

Capital Markets Day 2002

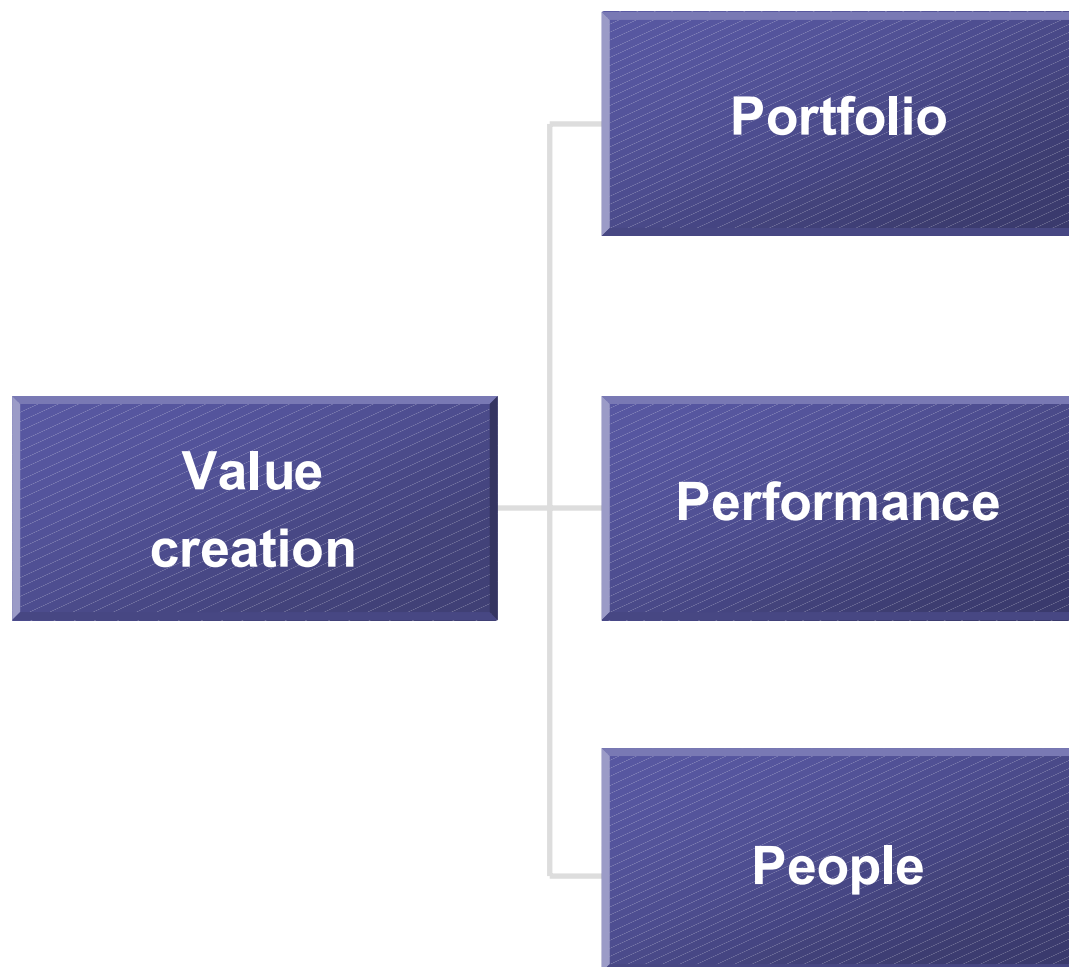
A performance culture

Executive Vice President
Alexandra Bech
Oslo, December 9, 2002





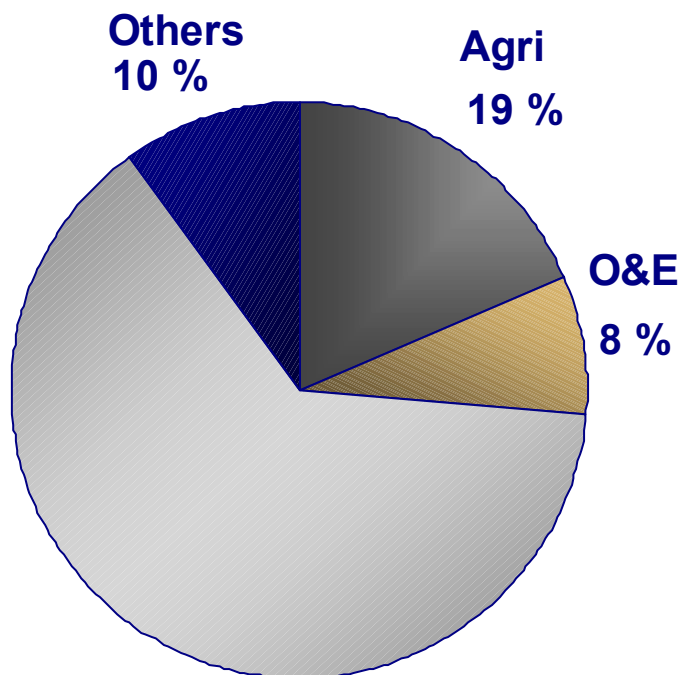
Key levers for value creation





A large international organisation

50 700 employees*



**63 %
Aluminium**

**60+ countries
(Top ten)**

Norway	14 669
Germany	6 788
USA	4 153
France	3 913
Denmark	2 449
UK	2 156
Italy	2 141
Sweden	1 731
China	1 701
Brazil	1 120

*Per 30.09.02



Improving from a strong position

- **Capitalising on our legacy**
 - **Openness & flexibility**
 - **Proactive employee and community dialogue**
 - **Equality and respect**
 - **Responsible business practices**

- **Pushing further on key issues**
 - **Performance orientation**
 - **Norwegian company, international employer**



People Policy for culture change

“The main objective of our People Policy is to strengthen Hydro’s competitiveness. We want to be a dynamic, diverse and energetic organisation where everyone contributes to innovation, performance improvement and first-class results.”





Key tools supporting change

- **Systematic leadership development and performance management**
- **Active use of compensation policy**
- **Open internal job market**
- **Professional change management**



Capitalising on our management model

- **Demanding corporate owner**
 - **Portfolio, Performance, People**
- **Business Areas - accountable, competing for capital**
- **Reducing costs and increasing service through Hydro Business Partner**



Aligned management compensation

- **Base pay**

- **Performance bonus**
 - 25% of base
 - Tied to improvement targets

- **Options**
 - 25% of base
 - 3+2 years
 - 12% - 20% TSR
 - Ownership requirements



Real change at the top

- **Generation change, New challenges and Performance drive**
 - 4 of 6 CMB members new since 1999
 - 12 of 16 sector managers new since 1999

- **More international**
 - 44% non-Norwegian sector heads vs. 12% in 1999
- **More women**
 - 1 sector head, 9 CMB reports, vs. 0 in 1999
- **Younger**
 - Average age CMB + reports from 52 to 48 in 1999