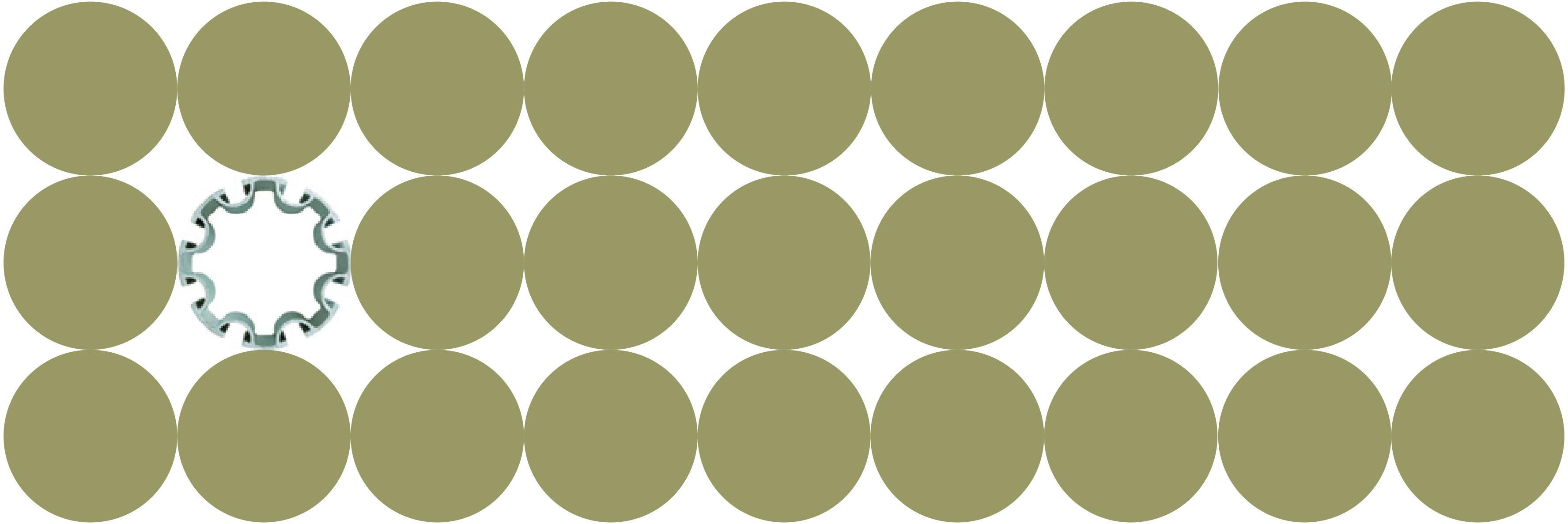
Financial and performance update



Jørgen C. Arentz Rostrup, Executive Vice President and CFO

Capital Markets Day, December 2, 2009

Financial priorities 2009-10

- Continuous improvements
- Proactive corrective measures
- Qatalum execution
- Operating cash flow & financial flexibility
- Shareholder returns

Business model

Primary aluminium production | Midstream, recycling | Aluminium in products

Energy

- Revenue in NOK
- Cost in NOK

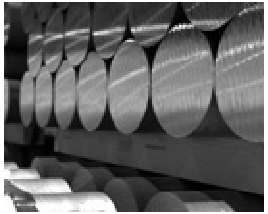
- Long-term power supply
- 9.4 Twh of renewable energy production

Primary Metal

- Revenue in USD
- Cost in USD – alumina, petroleum coke
- Cost in local currency – energy, labor, maintenance
- High LME and USD sensitivity

- Improving cost position
- Technology

Metal Markets



- EUR and USD business
- Margin business

- Expertise in materials
- Flexible system
- Strong marketing organization

Rolled Products

- Margin business
- Regional business
- Volumes: 80% Europe, 5% North-America and 15% other

- Close to customers
- Innovation
- Market leading in litho, foil and automotive

Extruded Products

- Margin business
- Local business
- Volumes: 75% Europe, 20% North America and 5% other

- Close to customers
- Innovation
- Market leading in Building Systems

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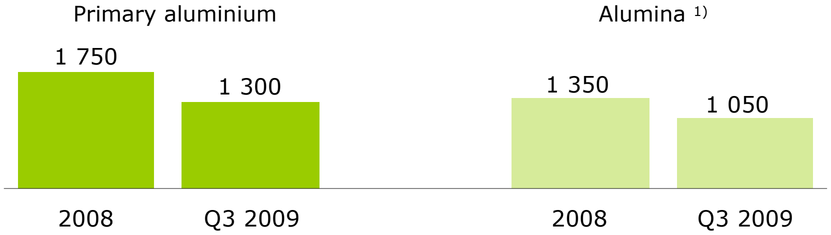
Corrective measures

Capacity and cost reductions delivered on plan

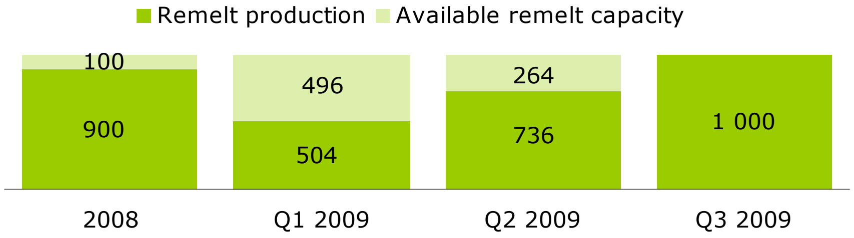
Upstream production curtailments

1 000 tonnes



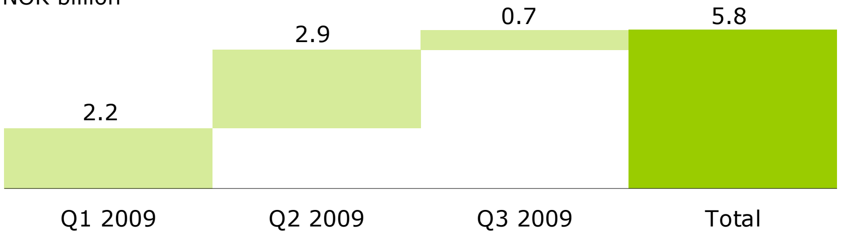
Remelt production adjustments

1 000 tonnes

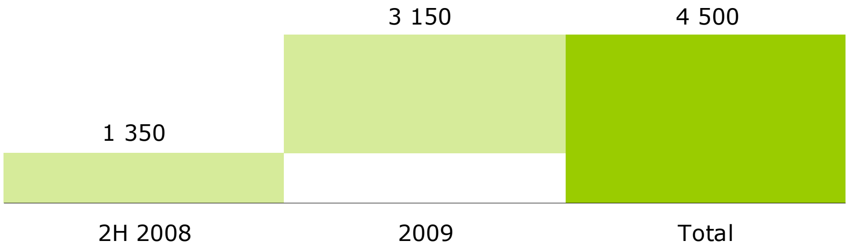


Operating capital reductions

NOK billion



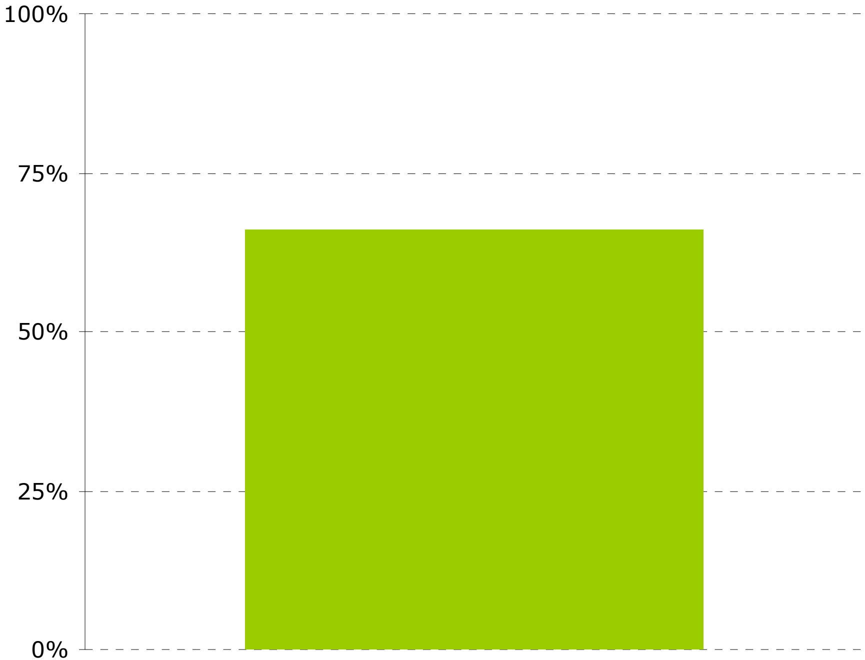
Manning reductions 2)



1) Metal equivalents 2) Reduction in number of permanent and temporary employees and contractors

Downstream cost savings

In percentage of market downturn, Jan-Sep 2009 vs Jan-Sep 2008



Extruded Products

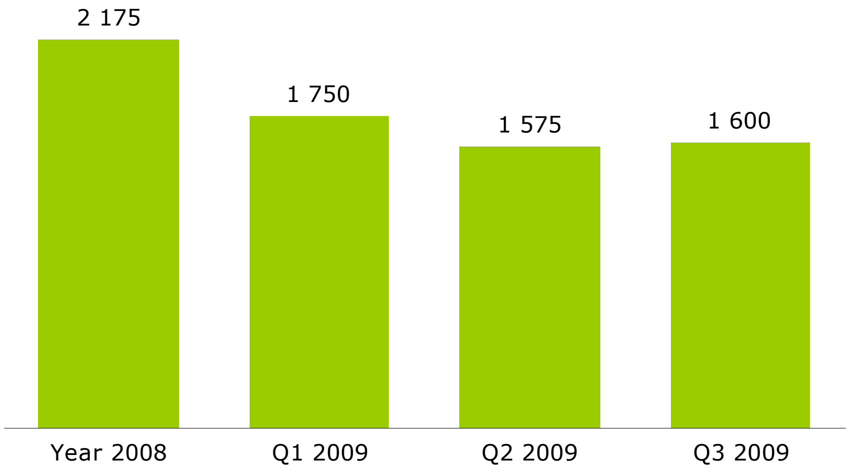
- Volumes down 24%
- Reduction of 2 160 FTE
  - Rate of FTE adoption to volume is 72%

Rolled Products

- Volumes down 22%
- Reduction of 560 FTE
  - Rate of FTE adoption to volume is 63%

Further upstream improvements necessary

Implicit primary aluminium production cash costs
In USD/tonne*



* Realized aluminium price less apparent EBITDA margin per tonne primary aluminium. EBITDA margin excludes bauxite, alumina and Qatalum related earnings, but includes net margin from casthouses.

- Current cost position is unsatisfactory
  - Aggravated by strong NOK and weak USD
  - Apparent Q3 cash cost USD 1 600/ NOK 10 000
- Norwegian smelter system challenging in current environment with high share of fixed energy costs and high cost level
- Qatalum contributing with lower costs with full effect from 2011

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Portfolio measures

Automotive Structures

- Divested to Benteler Group

Adrian

- Closure of Precision Tubing plant in the US expected in Q1 2010

Inasa

- Divested to Bavaria Industriekapital AG

Karmøy Søderberg

- Permanent closure of 120 000 tonnes

Neuss

- Temporary closure of 180 000 tonnes
- Full mothballing under evaluation

Alpart

- Alumina refinery temporary mothballed

Other temporary closures

- Sunndal 100 000 tonnes
- Søral 43 000 tonnes
- Slovalco 17 000 tonnes

Going forward

Upstream
- Cost reduction

Midstream
- Margin management

Downstream
- Margin management
- Capture possibilities
- Cost control

Working capital management

Capital expenditures discipline

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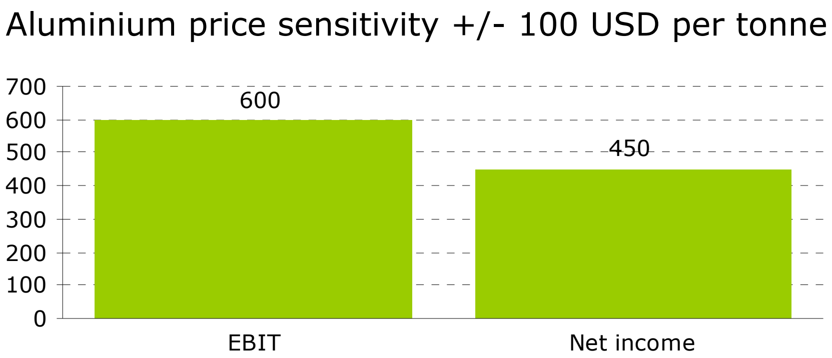
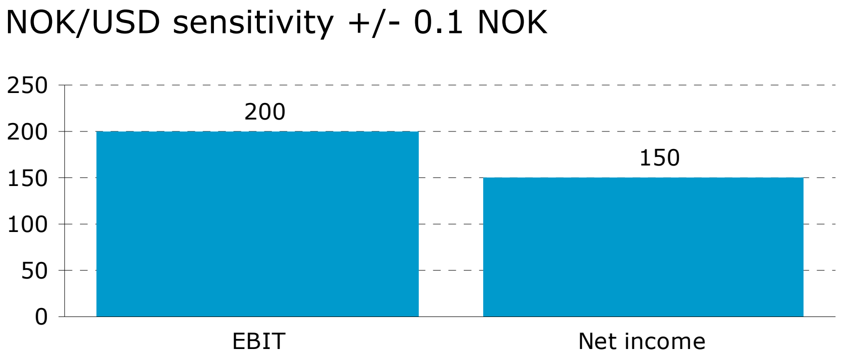
Earnings drivers

Price and currency sensitivities





- Annual sensitivities
- Aluminium price sensitivity is net of aluminium price indexed costs
- NOK/USD sensitivity includes USD revenues and costs

- Based on expected business volumes for 2010 and the following prices:
  - Aluminium 1 900 USD/tonne
  - NOK/USD 5.50
- LME sensitivity excludes unrealized effects related to operational hedging
- USD sensitivity on financial items is based on financial positions end Q3 09

Hedging policy

Upstream

- Primarily remain exposed to LME prices
  - Partly natural hedge through alumina contracts
- Operational LME hedging
  - Three-months forward
  - Manage customers’ pricing
- Currency exposure, mainly USD
  - Policy of maintaining long-term debt in USD
  - Partly natural hedge through negative correlation between LME and USD

Mid- and downstream

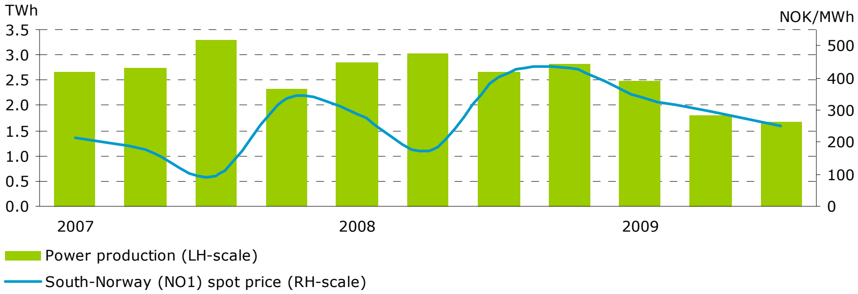
- Operational LME and currency hedging
  - Secure margin

Marked-to-market valuations of positions result in unrealized gain/loss related to LME and currency

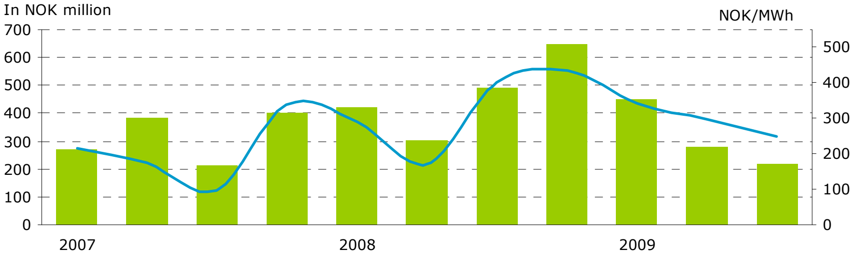
Power portfolio management

Earnings affected by significant volatility in price and volume

Quarterly production and spot price



Underlying EBIT and spot price



- Norwegian power portfolio optimized versus market
- Production and market prices strongly linked to hydrological conditions
  - ”Dry” vs ”wet” years
- Apparent inverse relationship between volume and price
- Seasonal variations in demand/supply
- Occasional delinkage between area prices
- Weak economic conditions and low industrial demand with negative impact on power prices

Market update

In line with Q3 statements

- Increasing alumina costs and weak USD affect Primary Metal result
- Strong product demand midstream
- High remelt production
- Stable market for rolled and extruded products
- Energy prices currently above average Q3 prices

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Qatalum execution

Qatalum financing

Project economics

- First decile position on cash cost curve when in full operation

Qatalum financing - USD 5.7 billion (100%)

- Equity from owners 54%
- Project financed 46%

Project financing

- Term of loan is 16.5 years from August 2007
- Installment profile adjusted for cash flow profile
- Competitive terms

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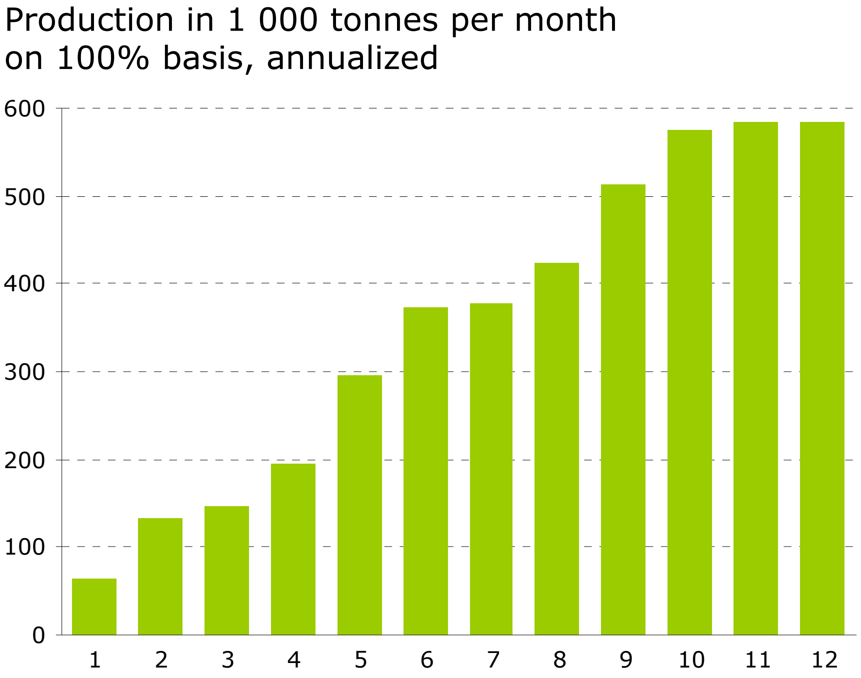
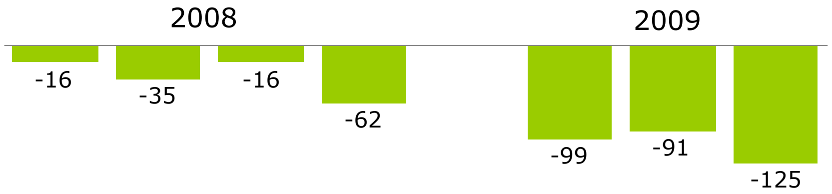
Qatalum ramp-up schedule



Qatalum earnings

- Build-up costs in 2009 and into 2010
- Depreciated over ~20 years
- Marginal tax implications
- At current forward prices -
  - Earnings negative in 2010
  - No dividend expected short term

Hydro's share of underlying EBIT in NOK million



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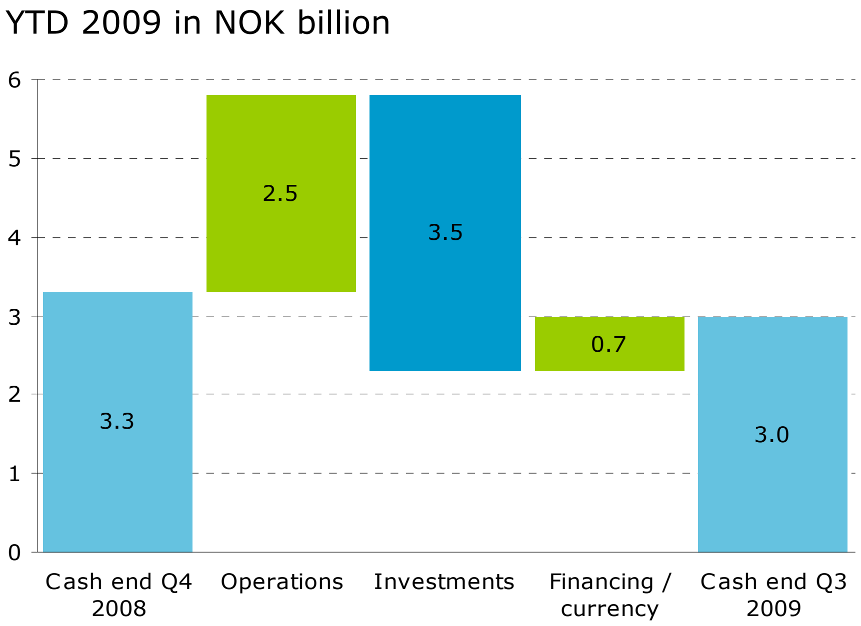
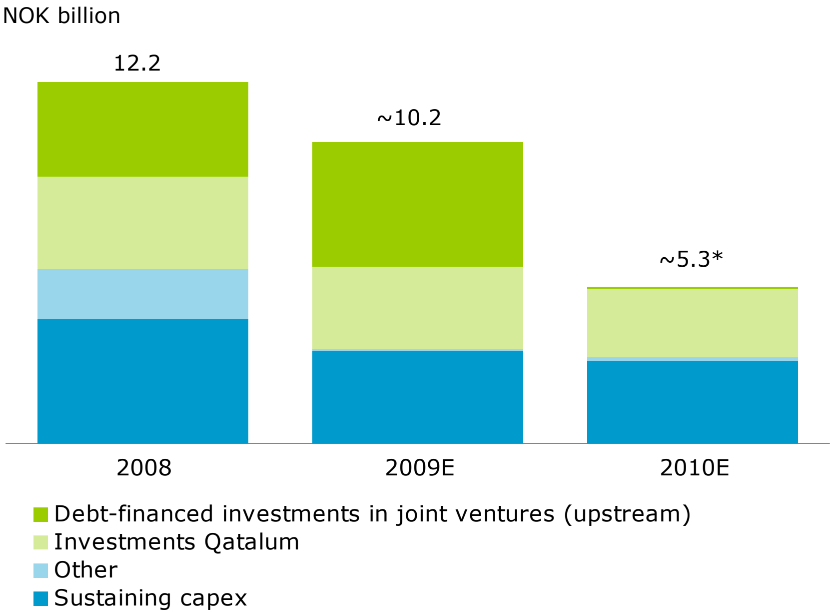
Financial flexibility

Cash flow neutral first nine months 2009

- Significant reductions in operating capital
  ~NOK 5.8 billion realized in 2009
- Capital discipline – reduced investments
- No dividend payment in 2009
- Qatalum investments
  - Project financed in first half 2009
  - Equity contribution from partners in second half 2009 and 2010



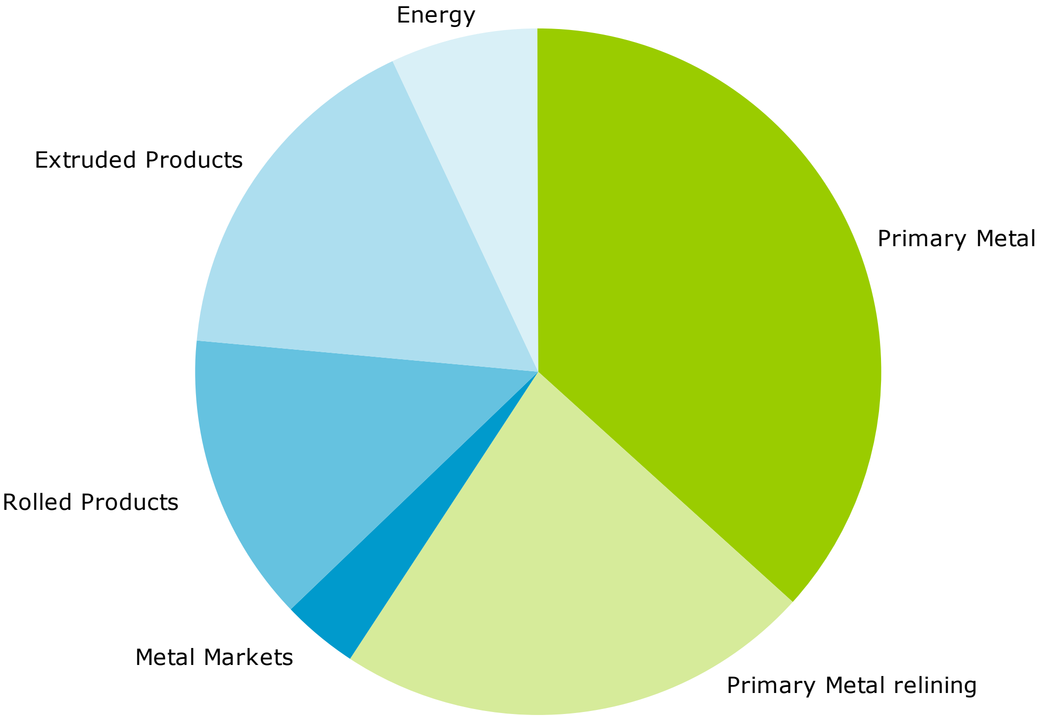
Capital expenditures



* Excluding net operating capital in Qatalum

- ~80% of 2009-2010 investments upstream
- Sustaining capex ~NOK 2.5-3 billion annually
- Qatalum
  - Project financed in first half 2009
  - Equity contribution in Q3 – NOK 1.5 billion
  - Equity contributions from partners and project financing in Q4
  - Equity contributions mainly from partners in 2010
- Additional prospects not included
  - Holsbru power development
  - Selective growth in Extrusion and Building Systems

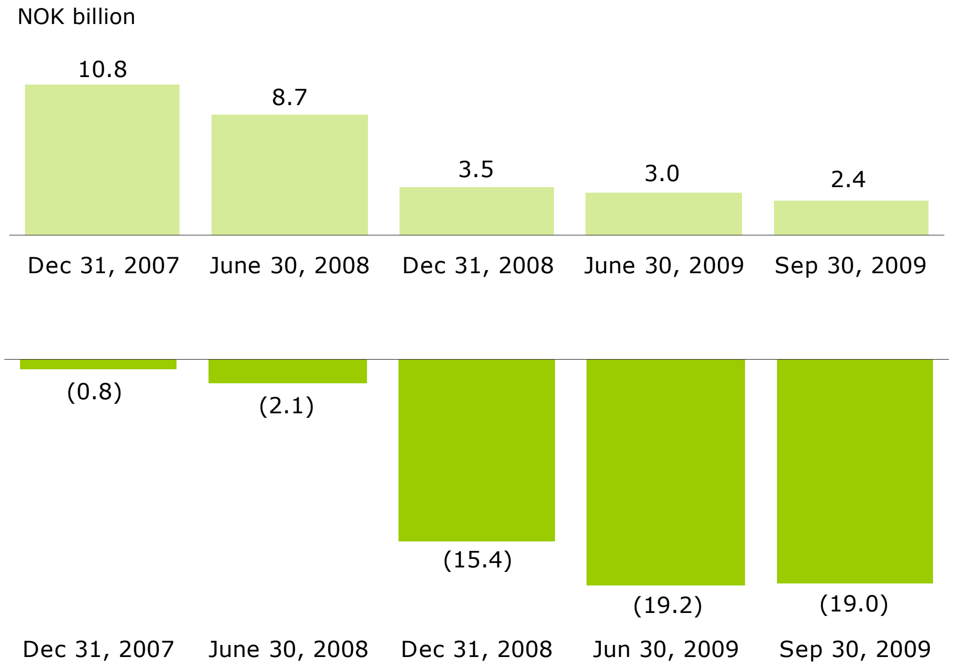
Sustaining capital expenditures



Financial position

Cash less interest-bearing debt

Adjusted net debt*



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

Liquidity well covered

Available long-term credit facilities

- EUR 750 million in bank facility maturing in 2012
- USD 1.7 billion in multi-currency revolving facility maturing in 2014
- Currently ~NOK 16 billion undrawn

Qatalum investments

- USD 5.7 billion project costs* (100%)
  - USD 2.6 billion project financed
    - USD 0.1 billion outstanding end-Q3
  - USD 3.1 billion in equity from owners
    - USD 1.2 billion remaining end-Q3

* Excluding net operating capital

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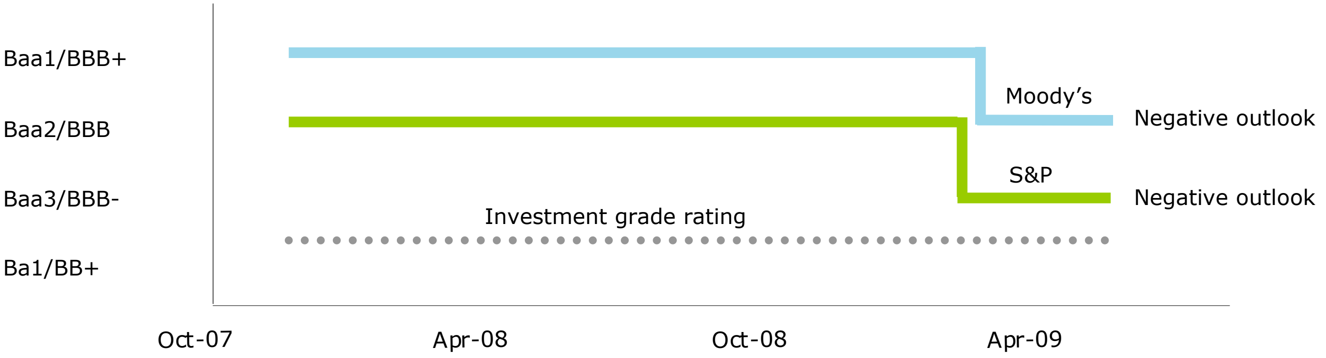
Credit quality policy

Maintain investment-grade rating

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

Financial ratios over the business cycle – Hydro's ambitions

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



Shareholder policy

- Hydro aims to give shareholders competitive returns compared to alternative investments in peers
- Dividend payout ratio* will average 30% over the cycle
- Buyback of shares and extraordinary dividends
  - When earnings, liquidity position and capital structure allow
- No dividend payout for 2008, but dividend policy maintained

* Dividend divided by net income

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- Qatalum execution
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