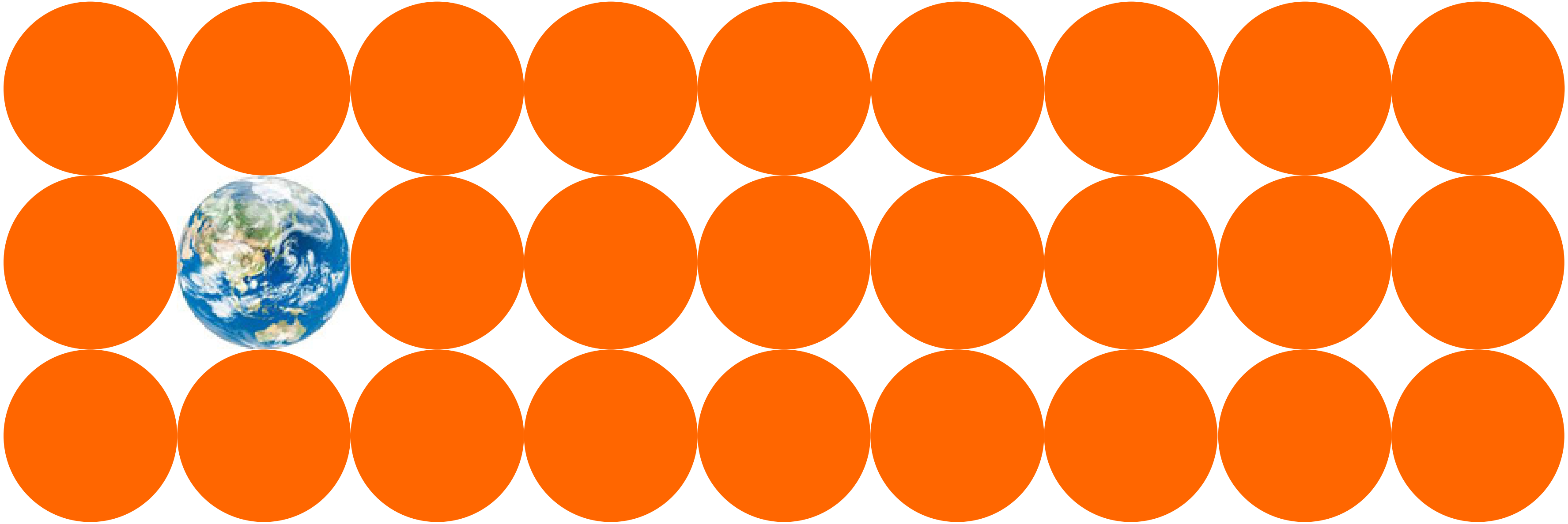
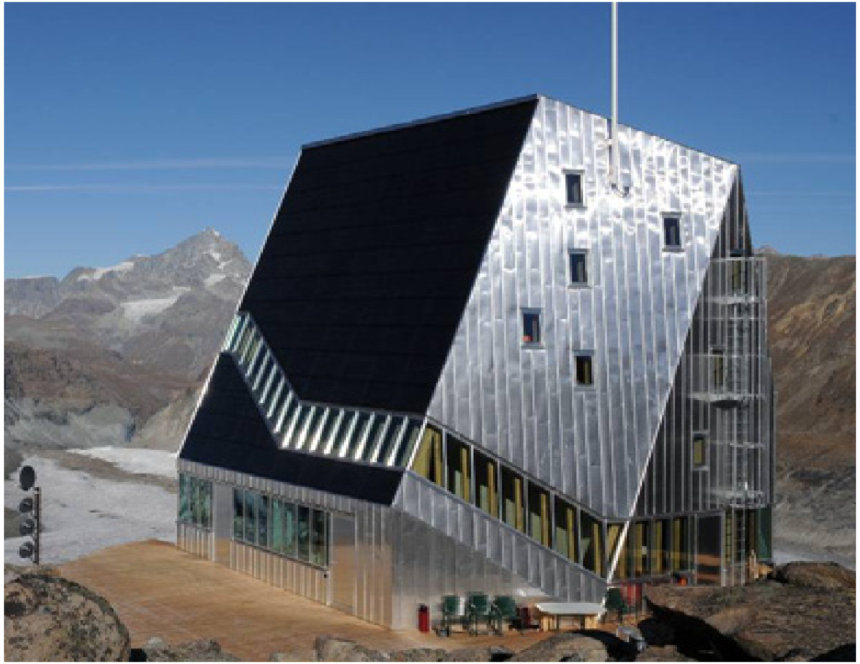
Capital Markets Day: Shaping the future



Svein Richard Brandtzæg, President and CEO
January 13, 2011

Hydro's value proposition

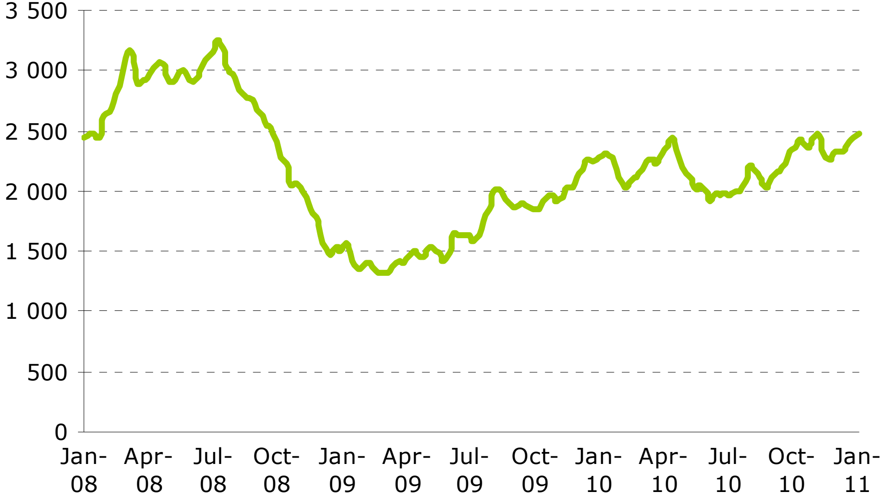
- Transforming bauxite and alumina acquisition enhances earnings robustness and provides long alumina position for decades to come
- Repositioning of Primary Metal on track for USD 300 per tonne cost improvement by end-2013
- World-class Qatalum smelter in full production from June 2011
- Increasing value of Energy business and competence
- Exciting prospects for high-end downstream business in mature and emerging markets
- Proactive portfolio, performance and margin management



Encouraging price signals

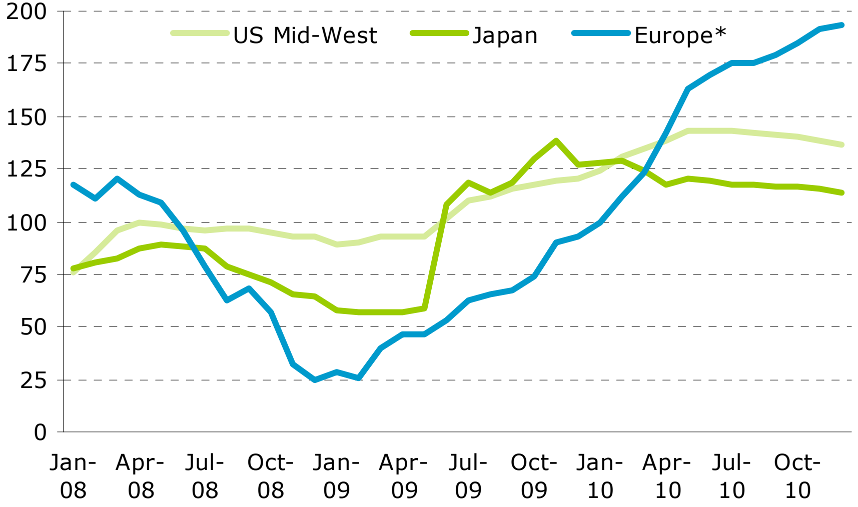
Recovering aluminium price

LME 3-month in USD/tonne



Increasing ingot premiums

USD per tonne



* Duty-paid

Source: Metal Bulletin, MW/MJP: Platts

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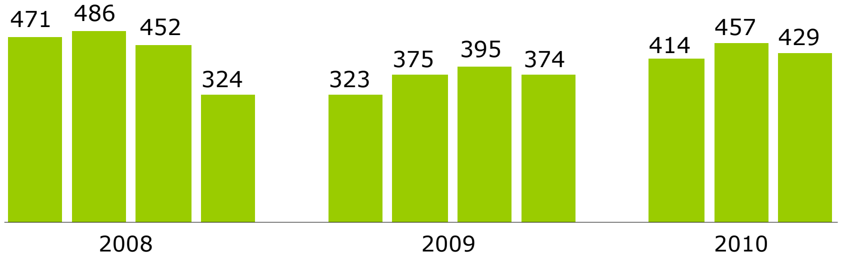
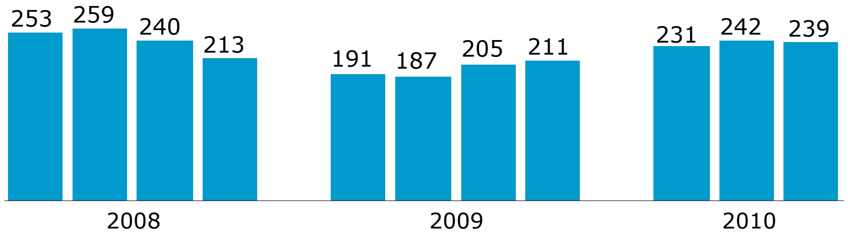
Sales approaching pre-crisis level

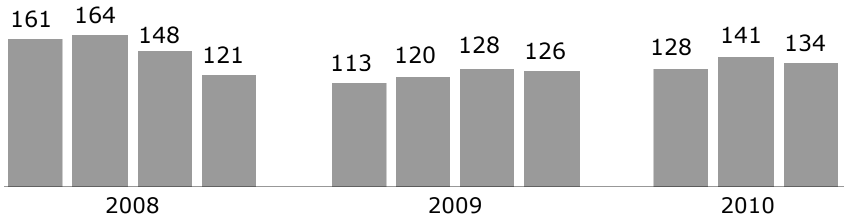
Metal Markets quarterly external sales, 1 000 tonnes



Rolled Products quarterly sales, 1 000 tonnes

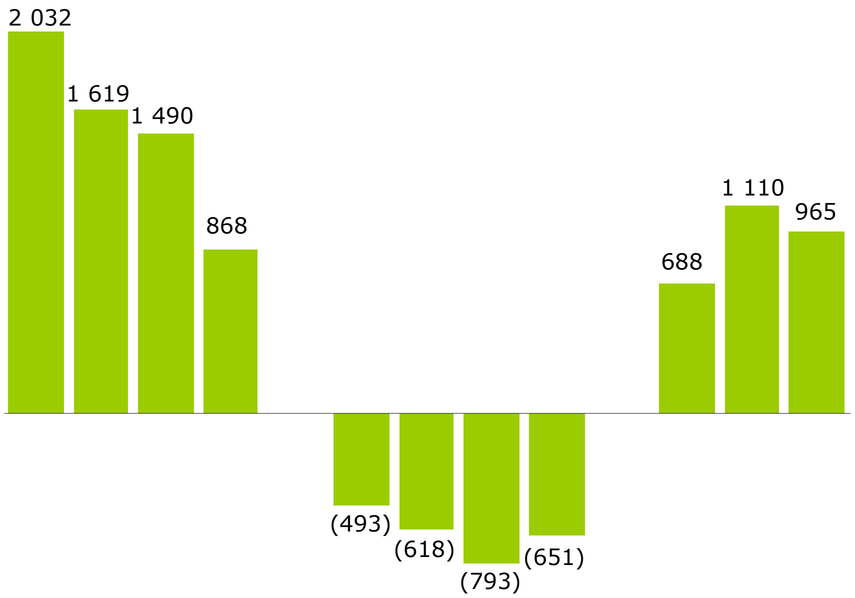


Extruded Products quarterly sales, 1 000 tonnes



Results improved

Hydro underlying EBIT quarterly, NOK million



- Reduced costs and curtailment of high-cost production capacity
- Manning reductions
- Firm margins downstream
- Improved sales volumes
- Higher LME prices
- Solid Energy results

Agenda 2010: a stronger Hydro

Navigate
the storm

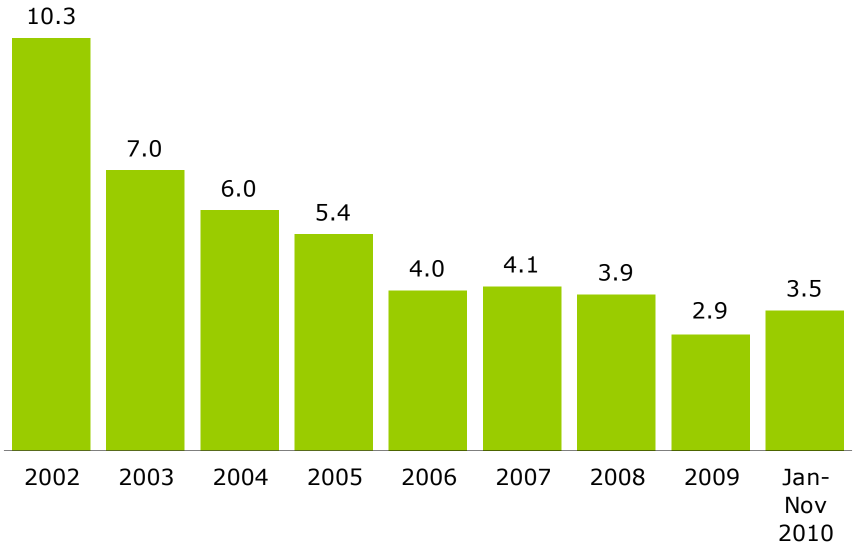
Stay
focused

Shape
the future

Responsible business is our license to operate

Safety remains a top priority

TRI rate



Commitment to sustainable operations

- Reducing specific energy consumption and climate gas emissions
- Helping our customers reduce their climate footprint
- Responsible restructuring
- Welcoming new colleagues from Vale – drawing on their competence
- Hydro is recognized on key indexes

Dow Jones Sustainability Indexes
Member 2010/11

FTSE4Good

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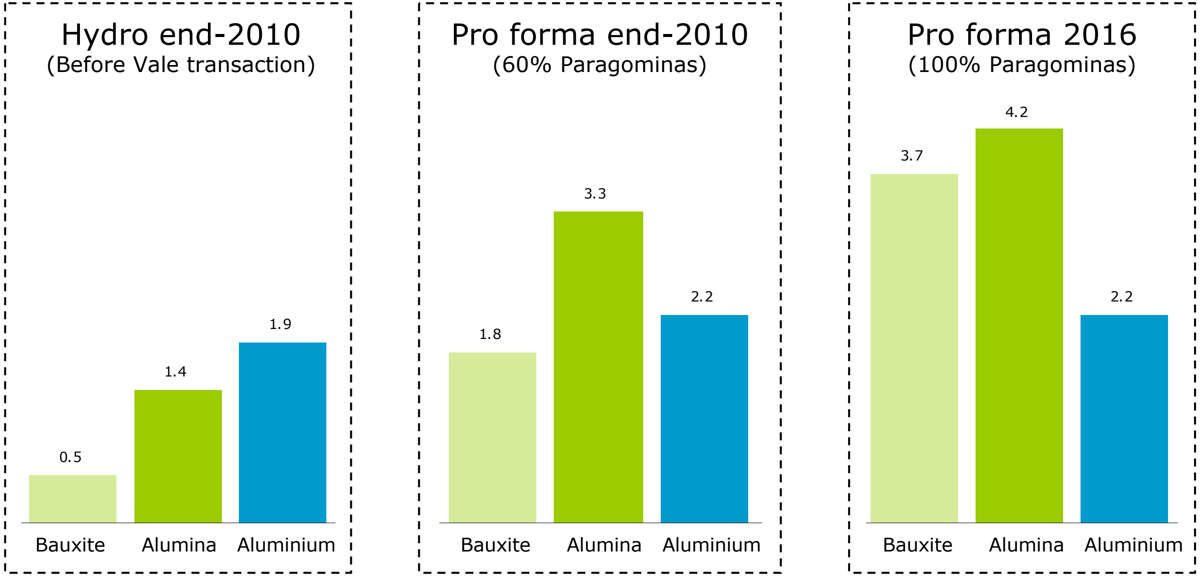
1

Transforming bauxite and alumina acquisition

Hydro becomes long in bauxite and alumina

Aluminium equivalent equity capacity, million tonnes



- Hydro's position transformed from large share of long-term contract sourcing to full resource ownership
- Excess alumina sold on standard industry contracts until 2015
- Portfolio of bauxite and alumina sourcing contracts strengthens equity position
  - Hydro will annually purchase 6.8 million tonnes of bauxite on an evergreen contract from MRN
  - Hydro's current alumina sourcing contracts will remain in portfolio

Includes idled capacity. Assumed assets included on a pro rata basis. 2016 includes Paragominas at 15 million tonnes and CAP first phase.

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Gives Hydro control of world-class assets

Paragominas, bauxite mine

- Capacity: 10 million tonnes
- Ownership: 60%, 100% from 2015

Bauxite licenses

CAP alumina refinery project

MRN bauxite purchase agreement

Competence

Alunorte, alumina refinery

- Capacity: 6.3 million tonnes
- Ownership: 91%
- First quartile cash cost position including Paragominas bauxite

Albras, aluminium smelter

- Capacity: 460 000 tonnes
- Ownership: 51%
- Upper second quartile cash cost position

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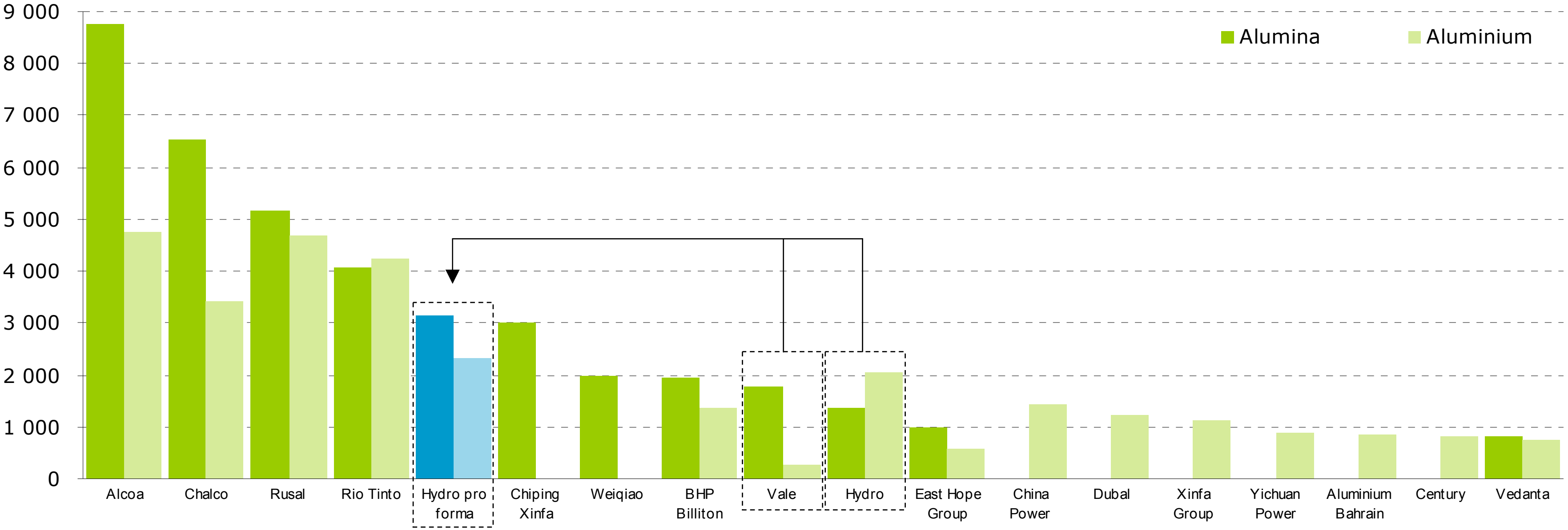
Lifts Hydro to first tier in aluminium industry

Production capacity for 2010 in aluminium equivalents, million tonnes



Source: CRU

Attractive commercial foundation for alumina

- Scarcity of high-quality bauxite
- Large alumina and bauxite deficit in China seems to continue
- Growth expectations for aluminium requires new alumina capacity next decade
- Development and construction costs for new capacity increasing
- Future pricing needs to reflect economic fundamentals of the bauxite and alumina value chain

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2

Bauxite & Alumina

Johnny Undeli, Executive Vice President and Head of Bauxite & Alumina

New global Bauxite & Alumina Business area

MRN bauxite mine

5% ownership

Signed volume off-take agreement for Vale's 40% stake

Paragominas bauxite mine

Taking over 60%, increasing to 100% by 2015

CAP alumina refinery project

81% ownership

Alunorte alumina refinery

91% ownership

Alpart alumina refinery

35% ownership

Bauxite licenses

Refining and mining competencies

External supply contracts

Sales contract portfolio

Successful integration process well underway

- Global Bauxite & Alumina organization
  - Headquarter in Rio de Janeiro
  - Commercial operations in Lausanne
- 4 100 employees in Brazil
  - Ready to take leadership at operation
  - Strong management team in place
- Improve capacity utilization
- Operational excellence
- Become benchmark in performance including HSE and CSR

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Alunorte – from world's largest to world class

- World's largest alumina refinery
- 2010 production 5.8 million tonnes
- Target to reach 6.3 million tonnes
- Bauxite supplied from Paragominas and MRN
- First quartile integrated cash cost position

Paragominas – increased output main challenge

- One of the world’s largest bauxite mines
- 2010 production 7.5 million tonnes
- Target to reach 10 million tonnes
  - Ramp-up schedule
- Possible expansion to 15 million tonnes
- Reserve life of several decades

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Benchmark social and environmental commitment

Business strategy

CSR strategy

Stakeholder engagement and transparency

Impact management activities

Value added programs

Based on:
- Business needs and opportunities
- Social risks, challenges and opportunities
- Community needs and expectations

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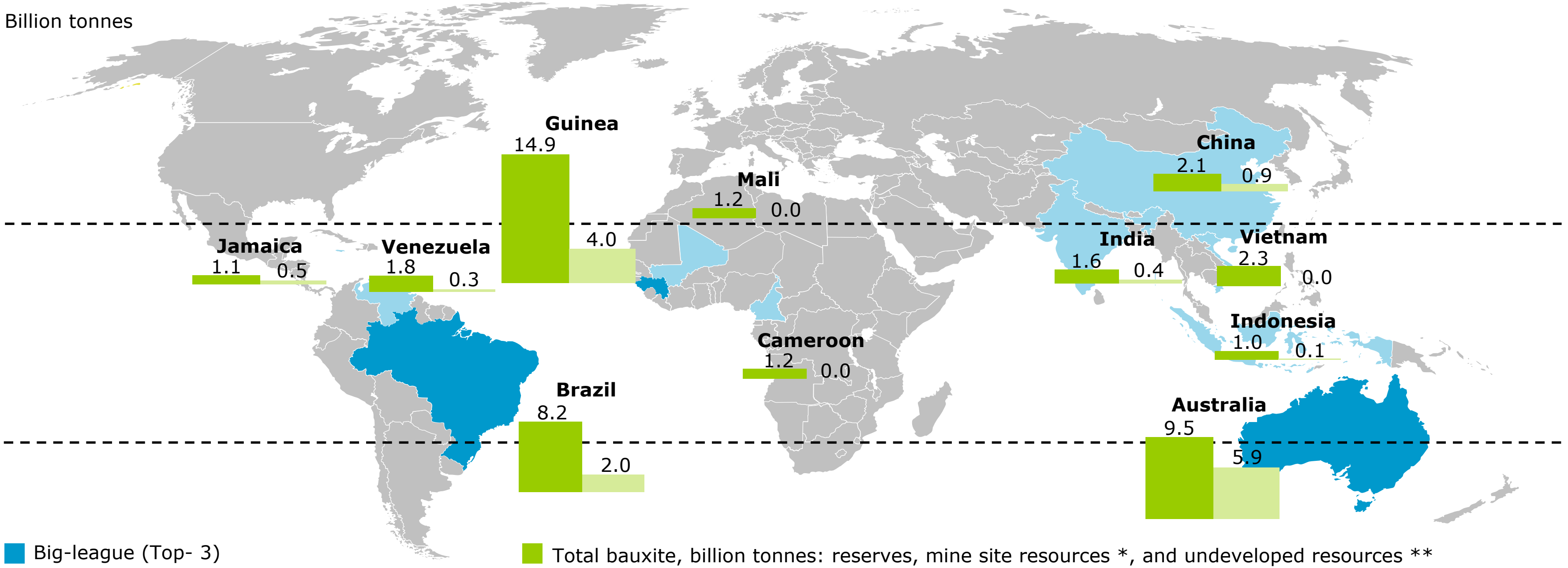
66% of bauxite availability concentrated in 3 countries

Billion tonnes



Big-league (Top- 3)

Mid-league (Top- 11; each > 2% of world total)

Total bauxite, billion tonnes: reserves, mine site resources *, and undeveloped resources **

Potential reserves, billion tonnes: associated with currently operating mines ***

*) Mine site resources are known bauxite resources that do not currently qualify as reserves for various reasons

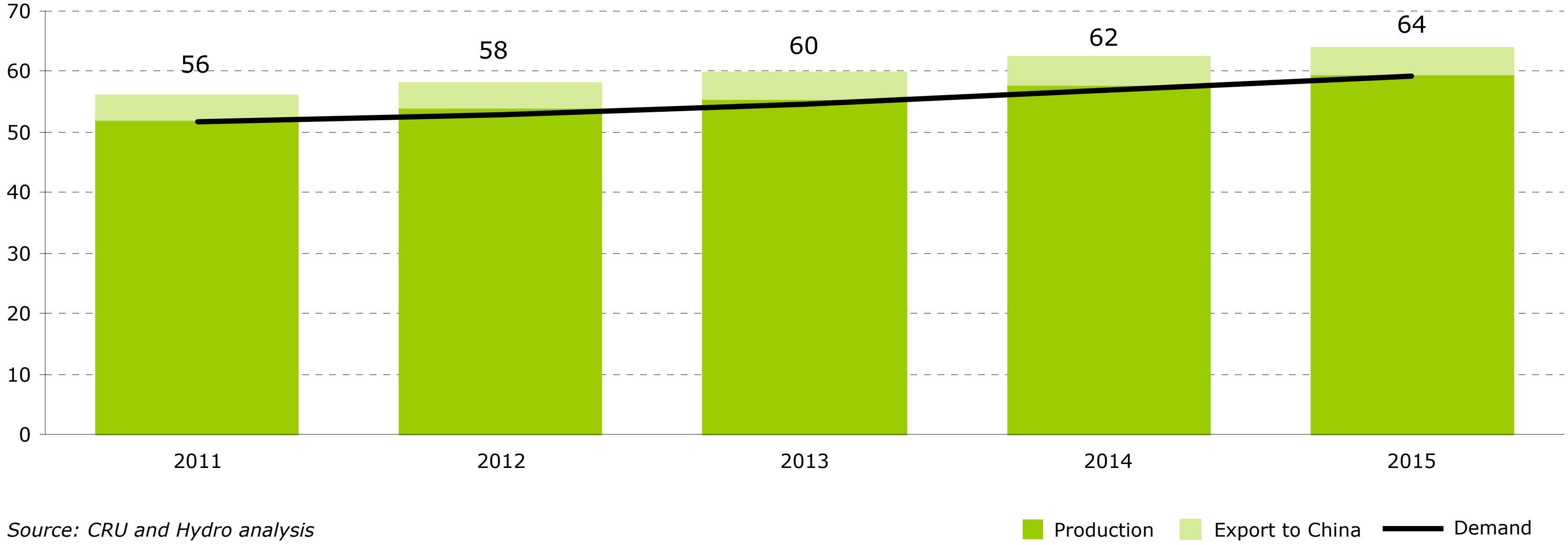
**) Undeveloped resources might or might not became feasible for new mines (quality, size, access, etc)

***) Potential reserves = current reserves (economically extractible) + 70% of mine site resources. Undeveloped resources are excluded.

Source: Roskill and Hydro analysis

Alumina market appears balanced

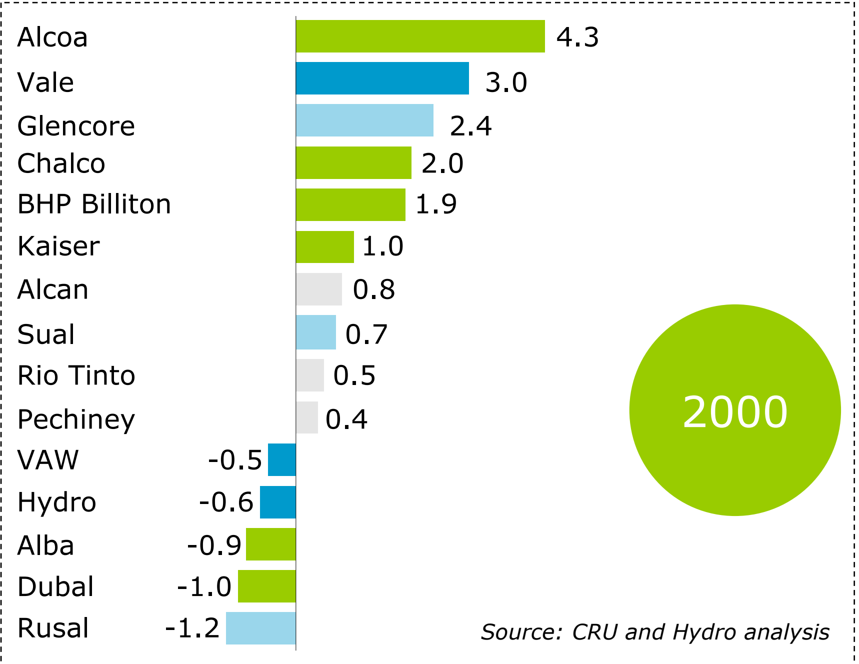
World outside China, million tonnes



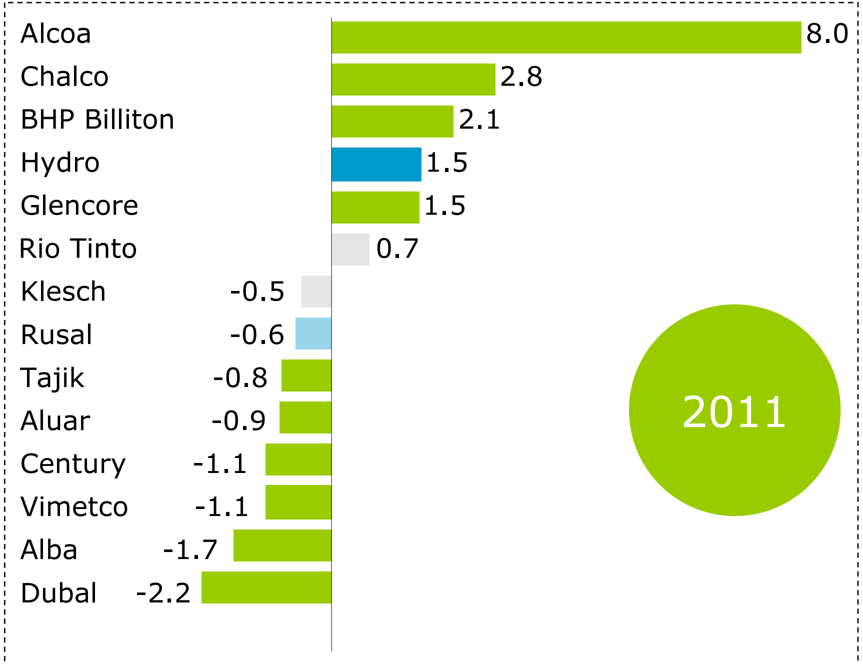
Source: CRU and Hydro analysis

Alumina market is consolidating

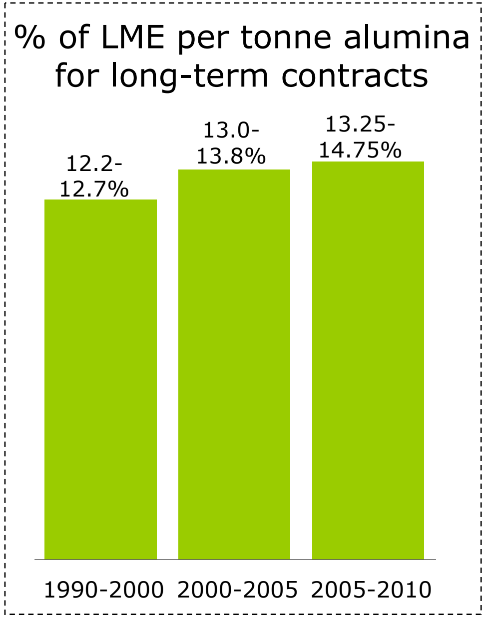
Equity alumina production less equity alumina requirement, million tonnes

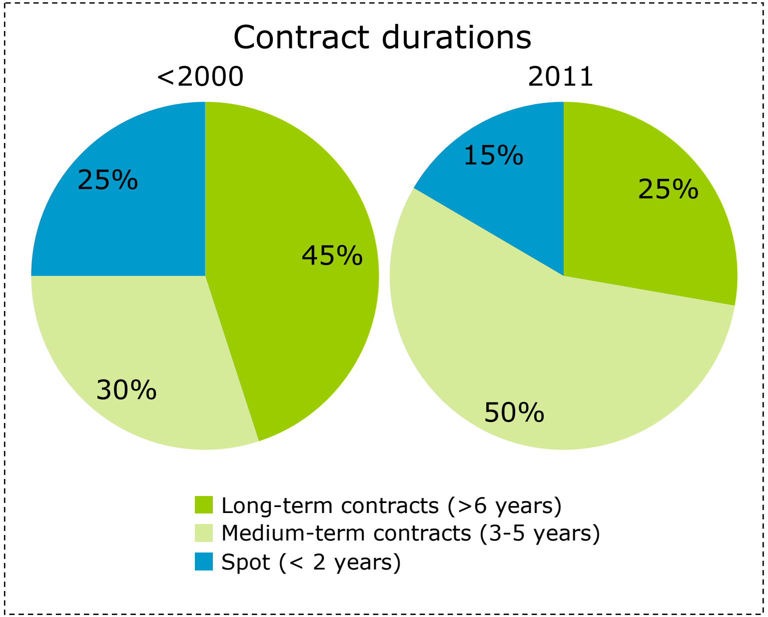


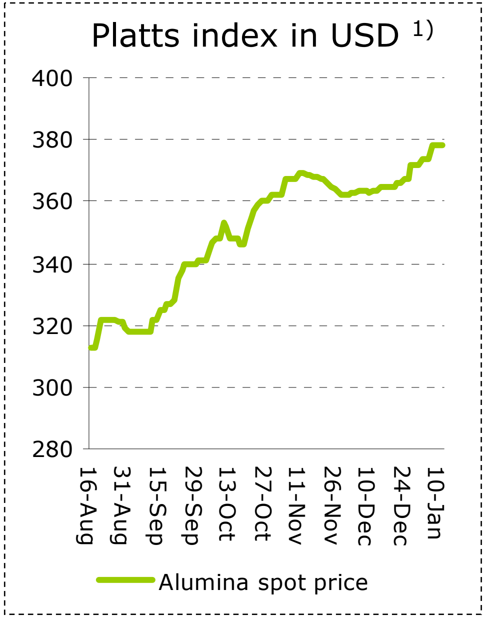
Source: CRU and Hydro analysis



Shift towards shorter contract durations







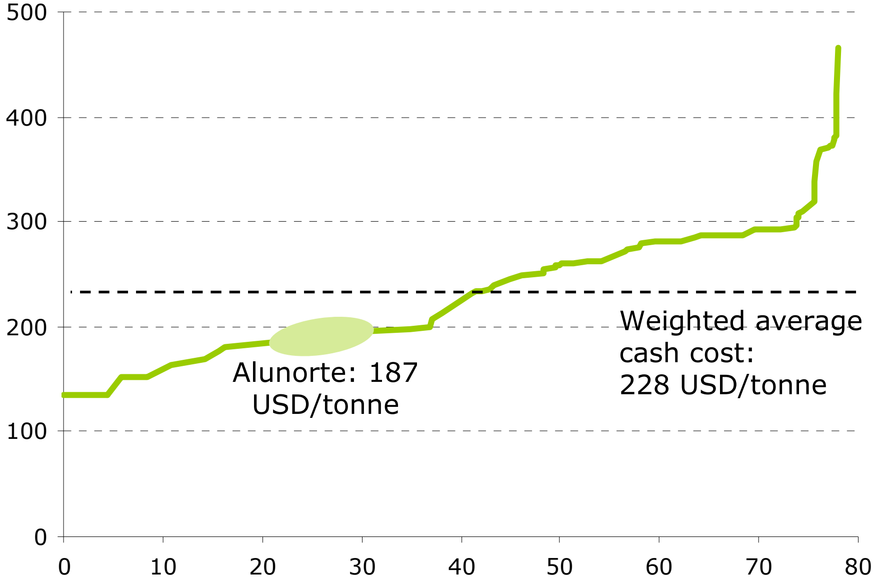
Source: Platts and Hydro estimates 1) Platts, started spot notifications in August 2010

Expansion projects – CAP and Paragominas III

- Time schedule
  - CAP refinery (Phase I) is planned to be in operation in 2015
  - Paragominas expansion to be developed in parallel
- Investment estimates and expansion concepts under evaluation
- Cost position – value creation
  - Competitive cash cost
  - Full utilization of the existing bauxite pipeline
- Project building on experience from Alunorte

Strong position – ambitious targets

World cash cost curve 2009, USD/tonne



Source: CRU

- Establish Hydro as a leading global bauxite and alumina player
- Strong market organization in Lausanne
- Significant operational improvements, including improved HSE
- Establish Hydro as a good citizen in Brazil, all CSR-issues well managed
- Transaction expected to close in first half 2011

Positions Hydro for further upstream growth

Canada, aluminium

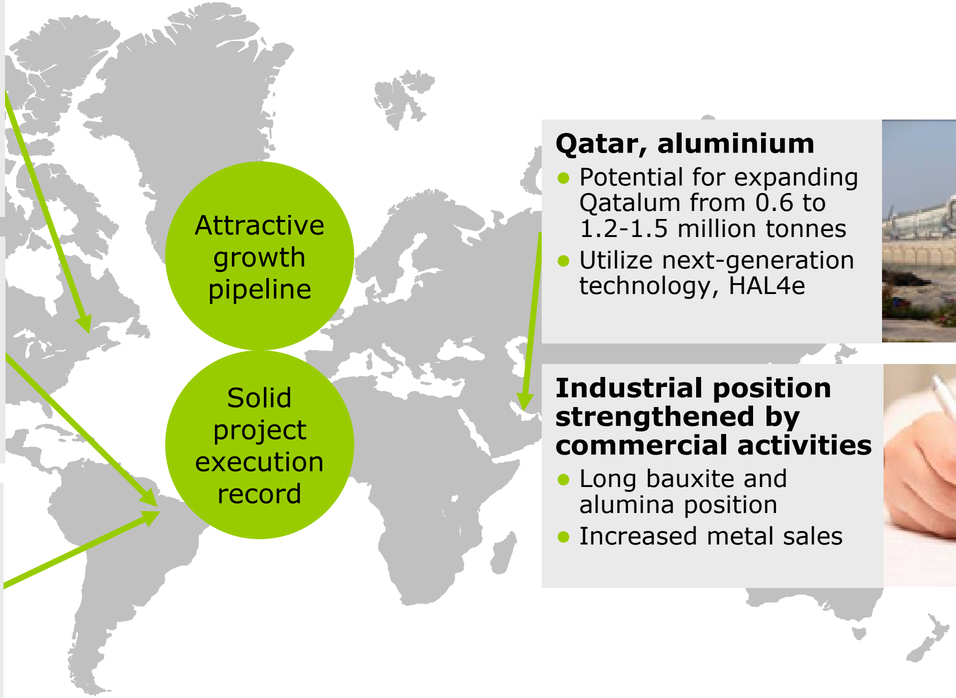
- Potential expansion of Alouette smelter from 0.6 to 0.9 million tonnes
- Low-cost operations
- 20% Hydro stake

Brazil, bauxite

- Paragominas brownfield expansion from 10 to 15 million tonnes
- Supply to CAP

Brazil, alumina

- CAP alumina refinery
- First-phase capacity: 1.86 million tonnes
- Expansion potential to 7.44 million tonnes



Attractive growth pipeline

Solid project execution record

Qatar, aluminium

- Potential for expanding Qatalum from 0.6 to 1.2-1.5 million tonnes
- Utilize next-generation technology, HAL4e

Industrial position strengthened by commercial activities

- Long bauxite and alumina position
- Increased metal sales

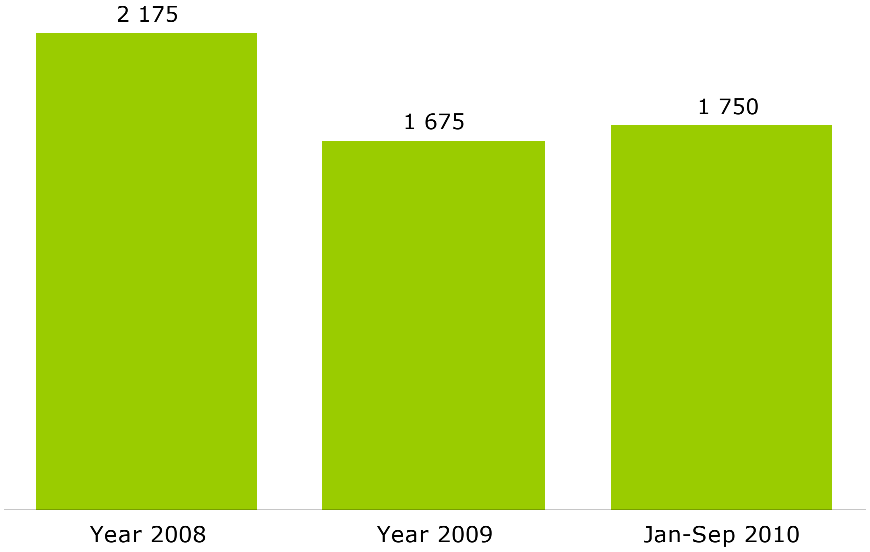
3

Repositioning Primary Metal

Ambitious cost improvement program on track

Estimated primary aluminium production cash costs

USD/tonne[1]



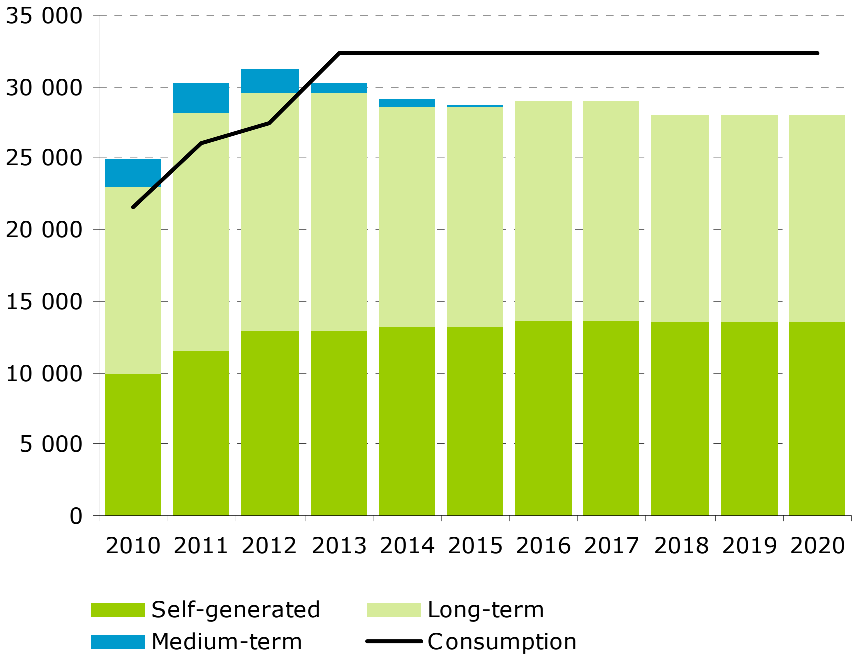
- USD 100 cost improvement program on track with USD 50 cost savings for 2010
- Further improvement potential in cash cost position
  - Estimated first nine months 2010 cash cost USD 1 750/NOK 10 600
- Extended program with additional USD 200 reduction in cash cost

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

Qatalum in full production from June 2011

- World-class smelter
  - First quartile position on cost curve
- Ideally located to serve all major markets
- Main tasks in 2011
  - Reach full capacity
  - Stabilize production

Solid long-term power coverage for Primary Metal



- 90% of power needs secured until 2020
- High share of renewable energy
  - More than 2/3 of power needs from renewable sources
- Albras smelter in Brazil has hydropower based contracts through 2024
- High share of general inflation linked and fixed price contracts
  - Limited commodity price exposure
- Securing acceptable power sourcing in Europe requires CO_2 compensation

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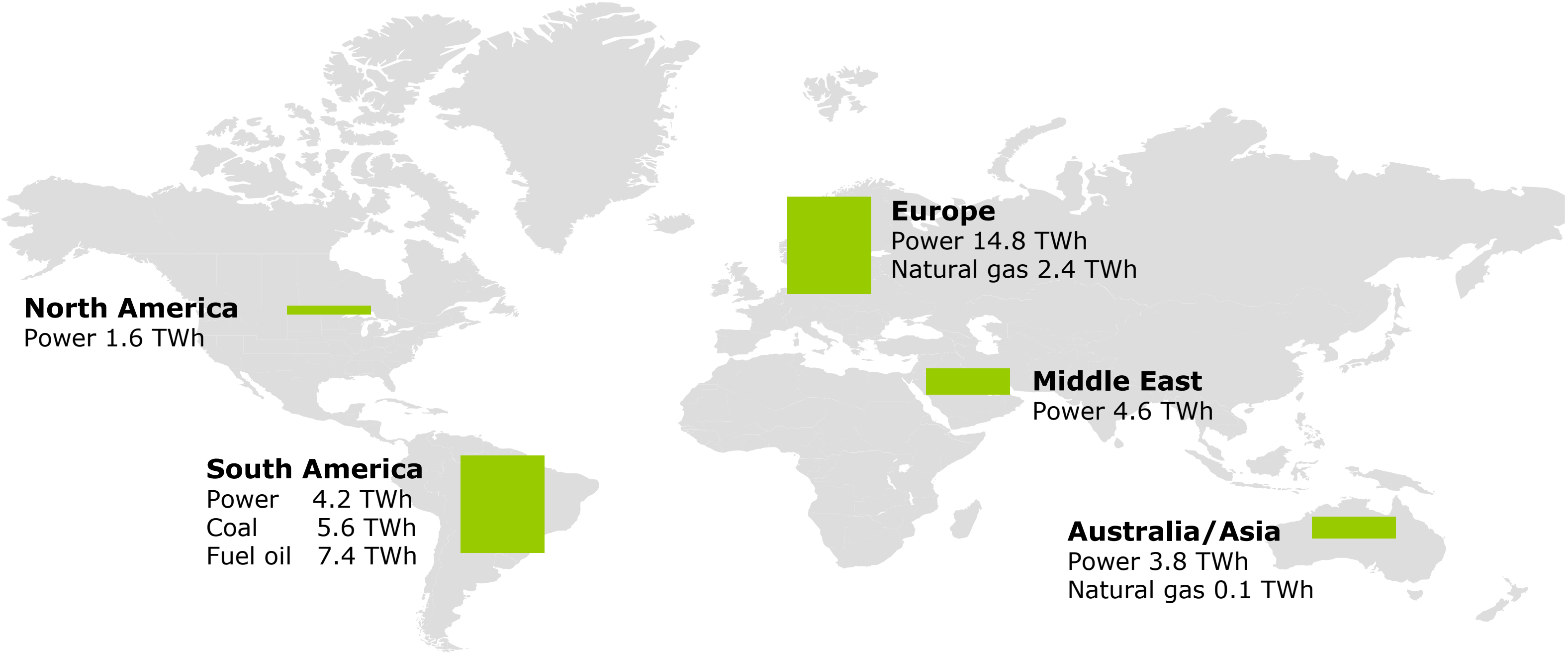
Increasing value of Energy business and competence

Hydro is a global energy player

Energy consumption in smelters, rolling mills and alumina refineries



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

Substantial values in long-term assets in Norway

- Stable and solid cash generation
  - Indicative annual EBITDA NOK 1.6 – 1.8 billion
- Hydro's power balance, normal year
  - Normal production ~9.4 TWh
  - Sourcing on long-term contracts ~7.0 TWh
  - Consumption in Primary Metal* ~12.5 TWh
  - Contract sales and concession power ~1.0 TWh
  - Spot sales ~3.0 TWh
- Value enhancement potential
  - Growth opportunities in Norway
  - Holsbru project to add 84 GWh from 2012
  - Optimization of power value in market, and in cooperation with smelters

*Including Sunndal 3 line currently curtailed

Power production capacity (TWh) per region and reversion year

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Reversion regime secures Hydro's values

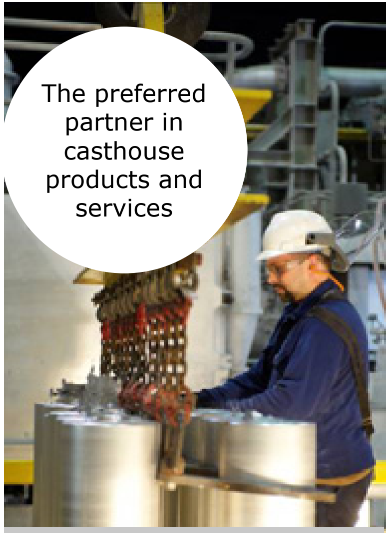
- Pursue value enhancement strategy
  - Develop and enhance value of power assets
  - Power assets remain an integrated part of aluminium production in Norway
  - Power and smelter portfolio will be reviewed concurrently
  - Participate in restructuring of power sector
  - Actively working on framework conditions (CO2 and grid)
- Value of assets protected by several possible types of transaction
  - Sell or merge into state or municipality owned entity (minimum 2/3 of asset)
- Maintaining ownership to Røldal-Suldal assets means owning an option

5

Exciting prospects for high-end downstream business in mature and emerging markets

Leading metal products supplier in Europe

Metal Markets



Casthouse production
Primary production
Remelting & recycling
Commercial agreements

Extrusion ingot
1 550 000 tonnes

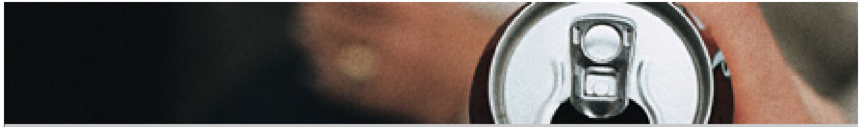
Foundry alloys
450 000 tonnes

Sheet ingot
525 000 tonnes

- Growing marketing position in U.S. and Asia through Qatalum volumes
- Enhance value of market system and optimize value on top of LME price
- Strengthen margin management and contribute to improved earnings in primary casthouses
- Capitalize on strong market position through sourcing and trading strategies
- Firm operational LME risk management

No. 1 flat rolled products producer in Europe

Rolled Products



Packaging & building
Revenues: NOK 8.8 billion

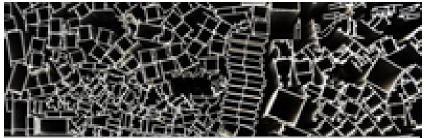
Automotive, heat exchangers & general engineering
Revenues: NOK 4.7 billion

Litho
Revenues: NOK 2.9 billion

- World leading positions in high-end products: foil, litho and automotive
- Record results in 2010
- Strategy
  - Margin management and cash generation
  - Focus production system on core assets
  - High-grading product portfolio

Strong position in Europe, U.S. and Brazil

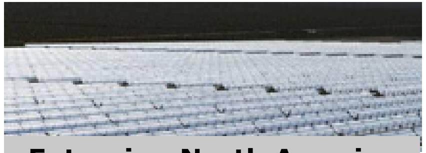
Extruded Products



Extrusion Eurasia
Revenues: NOK 8.0 billion

Building Systems
Revenues: NOK 6.3 billion

Precision Tubing
Revenues NOK 1.9 billion



Extrusion North America
Revenues: NOK 2.1 billion

Extrusion South America
Revenues: NOK 0.6 billion

Strong entrepreneur -ship, management culture and competence

Product innovation through strong customer relations

- Leading position in Europe in Extrusion and Building Systems
- Strong position in the U.S. and Brazil
- Global leader in precision tubing
- Strategy
  - Reinforce European extrusion base
  - Specialist in energy-neutral building solutions, including solar
  - Selective acquisitions
  - Entry into emerging markets

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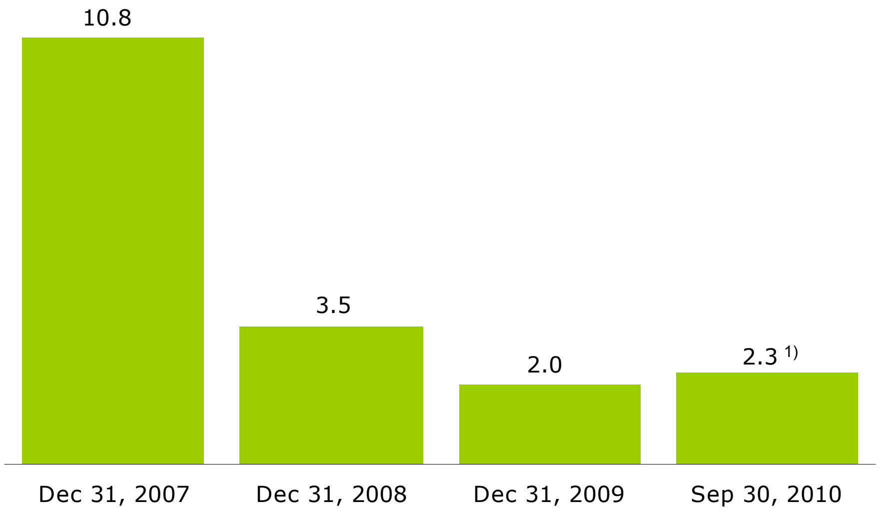
6

Shaping the future

Solid financial position

Net cash, NOK billion



- Financial position end-Q3 2010
  - Net cash: NOK 2.3 billion 1)
  - Net adjusted debt: NOK 14.9 billion 2)
- Completed 2010 rights issue preserves financial flexibility
  - Funded cash component in Vale transaction
  - Supports investment grade credit rating
  - Provides ability to fund expansion potential in assets acquired and current portfolio
- Maintaining robust financial position prioritized

1) Adjusted for cash consideration to Vale
2) In addition to 1), net interest-bearing debt in equity accounted investments, net pension liability, operating lease commitments and other

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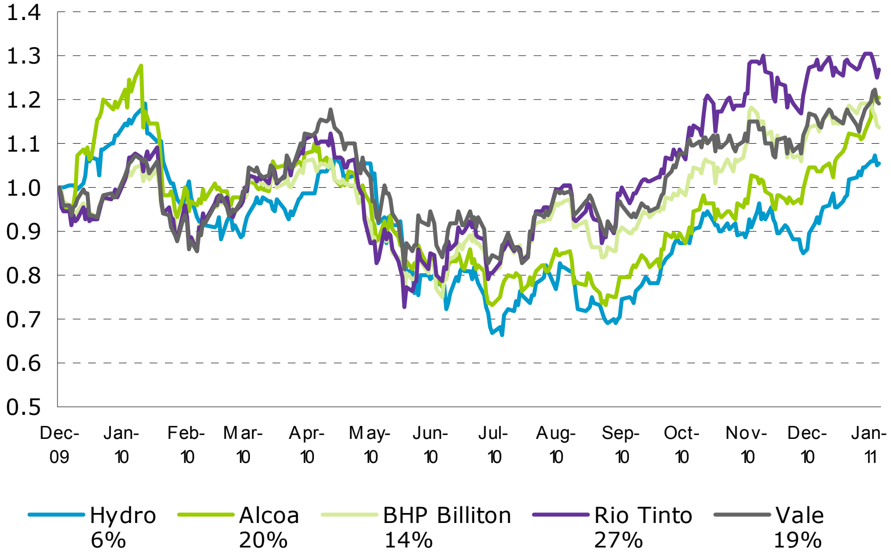
Competitive shareholder returns prioritized

Relative share price development in USD
Capital Markets Day Dec 2, 2010 – Jan 7, 2011



- Hydro aims to give its shareholders competitive returns compared to alternative investments in peers
- Maintained dividend policy
  - Ordinary dividend: 30% of net income over the cycle
  - Average ordinary pay-out ratio 2007-2009: 37%
  - Share buybacks and extraordinary dividends as supplement in periods with strong financials

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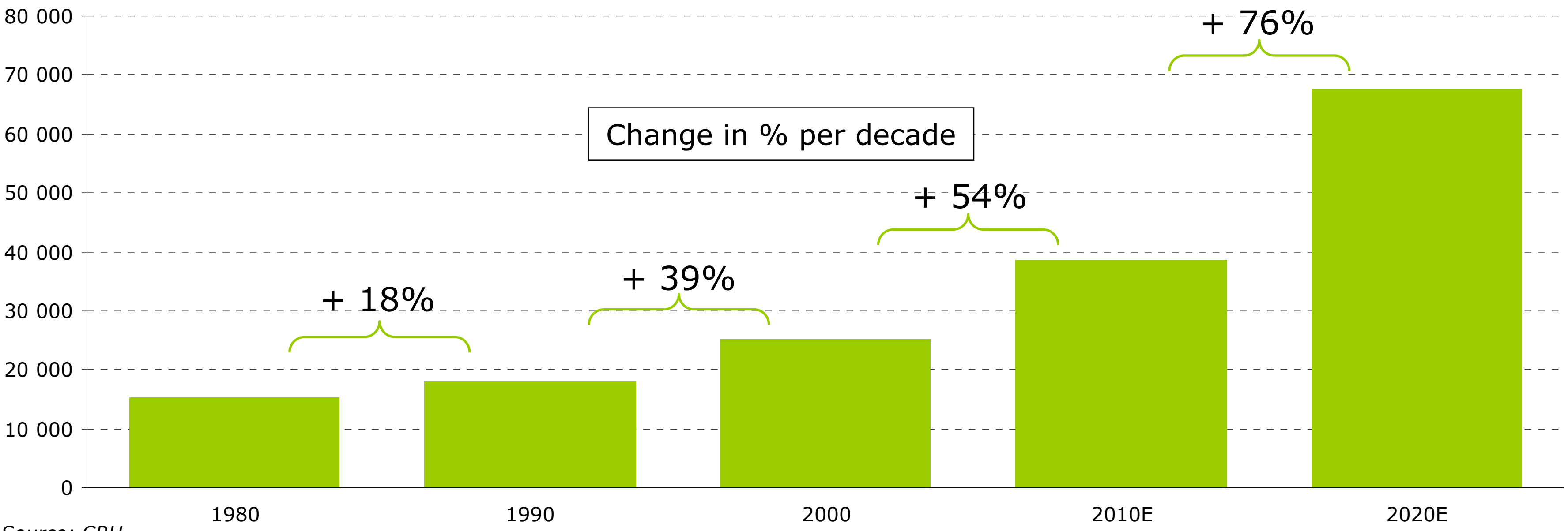
Firm long-term demand for aluminium

World primary aluminium demand, 1 000 tonnes



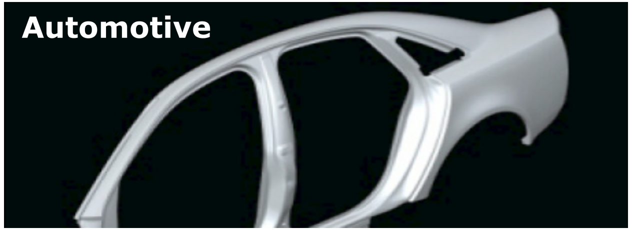
Source: CRU

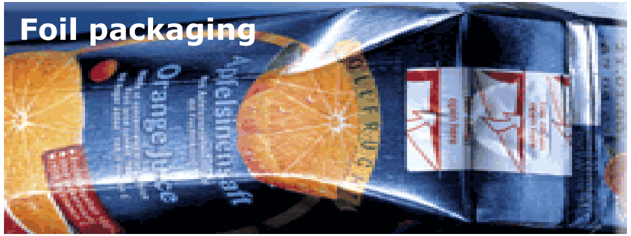
Aluminium is the metal of the future

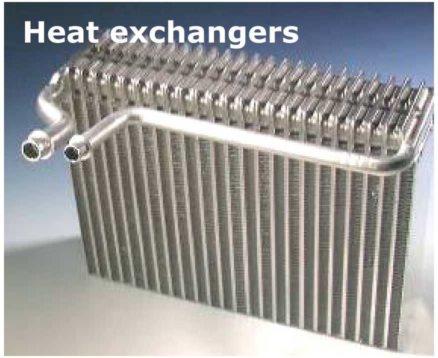
Properties drive increased market share

- Lightweight
- Recyclability
- Corrosion resistant
- Formability
- Excellent conductivity
- Alloying technology gives a wide range of physical properties

Hydro innovation drives product demand



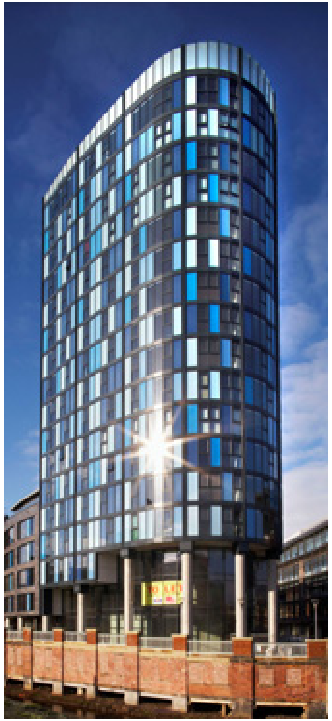


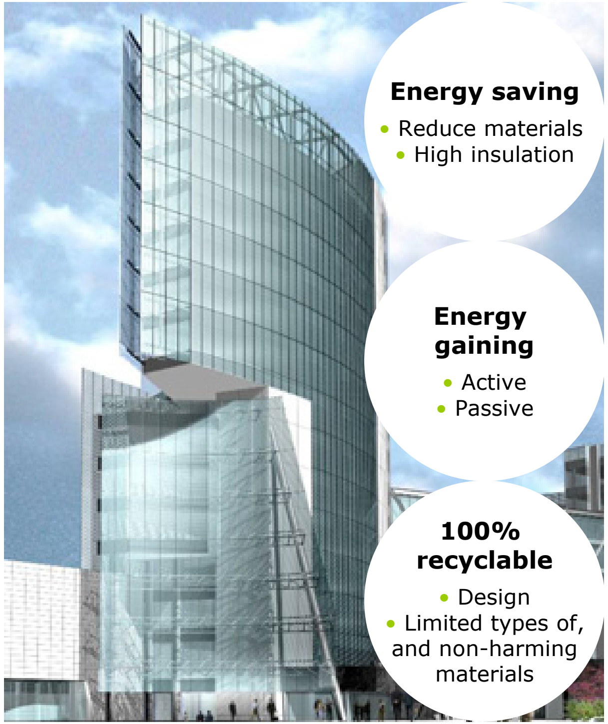


Building the future with aluminum

Aluminium used for construction to double by 2020

The future is energy-neutral buildings





Energy saving

- Reduce materials
- High insulation

Energy gaining

- Active
- Passive

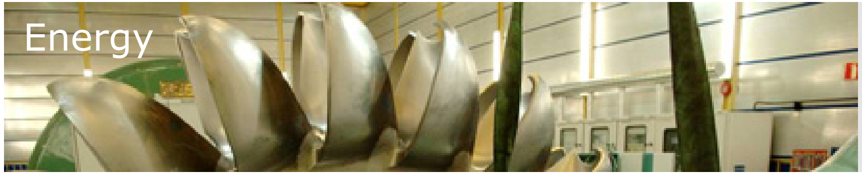
100% recyclable

- Design
- Limited types of, and non-harming materials

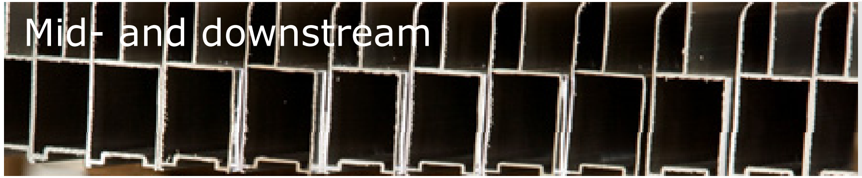
Strategy for further value creation

- Integrate
- Expand
- Commercialize

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



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



- Continue proven high-end product strategy
- Pursue profitable life-cycle investments: recycling, energy-efficient building systems, aluminum in transport
- Expand selectively in emerging markets

Shaping the future

- Innovation and technology
- Operational excellence
- Value creation

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www.hydro.com