Results rise further on higher aluminium prices and solid sales

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July 27, 2010


CAT
SCANIA
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President and CEO

Svein Richard Brandtzæg

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Highlights

- Increased demand in seasonally strong quarter
- Solid operations
- Further improvement in results
  - Upstream up on higher realized aluminium prices and improved alumina performance
  - Downstream rises further with strong sales, firm margins and improved productivity
  - Energy falls on significantly lower power production
- Agreement to take over Vale’s aluminium business signed
- NOK 10 billion rights issue successfully completed

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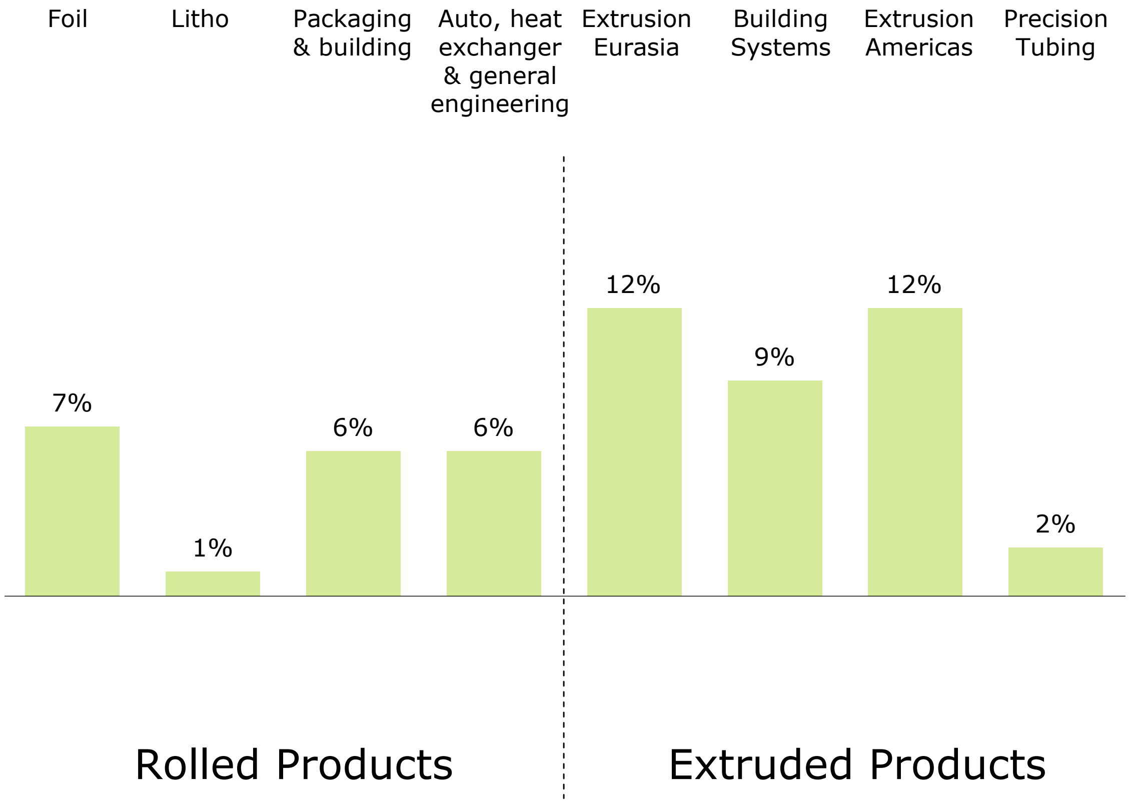
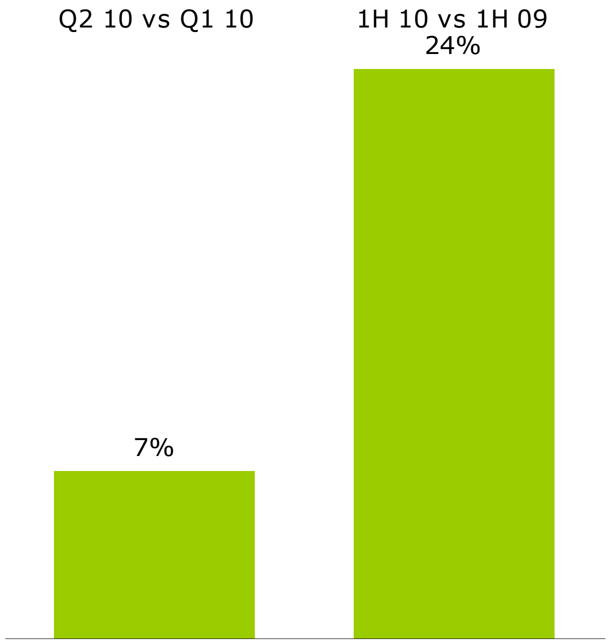
Downstream sales up on demand and seasonal effects

Hydro's downstream sales Q2 2010 vs Q1 2010



Total downstream sales*



* Excluding Automotive Structures

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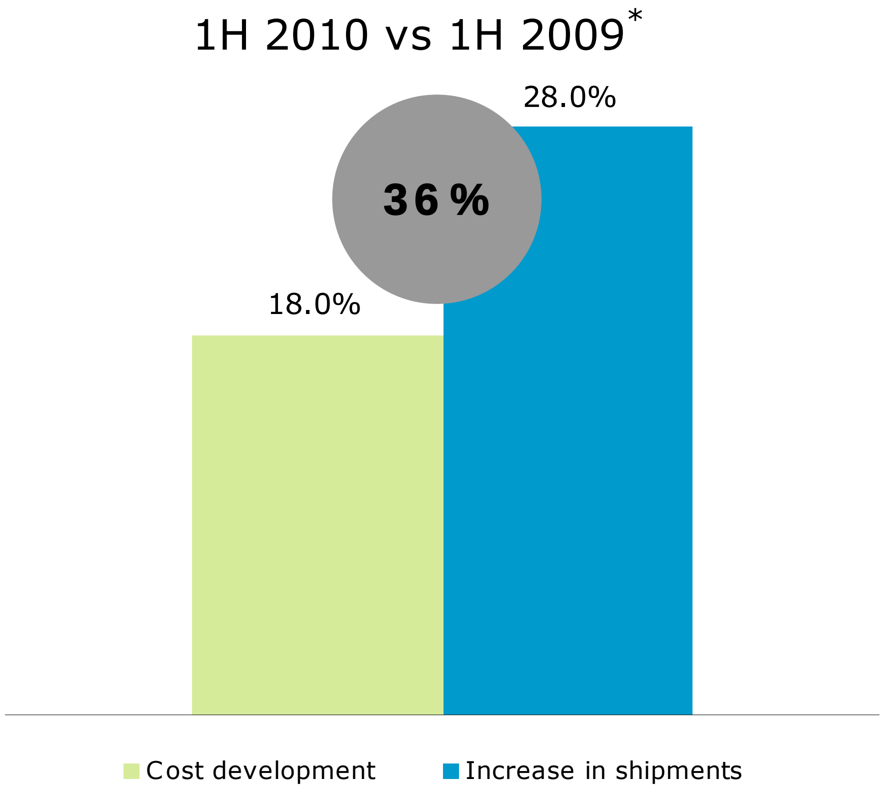
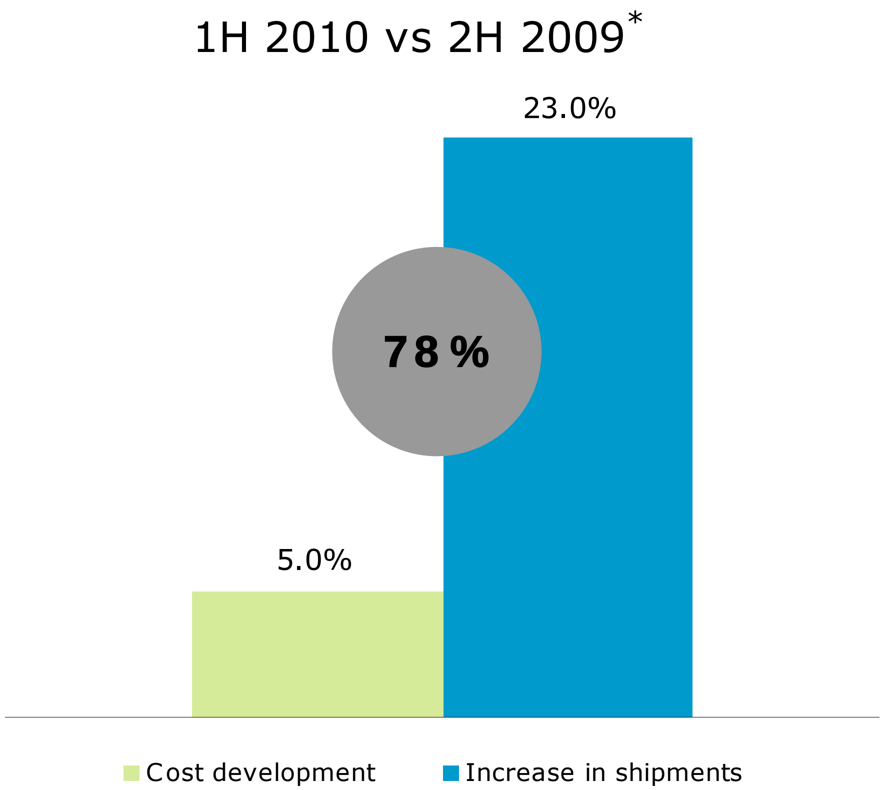
Firm cost control in Rolled Products



- Competitive cost base from measures implemented in 2009
- 36% of volume gain retained on bottom line:
  - Shipments rise 28%
  - Costs up 18%
    - Maintenance up 13%
    - Manning: full-time equivalents up 10%

Cost includes: Freight, packing material, other material (e.g. lacquer), production services, personnel, maintenance, energy and AluNorf rolling variable cost.
* Excluding volumes from Inasa rolling mill divested in Q4 2009

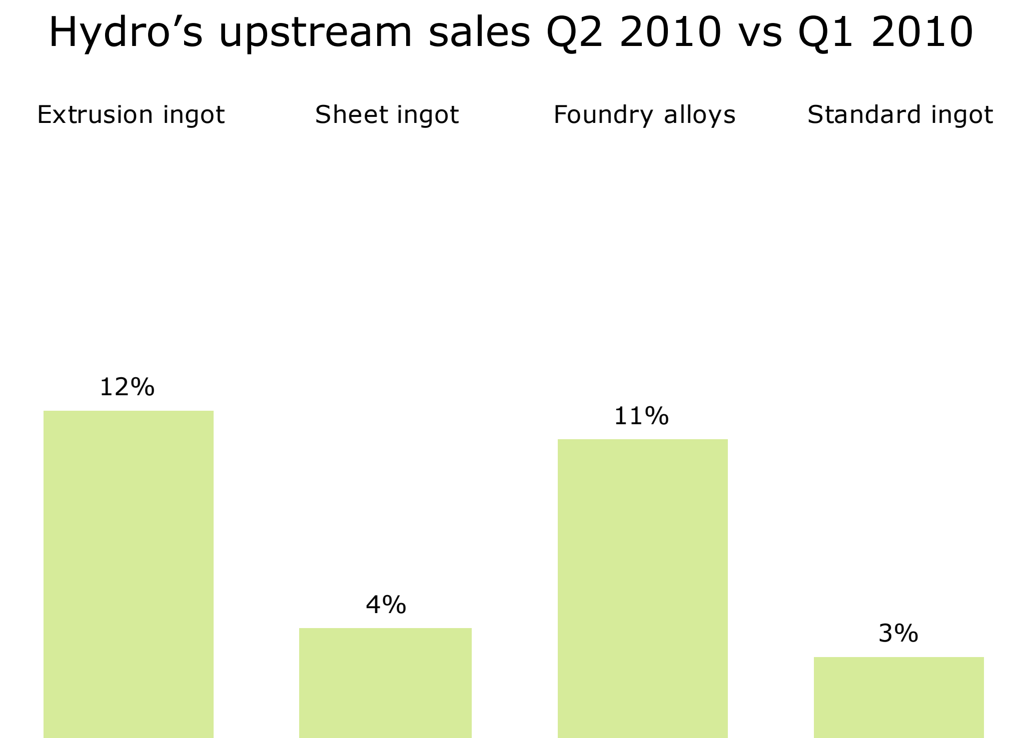
Firm cost control in Extruded Products

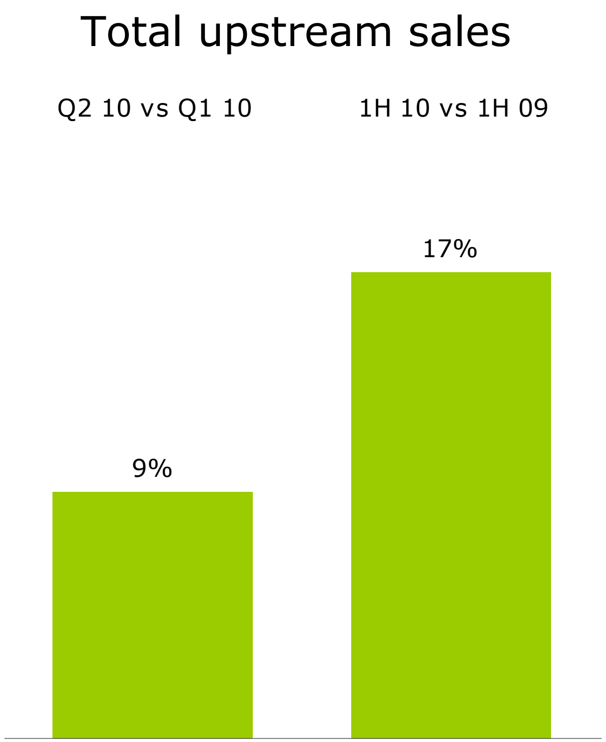


- Competitive cost base from measures implemented in 2009
- 78% of volume gain retained on bottom line:
  - Shipments rise 23%
  - Costs up 5%
    - Manning: full-time equivalents up 7%

Cost includes: Freight, personnel and maintenance
* Excluding volumes from Automotive Structures divested in Q4 2009

Upstream sales up on demand and seasonal effects





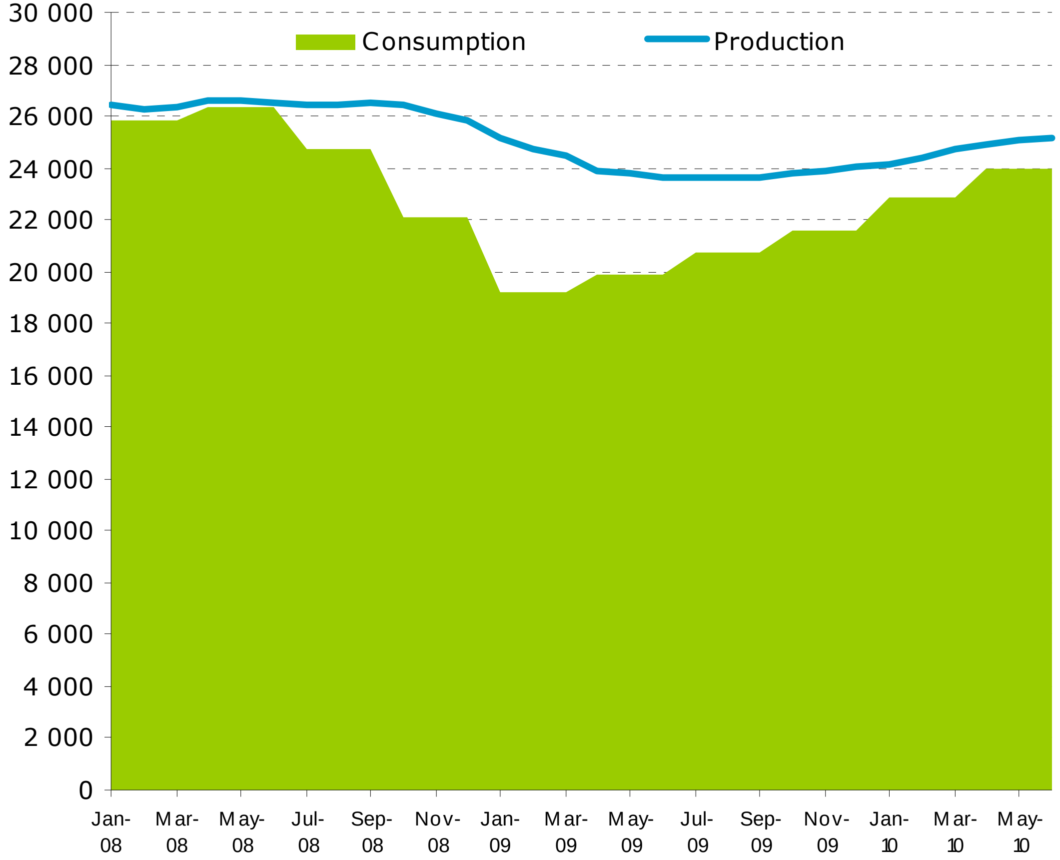
Aluminium price softens

Source: Reuters Ecowin

Primary aluminium LME	USD / tonne	NOK / tonne
Q2 2010 average	2 121	13 197
Q2 2010 end	**1 954**	**12 689**
Q1 2010 average	2 197	12 862
Q1 2010 end	**2 320**	**13 880**
Average 2009	1 702	10 575
Average 2008	2 620	14 453
Average 2007	2 662	15 638
Average 2006	2 594	16 616

Reduced market imbalance outside China

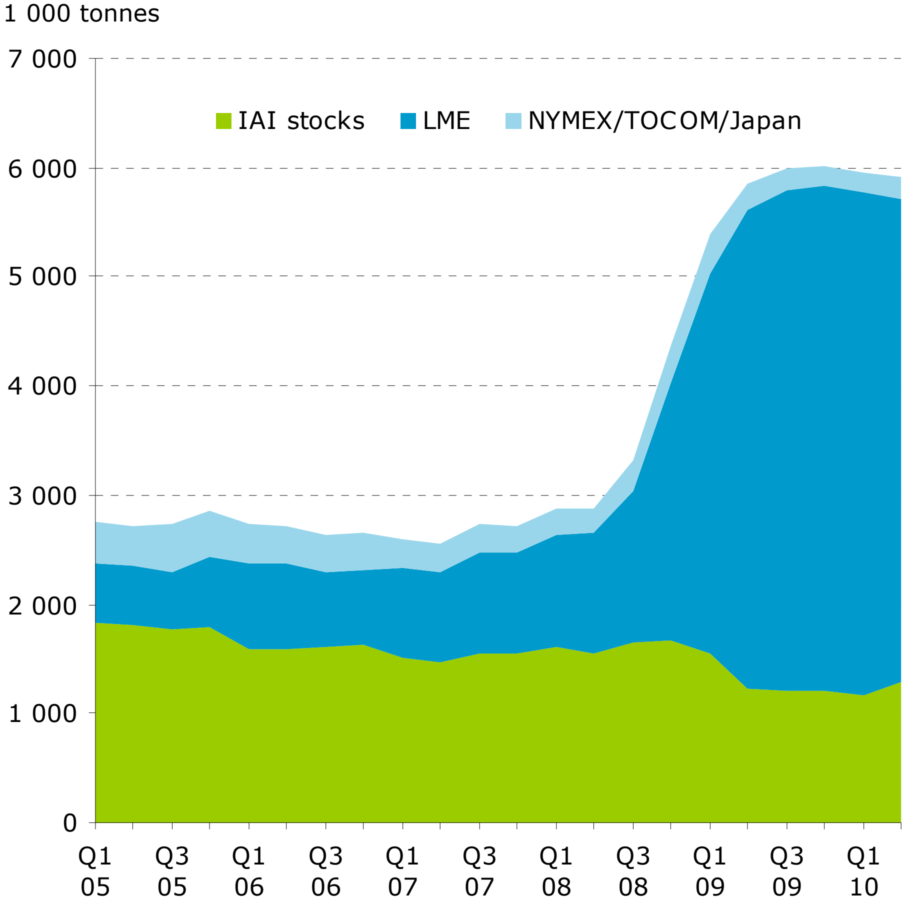
World outside China (annualized), 1 000 tonnes



Source: CRU, Average consumption per quarter

- Annualized imbalance of 1.1 million tonnes in Q2
- Imbalance expected to continue in 2010
- New capacity coming on stream in Middle East and India

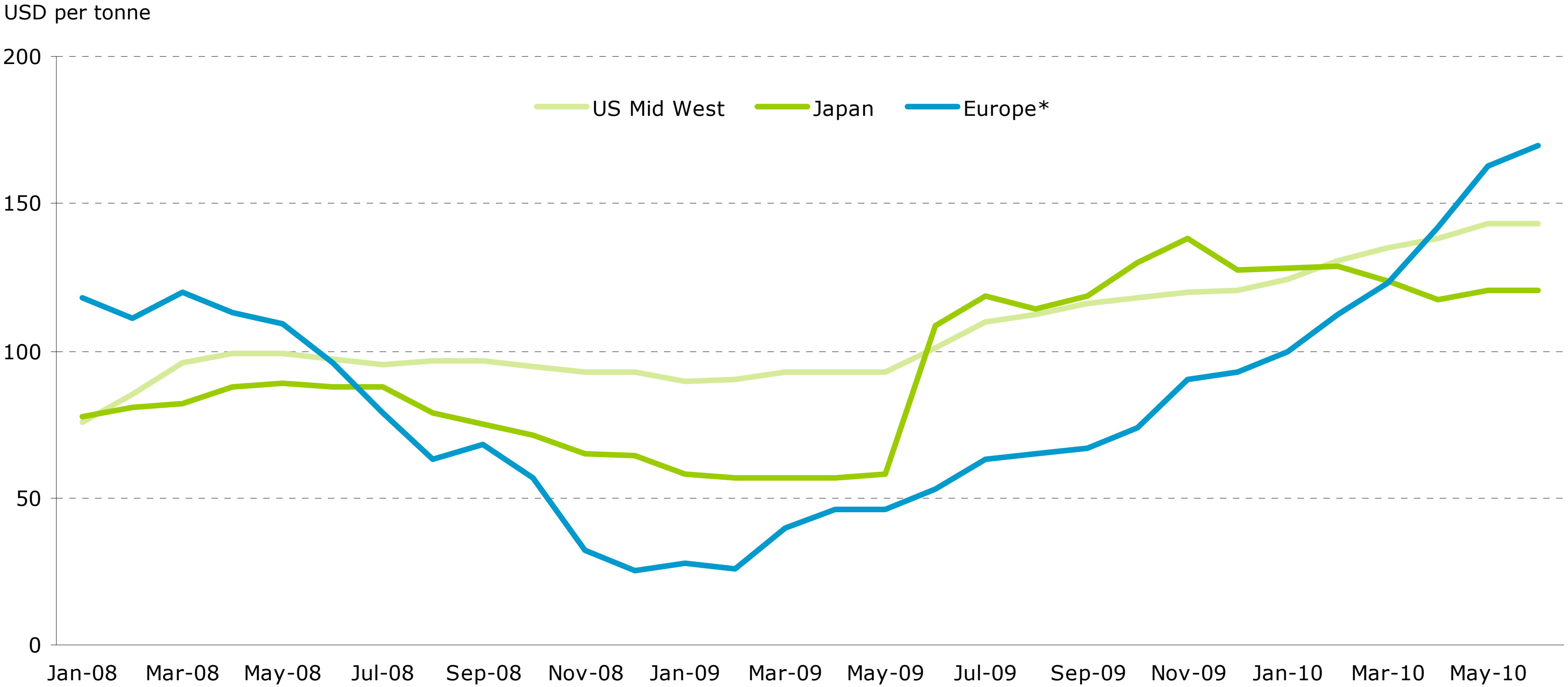
Stable inventory levels



Source: CRU

- Reported inventories outside China: ~6 million tonnes
- Large portion of inventories held by financial investors
  - Unavailable to market
  - Time horizon depending on interest rates, warehousing costs and LME contango
  - Contracts believed to be shorter term than previously
- Industry analysts indicate increased unreported inventories during Q2

Increased ingot premiums



* Duty-paid
Source: Metal Bulletin, MW/MJP: Platts

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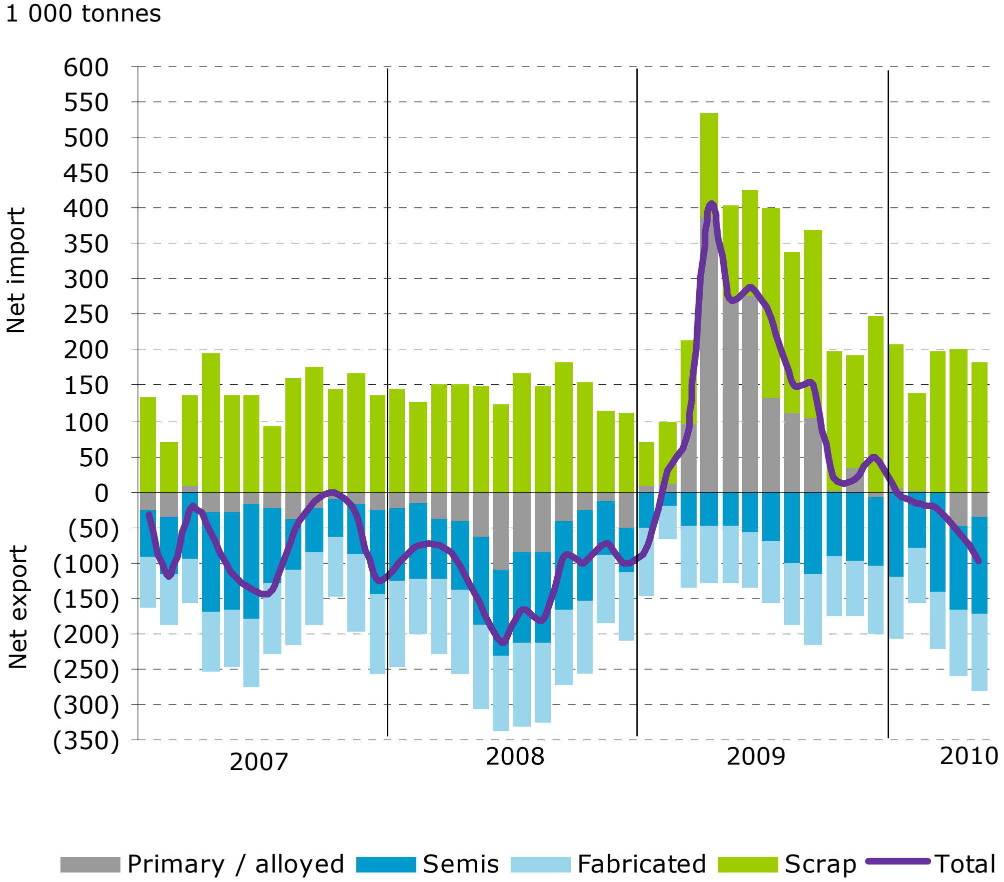
China balanced in primary aluminium



- Balanced supply and demand during Q2
  - Announced production cuts due to low prices and high costs
  - New capacity coming on stream
- Modest primary production surplus expected in 2010
- Limited export of primary metal expected in 2010

Source: Hydro / Antaike, July 2010

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2010 market outlook unchanged

- World outside China
  - Main markets estimated to increase ~12% to around 23 million tonnes
  - Supply/demand imbalance expected to continue
  - Main share of curtailed capacity unlikely to restart
  - Limited new capacity
- China
  - Broadly balanced in primary aluminium

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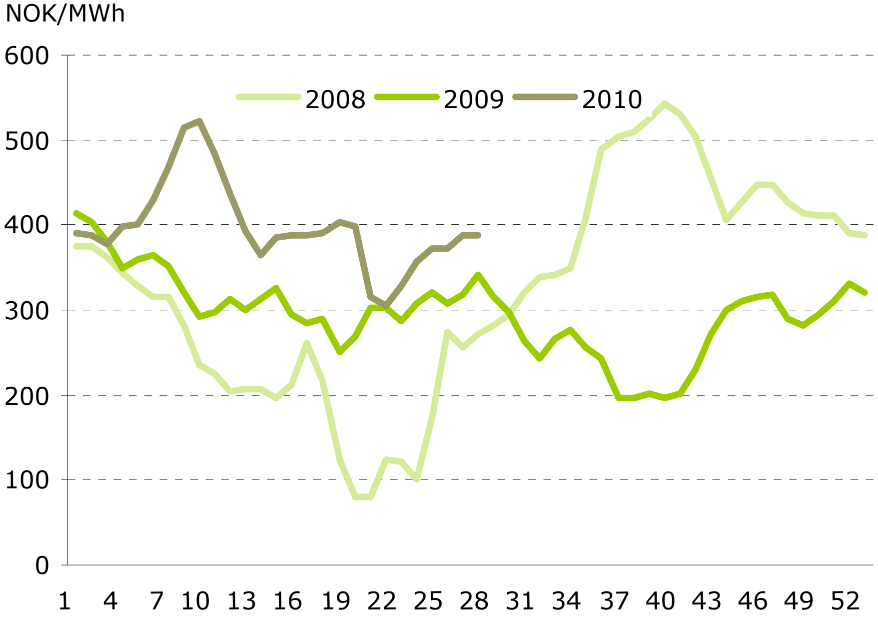
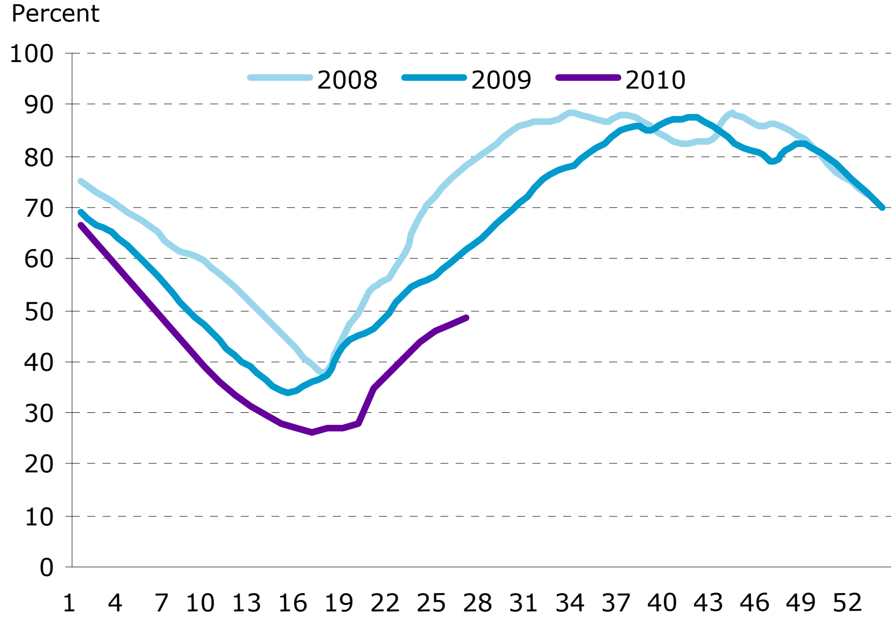
Energy: low reservoir levels and production

South Norway price (NO2)*⁾



*) NO1 area in 2008 and 2009

Water reservoir levels in South Norway (NO2)



Price NOK/MWh	Q1 2010	Q2 2010
System	485	355
South Norway (NO2)	430	368

Reservoir levels	Mar 31, 2010	June 30, 2010
Norway	26.8 %	51.5 %
South Norway (NO2)	29.7 %	47.4 %

Source: Nordpool and NVE

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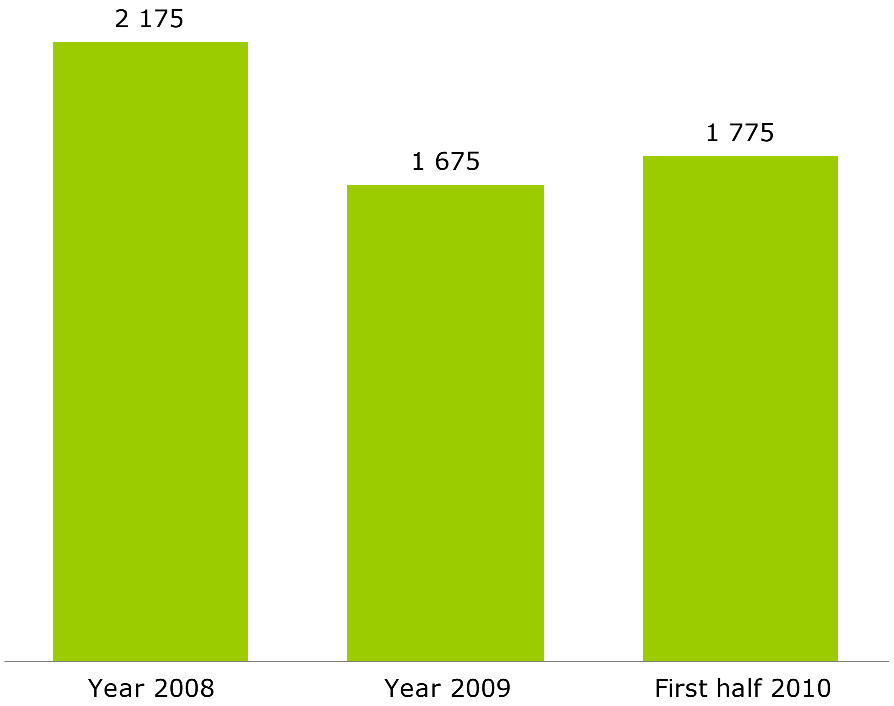
Upstream repositioning continues

Cash cost up from 2009 on increased alumina cost and lower NOK/USD

Estimated primary aluminium production cash costs

In USD/tonne*



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

- Unsatisfactory cost position
  - Estimated first half 2010 cash cost USD 1 775/ NOK 10 500
  - Stronger USD positively influences USD cash cost in Q2 vs Q1
- Norwegian smelter system challenging in current environment with high cost level
- Program for USD 100 reduction in conversion cost by end-2011 on target
- Qatalum contributing with lower costs with full effect from 2011

Qatalum on schedule for full output in Q4

- 48% of cells started by end-Q2
- 49 000 tonnes of liquid production in Q2
- Ramp-up focus
  - Completion of power plant
  - Safe and secure start-up of electrolysis
  - Stable operations in carbon plant and casthouse
- Q2 financial performance
  - EBITDA break-even
  - Hydro's share of net income NOK (137 million)
  - Increased depreciation compared to Q1
  - Pricing follows ~1 month lag to LME
    - Negative effect on Q3 results

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Takeover of Vale's aluminium business on track

- NOK 10 billion rights issue successfully completed July 16
- Hydro's integration planning well underway
- All relevant regulatory applications submitted
- Consent received from joint-venture partner Nippon Amazon Aluminium Company for transfer of ownership in Alunorte and Albras
- Closing expected during Q4 2010

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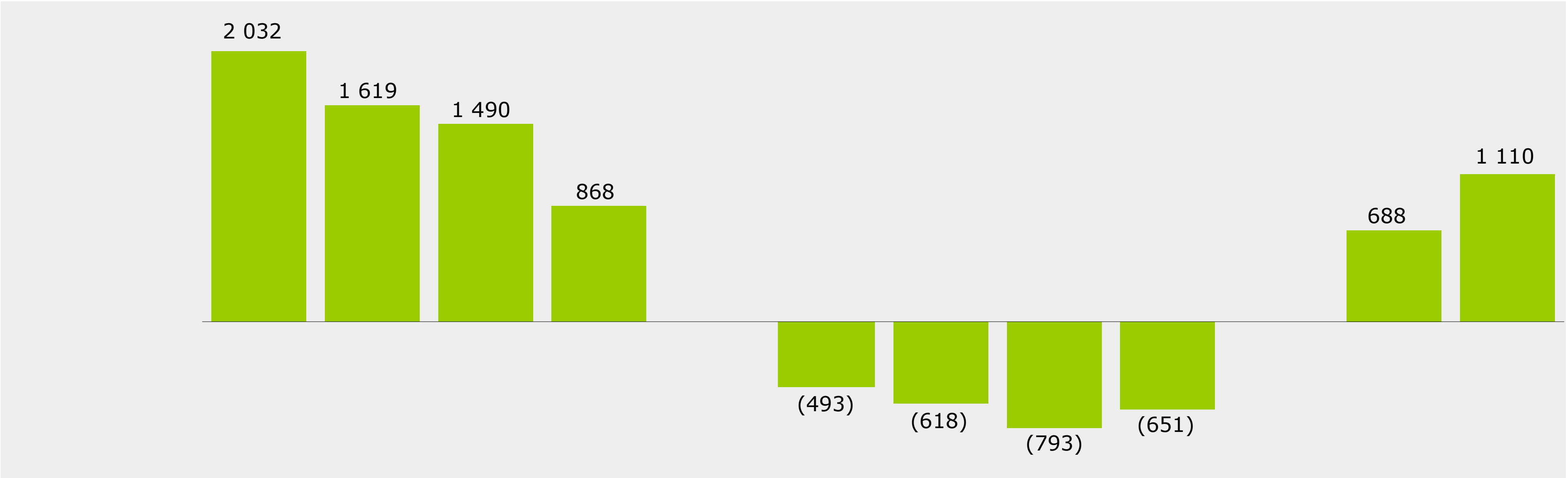
Executive Vice President and CFO

Jørgen C. Arentz Rostrup

Underlying EBIT

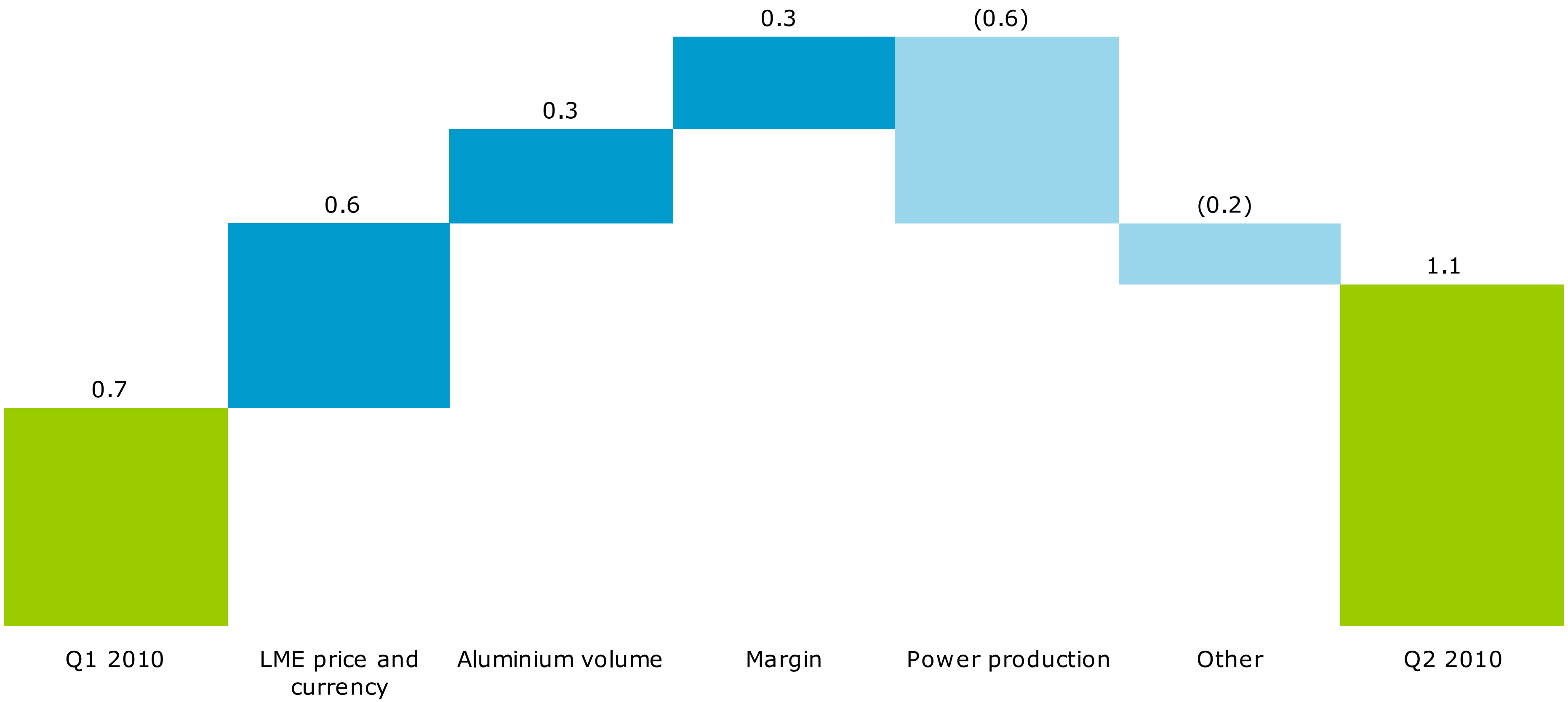


NOK million	Q1 2008	Q2 2008	Q3 2008	Q4 2008		Q1 2009	Q2 2009	Q3 2009	Q4 2009		Q1 2010	Q2 2010
Primary Metal	938	795	906	93		(185)	(895)	(760)	(717)		(49)	657
Metal Markets	363	139	(41)	242		(245)	196	(15)	(20)		65	31
Rolled Products	147	240	170	93		(53)	(28)	51	57		223	309
Extruded Products	223	296	152	(332)		(204)	(26)	95	68		117	201
Energy	421	302	493	649		447	281	217	295		588	177
Other and eliminations	(60)	(153)	(191)	124		(253)	(146)	(381)	(334)		(255)	(265)
Total	**2 032**	**1 619**	**1 490**	**868**		**(493)**	**(618)**	**(793)**	**(651)**		**688**	**1 110**

Underlying EBIT earnings bridge

Q1 2010 to Q2 2010

NOK billion



Key financials

NOK million	Q2 2010	Q1 2010	Q2 2009	First half 2010	First half 2009
Revenue	19 779	18 145	17 617	37 924	34 186
Underlying EBIT	**1 110**	**688**	**(618)**	**1 798**	**(1 111)**
Items excluded from underlying EBIT	47	297	1 029	344	(77)
Reported EBIT	**1 157**	**985**	**410**	**2 142**	**(1 188)**
Financial income (expense)	(97)	545	145	448	1 617
Income (loss) before tax	**1 060**	**1 530**	**555**	**2 590**	**429**
Income tax expense	(462)	(605)	(273)	(1 067)	(428)
Net income (loss)	**598**	**924**	**282**	**1 523**	**2**
Underlying net income (loss)	**530**	**401**	**(572)**	**931**	**(1 052)**
Reported EPS, NOK	0.40	0.68	0.17	1.08	(0.11)
Underlying EPS, NOK	0.34	0.27	(0.51)	0.61	(0.94)

Items excluded from underlying EBIT

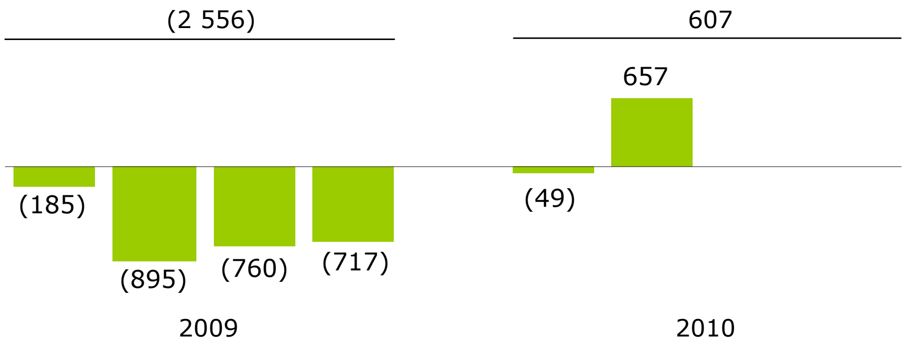
NOK million	Q2 2010	Q1 2010	Q2 2009	First half 2010	First half 2009
Underlying EBIT	**1 110**	**688**	**(618)**	**1 798**	**(1 111)**
Unrealized effects power contracts	(211)	(272)	(118)	(483)	463
Unrealized LME and other derivative effects	(81)	230	1 427	149	719
Metal effect, Rolled Products	206	314	(225)	520	(887)
Rationalization charges and closure costs	(18)	19	(117)	1	(423)
Impairment charges	-	(61)	(4)	(61)	(14)
Gains (losses) on divestments	-	67	-	67	-
Other	151	-	66	151	66
Reported EBIT	**1 157**	**985**	**410**	**2 142**	**(1 188)**

Primary Metal

Key figures	Q2 2010	Q1 2010	Q2 2009
Alumina production, kmt	518	474	494
Primary aluminium production, kmt	362	339	338
Total sales volumes, kmt	531	504	455
Realized LME price, USD/mt	2 200	1 997	1 468
Realized LME price, NOK/mt	13 302	11 542	9 598
Underlying EBIT Alumina, NOK million	289	170	(101)
Underlying EBIT Primary, NOK million	368	(219)	(794)
Underlying EBIT, NOK million	657	(49)	(895)

Underlying EBIT

NOK million



Q2 operating results

- Higher realized LME price contributes NOK 600 million
- Variable cost up NOK 120 million
- Other costs overall stable
- Qatalum charge of NOK 137 million in ramp-up phase

Outlook

- Close to 100% of primary production affecting Q3 results priced at USD 2 175 mt , excluding Qatalum
- Increasing raw material costs
- Weak Qatalum result in ramp-up phase

Alumina and Raw Materials

Q2 performance

- Improved Alunorte result due to increased production
- Strong results in commercial activities

Outlook second half 2010

- Decreasing alumina revenues
  - Priced with 1 month lag to LME
- Increasing bauxite costs
  - Partly linked to average LME with 3-12 months lag
- Increasing caustic cost
- Contribution from commercial activities to decline from strong first half

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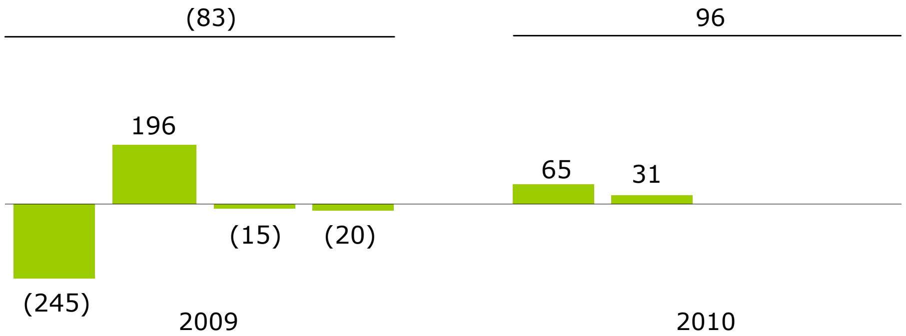
Metal Markets

Key figures	Q2 2010	Q1 2010	Q2 2009
Remelt production, kmt	160	148	111
Total metal products sales, kmt	733	670	614
Underlying EBIT, NOK million	31	65	196

Underlying EBIT

NOK million



Q2 operating results

- Negative currency effects of NOK 140 million vs negative effects of NOK 100 million in Q1
- High remelt production
- Increased product sales

Outlook

- Seasonally lower remelt production and total metal sales
- Volatile trading, hedging and currency effects

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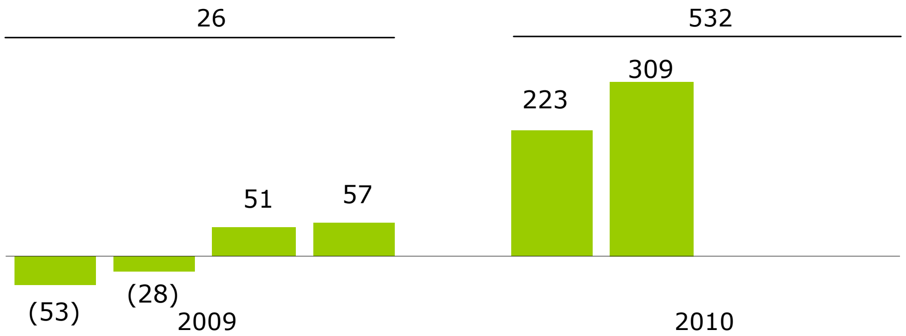
Rolled Products

Key figures	Q2 2010	Q1 2010	Q2 2009
External sales volumes, kmt	242	231	187
Underlying EBIT, NOK million	309	223	(28)

Underlying EBIT

NOK million



Q2 operating results

- Strong result on higher sales volume contributing NOK 80 million
- Largest volume increase in beverage can, automotive and foil
- Improved margins

Outlook

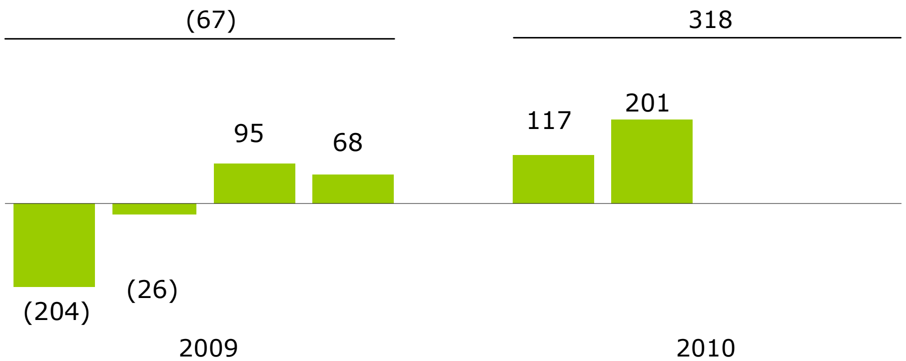
- Current market conditions expected to continue
- Seasonally lower sales

Extruded Products

Key figures	Q2 2010	Q1 2010	Q2 2009
External sales volumes, kmt*	141	128	112
Underlying EBIT, NOK million	201	117	(26)

Underlying EBIT

NOK million



Q2 operating results

- Increased volume in all market segments
- Largest volume increase in Extrusion Eurasia and Extrusion Americas
- Firm margins

Outlook

- Current market conditions expected to continue
- Seasonally lower sales

*Excluding Structures, divested in December 2009

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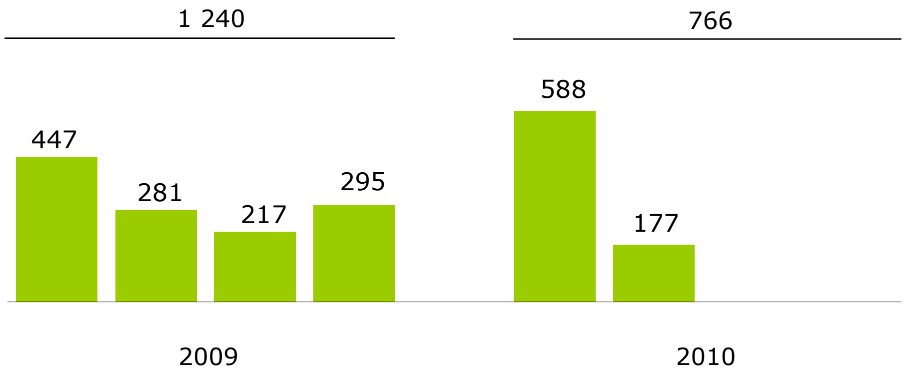
Energy

Key figures	Q2 2010	Q1 2010	Q2 2009
Power production, GWh	1 621	2 781	1 809
Net spot sales, GWh	144	1 323	413
Southwest Norway spot price (NO2), NOK/MWh	368	430	297
Underlying EBIT, NOK million	177	588	281

Underlying EBIT

NOK million



Q2 operating results

- Low production reducing result by NOK 565 million vs Q1
- High spot prices
- Marginal area price differences
- Lower transmission costs

Outlook

- Southern Norway reservoir levels currently 22% below year-ago level
- Low power production
- Results expected to weaken further

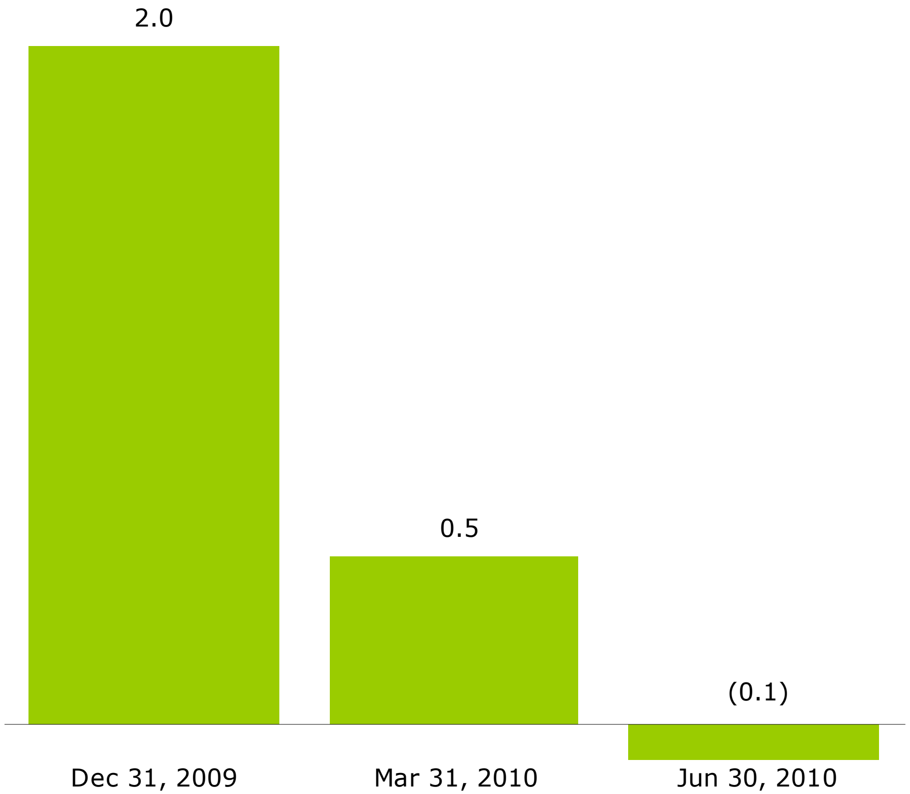
Cash flow

- NOK 1.6 billion in cash flow from operations
- Qatalum investments
  - Equity contribution NOK 0.7 billion
- Financing
  - NOK 600 million dividend to Hydro shareholders
  - NOK 500 million commercial paper issued
  - EUR 50 million repaid on long-term facility

NOK million	Q2 2010	Q1 2010	Q2 2009
Net income (loss)	598	924	282
Depreciation	740	721	805
Operating capital	(338)	(1 580)	2 907
Other adjustments	600	121	(1 984)
Net cash flow from operations	**1 600**	**186**	**2 010**
Investments	(1 240)	(1 657)	(724)
Divestments	14	117	42
Net cash flow from investing	**(1 226)**	**(1 540)**	**(682)**
Change in debt	63	1 300	242
Dividends and share repurchases	(855)	9	13
Net cash flow from financing	**(792)**	**1 309**	**255**
Foreign currency effects	59	23	70
Change in cash and overdrafts	**(359)**	**(22)**	**1 653**

Financial position

Net cash / (debt) in NOK billion



NOK billion	Dec 31, 2009	Mar 31, 2010	Jun 30, 2010
Cash and cash equivalents	2.5	2.5	2.2
Short-term investments	1.5	1.6	1.3
Short-term debt	(1.9)	(1.0)	(1.5)
Long-term debt	(0.1)	(2.6)	(2.1)
Net cash / (debt)	**2.0**	**0.5**	**(0.1)**
Net int.-bearing debt in equity accounted invest.	(8.0)	(8.1)	(9.1)
Net pension liability at fair value, net of expected tax benefit	(5.6)	(5.3)	(5.2)
Other adjustments*	(3.9)	(4.0)	(3.8)
Adjusted net debt	**(15.6)**	**(16.9)**	**(18.2)**

* Operating lease commitments and other

Priorities

- Firm cost control
- Solid operations
- Capture market opportunities
- Cash flow generation
- Qatalum ramp-up
- Upstream repositioning
- Vale assets integration

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Although we believe that the expectations reflected in such forward-looking statements are reasonable, these forward-looking statements are based on a number of assumptions and forecasts that, by their nature, involve risk and uncertainty. Various factors could cause our actual results to differ materially from those projected in a forward-looking statement or affect the extent to which a particular projection is realized. Factors that could cause these differences include, but are not limited to: our continued ability to reposition and restructure our upstream and downstream aluminium business; changes in availability and cost of energy and raw materials; global supply and demand for aluminium and aluminium products; world economic growth, including rates of inflation and industrial production; changes in the relative value of currencies and the value of commodity contracts; trends in Hydro's key markets and competition; and legislative, regulatory and political factors.

No assurance can be given that such expectations will prove to have been correct. Hydro disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Additional information

Underlying income

Q2 2010

NOK million	Reported income	Adjustments	Underlying income
Primary Metal	1 206	(550)	657
Metal Markets	59	(28)	31
Rolled Products	50	259	309
Extruded Products	202	(1)	201
Energy	176	1	177
Other and eliminations	(536)	271	(265)
Total EBIT	1 157	(47)	1 110
Financial income (expense), net	(97)	(59)	(156)
Income (loss) before tax	1 060	(106)	954
Income tax expense [1)]	(462)	38	(424)
Net income (loss)	**598**	**(68)**	**530**
Net income attributable to minority interest	95		
Net income attributable to Hydro shareholders	503		
Earnings per share – NOK [2)]	**0.40**		**0.34**

1) Estimated tax effect on items excluded is calculated using 28% on Net foreign exchange (gain)/loss and of items excluded from underlying EBIT using Hydro's effective tax rate excluding tax (28%) on Financial income/(expense), net.
2) Calculated using net income (loss) attributable to Hydro shareholders, and adjusted for the discount element in the rights issue completed in July 2010.

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Underlying income

Q1 2010

NOK million	Reported income	Adjustments	Underlying income
Primary Metal	89	(138)	(49)
Metal Markets	(32)	97	65
Rolled Products	684	(461)	223
Extruded Products	172	(55)	117
Energy	605	(16)	588
Other and eliminations	(532)	277	(255)
Total EBIT	985	(297)	688
Financial income (expense), net	545	(468)	77
Income (loss) before tax	1 530	(764)	765
Income tax expense [1]	(605)	241	(364)
Net income (loss)	**924**	**(523)**	**401**
Net income attributable to minority interest	55		
Net income attributable to Hydro shareholders	869		
Earnings per share – NOK [2]	**0.68**		**0.27**

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2) Calculated using net income (loss) attributable to Hydro shareholders, and adjusted for the discount element in the rights issue completed in July 2010.

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Underlying income

Q2 2009

NOK million	Reported income	Adjustments	Underlying income
Primary Metal	(537)	(357)	(895)
Metal Markets	472	(275)	196
Rolled Products	438	(466)	(28)
Extruded Products	87	(114)	(26)
Energy	321	(40)	281
Other and eliminations	(370)	224	(146)
Total EBIT	410	(1 029)	(618)
Financial income (expense), net	145	(88)	57
Income (loss) before tax	555	(1 117)	(562)
Income tax expense 1)	(273)	262	(11)
Net income (loss)	**282**	**(854)**	**(572)**
Net income attributable to minority interest	71		
Net income attributable to Hydro shareholders	211		
Earnings per share – NOK 2)	**0.17**		**(0.51)**

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Reported and underlying results

Hydro

NOK million	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Year 2008	Year 2009
Reported EBIT	1 179	708	2 414	(3 106)	(1 598)	410	719	(938)	985	1 157	1 194	(1 407)
Underlying EBIT	**2 032**	**1 619**	**1 490**	**868**	**(493)**	**(618)**	**(793)**	**(651)**	**688**	**1 110**	**6 009**	**(2 555)**
Net income (loss) [1]	1 443	902	233	(5 845)	(280)	282	1 001	(587)	924	598	(3 267)	416
Underlying net income (loss) [1]	**1 376**	**1 311**	**1 075**	**(184)**	**(480)**	**(572)**	**(1 222)**	**(791)**	**401**	**530**	**3 579**	**(3 066)**
Earnings per share [2]	1.14	0.63	0.06	(4.73)	(0.27)	0.17	0.79	(0.45)	0.68	0.40	(2.88)	0.24
Underlying earnings per share [2]	**1.09**	**0.95**	**0.72**	**(0.28)**	**(0.43)**	**(0.51)**	**(0.96)**	**(0.61)**	**0.27**	**0.34**	**2.48**	**(2.50)**

1) Excluding income from discontinued operations
2) Calculated using net income (loss) attributable to Hydro shareholders, excluding income from discontinued operations, and adjusted for the discount element in the rights issue completed in July 2010.

Items excluded from underlying results - 2010

NOK million (+=loss/()=gain)		Q1 2010	Q2 2010
Unrealized derivative effects on currency contracts (alunorte)	Primary metal	23	12
Derivative effects on LME related contracts (Vale Aluminium)	Primary Metal	-	(320)
Rationalization charges and closure costs	Primary metal	(19)	18
Unrealized derivative effects on power contracts	Primary metal	64	(186)
Unrealized derivative effects on power contracts (søral)	Primary metal	5	(18)
Unrealized derivative effects on LME related contracts	Primary metal	(212)	(56)
Total impact	**Primary metal**	**(138)**	**(550)**
Unrealized derivative effects on LME related contracts	Metal markets	97	(26)
Pension – curtailment and settlement	Metal Markets	-	(2)
Total impact	**Metal markets**	**97**	**(28)**
Unrealized derivative effects on LME related contracts	Rolled products	(147)	476
Pension – curtailment and settlement	Rolled products	-	(12)
Metal effect	Rolled products	(314)	(206)
Total impact	**Rolled products**	**(461)**	**259**
Unrealized derivative effects on LME related contracts	Extruded products	12	24
Pension – curtailment and settlement	Extruded products	-	(25)
(Gains)/Loss on divestments	Extruded products	(67)	-
Total impact	**Extruded products**	**(55)**	**(1)**
Unrealized derivative effects on power contracts	Energy	(16)	1
Total impact	**Energy**	**(16)**	**1**
Unrealized derivative effects on power contracts	Other and eliminations	220	413
Unrealized derivative effects on LME related contracts	Other and eliminations	(3)	(30)
Pension – curtailment and settlement	Other and eliminations	-	(112)
Impairment charges	Other and eliminations	61	-
Total impact	**Other and eliminations**	**277**	**271**
Total EBIT	**Hydro**	**(297)**	**(47)**
Net foreign exchange (gain)/loss	Hydro	(468)	(59)
Income (loss) before tax	**Hydro**	**(764)**	**(106)**
Calculated income tax effect	Hydro	241	38
Net income (loss)	**Hydro**	**(523)**	**(68)**

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Items excluded from underlying results - 2009

NOK million (+=loss/()=gain)		Q1 2009	Q2 2009	Q3 2009	Q4 2009	2009
Unrealized derivative effects on LME related contracts (alunorte)	Primary metal	-	-	(16)	16	-
Unrealized derivative effects on currency contracts (alunorte)	Primary metal	(11)	(222)	(105)	(18)	(357)
Rationalization charges and closure costs	Primary metal	305	62	(4)	-	363
Unrealized derivative effects on power contracts	Primary metal	338	57	81	196	671
Unrealized derivative effects on power contracts (søral)	Primary metal	1	(41)	6	(42)	(77)
Defined pension plan (søral)	Primary metal	-	-	(52)	-	(52)
Unrealized derivative effects on currency contracts (qatalum)	Primary metal	(8)	18	3	(2)	12
Unrealized derivative effects on LME related contracts	Primary metal	1 027	(231)	(519)	8	285
Total impact	**Primary metal**	**1 652**	**(357)**	**(607)**	**158**	**846**
Unrealized derivative effects on LME related contracts	Metal markets	70	(275)	(222)	(59)	(487)
Total impact	**Metal markets**	**70**	**(275)**	**(222)**	**(59)**	**(487)**
Unrealized derivative effects on LME related contracts	Rolled products	(337)	(692)	(578)	(659)	(2 265)
Metal effect	Rolled products	662	225	(141)	(157)	588
Impairment charges	Rolled products	-	-	286	-	286
(Gains)/Loss on divestments	Rolled products	-	-	-	231	231
Total impact	**Rolled products**	**325**	**(466)**	**(433)**	**(585)**	**(1 160)**
Impairment charges	Automotive	10	4	-	-	14
Rationalization charges and closure costs	Extrusion	-	-	-	63	63
Rationalization charges and closure costs	Automotive	-	7	34	2	44
(Gains)/Loss on divestments	Extrusion	-	-	-	472	472
Unrealized derivative effects on LME related contracts	Other and eliminations	(27)	(125)	(48)	(47)	(247)
Total impact	**Extruded products**	**(17)**	**(114)**	**(14)**	**490**	**346**
Unrealized derivative effects on power contracts	Energy	(4)	12	(28)	11	(9)
Rationalization charges and closure costs	Energy	-	14	-	-	14
Insurance compensation	Energy	-	(66)	(73)	(13)	(152)
Total impact	**Energy**	**(4)**	**(40)**	**(101)**	**(2)**	**(146)**
Unrealized derivative effects on power contracts	Other and eliminations	(915)	90	(112)	153	(784)
Unrealized derivative effects on LME related contracts	Other and eliminations	(7)	100	(23)	13	83
Rationalization charges and closure costs	Other and eliminations	-	34	-	-	34
Impairment charges	Other and eliminations	-	-	-	138	138
(Gains)/Loss on divestments	Other and eliminations	-	-	-	(19)	(19)
Total impact	**Other and eliminations**	**(922)**	**224**	**(135)**	**286**	**(548)**
Total EBIT	**Hydro**	**1 105**	**(1 029)**	**(1 512)**	**287**	**(1 148)**
Net foreign exchange (gain)/loss	Hydro	(1 478)	(88)	(992)	(216)	(2 774)
Income (loss) before tax	**Hydro**	**(373)**	**(1 117)**	**(2 504)**	**71**	**(3 922)**
Calculated income tax effect	Hydro	174	262	280	(275)	441
Net income (loss)	**Hydro**	**(199)**	**(854)**	**(2 224)**	**(204)**	**(3 481)**

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Items excluded from underlying results - 2008

NOK million		Q1 2008	Q2 2008	Q3 2008	Q4 2008	2008
Unrealized derivative effects on LME related contracts (Alunorte)	Primary Metal	83	(8)	(134)	(37)	(96)
Unrealized derivative effects on LME related contracts	Primary Metal	263	(350)	(586)	112	(561)
Unrealized derivative effects on currency contracts (Alunorte)	Primary Metal	(16)	(106)	203	271	352
Unrealized derivative effects on currency contracts (Qatalum)	Primary Metal	25	(4)	(53)	(6)	(37)
Unrealized derivative effects on power contracts	Primary Metal	348	(10)	(342)	(442)	(426)
Unrealized derivative effects on power contracts (Søral)	Primary Metal	20	(71)	50	150	129
Loss provision (power contracts)	Primary Metal	-	-	-	257	257
Impairment charges (Alpart)	Primary Metal	-	-	-	512	512
Impairment charges (PP&E)	Primary Metal	-	-	-	845	845
Rationalization charges and closure costs	Primary Metal	-	-	-	79	79
Total impact	**Primary Metal**	**723**	**(548)**	**(861)**	**1 740**	**1 053**
Unrealized derivative effects on LME related contracts	Metal Markets	(183)	33	101	385	336
Impairment charges (PP&E)	Metal Markets	-	-	-	35	35
Total impact	**Metal Markets**	**(183)**	**33**	**101**	**420**	**371**
Unrealized derivative effects on LME related contracts	Rolled Products	(648)	(17)	550	1 337	1 221
Metal effect	Rolled Products	113	(247)	(38)	407	235
Impairment charges (PP&E)	Rolled Products	-	-	-	129	129
Total impact	**Rolled Products**	**(535)**	**(264)**	**511**	**1 872**	**1 585**
Impairment charges (PP&E)	Extrusion	-	-	-	253	253
Impairment charges (PP&E)	Automotive	-	-	-	370	370
Rationalization charges and closure costs	Automotive	-	-	-	30	30
Unrealized derivative effects on LME related contracts	Other and eliminations	(90)	10	99	182	201
Total impact	**Extruded Products**	**(90)**	**10**	**99**	**834**	**853**
Unrealized derivative effects on power contracts	Energy	(5)	(6)	(6)	(5)	(22)
Unrealized derivative effects on power contracts	**Energy**	**(5)**	**(6)**	**(6)**	**(5)**	**(22)**
Unrealized derivative effects on power contracts	Other and eliminations	928	2 083	(740)	(1 183)	1 088
Unrealized derivative effects on LME related contracts	Other and eliminations	16	(8)	6	5	19
Impairment charges (PP&E)	Other and eliminations	-	-	-	321	321
(Gains)/Loss on divestments	Other and eliminations	-	(389)	(34)	(29)	(453)
Total impact	**Other and eliminations**	**944**	**1 685**	**(768)**	**(886)**	**975**
Total EBIT	**Hydro**	**853**	**911**	**(924)**	**3 975**	**4 815**
Net foreign exchange (gain)/loss	Hydro	(854)	(298)	2 015	4 629	5 491
Income (loss) from continuing operations before tax	**Hydro**	**(1)**	**613**	**1 091**	**8 604**	**10 306**
Calculated income tax effect	Hydro	(66)	(204)	(248)	(2 943)	(3 460)
Income (loss) from continuing operations	**Hydro**	**(67)**	**409**	**843**	**5 661**	**6 846**

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Operating segment information

Underlying EBIT

NOK million	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Year 2008	Year 2009
Alumina and raw materials	67	184	2	(30)	(236)	(101)	(21)	(125)	170	289	223	(483)
Primary Aluminium	870	611	905	123	52	(794)	(739)	(593)	(219)	368	2 509	(2 074)
Primary Metal	938	795	906	93	(185)	(895)	(760)	(717)	(49)	657	2 732	(2 556)
Metal Markets	363	139	(41)	242	(245)	196	(15)	(20)	65	31	703	(83)
Rolled Products	147	240	170	93	(53)	(28)	51	57	223	309	651	26
Extruded Products	223	296	152	(332)	(204)	(26)	95	68	117	201	338	(67)
Energy	421	302	493	649	447	281	217	295	588	177	1 865	1 240
Other and eliminations	(60)	(153)	(191)	124	(253)	(146)	(381)	(334)	(255)	(265)	(279)	(1 114)
Total	**2 032**	**1 619**	**1 490**	**868**	**(493)**	**(618)**	**(793)**	**(651)**	**688**	**1 110**	**6 009**	**(2 555)**

Underlying EBITDA

NOK million	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Year 2008	Year 2009
Alumina and raw materials	76	192	10	(20)	(226)	(40)	2	(87)	186	301	258	(351)
Primary Aluminium	1 323	1 093	1 389	658	516	(332)	(287)	(148)	196	798	4 462	(251)
Primary Metal	1 398	1 285	1 399	638	290	(372)	(285)	(234)	382	1 099	4 720	(602)
Metal Markets	388	162	(15)	274	(212)	226	14	8	91	59	808	36
Rolled Products	268	359	295	242	79	100	175	179	335	419	1 164	532
Extruded Products	395	470	321	(147)	(32)	139	246	232	252	337	1 038	585
Energy	446	327	519	680	471	305	254	325	623	214	1 973	1 355
Other and eliminations	(43)	(146)	(177)	157	(243)	(131)	(366)	(320)	(242)	(252)	(209)	(1 060)
Total	**2 851**	**2 457**	**2 342**	**1 845**	**352**	**266**	**38**	**189**	**1 440**	**1 877**	**9 495**	**845**

Operating segment information

EBIT

NOK million	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Year 2008	Year 2009
Primary Metal	215	1 343	1 768	(1 647)	(1 837)	(537)	(153)	(875)	89	1 206	1 679	(3 403)
Metal Markets	546	106	(142)	(178)	(315)	472	207	39	(32)	59	332	403
Rolled Products	682	504	(341)	(1 779)	(379)	438	484	642	684	50	(934)	1 186
Extruded Products	313	285	53	(1 167)	(187)	87	108	(422)	172	202	(515)	(413)
Energy	427	307	499	654	451	321	318	297	605	176	1 887	1 386
Other and eliminations	(1 004)	(1 838)	577	1 010	669	(370)	(246)	(619)	(532)	(536)	(1 255)	(567)
Total	**1 179**	**708**	**2 414**	**(3 106)**	**(1 598)**	**410**	**719**	**(938)**	**985**	**1 157**	**1 194**	**(1 407)**

EBITDA

NOK million	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Year 2008	Year 2009
Primary Metal	676	1 833	2 261	255	(1 363)	(15)	322	(392)	520	1 649	5 024	(1 449)
Metal Markets	571	129	(116)	(111)	(283)	502	237	67	(6)	87	473	523
Rolled Products	802	623	(216)	(1 501)	(247)	566	894	764	796	160	(292)	1 977
Extruded Products	485	459	223	(359)	(5)	256	260	(258)	307	338	808	253
Energy	452	333	524	686	475	345	355	327	639	213	1 995	1 501
Other and eliminations	(987)	(1 831)	591	1 331	679	(355)	(231)	(467)	(458)	(523)	(896)	(374)
Total	**1 998**	**1 546**	**3 266**	**302**	**(743)**	**1 299**	**1 836**	**41**	**1 798**	**1 924**	**7 112**	**2 432**

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Operating segment information

Total revenue

NOK million	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Year 2008	Year 2009
Primary Metal	8 391	9 814	9 827	8 723	6 186	6 468	6 514	6 319	7 293	8 666	36 756	25 486
Metal Markets	12 432	14 101	12 977	11 702	7 945	8 921	8 851	8 480	9 950	11 419	51 212	34 197
Rolled Products	6 299	6 264	5 411	4 537	4 443	4 449	4 610	4 909	5 222	5 019	22 511	18 411
Extruded Products	6 314	6 575	6 080	5 672	5 070	5 119	4 967	4 909	4 540	5 097	24 642	20 065
Energy	2 338	3 997	1 012	565	1 515	1 330	1 079	1 362	1 985	1 838	7 913	5 286
Other and eliminations	(14 126)	(16 724)	(13 194)	(10 535)	(8 590)	(8 670)	(9 224)	(9 552)	(10 845)	(12 260)	(54 579)	(36 036)
Total	**21 648**	**24 027**	**22 114**	**20 665**	**16 569**	**17 617**	**16 795**	**16 427**	**18 145**	**19 779**	**88 455**	**67 409**

External revenue

NOK million	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Year 2008	Year 2009
Primary Metal	900	1 171	1 078	1 209	839	1 084	1 109	1 100	1 025	1 641	4 359	4 132
Metal Markets	8 048	9 257	8 396	7 086	5 329	6 730	5 953	5 638	6 536	7 040	32 787	23 650
Rolled Products	5 716	6 092	5 798	5 860	4 629	4 232	4 317	4 308	4 893	5 206	23 466	17 486
Extruded Products	6 151	6 497	6 107	5 797	5 107	5 055	4 922	4 821	4 523	5 066	24 552	19 906
Energy	327	883	599	541	499	361	354	467	1 043	697	2 350	1 682
Other and eliminations	506	126	137	172	165	155	140	94	124	128	941	554
Total	**21 648**	**24 027**	**22 114**	**20 665**	**16 569**	**17 617**	**16 795**	**16 427**	**18 145**	**19 779**	**88 455**	**67 409**

Operating segment information

Internal revenue

NOK million	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Year 2008	Year 2009
Primary Metal	7 490	8 643	8 750	7 514	5 347	5 384	5 404	5 219	6 268	7 025	32 397	21 354
Metal Markets	4 384	4 844	4 581	4 616	2 616	2 191	2 898	2 843	3 414	4 379	18 425	10 548
Rolled Products	583	172	(387)	(1 323)	(186)	217	293	601	329	(187)	(955)	925
Extruded Products	164	78	(27)	(125)	(37)	64	44	88	17	31	90	159
Energy	2 011	3 114	413	25	1 016	969	725	895	942	1 141	5 563	3 605
Other and eliminations	(14 632)	(16 850)	(13 331)	(10 707)	(8 756)	(8 825)	(9 364)	(9 645)	(10 970)	(12 388)	(55 520)	(36 590)
Total	-	-	-	-	-	-	-	-	-	-	-	-

Share of profit /(loss) in equity accounted investments

NOK million	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Year 2008	Year 2009
Primary Metal	(77)	273	95	(781)	(376)	3	21	(152)	(133)	(23)	(490)	(503)
Metal Markets	-	-	-	(1)	(1)	(1)	(6)	(7)	(4)	-	(1)	(14)
Rolled Products	(7)	(2)	(6)	(37)	(33)	(19)	(12)	(27)	(17)	(13)	(52)	(91)
Extruded Products	1	5	3	8	4	3	2	3	5	2	17	12
Energy	3	8	-	16	8	(3)	(1)	20	14	1	26	24
Other and eliminations	(14)	(27)	(15)	(360)	(16)	(25)	(18)	(178)	(101)	(50)	(415)	(237)
Total	**(94)**	**256**	**77**	**(1 154)**	**(413)**	**(42)**	**(14)**	**(341)**	**(236)**	**(83)**	**(915)**	**(809)**

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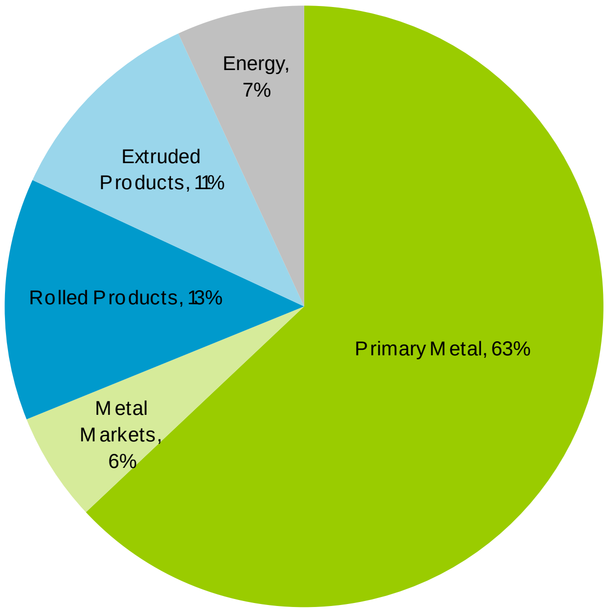
Operating segment information

Depreciation, amortization and impairment

NOK million	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Year 2008	Year 2009
Primary Metal	452	481	484	1 295	464	461	451	444	417	431	2 711	1 820
Metal Markets	24	23	26	67	32	30	29	27	26	28	140	118
Rolled Products	106	105	111	263	116	112	395	107	98	96	585	730
Extruded Products	172	174	169	808	182	169	151	164	135	136	1 324	666
Energy	24	25	24	30	23	23	35	29	33	35	103	109
Other and eliminations	13	12	11	17	10	11	15	15	13	13	53	50
Total	**791**	**819**	**825**	**2 480**	**827**	**805**	**1077**	**786**	**721**	**740**	**4 915**	**3 494**

Capital employed – upstream focus

NOK million	June 30, 2010
Primary Metal	35 495
Metal Markets	3 423
Rolled Products	7 222
Extruded Products	6 046
Energy	3 675
Other and eliminations	(6 066)
Total	49 795



Graph excludes NOK 6.1 billion in negative capital employed in Other and eliminations

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Income statements

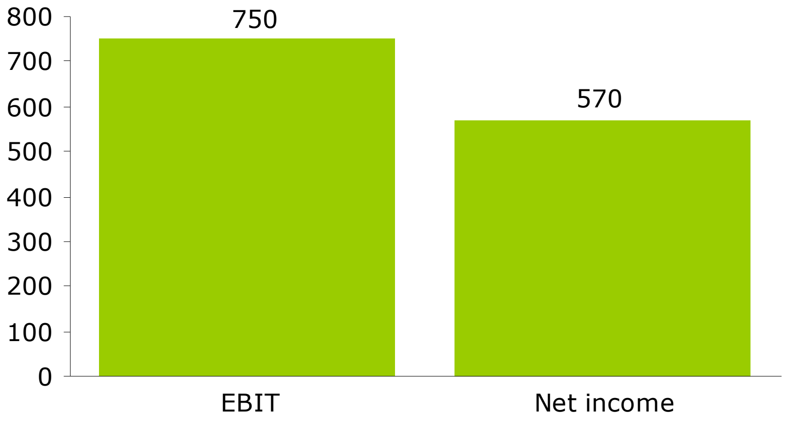
NOK million	Q2 2010	Q1 2010	Q2 2009	First half 2010	First half 2009	Year 2009
Revenue	19 779	18 145	17 617	37 924	34 186	67 409
Share of the profit (loss) in equity accounted investments	(83)	(236)	(42)	(319)	(455)	(809)
Other income, net	154	183	223	337	357	107
Total revenue and income	**19 850**	**18 091**	**17 799**	**37 942**	**34 089**	**66 706**
Depreciation, amortization and impairment	740	721	805	1 461	1 632	3 494
Other expenses	17 954	16 385	16 584	34 339	33 645	64 619
Earnings before financial items and tax (EBIT)	**1 157**	**985**	**410**	**2 142**	**(1 188)**	**(1 407)**
Financial income (expense), net	(97)	545	145	448	1 617	2 774
Income (loss) before tax	1 060	1 530	555	2 590	429	1 367
Income taxes	(462)	(605)	(273)	(1 067)	(428)	(951)
Tax rate	44%	40%	49%	41%	100%	70%
Net income (loss)	**598**	**924**	**282**	**1 523**	**2**	**416**
Net income (loss) attributable to minority interest	95	55	71	151	138	117
Net income (loss) attributable to Hydro shareholders	503	869	211	1 372	(137)	299
Earnings per share attributable to Hydro shareholders	**0.40**	**0.68**	**0.17**	**1.08**	**(0.11)**	**0.24**

Balance sheets

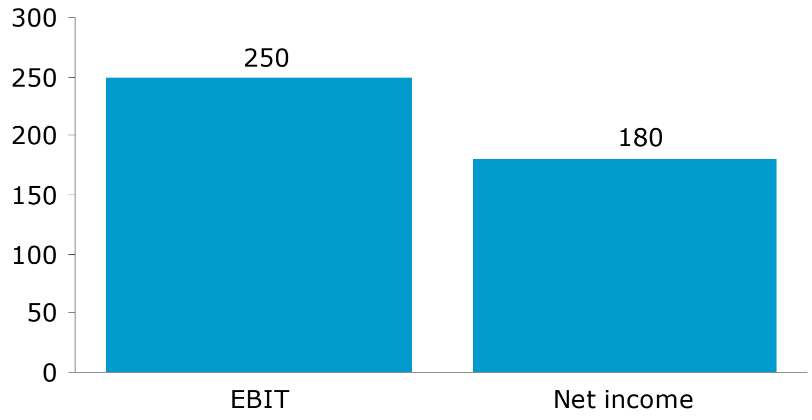
NOK million	June 30, 2010	March 31, 2010	December 31, 2009	September 30, 2009	June 30, 2009
Cash and cash equivalents	2 192	2 502	2 573	2 986	4 860
Short-term investments	1 311	1 554	1 519	1 477	1 439
Receivables and other current assets	17 338	15 576	13 679	14 776	14 988
Inventories	10 273	9 678	10 030	9 884	10 654
Property, plant and equipment	25 758	25 499	25 647	25 963	27 621
Other non-current assets	26 566	25 109	24 150	24 199	24 843
Total assets	**83 439**	**79 919**	**77 599**	**79 285**	**84 404**
Bank-loans and other interest-bearing short-term debt	1 480	972	2 010	1 997	2 245
Other current liabilities	14 909	13 551	13 032	13 013	14 081
Long-term debt	2 142	2 574	88	104	1 094
Other long-term liabilities	14 429	14 430	14 425	14 473	14 974
Deferred tax liabilities	803	816	849	1 348	1 199
Equity attributable to Hydro shareholders	48 624	46 458	46 169	47 143	49 450
Minority interest	1 053	1 118	1 026	1 207	1 362
Total liabilities and equity	**83 439**	**79 919**	**77 599**	**79 285**	**84 404**

Price and currency sensitivities

Aluminium price sensitivity +/- 100 USD per tonne



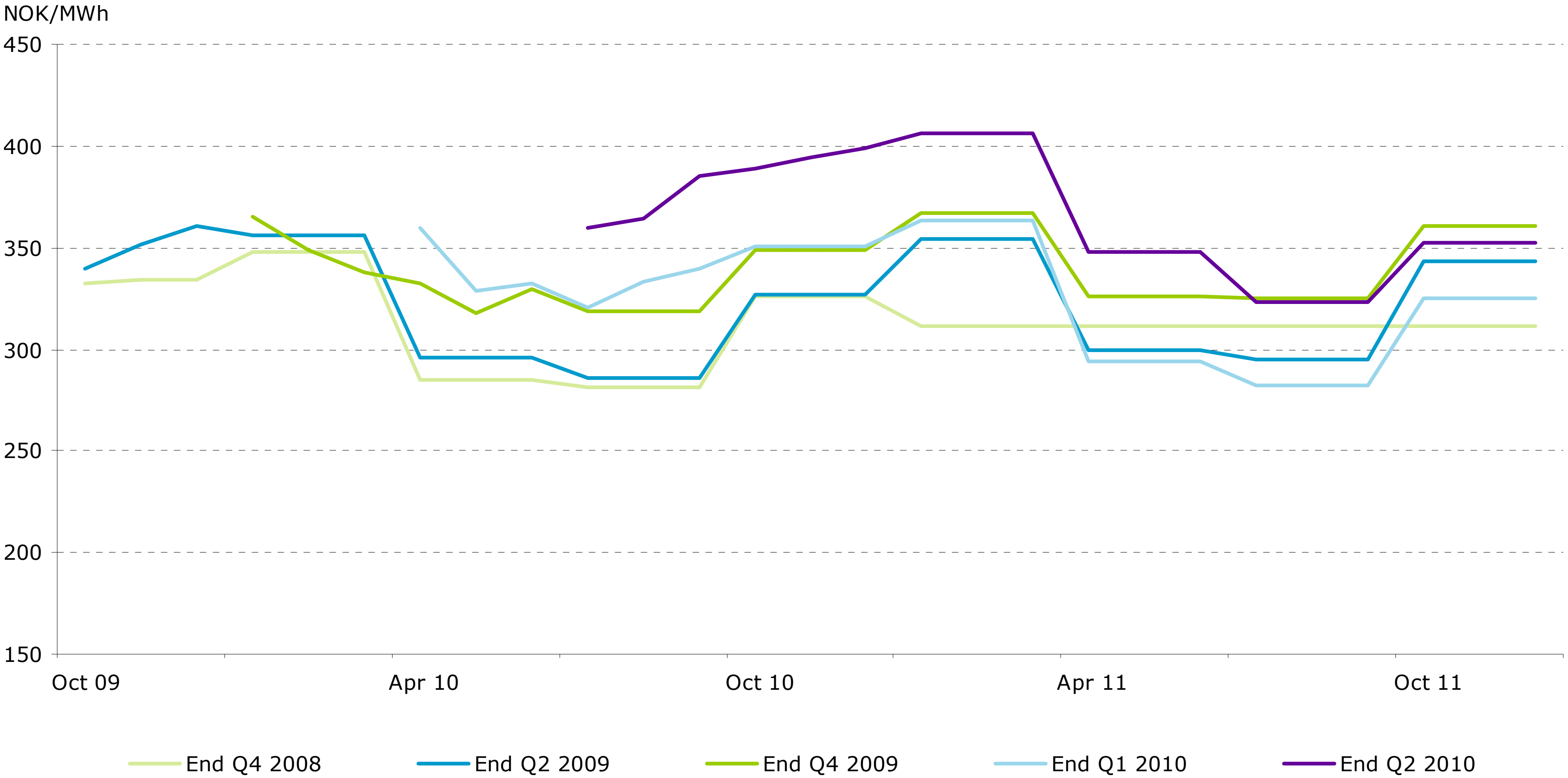
NOK/USD sensitivity +/- 0.1 NOK



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

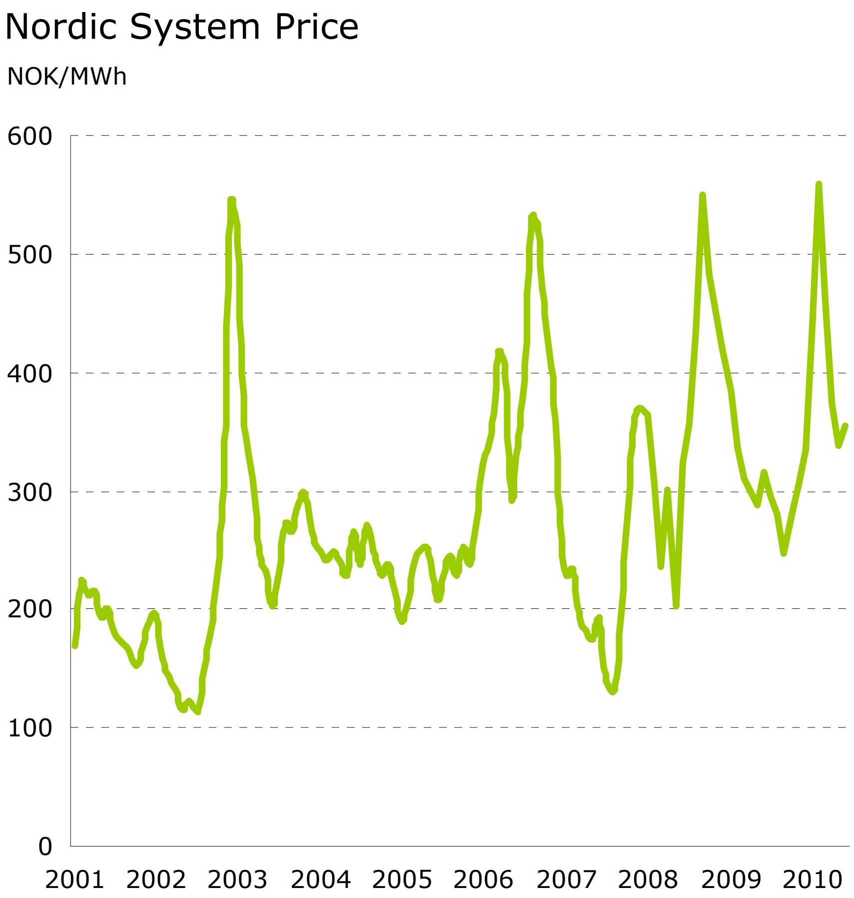
- Based on expected business volumes for 2010 and the following prices:
  - Aluminium 2 000 USD/tonne
  - NOK/USD 6.3
- LME sensitivity excludes unrealized effects related to operational hedging
- USD sensitivity on financial items is based on financial positions end Q2 2010

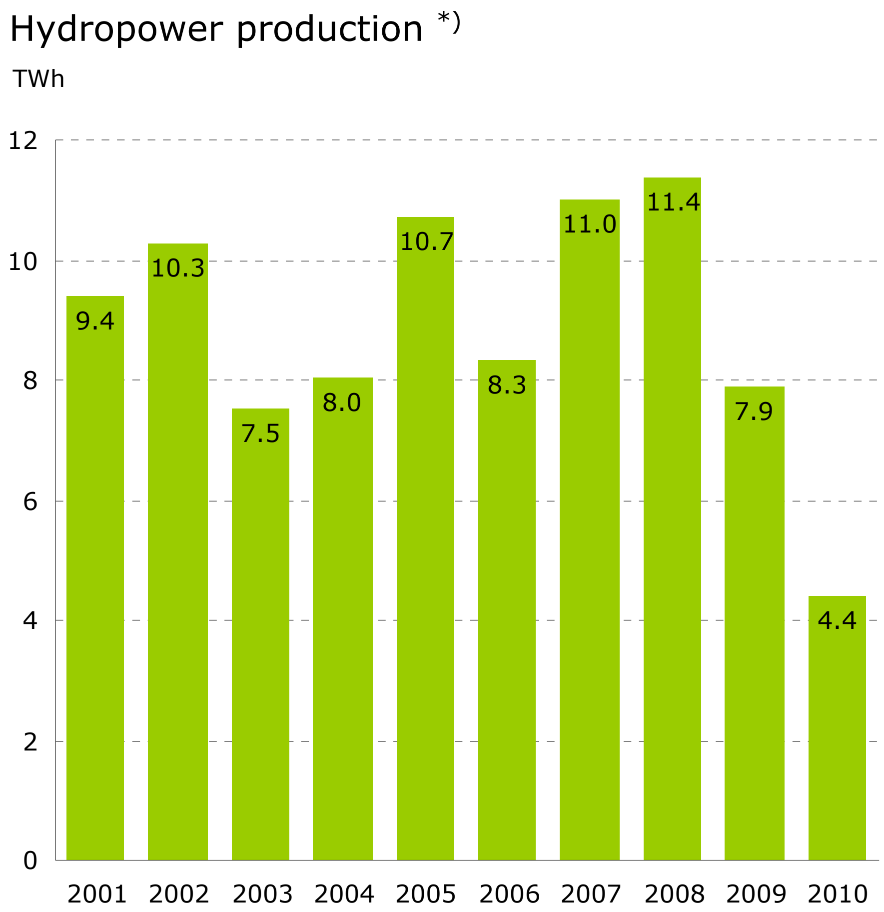
Nordic power market – forward curves



HYDRO

Power price and volume





*) 2010 figure is YTD

Primary Metal – operational data

Volumes and prices [1]	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Year 2008	Year 2009
Realized premium above LME (USD/mt) [1]	350	353	328	268	230	230	260	272	294	307	327	246
Realized premium above LME (NOK/mt) [1]	1 905	1 832	1 740	1 706	1 545	1 505	1 618	1 576	1 699	1 856	1 801	1 559
Alumina production (1 000 mt)	509	506	589	684	578	494	514	504	474	518	2 289	2 091
Primary aluminium production (1 000 mt)	433	437	439	442	397	338	330	332	339	362	1 750	1 396
Casthouse production (1 000 mt)	556	553	563	494	433	411	466	473	484	512	2 166	1 782
Casthouse sales (1 000 mt)	568	584	534	451	440	461	476	450	495	521	2 137	1 822
LME realized (USD/mt) including hedges	2 450	2 610	2 848	2 654	1 996	1 468	1 523	1 804	1 997	2 200	2 638	1 698
NOK/USD realized including hedges [2]	5.45	5.19	5.31	6.37	6.71	6.54	6.22	5.80	5.78	6.05	5.57	6.34
LME realized (NOK/mt) including hedges	13 354	13 553	15 114	16 904	13 393	9 598	9 480	10 452	11 542	13 302	14 699	10 764
LME realized (USD/mt) excluding hedges	2 503	2 694	2 968	2 763	1 996	1 457	1 511	1 797	1 986	2 194	2 728	1 691
NOK/USD realized excluding hedges [2]	5.45	5.19	5.31	6.37	6.71	6.54	6.22	5.80	5.78	6.05	5.57	6.34
LME realized (NOK/mt) excluding hedges	13 632	13 985	15 754	17 601	13 393	9 526	9 405	10 411	11 483	13 265	15 205	10 717

1) Average realized premium above LME for total metal products sold from Primary Metal.
2) Difference between realized exchange rate and spot rate at the transaction date is reported as currency gain/loss and not included in EBITDA (except currency hedges where hedge accounting is applied).

Metal Markets – operational data

Volumes and prices	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Year 2008	Year 2009
Remelt production (1 000 mt)	141	145	121	97	89	111	123	133	148	160	505	455
Sale of metal products from own production (1 000 mt)	724	753	667	571	548	594	608	596	656	720	2 716	2 351
Sale of third-party metal products (1 000 mt)	64	48	56	39	24	20	10	9	13	13	207	63
Total metal products sales excluding ingot trading (1 000 mt)	788	801	723	610	573	614	618	605	670	733	2 923	2 414
Hereof external sales excluding ingot trading (1 000 mt)	471	486	452	324	320	375	395	375	414	457	1 733	1 468
External revenue (NOK million)	7 905	9 280	7 979	7 798	5 329	6 730	5 953	5 638	6 536	7 040	32 962	23 650

Rolled Products – operational data

Volumes and prices	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Year 2008	Year 2009
Rolled Products external shipments (1 000 mt)	253	259	240	213	191	187	205	211	231	242	965	794
Rolled Products – EBIT per tonne, NOK	581	932	728	419	(279)	(152)	248	270	966	1 275	674	33

Extruded Products – operational data

Volumes and prices	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Year 2008	Year 2009
Extruded external shipments (1 000 mt) 1)	161	164	148	121	113	120	128	126	128	141	594	487
Extruded – underlying EBIT per tonne, NOK	1 385	1 805	1 027	(2 744)	(1 805)	(217)	742	540	914	1 430	569	(138)

Energy – operational data

Volumes and prices	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Year 2008	Year 2009
Power production, GWh	2 850	3 021	2 677	2 813	2 477	1 809	1 682	1 929	2 781	1 621	11 361	7 897
Net spot sales, GWh	969	1 331	1 233	1 130	838	413	480	486	1 323	144	4 663	2 217
Nordic spot electricity price, NOK/MWh	303.1	275.0	446.0	452.0	344.0	301.0	274.0	307.0	485.0	355.0	369.0	306.0
Southern Norway spot electricity price (NO2)2, NOK/MWh	288.9	171.0	403.0	433.0	341.0	297.0	249.0	296.0	430.0	368.0	324.0	295.0

1) Including Structures until divested end 2009
2) Southern Norway spot price NO2 for 2010 figures and NO1 for 2009 and 2008 figures due to the establishment of new price areas

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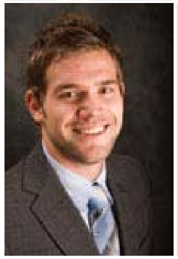
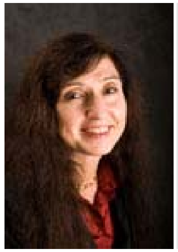
	Stian Hasle	Investor Relations Officer	t: +47 977 36 022 e: stian.hasle@hydro.com
	Irene Raposo	Investor Relations Assistant	t: +47 414 02 174 e: irene.raposo@hydro.com

Next investor event: **Third quarter results, 27 October, 2010**

For more information see: **www.hydro.com/ir**