
Loans maturing from March 2010 to March 2011	20,000	10,000	20,000	30,000
Accrued interest	858		557	
Total domestic	20,858	10,000	20,557	30,000
Foreign				
Japan Bank for International Corporation - JBIC				
Loans maturing from April 2011 to October 2020			3,567	340,000
Accrued interest				
Norsk Hydro N.V.				
Loans maturing from April 2011 to October 2020	466	175,397	1,840	175,398
Accrued interest				
ING Capital LLC				
Loans maturing from January 2011 to July 2013	2,283	310,000	5,160	310,000
Accrued interest				
Vale International S.A.				
Loans maturing from April 2011 to October 2020	135	340,000		
Accrued interest				
Total foreign	2,864	825,397	10,567	825,398
Total	23,742	835,397	31,124	855,398

The aforementioned loans and financing are subject to inflation indexation or foreign currency or exchange adjustments, plus interest.

ALUNORTE - Alumina do Norte do Brasil S.A.**Notes to the Financial Information
at December 31, 2009 and 2008**

Expressed in thousands of U.S. dollars, unless otherwise stated

The long-term portion at December 31, 2009 and 2008 becomes due in the following years:

	2009	2008
2010		20,000
2011	164,877	164,877
2012	154,877	154,877
2013	154,877	154,877
2014	51,541	51,541
2015	51,541	51,541
2016	51,541	51,541
2017	51,541	51,541
2018	51,541	51,541
2019	51,541	51,541
2020	51,531	51,531
	835,397	855,397

As of December 31, 2009, annual interest rates on long-term debt were as follows:

1,75% to 2,90%

859,139

Description of principal loans agreements**(a) Loan agreement - Vale S.A**

On December 11, 1996, the Company signed a loan agreement with Vale S.A. whereby the latter would pass on to the Company the amount in Reais equivalent to US\$ 200,000 on terms identical to the ones agreed by Vale S.A. in a loan agreement signed with NAAC through funds obtained from Export Import Bank of Japan.

The loan agreement stipulates amortization in twenty equal and consecutive semiannual installments, due on March 20 and September 20 of each year, beginning on September 20, 2001 and ending on March 20, 2011. The loan principal amounted US\$ 30,858 at December 31, 2009.

(b) Loan agreement - related to alumina plant expansion 2

In July 2004, the Company obtained financing from international banks for the Company's alumina plant expansion 2, in the amount of US\$ 310,000, which was released according to the needs of the Company's cash flows of the expansion project. Such financing is divided in 3 financial institutions as follows: GKA Facility - US\$ 200,000; GIEK Facility - US\$ 80,000 and NIB Facility - US\$ 30,000.

ALUNORTE - Alumina do Norte do Brasil S.A.**Notes to the Financial Information
at December 31, 2009 and 2008**

Expressed in thousands of U.S. dollars, unless otherwise stated

On June 30, 2006 the Company signed a refinancing agreement of the contracts above mentioned with ING Capital LLC in the amount of US\$ 310,000. Interest will be due and should be paid semiannually from January 2007 to July 2013. This agreement stipulates amortization of principal in six equal semiannual installments from January 2011 to July 2013.

(c) Loan agreement - related to alumina plant expansion 3

In December 2006, the Company signed a loan agreement with Japan Bank for International Corporation - JBIC and Norsk Hydro N.V. in the amount of US\$ 340,000 and US\$ 175,398, respectively, which objective was to finance part of the investments in alumina plant expansion 3. The total amount of these loans agreements was US\$ 515,398.

As of December 31, 2009 the Company's debts with Norsk Hydro N.V. amounts to US\$ 175,398.

Regarding to JBIC loan, the agreement stipulates amortization of principal on half-yearly installments, from April 2011 to October 2020 and interest disbursements on half-yearly basis, from April 2007 until October 2020. In 2009, due to a financial restructuring, management extinguished the contract with JBIC and Vale S.A. took over such loan. The Company entered into an export pre-payment agreement with Vale International S.A. on the same terms of JBIC contract through a Related Part transaction.

As the guarantee associated to the JBIC agreement had been extinguished with Vale S.A. assumption, a new guarantee was given to Vale S.A. by ALUNORTE shareholders, according their respective ownerships: Companhia Brasileira de Alumínio - CBA (3.62%), Nippon Amazon Aluminium Co. Ltd. - NAAC (2.59%), Mitsui & Co. Ltd (2.19%) and Japan Alunorte Investment Co. - JAIC (0.54%).

ALUNORTE - Alumina do Norte do Brasil S.A.**Notes to the Financial Information
at December 31, 2009 and 2008**

Expressed in thousands of U.S. dollars, unless otherwise stated

12 Related Parties Transactions

Transactions with related parties resulted in the following balances:

	2009		2008	
	Asset	Liability	Asset	Liability
Vale S.A.	9,320	66,820	5,543	79,753
ALBRAS - Alumínio Brasileiro S.A.	12,482	35	12,811	160
Vale International S.A.	26,806	340,135	38,907	50
Nippon Amazon Aluminium Co. Ltd. - NAAC		805		153
Mineração Rio Norte S.A. - MRN		22,192		34,906
Valesul Alumínio S.A.	5		4	
Companhia Brasileira de Alumínio - CBA		1,164	1	237
Norsk Hydro Alumínio Brasil Investment B.V.		11,107		2,332
Votorantim GMBH	4,432			
Norsk Hydro N.V.		175,864		177,238
Mitsui & Co. Ltd.		683	6,970	92
Japan Alunorte Investment Co.		167		32
Mitsubishi Corporation			4,616	38
CBA Overseas Trading Co. Ltd.			48,576	136
Hydro Aluminium ASA	76,536			
Norsk Hydro Produksjon A.S.	4	22	4	21
Companhia de Alumina do Pará	10		1	
	<u>129,595</u>	<u>618,994</u>	<u>117,433</u>	<u>295,148</u>

These balances are included in the following balance sheet accounts:

	2009		2008	
	Asset	Liability	Asset	Liability
Current assets				
Accounts receivable	129,483		117,277	
Current liabilities:				
Suppliers		40,098		61,008
Dividends payable		31,814		6,345
Current portion of long-term debt		21,459		22,397
Other	112		156	
Long-term liabilities				
Long-term debt		525,397		205,398
Other		226		
	<u>129,595</u>	<u>618,994</u>	<u>117,433</u>	<u>295,148</u>

ALUNORTE - Alumina do Norte do Brasil S.A.**Notes to the Financial Information****at December 31, 2009 and 2008**

Expressed in thousands of U.S. dollars, unless otherwise stated

The amounts of business and financial operations carried out with related parties are as follows:

	Three-month period ended					
	December 31, 2009		September 30, 2009		December 31, 2008	
	Income	Expense	Income	Expense	Income	Expense
Sales of alumina:						
ALBRAS - Alumínio Brasileiro S.A.	35,980		33,094		62,476	
Vale International S.A.	160,337		175,578		174,736	
Vale S.A.	26,064		23,324		7,184	
Hydro Aluminium ASA	178,372		125,028		186,159	
CBA - Companhia Brasileira de Alumínio			9,124		11,244	
CBA - Overseas Trading Co. Ltd.			6,817		9,461	
Mitsui and Co. Ltd.			5,655		6,981	
Mitsui and Co. Ltd.	10,204				6,981	
Mitsui and Co. Ltd.			3,005		5,771	
Votorantim GIMBA	9,846					
Purchases of raw material from						
Vale S.A. (Mineradora Bauxita de Paragominas)		(50,279)		(40,314)		(59,249)
Mineração Rio Norte S.A. - MRN		(50,487)		(41,862)		(64,615)
Vale do Rio Doce Energia S.A.		(3,727)		(3,821)		(2,561)
Sales service						
Hydro Polymers A.S.		(202)		(196)		(476)
ALBRAS - Alumínio Brasileiro S.A.	148		46		15	(141)
Vale International S.A.						(690)
CBA - Companhia Brasileira de Alumínio	3		5		1	
Hydro Aluminium ASA	2					
Mitsui and Co. Ltd.	1					
Mitsui and Co. Ltd.		(266)		(246)		(224)
Vale S.A.						
Financial expenses, foreign exchange loss and monetary adjustments	536		3,409			(10,046)
Glencore International A.G.	3,713	(979)	16,296	(4,036)	13,839	(35,560)
Nork Hydro N.V.				(5,462)	12,017	
Hydro Aluminium ASA	5,594			(478)	964	
Vale International S.A.	332		164		(157)	
CBA - Overseas Trading Co. Ltd.			37		137	
Mitsui and Co. Ltd.						
Mitsui and Co. Ltd.						
Votorantim GIMBA		(92)				
Total	440,132	(106,141)	401,422	(96,618)	490,604	(173,735)

ALUNORTE - Alumina do Norte do Brasil S.A.**Notes to the Financial Information****at December 31, 2009 and 2008**

Expressed in thousands of U.S. dollars, unless otherwise stated

	Year ended December 31,					
	2009		2008		2009	
	Income	Expense	Income	Expense	Income	Expense
Sales of alumina:						
ALBRAS - Alumínio Brasileiro S.A.	129,368		297,404		683,622	
Vale International S.A.	641,143		683,622		32,397	
Vale S.A.	75,226		575,119		3,839	
Hydro Aluminium ASA	493,443		43,277		21,138	
Glencore International A.G.	22,578		18,402		24,947	
CBA - Companhia Brasileira de Alumínio	18,402		15,185		11,142	
CBA - Overseas Trading Co. Ltd.	10,266		9,846			
Mitsui and Co. Ltd.	15,185					
Mitsui and Co. Ltd.	5,996					
Mitsui and Co. Ltd.	9,846					
Votorantim GIMBA						
Purchases of raw material from						
Vale S.A. (Mineradora de Bauxita de Paragominas)		(173,507)		(162,317)		
Mineração Rio Norte S.A. - MRN		(204,209)		(226,914)		
Vale do Rio Doce Energia S.A.		(17,704)		(22,871)		
Sales service						
Hydro Polymers A.S.		(785)		(2,780)		
ALBRAS - Alumínio Brasileiro S.A.	223		15		(663)	
Vale International S.A.	2		2			
CBA - Companhia Brasileira de Alumínio	6		3		(3,479)	
Hydro Aluminium ASA	7		1			
Mitsui and Co. Ltd.	4					
Mitsui and Co. Ltd.		(913)				
Vale S.A.					1,305	
Financial expenses, foreign exchange loss and monetary adjustments	10,774					(15,809)
Glencore International A.G.	51,939		(101)		19,728	(50,083)
Nork Hydro N.V.			(14,411)		19,491	
Hydro Aluminium ASA			(7,682)		1,746	
Vale International S.A.			(2,297)		(166)	
CBA - Overseas Trading Co. Ltd.			(678)		(141)	
Mitsui and Co. Ltd.			(141)		(119)	
Mitsui and Co. Ltd.			(98)			
Votorantim GIMBA						
Total	1,484,408	(422,425)	1,734,790	(466,916)		

ALUNORTE - Alumina do Norte do Brasil S.A.**Notes to the Financial Information
at December 31, 2009 and 2008**

Expressed in thousands of U.S. dollars, unless otherwise stated

These amounts are included in the following statement of operations accounts:

	Three-month period ended			Year ended	
	December 31, 2009	September 30, 2009	December 31, 2008	2009	2008
Sales of alumina	429,803	381,415	463,982	1,421,455	1,692,885
Cost of alumina sold	(104,503)	(86,188)	(127,001)	(365,420)	(418,882)
Commercial and other	(316)	(384)	(1,399)	(1,456)	(2,816)
Financial expenses, net	(796)	(1,091)	(2,727)	(5,637)	(4,740)
Foreign exchange gains (losses) and monetary adjustments	9,805	11,072	(16,059)	43,041	(20,573)
	<u>333,991</u>	<u>304,804</u>	<u>316,866</u>	<u>1,061,993</u>	<u>1,247,874</u>

13**Capital Stock**

The capital stock is composed by 2,209,966 thousands of subscribed common shares and 115,434 thousands of subscribed preferred shares Class C, with no par value.

The Extraordinary Stockholder meeting of December 7, 2005 approved a capital increase through the issue of 693,726 thousands of new shares common, in the total amount of R\$ 884,473, equivalent to approximately US\$ 405,722. This amount was paid in six non-equal installments from January 2006 to September 2007 and the last two installments were adjusted by local inflation index - IPCA as from the current date paid up shares until the effective date. The adjusted amount of R\$ 899,606, equivalent to approximately US\$ 424,401 was recorded as capital, without modification of the number of capital stock.

The movement in the number of shares is as follows:

	Common	Preferred	Total
Subscribed shares as of December 31, 2006	2,209,966	115,434	2,325,400
Shares to be paid up	<u>(218,971)</u>		<u>(218,971)</u>
Paid up shares as of December 31, 2006	1,990,995	115,434	2,106,429
Capital increase in 2007	<u>218,971</u>		<u>218,971</u>
Paid up shares as of December 31, 2009, 2008 and 2007	<u>2,209,966</u>	<u>115,434</u>	<u>2,325,400</u>

ALUNORTE - Alumina do Norte do Brasil S.A.**Notes to the Financial Information
at December 31, 2009 and 2008**

Expressed in thousands of U.S. dollars, unless otherwise stated

All stockholders are entitled to receive minimum annual dividends of 25% of the adjusted net income for the year as stated in the statutory accounting records, after the accumulated losses have been fully offset. Common stockholders have the voting rights. The class C stockholders have voting rights, however they have additional rights concerning (a) the priority in the repayment of capital and dividends; (b) minimum annual dividends of 1%, not cumulative, calculated on the preferred capital and (c) voting rights if the aforementioned fixed dividends are not paid in a period of 3 consecutive years, beginning in the first year in which the factory achieves an accumulated output of 2,325,000 of metric tons of alumina.

Brazilian companies must register foreign invested capital and reinvested earnings with the Brazilian Central Bank in order to remit dividends on such capital and for the capital to be repatriated. At December 31, 2007, the registered foreign capital amounts to US\$ 451,943 thousand and ¥ 2,500,000 thousand.

Brazilian laws and our by-laws require that certain appropriations be made from retained earnings to equity reserve accounts on an annual basis, herein denominated appropriated retained earnings, all determined in accordance with amounts stated in the statutory accounting records which are restricted to increase capital or offset statutory accumulated losses. The purpose and basis of appropriation to such reserves are described below:

- **Legal reserve**

This reserve is a requirement for all Brazilian corporations and represents the appropriation of 5% of annual net income based on statutory accounts up to a limit of 20% of capital stock all determined under Brazilian GAAP.

- **Reserve for future capital expenditures (investments reserve)**

Management has decided to allocate the retained earnings to a specific reserve for future capital expenditures in accordance with the Company's capital expenditures projections.

- **Dividends and interest attributed to stockholders**

Brazilian law permits the payment of cash dividends only from retained earnings as stated in the BR GAAP statutory records and such payments are made in Brazilian Reals.

The stockholders are entitled to minimum dividend of 25% of net income for the year, calculated in accordance with Brazilian corporate law.

ALUNORTE - Alumina do Norte do Brasil S.A.**Notes to the Financial Information
at December 31, 2009 and 2008**

Expressed in thousands of U.S. dollars, unless otherwise stated

The remittance of dividends is based on the retained earnings in local currency at the rate in effect at the remittance date. Therefore, a portion of the translated retained earnings is restricted for distribution.

During the period ended December 31, 2008 the Company paid dividends in the amount of US\$ 8,482, which are related to the income for the year ended December 31, 2008.

14

Derivative Financial Instruments

The Company is subject to market risks associated with changes in the world prices of aluminum. The Company seeks to manage this risk by entering into derivative transactions for a portion of its future production, which allows the Company to establish a minimum average profitability targets for its future aluminum production and consequently to manage the Company's cash flow.

However, such derivative contracts also have the effect of reducing potential gains from price increases in the spot market for aluminum. The Company monitors and evaluates its overall position daily in order to evaluate financial results and the impact in the Company's cash flows. The Company also reviews periodically the credit limits and creditworthiness of its hedges counter-parties. All the results of the hedging activity are reported to the Company's management on a monthly basis so that the Company periodically adjusts the goals and strategies of the program in response to market conditions. All aluminum derivative contracts are settled through cash payments and/or receipts, without the physical delivery of aluminum.

In view of the policies and practices established by the Company for operations with derivatives, management considers the occurrence of non-measurable risk situations as unlikely.

Under United States GAAP, all derivatives, whether designated in hedging relationships or not, are required to be recorded in the balance sheet at fair value. A derivative must be designated in a hedging relationship in order to qualify for hedge accounting. These standards include a determination of what portions of hedges are deemed to be effective versus ineffective. In general, a hedging relationship is effective when a change in the fair value of the derivative is offset by an equal and opposite change in the fair value of the underlying hedged item. In accordance with these standards, effectiveness tests are performed in order to assess effectiveness and quantify ineffectiveness for all designated hedges. At December 31, 2009, we had no outstanding cash flow hedges. A cash flow hedge is a hedge of the exposure to variability in expected future cash flows that is

ALUNORTE - Alumina do Norte do Brasil S.A.**Notes to the Financial Information
at December 31, 2009 and 2008**

Expressed in thousands of U.S. dollars, unless otherwise stated

attributable to a particular risk such as a forecasted purchase or sale. If a derivative is designated as a cash flow hedge, the effective portions of the changes in the fair value of the derivative are recorded in other comprehensive income and are recognized in earnings when the hedged item affects earnings. Ineffective portions of changes in the fair value of the derivatives designated as hedges are recognized in earnings.

Over-the-counter (OTC) forward and zero-cost collar aluminum contracts are used to smooth the effect of fluctuations in the price of aluminum with respect to forecasted sales of aluminum. These contracts have been designated as a hedge to our exposure to variability in future cash flows associated with our aluminum sales.

The price adjustment related to LME is an embedded derivative as defined by "Accounting for Derivative Instruments", which is valued at fair value with variations recorded in the income statement.

For the periods ended December 31, 2009 and 2008, the movement of unrealized gain (loss) on derivative is as follows:

	Three-month period ended			Year ended December 31,	
	December 31, 2009	September 30, 2009	December 31, 2008		2009
Initial unrealized gain (losses)	1,895		(10,368)	14,884	(41,095)
Gain (loss) on derivative instruments	(16,118)	1,885	25,152	(29,107)	55,089
Hedge accounting	(1,651)		100	(1,651)	890
Inflation adjustment	(123)	(277)	(506)	(401)	4,169
Translation adjustment	123	277	506	401	(4,169)
Gain (losses) on derivative instruments at December 31	(15,874)	1,895	14,884	(15,874)	14,884

ALUNORTE - Alumina do Norte do Brasil S.A.**Notes to the Financial Information****at December 31, 2009 and 2008**

Expressed in thousands of U.S. dollars, unless otherwise stated

15 Commitments and Contingencies

- (a) The Company is committed under a take-or-pay agreement to purchase approximately 30,425 thousand metric tons of bauxite from Mineração Rio do Norte S.A. - MRN at a formula price, calculated based on the current London Metal Exchange (LME) quotation for aluminum. Based on a market price of US\$ 28,71 per metric ton as of December 31, 2009 it represents the following total commitment:

<u>Years</u>	<u>US\$</u>
2010	195,000
2011	166,000
2012	169,000
2013	172,000
2014	172,000
	<u>874,000</u>

The Company is committed under a take-or-pay agreement to purchase approximately 139,025 thousand metric tons of bauxite from Vale S.A. at a formula price calculated based on the current London Metal Exchange (LME) quotation for aluminum. Based on a market price of US\$ 34.55 per metric ton as of December 31, 2009, it represents the following total commitment:

<u>Years</u>	<u>US\$</u>
2010	304,000
2011	321,000
2012	322,000
2013	321,000
2014	321,000
2015 and thereafter	3,215,000
	<u>4,804,000</u>

ALUNORTE - Alumina do Norte do Brasil S.A.**Notes to the Financial Information****at December 31, 2009 and 2008**

Expressed in thousands of U.S. dollars, unless otherwise stated

The Company is also committed to deliver approximately 83,885 thousand metric tons of alumina to its stockholders and to ALBRAS (other affiliated Company) under a take-and-pay formula, at a price also derived from the current aluminum LME quotation. At a market price of US\$ 297,29 per metric ton as of December 31, 2009, it represents the following total commitment:

<u>Years</u>	<u>US\$</u>
2010	1,554,000
2011	1,554,000
2012	1,554,000
2013	1,554,000
2014	1,554,000
2015 and thereafter	17,168,000
	<u>24,938,000</u>

- (b) Legal contingencies exist for which the Company and its attorneys are of the opinion the amount accrued by the Company in the amount of US\$ 17 (US\$ 269 in 2008) is sufficient to cover probable losses.

- (c) The Company has US\$ 12,477 (US\$ 6,395 in 2008) relating to Tax, Labor and Civil claims which, according to the Company's legal advisors, were classified as a possible loss and therefore did not require a provision for contingency.

16 Fair Value of Financial Instruments

The carrying amount of the Company's financial instruments generally approximates their fair value. Regarding derivative financial instruments refer to Note 14.

17 Insurance Coverage

The Company maintains insurance coverage on property, plant and equipment, which is considered, by the Company's management, to be sufficient to cover eventual risks on these assets, on December 31, 2009.

ALUNORTE - Alumina do Norte do Brasil S.A.**Supplemental Information**

1

Geographic Information

The Company's exports from Brazil are classified by geographic destination as follows:

	Three-month period ended			Year ended December 31,	
	December 31, 2009	September 30, 2009	December 31, 2008	2009	2008
Foreign market					
North America	166,363	158,234	139,419	578,140	604,909
Europe	143,264	119,735	151,463	436,452	481,184
South America	31,106	18,883	54,616	91,006	132,686
Asia		4	7,321	26,414	7,325
Africa	27,024	19,028	30,268	62,271	98,640
	<u>367,757</u>	<u>315,884</u>	<u>363,087</u>	<u>1,194,283</u>	<u>1,324,744</u>
Domestic					
	62,753	67,055	80,905	229,545	373,078
	<u>430,510</u>	<u>382,939</u>	<u>463,992</u>	<u>1,423,828</u>	<u>1,697,822</u>
Related parties	429,801	381,418	463,992	1,421,459	1,692,885
Third parties	709	1,521		2,369	4,937
	<u>430,510</u>	<u>382,939</u>	<u>463,992</u>	<u>1,423,828</u>	<u>1,697,822</u>

ALUNORTE - Alumina do Norte do Brasil S.A.**Supplemental Information**

2

EBITDA

The EBITDA (earnings before interest, tax, depreciation and amortization), EBIT (earnings before interest and tax) and ROCE (return on capital employed) are shown as follows:

	Three-month period ended			Year ended December 31,	
	December 31, 2009	September 30, 2009	December 31, 2008	2009	2008
EBITDA					
Net income revenue	424,888	376,397	455,512	1,402,891	1,653,248
Cost of goods sold	(355,207)	(352,275)	(330,788)	(1,365,661)	(1,245,191)
Others operating income/expenses	(12,582)	(11,403)	5,251	(42,912)	(79,640)
Others	(3,644)	(1,287)	(5,658)	(2,376)	(8,219)
Operating Income/expenses	<u>53,475</u>	<u>11,432</u>	<u>124,337</u>	<u>(8,068)</u>	<u>325,198</u>
Depreciation	33,186	30,368	19,805	119,301	74,589
EBITDA	<u>86,661</u>	<u>41,800</u>	<u>144,142</u>	<u>111,243</u>	<u>399,787</u>
EBITDA MARGIN %	<u>20.40%</u>	<u>11.11%</u>	<u>31.64%</u>	<u>7.93%</u>	<u>24.11%</u>
EBIT					
EBITDA	86,661	41,800	144,142	111,243	399,787
Depreciation	(33,186)	(30,368)	(19,805)	(119,301)	(74,589)
EBIT	<u>53,475</u>	<u>11,432</u>	<u>124,337</u>	<u>(8,068)</u>	<u>325,198</u>
Non-operating income (expense), net - Others					
Financial income (expense), net	(3,277)	72,739	(116,321)	213,186	(183,560)
Others	3	(5)	3	3	6
Income tax	(22,452)	(29,123)	6,624	(75,693)	(11,594)
Net income for the period	<u>27,743</u>	<u>55,048</u>	<u>14,695</u>	<u>129,639</u>	<u>130,049</u>

ALUNORTE - Alumina do Norte do Brasil S.A.**Supplemental Information**

	Year ended December 31,	
	2009	2008
Capital Employed		
Property, plant and equipment in operation	2,778,921	2,111,784
Inventories	178,893	209,387
Accounts receivable	129,690	117,277
Payable to suppliers and contractors	(99,450)	(138,945)
Salaries and social charges	(4,299)	(3,580)
Total capital employed	2,983,755	2,295,923
Return on capital employed - Annual ROCE (EBIT, less income taxes in relation to the capital employed)	(2,81%)	14,89%

This information is shown as additional information and is not a disclosure required under the accounting principles generally accepted in the United States of America.

* * *

Companhia de Alumina do Pará

Balance Sheets as of December 31,
Expressed in thousands of U.S. dollars

	<u>Note</u>	<u>2009</u>	<u>2008</u>
Assets			
Current assets			
Cash and cash equivalents		18,472	15,430
Property, plant, equipment and intangible	6	<u>38,727</u>	<u>8,377</u>
Other assets			
Recoverable taxes		4,023	703
Total assets		<u>61,222</u>	<u>24,510</u>
Liabilities and stockholders' equity			
Current liabilities			
Suppliers		1,290	185
Taxes		198	443
Others		<u>10</u>	
		<u>1,498</u>	<u>628</u>
Stockholders' equity			
Common stock - class A shares		27,507	19,546
Common stock - class B shares		<u>20,790</u>	<u>7,311</u>
Capital stock		48,297	26,857
Accumulated losses		(1,040)	
Accumulated other comprehensive income (loss)	7	<u>12,467</u>	<u>(2,975)</u>
		<u>59,724</u>	<u>23,882</u>
Total liabilities and stockholders' equity		<u>61,222</u>	<u>24,510</u>

Companhia de Alumina do Pará

Statement of Operations

Expressed in thousands of U.S. dollars, except when indicated

	<u>Year ended December 31,</u>
Operating expenses	<u>2009</u>
General and administrative expenses	(4,939)
Non-operating income	<u>3,899</u>
Financial income	3,899
Loss for the year	<u>(1,040)</u>

The accompanying notes are an integral part of these financial statements.

The accompanying notes are an integral part of these financial statements.

Companhia de Alumina do Pará

Changes in Stockholders' Equity

Expressed in thousands of U.S. dollars, except when indicated

	Year ended December 31,	Period from April 4, to December 31,
	2009	2008
Capital stock:		
Beginning of the year/period	26,857	
Capital increase	21,440	26,857
End of the period	48,297	26,857
Accumulated losses:		
Loss for the year	(1,040)	
End of the period	(1,040)	
Accumulated other comprehensive income (loss):		
Beginning of the period	(2,975)	
Cumulative translation adjustment	15,442	(2,975)
End of the period	12,467	(2,975)
Total stockholders' equity	59,724	23,882
Comprehensive income (loss) comprised as follows:		
Loss for the year	(1,040)	
Cumulative translation adjustment	15,442	(2,975)
Thousands of shares fully paid up	14,402	(2,975)
Common shares		
Beginning of the year/period	55,814	
Capital increase	50,000	55,814
End of the period	105,814	55,814

The accompanying notes are an integral part of these financial statements.

Companhia de Alumina do Pará

Statements of Cash Flows

Expressed in thousands of U.S. dollars, except when indicated

	Year ended December 31,	Period from April 4, to December 31,
	2009	2008
Cash flows from operating activities		
Net income for the period	(686)	
Adjustments to reconcile net income with cash provided by operating activities:		
Deferred income tax	(354)	
Cash flows from operating activities	(2,627)	(712)
Increase in assets:		
Recoverable taxes	116	188
Increase (decrease) in liabilities:	(327)	446
Suppliers	7	
Taxes		
Others		
Net cash used in operating activities	(3,871)	(78)
Cash flows from investing activities		
Additions to property, plant and equipment	(20,581)	(8,484)
Net cash used in investing activities	(20,581)	(8,484)
Cash flows from financing activities		
Capital increase	21,440	26,857
Net cash provided by financing activities	21,440	26,857
Increase (decrease) in cash and cash equivalents	(3,012)	18,295
Effect of exchange rate changes on cash and cash equivalents	6,054	(2,865)
Cash and cash equivalents, beginning of the period	15,430	
Cash and cash equivalents, end of the period	18,472	15,430

The accompanying notes are an integral part of these financial statements.

Companhia de Alumina do Pará

Notes to the Financial Statements

As of and for the years ended December 31, 2009 and 2008

All amounts in thousands of U.S. dollars, unless otherwise indicated

1 Operations

Companhia de Alumina do Pará - CAP (the "Company") was formed in April 2008, having as its main objective the industrialization of alumina, the raw material for the production of aluminum. Currently, the Company is in the pre-operational stage.

2 Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), which differ in certain aspects from the Accounting practices adapted in Brazil applied by the Company in its statutory financial statements. However, due to the fact that these financial statements have been prepared to meet the needs of the Company's stockholders, they do not include all disclosures required by US GAAP.

The preparation of financial statements in conformity with US GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. As additional information becomes available, or actual amounts are determinable, the recorded estimates are revised. Consequently, actual results may be affected by revision to these prior accounting estimates.

The Brazilian Real is the Company's functional currency. We have selected the US dollar as our reporting currency.

The Company has translated all assets and liabilities from its functional currency, the Brazilian real into US dollars, the Company's reporting currency, at the exchange rate in effect or reporting date (R\$ 1,7412 and R\$ 2,337 to US\$ 1 at December 31, 2009 and 2008, respectively or the first available exchange rate if exchange on December 31 was not available) and all amounts in the statements of operations and cash flows (including amounts related to local currency indexation and exchange variations on assets and liabilities denominated in foreign currency) at the monthly averages rates prevailing during the year.

The translation gain or loss resulting from this process is included in the other accumulated comprehensive income (losses), component of stockholders' equity. The effects of foreign currency exchange variations on transactions denominated in foreign currencies are included in results of operations. All statement of income accounts have been translated to US dollars at the average exchange rates prevailing during the respective periods. Capital accounts are recorded at historical exchange rates.

Companhia de Alumina do Pará

Notes to the Financial Statements

As of and for the years ended December 31, 2009 and 2008

All amounts in thousands of U.S. dollars, unless otherwise indicated

3 Summary of Significant Accounting Policies

Significant accounting policies used in the preparation of the financial statements are described in the following paragraphs:

- (a) Cash and cash equivalents are defined as cash in banks and investments in interest bearing securities and are carried at cost plus accrued interest. Short-term investments with original maturities of three months or less at the time of purchase are considered to be cash equivalents.
- (b) Property, plant and equipment are stated at cost of purchase or construction.
- (c) Software licenses acquired are capitalized as intangible assets and amortized over their estimated useful life.
- (d) The Company evaluates recoverability of its long-lived assets for purposes of identifying and measuring impairments, whenever events and circumstances indicate that the carrying amount of an asset (or asset group) may not be recoverable. Recoverability is determined by comparing the carrying amount of the asset (or asset group) on the date it is being evaluated for recoverability to the sum of the undiscounted cash flows expected to result from its use and eventual disposition. If the carrying amount of an asset (or asset group) exceeds the gross, undiscounted cash flows from use and disposition, an impairment loss is recognized. The impairment loss is measured as the excess of the carrying amount over the asset's (or asset group's) fair value. Fair value is determined using quoted market prices in active markets, when available. Otherwise, the Company estimates fair value based on the best information available such as market prices for similar assets (group of assets), or using valuation techniques such as the expected present value of future cash flows on a discounted basis. The Company has not recognized any impairment write downs on its long-lived assets for any of the years presented.
- (e) Provisions are recognized when the Company has a legal or informal present obligation as a result of past events, it is probable that assets will be surrendered to settle the obligation, and a reliable estimate of the amount can be made.

Companhia de Alumina do Pará

Notes to the Financial Statements

As of and for the years ended December 31, 2009 and 2008

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Companhia de Alumina do Pará

Notes to the Financial Statements

As of and for the years ended December 31, 2009 and 2008

All amounts in thousands of U.S. dollars, unless otherwise indicated

4 Accounting Pronouncements

(a) New accounting standards

A new Accounting Standards Update (ASU) number 2010-06 Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements. This update provides amendments to Topic 820 that will provide more robust disclosures about (1) the different classes of assets and liabilities measured at fair value, (2) the valuation techniques and inputs used, (3) the activity in Level 3 fair value measurements, and (4) the transfers between Levels 1, 2, and 3.

A new Accounting Standards Update (ASU) number 2010-01 Accounting for Distributions to Shareholders with Components of Stock and Cash - a consensus of the FASB Emerging Issues Task Force. The amendments in this Update clarify that the stock portion of a distribution to shareholders that allows them to elect to receive cash or stock with a potential limitation on the total amount of cash that all shareholders can elect to receive in the aggregate is considered a share issuance that is reflected in EPS prospectively and is not a stock dividend for purposes of applying Topics 505 and 260 (Equity and Earnings Per Share).

(b) Accounting standards recently adopted

In June 2009, the FASB issued the FASB Accounting Standards Codification (Codification). The Codification became the single source for all authoritative GAAP recognized by the FASB to be applied for financial statements issued for periods ending after September 15, 2009. The Codification does not change GAAP and does not have an effect on our financial position, results of operations or liquidity.

In 2009, we adopted a newly issued accounting standard for accounting and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. In particular, this statement sets forth (1) the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements; (2) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements; and (3) the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. The standard is effective for interim or annual periods ending after June 15, 2009.

5 Cash and Cash Equivalents

	2009	2008
Cash	916	23
Financial investment linked to Interbank Deposit Certificate (CDI)	17,556	15,407
	<u>18,472</u>	<u>15,430</u>

6 Recoverable Taxes

	2009	2008
Recoverable excise tax (i)	3,577	663
Withholding tax	446	40
	<u>4,023</u>	<u>703</u>

(i) This balance refers mainly to federal tax credits obtained from purchase of property, plant and equipment, which will be offset against other federal taxes payable, according to management's estimates.

7 Property, Plant, Equipment and Intangible

(a) Property, Plant and Equipment

	2009	2008
Land	2,834	1,990
Construction in progress	35,813	6,387
	<u>38,647</u>	<u>8,377</u>

All property, plant and equipment under construction are located in Brazil and will be employed in the aluminum business. Company management believes that the carrying amounts of such property, plant and equipment and of intangible assets (disclosed as follows) will be recoverable through cash inflows from future operations.

Companhia de Alumina do Pará**Notes to the Financial Statements****As of and for the years ended December 31, 2009 and 2008**

All amounts in thousands of U.S. dollars, unless otherwise indicated

(b) Intangible

	<u>2009</u>
	<u>Rate</u>
	<u>Cost</u>
Software	80
	20%
	<u>80</u>

8 Capital Stock

The total subscribed capital is composed by 2,143,204,237 of common shares, without nominal value.

The General Meeting - AGC held on April 4, 2008 approved the inception of the Company. The initial subscribed capital consisted of 1,000 common shares, without a par value and not convertible.

The extraordinary General Meeting held on October 10, 2008 approved a capital increase through the issue of 2,143,203,237 common shares amounting, without a par value.

The movement in the number of shares is as follows:

	<u>Common</u>
Subscribed shares as of October 10, 2008	2,143,203
Shares to be paid up	<u>(2,087,390)</u>
	<u>55,814</u>
Paid up shares as of December 31, 2008	<u>50,000</u>
Capital increase of January 14, 2009	<u>105,814</u>
Paid up shares as of December 31, 2009	<u>105,814</u>

Companhia de Alumina do Pará**Notes to the Financial Statements****As of and for the years ended December 31, 2009 and 2008**

All amounts in thousands of U.S. dollars, unless otherwise indicated

Through a stockholders' agreement held on April 27, 2009 was approved the transfer of 407,208,805 common shares from Vale S.A. to Dubai Aluminium Company Limited. See below the stockholders' distribution after this transference:

<u>Stockholder</u>	<u>Shares</u>	<u>%</u>
Vale S.A.	1,307,354,585	61
Hydro Aluminium Pará BV	428,640,847	20
Dubai Aluminium Company Limited	<u>407,208,805</u>	<u>19</u>
Total	<u>2,143,204,237</u>	<u>100</u>

The capital stock is composed by 64,547 thousand and 41,267 thousand subscribed and issued non-redeemable Class A and B common shares, respectively, with par value of R\$ 1.00 each. Each holder of common has equal voting rights on all matters that come before a stockholders' meeting.

Brazilian companies must register foreign invested capital and reinvested earnings with the Brazilian Central Bank in order to remit dividends on such capital and for the capital to be repatriated. At December 31, 2009, the registered foreign capital, represented by Class B common shares, amounted to US\$ 18,177 thousand.

9 Financial Instruments**(a) Identification and valuation of financial instruments**

The Company maintains various financial instruments, mainly cash and cash equivalents, (including financial investments), trade notes receivable, accounts payable to suppliers.

Considering the nature of the instruments, excluding derivative financial instruments, fair value is basically determined by the application of the discounted cash flow method. The amounts recorded in current assets and liabilities have immediate liquidity or fall due, mostly, within three months. Considering the term and characteristics of these instruments, which are systematically renegotiated, the book values approximate the fair values.

(b) Cash and cash equivalents, financial investments, accounts receivable, other current assets and accounts payable

The amounts recorded approximate their realizable or settlement values.

Companhia de Alumina do Pará

Notes to the Financial Statements

As of and for the years ended December 31, 2009 and 2008

All amounts in thousands of U.S. dollars, unless otherwise indicated

10 Contingencies

No provision for contingencies was recorded based on the Company's expectations of probable losses, supported by the opinion of our legal advisors.

11 Transitional Tax System

The Transitional Tax System (RTT) will be effective until enactment of the law that will address the tax effects of the new accounting methods, while seeking to maintain tax neutrality.

The system is optional for calendar years 2008 and 2009, as long as the following are observed: (i) the RTT must be applied to both 2008 and 2009, not to only one calendar year; and (ii) the election of the RTT must be declared in the Federal Corporate Income Tax Return (DIPJ).

The Company opted for the RTT in 2008. Consequently, for income tax and social contribution on net income calculation purposes in 2009 and 2008, the Company used the prerogatives defined in the RTT.

12 Subsequent Events

In connection with Vale S.A.'s strategy of active portfolio asset management, Vale S.A. entered into an agreement with Norsk Hydro ASA (Hydro), to transfer all their stakes in Companhia de Alumina do Pará (CAP).

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APPENDIX 5

**INDEPENDENT REPORT REGARDING THE UNAUDITED PRO FORMA CONDENSED COMBINED
FINANCIAL INFORMATION**



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To the Board of Directors of Norsk Hydro ASA

INDEPENDENT ASSURANCE REPORT ON THE PRO FORMA FINANCIAL INFORMATION

In accordance with EU Regulation No 809/2004 as included in the Norwegian Securities Trading Act section 7-13, we report on the compilation of the unaudited pro forma condensed combined financial information of Norsk Hydro ASA (and subsidiaries) (“the Company”) consisting of the unaudited pro forma condensed combined statement of financial position of the Company as at 31 March 2010, the unaudited pro forma condensed combined statement of income of the Company for the periods ended 31 December 2009 and 31 March 2010 and accompanying notes and descriptions to the unaudited pro forma condensed combined financial information, which is set out in section 9 of the Company’s prospectus dated 21 June 2010 (“the Prospectus”).

The pro forma financial information presented in the Prospectus section 9, dated 21 June 2010, in connection with the Rights Issue of Norsk Hydro ASA, has been compiled on the basis described in section 9 of the Prospectus, for illustrative purposes only, to provide information about how the acquisition of interests in The Paragominas Mine, ALUNORTE-Alumina do Norte do Brasil S.A., ALBRAS-Alumínio Brasileiro S.A., CAP-Companhia de Alumina do Pará S.A. and certain contractual rights and obligations from Vale and its subsidiaries might have affected the unaudited condensed combined statement of financial position of the Company as at 31 March 2010 and the unaudited condensed combined statements of income of the Company for the period ended 31 March 2010 and unaudited condensed combined statement of income of the Company for the year ended 31 December 2009. Because of its nature, the pro forma financial information addresses a hypothetical situation and, therefore, does not represent the Company’s actual financial position or results.

The Board of Directors’ responsibility

It is the Board of Directors’ responsibility to compile the pro forma financial information in accordance with the requirements of EU Regulation No 809/2004 as included in Norwegian Securities Trading Act.

Reporting responsibility

It is our responsibility to provide the opinion required by Annex II item 7 of EU Regulation No 809/2004 as to the proper compilation of the pro forma financial information. We are not responsible for updating any reports or opinions previously made by us for any events that occurred subsequent to the date of our report on the historical financial information used in the compilation of the pro forma financial information, nor does the aforementioned opinion require an audit of historical actual financial information, the adjustments to conform the accounting policies Vale S.A. to the accounting policies of the Company, or the assumptions summarized in section 9 of the Prospectus. The financial information used in the compilation of the pro forma information is unaudited as described in section 9 of the Prospectus. We do not accept any responsibility for financial information which we have not audited.

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Medlemmer av Den Norske Revisorforsning
o/g.nr. 980 211 282



Work performed

We conducted our work in accordance with Norwegian Standard on Assurance Engagements 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information". We planned and performed our work to obtain reasonable assurance that the pro forma financial information in all material respect has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company. Our work primarily consisted of comparing the unadjusted financial information with the source documents as presented in section 9 of the Prospectus, considering the evidence supporting the adjustments and discussing the pro forma financial information with the Management of the Company.

Opinion

In our opinion:

- a) The pro forma financial information has been properly compiled on the basis stated in section 9 of the Prospectus; and
- b) That basis is consistent with the accounting policies of the Company.

This report is issued for the sole purpose of the public offering in Norway and the admission of shares to the Oslo Stock Exchange and other regulated markets in the European Union or European Economic Area countries, as set out in the prospectus dated 21 June 2010 approved by the Financial Supervisory Authority of Norway. This report is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the public offering on the Oslo Stock Exchange and other regulated markets in the European Union or European Economic Area as set out in the prospectus dated 21 June 2010 approved by the Financial Supervisory Authority of Norway.

Oslo, 21 June 2010
Deloitte AS

A handwritten signature in blue ink, appearing to read "Aase Aa. Lundgaard".

Aase Aa. Lundgaard
State Authorized Public Accountant

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