HYDRO

Third quarter report – 2011

Contents

About our reporting

Underlying EBIT

To provide a better understanding of Hydro's underlying performance, the following discussion of operating performance excludes certain items from EBIT (earnings before financial items and tax) and net income. See "Items excluded from underlying EBIT and net income" later in this report for more information on these items.

Acquisition of Vale's aluminium business

On February 28, 2011 Hydro completed the take-over of the majority of Vale's aluminium business in Brazil. See note 4 to the condensed consolidated financial statements later in this report for more information on the acquisition.

Effective from the first quarter of 2011, we are including a new operating segment, Bauxite & Alumina, in our reporting structure in addition to our other five operating segments. Bauxite & Alumina includes our bauxite mining activities comprised of the Paragominas mine and our 5 percent interest in Mineracao Rio de Norte (MRN), both located in Brazil, as well as the Brazilian alumina refinery Alunorte and our 35 percent interest in the Alpart refinery in Jamaica. The segment also includes our long-term bauxite and alumina sourcing arrangements and related commercial operations. Hydro's bauxite and alumina activities previously included in the Primary Metal segment have been transferred to the new Bauxite & Alumina segment and prior periods have been restated. Following the transaction with Vale, Primary Metal also includes the Albras aluminium smelter where Hydro has a 51 percent ownership, in addition to Hydro's pre-transaction primary aluminium production activities. Also effective from the first quarter of 2011, elimination of internal gains and losses on alumina previously included in the Primary Metal segment is included in Other and Eliminations, and prior periods have been restated.

The following discussion on reported and underlying operating results includes the acquired bauxite and alumina activities from Vale from March 1, 2011. Amounts relating to previous periods have not been restated to reflect the reported and underlying results of the acquired assets.

Pro forma information related to acquisition of Vale's aluminium business

To provide a presentation of Hydro's performance on comparable basis, certain pro forma financial and operating information is also presented on page 5 and page 17 based on including the results of the acquired Vale assets for the full calendar quarter when the acquisition was completed and for all previous periods presented in this report.

The fair values of assets acquired and liabilities assumed are presented in note 4 to the condensed consolidated financial statements. Adjustments are made in the pro forma combined financial information to reflect how the fair value adjustments affect the income statement. The adjustments are carried back to prior periods including depreciation of excess values allocated to property, plant and equipment, the effect of unfavorable sales contracts for alumina representing a credit to revenue and interest on the cash purchase price, as well as calculated interest expense on the deferred payment included in the put/call arrangement reflecting the mix of cash and equity consideration.

Overview

Summary underlying financial and operating results and liquidity

Key financial information NOK million, except per share data	**Third quarter 2011**	Second quarter 2011	% change prior quarter	Third quarter 2010	% change prior year quarter	**First 9 months 2011**	First 9 months 2010	Year 2010
Revenue	**23 829**	24 728	(4) %	18 424	29 %	**69 695**	56 348	75 754
Earnings before financial items and tax (EBIT)	**2 222**	2 111	5 %	274	>100 %	**10 189**	2 417	3 184
Items excluded from underlying EBIT [1]	**(576)**	(206)	>(100) %	690	>(100) %	**(5 189)**	347	167
Underlying EBIT	**1 646**	1 906	(14) %	965	71 %	**5 000**	2 763	3 351
Underlying EBIT :								
Bauxite & Alumina	**302**	272	11 %	71	>100 %	**729**	521	633
Primary Metal	**653**	765	(15) %	318	>100 %	**2 002**	531	617
Metal Markets	**93**	244	(62) %	163	(43) %	**480**	259	321
Rolled Products	**124**	232	(46) %	227	(45) %	**588**	759	864
Extruded Products	**40**	96	(58) %	102	(61) %	**241**	420	444
Energy	**506**	363	40 %	169	>100 %	**1 442**	934	1 416
Other and eliminations	**(73)**	(65)	(13) %	(85)	14 %	**(482)**	(661)	(945)
Underlying EBIT	**1 646**	1 906	(14) %	965	71 %	**5 000**	2 763	3 351
Underlying EBITDA	**2 985**	3 229	(8) %	1 720	74 %	**8 628**	5 037	6 420
Net income (loss)	**797**	1 546	(48) %	(63)	>100 %	**7 498**	1 460	2 118
Underlying net income (loss)	**1 071**	1 168	(8) %	545	96 %	**3 071**	1 476	1 852
Earnings per share [2]	**0.49**	0.69	(29) %	(0.07)	>100 %	**3.84**	0.93	1.33
Underlying earnings per share [2]	**0.50**	0.52	(4) %	0.33	53 %	**1.47**	0.94	1.14
Financial data:								
Investments	**1 125**	1 085	4 %	1 591	(29) %	**43 836**	4 618	6 231
Adjusted net interest-bearing debt [3]	**(18 389)**	(20 777)	11 %	(8 280)	>(100) %	**(18 389)**	(8 280)	(6 427)
Key Operational information [4]								
Alumina production (kmt)	**1 553**	1 448	7 %	491	>100 %	**3 774**	1 483	1 976
Primary aluminium production (kmt)	**522**	505	3 %	355	47 %	**1 443**	1 055	1 415
Realized aluminium price LME (USD/mt) [5]	**2 592**	2 509	3 %	2 179	19 %	**2 494**	2 125	2 113
Realized aluminium price LME (NOK/mt) [5]	**14 225**	13 803	3 %	13 503	5 %	**13 906**	12 753	12 674
Realized NOK/USD exchange rate	**5.49**	5.50	-	6.20	(11) %	**5.58**	6.00	6.00
Metal Markets sales volumes to external market (kmt) [6]	**527**	533	(1) %	429	23 %	**1 527**	1 300	1 717
Rolled Products sales volumes to external market (kmt)	**228**	242	(6) %	239	(5) %	**714**	712	945
Extruded Products sales volumes to external market (kmt)	**137**	142	(4) %	134	2 %	**415**	402	529
Power production (GWh)	**2 737**	1 830	50 %	1 479	85 %	**6 875**	5 881	8 144

1) See section "Items excluded from underlying EBIT and net income" for more information on these items.

2) Per share amounts are computed using Net income and Underlying net income respectively, attributable to Hydro shareholders based on weighted average number of shares outstanding adjusted for the discount element in the July 2010 rights issue.

3) See note 35 *Capital Management* in Hydro's Financial statements - 2010 for a discussion on adjusted net interest-bearing debt definition.

4) Includes proportionate share of production and prices in equity accounted investments.

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

6) Excluding ingot trading volumes.

Hydro's underlying earnings before financial items and tax amounted to NOK 1,646 million in the third quarter down from NOK 1,906 million in the second quarter. Seasonal declines and softer markets had a negative impact on underlying results for the quarter partly offset by improved underlying results for Hydro's Energy business.

Underlying EBIT for Bauxite & Alumina increased compared to the second quarter primarily due to improved production performance and better results for our commercial activities.

Underlying EBIT for Primary Metal declined compared to the second quarter due to lower sales volumes and higher raw material costs, partly offset by higher realized aluminium prices. Ramp-up of production at Qatalum was completed and the plant reached full capacity contributing to increased production for the quarter.

Hydro's midstream operations delivered lower underlying results compared to the previous quarter which was influenced by significant positive ingot inventory valuation and currency effects. Lower underlying results from remelt operations also had a negative impact on the third quarter.

Underlying EBIT for Hydro's downstream business was weak, impacted by seasonal declines and softer markets. Additional rationalization measures relating to Hydro's Building Systems operations were implemented during the quarter and will be further expanded in the coming quarter.

Energy delivered solid underlying results due to high production throughout the quarter and relatively high prices in July and August.

Hydro completed the divestment of its non-strategic ownership interest in the Norwegian power production company SKS Produksjon AS. The divestment resulted in a tax free gain of NOK 658 million in the third quarter.

Operating cash flow amounted to NOK 3.4 billion for the quarter including a decrease in net operating capital of NOK 0.8 billion. Cash provided from divestments offset cash used in investment activities for the quarter. At the end of the quarter Hydro's net debt position was NOK 0.1 billion.

The more volatile macroeconomic environment and issues relating to sovereign debt are expected to result in weaker demand in the coming months. At the same time, high commodity prices are driving cost increases for key raw materials for the aluminium industry.

Pro forma underlying financial and operating results

Key financial information NOK million	**Third quarter 2011**	Second quarter 2011	% change prior quarter	Third quarter 2010	% change prior year quarter	**First 9 months 2011**	First 9 months 2010	Year 2010
Revenue	**23 829**	24 728	(4) %	21 133	13 %	**71 372**	64 682	87 272
Earnings before financial items and tax (EBIT)	**2 222**	2 111	5 %	289	>100 %	**5 937**	2 735	3 696
Items excluded from underlying EBIT	**(576)**	(206)		941		**(847)**	561	445
Underlying EBIT	**1 646**	1 906	(14) %	1 230	34 %	**5 090**	3 296	4 141
Underlying EBITDA	**2 985**	3 229	(8) %	2 555	17 %	**9 094**	7 237	9 450
Net income (loss) attributable to Hydro shareholders	**997**	1 405	(29) %	157	>100 %	**3 183**	1 475	2 220
Key operational information								
Alumina production (kmt)	**1 553**	1 448	7 %	1 442	8 %	**4 337**	4 357	5 805
Primary aluminium production (kmt)	**522**	505	3 %	469	11 %	**1 518**	1 391	1 867

There are no differences between Hydro's actual and proforma underlying financial and operating results for the third and second quarter comparative periods in 2011. Please see the Profoma information section later in this report for a discussion on developments compared to earlier periods.

Reported EBIT and net income

Reported EBIT for Hydro amounted to NOK 2,222 million in the third quarter including net unrealized derivative gains of NOK 6 million, negative metal effects of NOK 77 million, rationalization and closure costs of NOK 28 million and gains on divestments of NOK 674 million.

In the previous quarter, reported EBIT for Hydro amounted to NOK 2,111 million including net unrealized derivative gains of NOK 266 million, positive metal effects of NOK 28 million and other net negative effects of NOK 87 million comprised of rationalization and closure costs, impairment charges and gains on divestments.

Net income for the third quarter amounted to NOK 797 million including net foreign exchange losses of NOK 1,248 million. In the second quarter net income amounted to NOK 1,546 million including net foreign exchange gains of NOK 334 million.

Market developments and outlook

Market statistics [1]	**Third quarter 2011**	Second quarter 2011	% change prior quarter	Third quarter 2010	% change prior year quarter	**First 9 months 2011**	First 9 months 2010	Year 2010
NOK/USD Average exchange rate	**5.50**	5.44	1 %	6.17	(11) %	**5.55**	6.08	6.05
NOK/USD Balance sheet date exchange rate	**5.84**	5.39	8 %	5.84	-	**5.84**	5.84	5.86
NOK/EUR Average exchange rate	**7.77**	7.82	(1) %	7.96	(2) %	**7.80**	7.99	8.01
NOK/EUR Balance sheet date exchange rate	**7.89**	7.79	1 %	7.97	(1) %	**7.89**	7.97	7.81
Bauxite & Alumina:								
Alumina price - Platts PAX FOB Australia (USD/t) [2]	**372**	404	(8) %	323	15 %	**389**	330	339
Global production of alumina (kmt)	**23 063**	22 656	2 %	20 843	11 %	**66 954**	61 446	81 861
Global production of alumina (ex. China) (kmt)	**13 470**	13 342	1 %	13 335	1 %	**39 899**	39 193	52 497
Primary Metal and Metal Markets:								
LME three month average (USD/mt)	**2 432**	2 622	(7) %	2 107	15 %	**2 523**	2 142	2 199
LME three month average (NOK/mt)	**13 372**	14 260	(6) %	12 990	3 %	**14 010**	12 999	13 257
Global production of primary aluminium (kmt)	**11 648**	11 390	2 %	10 612	10 %	**33 745**	31 561	41 936
Global consumption of primary aluminum (kmt)	**11 446**	11 720	(2) %	10 436	10 %	**33 565**	30 503	40 962
Global production of primary aluminium (ex. China) (kmt)	**6 682**	6 564	2 %	6 296	6 %	**19 675**	18 514	24 969
Global consumption of primary aluminum (ex. China) (kmt)	**6 484**	6 642	(2) %	6 159	5 %	**19 392**	17 991	24 129
Reported primary aluminium inventories (kmt)	**6 344**	6 443	(2) %	6 361	-	**6 344**	6 361	6 338
Rolled Products and Extruded Products:								
Consumption Rolled Products - Europe (kmt)	**1 125**	1 185	(5) %	1 086	4 %	**3 497**	3 226	4 268
Consumption Rolled Products - USA & Canada (kmt)	**1 073**	1 094	(2) %	1 060	1 %	**3 193**	3 097	4 140
Consumption Extruded Products - Europe (kmt)	**767**	816	(6) %	754	2 %	**2 300**	2 233	2 978
Consumption Extruded Products - USA & Canada (kmt)	**333**	339	(2) %	363	(8) %	**990**	1 078	1 362
Energy:								
Southern Norway spot price (NO2) (NOK/MWh)	**253**	410	(38) %	363	(30) %	393	387	407
Nordic system spot price (NOK/MWh)	**280**	409	(32) %	365	(23) %	402	402	426

1) Industry statistics have been derived from analyst reports, trade associations and other public sources unless otherwise indicated. Recent information is based partly on estimates and is subject to revision as new information becomes available. As a result, differences between general market developments and actual Hydro volumes are not necessarily indicative of significant changes in market share. Amounts presented in prior reports may have been restated based on updated information. Currency rates have been derived from Norges Bank.

2) The daily Platts alumina index was established in August 2010. The average monthly CRU Australian spot price is used as a reference prior to the third quarter of 2010.

Bauxite and alumina

Global demand for alumina outside China was slightly higher in the third quarter compared to the second quarter mainly due to the ramp-up of new production capacity. Annualized alumina production outside China amounted to about 54 million mt.

Alumina demand and production in China continued to increase in the third quarter compared to the previous quarter, mainly due to commissioning of new primary aluminium production and alumina projects.

Platts alumina spot prices have been trading around USD 370 per mt during the quarter, representing a range of roughly 15.3-15.8 percent of LME.[3)]

3) Due to existing sales contracts, Hydro has limited volumes available for sale for the next few years. As a result, short-term alumina market developments have limited influence on Hydro's earnings for this period.

Primary aluminium

LME prices fell in the third quarter compared to the second quarter. Prices started the quarter at a level around USD 2,500 per mt and ended around USD 2,200 per mt. Prices measured in NOK and EUR have declined to a lesser extent due to a strengthening of the USD during the quarter.

Demand for primary aluminium in the world outside China declined during the third quarter compared to the second quarter, amounting to an annualized consumption of 25.7 million mt. Supply of primary aluminium has continued to increase as new projects come on stream. Annualized production amounted to 26.5 million mt in the third quarter. Although market sentiment has weakened during the quarter due to growing economic uncertainty, we continue to foresee an overall market growth of about 7 percent in 2011.

Consumption of primary aluminium in China decreased slightly in the third quarter following a historically high level in the previous quarter. Annualized consumption in the third quarter amounted to 19.7 million mt. The primary aluminium market in China is expected to be largely balanced for 2011.

LME stocks increased slightly from 4.5 million mt in the second quarter to 4.6 million mt in the third quarter. A large portion of the metal in warehouses continue to be owned by several large financial investors.

Demand for metal products (extrusion ingot, sheet ingot, primary foundry alloys and wire rod) in Europe weakened compared to the previous quarter. Germany and the Benelux countries are performing better than most countries in Southern Europe but the overall market sentiment has deteriorated as a result of the weaker macroeconomic outlook.

Rolled products

European demand for rolled products decreased in the third quarter of 2011 compared to the previous quarter due to seasonality in general and destocking by distributors in the general engineering market segment in particular.

Demand for rolled products within the automotive segment remained healthy in the third quarter, benefiting from high car exports to China. Overall consumption within the building and construction segment was slightly below the volumes seen in the second quarter. Low demand in the southern part of Europe and the UK was mostly compensated by sound demand in Germany and the Benelux countries. Consumption in the beverage can segment was firm compared to the second quarter of 2011. The European market for thin gauge foil softened mainly due to seasonality and high inventory levels. Chinese imports continued at high levels overall and within the general engineering segment in particular.

Consumption for rolled products is expected to be impacted by further destocking mainly within the general engineering market segment, and seasonal declines in general during the fourth quarter. Demand within the automotive segment is forecasted to decline due to declining demand for cars in Europe. However, demand for premium cars in China is expected to remain on a high level. Consumption of thin gauge foil is expected to remain stable at a low level.

Extruded products

European demand for extruded aluminium products declined seasonally in the third quarter of 2011, but was higher than the same quarter of 2010. Demand remained weak within the building and construction sector, and in Southern Europe in particular. Demand within the engineering and transport segments remained strong in most European markets. Margins continued to be under pressure in Europe.

Demand for extruded products in North America was slightly lower on a seasonal basis compared with the second quarter of 2011, and was also somewhat lower than the third quarter of 2010 despite high demand in the transport and automotive segments. Imports into the US have fallen significantly compared to the third quarter of 2010 as a result of duties on Chinese products. Demand in South America continued on a level similar to the same quarter of last year. As a result, margins are under pressure due to increased production capacity in a market experiencing lower growth than anticipated.

Demand in the precision tubing segment continued to be strong for the season, driven by demand for premium cars, but growth is slowing down.

Further seasonal declines are expected in the European and US extrusion markets in the fourth quarter. Currently we see no recovery in the building and construction segment in Southern Europe and we expect continued low demand for building systems in this region. Automotive production in Europe is expected to decline in the fourth quarter due to reduced demand for cars in Europe. However, the market for premium cars in China is expected to remain firm. Demand is expected to remain stable in North America supported by transport and automotive segments. The market outlook for South America remains positive.

Energy

Nordic electricity spot prices were volatile throughout the third quarter. Spot prices were relatively high in July and August, while in September, prices declined to low levels due to high precipitation.

Water reservoir levels in Norway increased to 86 percent of capacity at the end of the third quarter. This is around normal level and 18 percentage points above the corresponding period of the prior year.

As consumption increases towards the winter season, Nordic spot prices are expected to gradually increase.

Additional factors impacting Hydro

Hydro has sold forward around 85 percent of its expected primary aluminium production for the fourth quarter at a price level of around USD 2,475 per mt. This excludes expected volumes from Qatalum. Hydro has also hedged the majority of the net aluminium price exposure in the business acquired from Vale until the end of 2011. For the final quarter of 2011 the hedged volumes for Bauxite & Alumina amount to about 90,000 mt of aluminium, priced at about USD 2,400 per mt.

Hydro's water reservoirs increased to a level well above normal in the third quarter and significantly higher than the corresponding period in 2010. As a result, production is expected to remain high through the forth quarter 2011.

During the third quarter Hydro signed an agreement to divest its share of the Alpart alumina refinery in Jamaica. The transaction is expected to be completed in the fourth quarter with a gain of about NOK 400 million.

Underlying EBIT

Bauxite & Alumina

Operational and financial information	Third quarter 2011	Second quarter 2011	change prior quarter	Third quarter 2010	change prior year quarter	First 9 months 2011	First 9 months 2010	Year 2010
Underlying EBIT (NOK million)	**302**	272	11 %	71	>100 %	**729**	521	633
Underlying EBITDA (NOK million)	**775**	756	3 %	76	>100 %	**1 871**	543	661
Alumina production (kmt)	**1 553**	1 448	7 %	491	>100 %	**3 774**	1 483	1 976

Underlying EBIT for Bauxite & Alumina increased compared to the second quarter primarily due to improved production performance and better results for our commercial activities.

Underlying EBIT for Bauxite & Alumina improved significantly compared to the third quarter of 2010, mainly due to the inclusion of the acquired bauxite and alumina activities from Vale from March 1, 2011. For the first nine months of 2011, underlying EBIT also improved for the same reason described above.

Please also see the section on Proforma information - Bauxite & Alumina later in this report.

Primary Metal

Operational and financial information 1)	Third quarter 2011	Second quarter 2011	% change prior quarter	Third quarter 2010	% change prior year quarter	First 9 months 2011	First 9 months 2010	Year 2010
Underlying EBIT (NOK million)	**653**	765	(15) %	318	>100 %	**2 002**	531	617
Underlying EBITDA (NOK million)	**1 206**	1 313	(8) %	752	61 %	**3 575**	1 820	2 374
Realized aluminium price LME (USD/mt) 2)	**2 592**	2 509	3 %	2 179	19 %	**2 494**	2 125	2 113
Realized aluminium price LME (NOK/mt) 2)	**14 225**	13 803	3 %	13 503	5 %	**13 906**	12 753	12 674
Realized premium above LME (USD/mt) 3)	**318**	341	(7) %	329	(3) %	**344**	309	317
Realized premium above LME (NOK/mt) 3)	**1 745**	1 876	(7) %	2 041	(15) %	**1 920**	1 771	1 906
Realized NOK/USD exchange rate	**5.49**	5.50	-	6.20	(11) %	**5.58**	6.00	6.00
Primary aluminium production (kmt)	**522**	505	3 %	355	47 %	**1 443**	1 055	1 415
Casthouse production (kmt)	**641**	649	(1) %	513	25 %	**1 850**	1 510	2 022
Casthouse sales (kmt)	**641**	659	(3) %	499	28 %	**1 867**	1 514	2 008

1) Operating and financial information includes Hydro's proportionate share of underlying profit (loss), production, prices, premiums and exchange rates in equity accounted investments.

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

3) Average realized premium above LME for total metal products sold from Primary Metal. Average realized premiums declined compared to the third quarter of 2010 due to the inclusion of Albras standard ingot volumes in the current quarter.

Underlying results in equity accounted investments 4) NOK million	Third quarter 2011	Second quarter 2011	% change prior quarter	Third quarter 2010	% change prior year quarter	First 9 months 2011	First 9 months 2010	Year 2010
Søral (49.90%)	**14**	6	>100 %	6	>100 %	**23**	9	7
Qatalum (50.00%)	**23**	(16)	>100 %	(229)	>100 %	**26**	(512)	(648)

4) Underlying results are defined as share of net income adjusted for items excluded.

Underlying EBIT for Primary Metal declined compared to the second quarter due to lower sales volumes and higher raw material costs. Higher realized aluminium prices partly offset the negative developments. Please also see the section on Pro forma information - Primary Metal later in this report.

Higher realized aluminium prices[5] partly offset by lower premiums had a net positive effect on underlying results amounting to about NOK 150 million for the quarter. Volume declines had a negative effect of about NOK 90 million. Higher raw material costs relating to alumina and coke in particular, had a negative impact of roughly NOK 150 million. Our USD 300 per mt cost improvement program targeted to reach USD 175 per mt by the end of 2011 continued according to plan.

Production volumes increased compared to the second quarter mainly due to additional volumes from Qatalum which reached full production capacity on September 21.

Underlying results for Qatalum improved, mainly due to the higher production volumes.

Compared to the third quarter of 2010, underlying EBIT improved substantially mainly due to higher realized aluminium prices and higher product premiums in addition to higher volumes. Increased raw material costs, coke in particular, had a negative impact on underlying EBIT. Underlying results for Qatalum were positively influenced by higher production volumes.

Underlying EBIT for the first nine months of 2011 also improved significantly compared with the same period of last year, impacted mainly by the same factors discussed above. In addition, underlying EBIT for Qatalum included insurance proceeds amounting to NOK 145 million in the first nine months of 2011. No insurance proceeds were included in underlying EBIT for Qatalum in the same period in 2010.

5) Due to hedging and inventory effects, our realized aluminium prices lag LME price developments by about 4 months.

Metal Markets

Operational and financial information	**Third quarter 2011**	Second quarter 2011	% change prior quarter	Third quarter 2010	% change prior year quarter	**First 9 months 2011**	First 9 months 2010	Year 2010
Underlying EBIT (NOK million)	**93**	244	(62) %	163	(43) %	**480**	259	321
Currency effects [1]	**4**	26	(86) %	118	(97) %	**85**	(134)	(145)
Ingot inventory valuation effects [2]	**-**	78	-	(70)	-	**71**	20	20
Underlying EBIT excl. currency and ingot inventory effects	**90**	140	(36) %	115	(22) %	**324**	373	447
Underlying EBITDA (NOK million)	**118**	269	(56) %	189	(38) %	**555**	340	428
Remelt production (kmt) [3]	**133**	151	(12) %	141	(6) %	**434**	440	586
Sale of metal products from own production (kmt) [4]	**791**	831	(5) %	656	21 %	**2 356**	2 009	2 666
Sale of third-party metal products (kmt)	**59**	47	26 %	38	53 %	**143**	89	121
Total metal products sales excluding ingot trading (kmt)	**850**	877	(3) %	695	22 %	**2 499**	2 098	2 787
Hereof external sales excluding ingot trading (kmt)	**527**	533	(1) %	429	23 %	**1 527**	1 300	1 717
External revenue (NOK million) [5]	**8 856**	9 009	(2) %	6 511	36 %	**25 386**	20 087	27 090
Product sales (NOK million) [6]	**6 878**	7 492	(8) %	5 875	17 %	**21 353**	17 293	23 616

1) Includes the effects of changes in currency rates on sales and purchase contracts denominated in foreign currencies (mainly US dollar and Euro for our European operations) and the effects of changes in currency rates on the fair valuation of dollar denominated derivative contracts (including LME futures) and inventories mainly translated into Norwegian kroner. Hydro manages its external currency exposure on a consolidated basis in order to take advantage of offsetting positions.

2) Comprised of hedging gains and losses relating to standard ingot inventories in our metal sourcing and trading operations. Increasing LME prices result in unrealized hedging losses, while the offsetting gains on physical inventories are not recognized until realized. In periods of declining prices, unrealized hedging gains are offset by write-downs of physical inventories.

3) Production in Metal Markets' soft alloy remelt casthouses. Hannover casthouse production excluded from Q1 2011 (2010 production volumes are restated).

4) Includes external and internal sales from our primary casthouse operations, remelters, part owned and third party metal sources. Includes volumes from Albras casthouse (Hydro's share 51 percent) from March 1, 2011.

5) External sales revenue from our primary casthouse operations, remelters, part owned and third party metal sources as well as aluminium trading and hedging activities, including derivatives.

6) Excludes revenues from our aluminium trading and hedging activities and derivatives.

Underlying EBIT for Metal Markets decreased compared to the previous quarter which was influenced by significant positive ingot inventory valuation and currency effects. Excluding currency and ingot inventory valuation effects, underlying EBIT declined for the quarter mainly due to seasonally lower volumes for remelt operations, together with lower margins. Underlying results from sourcing and trading activities were also somewhat lower.

Total metal product sales excluding ingot trading exhibited an expected seasonal decline due to the summer holidays, but was also influenced by weaker demand.

Underlying EBIT for Metal Markets decreased compared to the third quarter of 2010 which was impacted by a net positive contribution from ingot inventory valuation and currency effects. Underlying EBIT excluding these effects declined mainly due to lower volumes and margins from our remelt operations.

In the first nine months of 2011, underlying EBIT improved significantly due to positive inventory valuation and currency effects compared with significant negative effects in the same period of 2010. Underlying EBIT excluding currency and ingot inventory valuation effects declined influenced mainly by lower contribution from sourcing and trading activities.

Rolled Products

Operational and financial information	**Third quarter 2011**	Second quarter 2011	% change prior quarter	Third quarter 2010	% change prior year quarter	**First 9 months 2011**	First 9 months 2010	Year 2010
Underlying EBIT (NOK million)	**124**	232	(46) %	227	(45) %	**588**	759	864
Underlying EBITDA (NOK million)	**235**	339	(31) %	338	(31) %	**916**	1 092	1 318
Sales volumes to external market (kmt)	**228**	242	(6) %	239	(5) %	**714**	712	945
Sales volumes to external markets (kmt) - Customer business units								
Foil	**30**	32	(6) %	34	(12) %	**94**	97	129
Can beverage	**49**	45	9 %	47	4 %	**139**	135	177
Other packaging and building	**20**	23	(13) %	21	(5) %	**66**	69	89
Automotive, heat exchanger	**33**	34	(3) %	31	6 %	**104**	90	122
General engineering	**55**	67	(18) %	64	(14) %	**188**	195	259
Lithography	**41**	40	3 %	41	-	**124**	126	169
Rolled Products	**228**	242	(6) %	239	(5) %	**714**	712	945

Underlying EBIT for Rolled Products was significantly lower compared to the second quarter mainly due to seasonally lower sales volumes and softening demand. Lower margins also contributed to the decline partly offset by lower personnel and other operating costs.

Volume declines for general engineering and thin gauge foil were mainly driven by customer destocking activities. Automotive shipments were seasonally lower. Can beverage volumes increased, supported by firm demand.

Underlying EBIT was also significantly lower compared to the third quarter of 2010 mainly due to lower sales volumes and higher personnel and maintenance costs. Margins were stable. Volume developments were influenced by the same factors discussed above.

For the first nine months, underlying EBIT declined mainly due to higher operating costs. Operating margins improved for general engineering in particular, but the positive effects were offset by currency losses on export sales.[1)] Volumes were stable.

1) Rolled Products incurs currency gains and losses on export sales from its Euro based operations mainly denominated in US dollars. These gains and losses impact the value of the margin contribution to underlying EBIT. Offsetting gains and losses on internal hedges are reported as financial items.

Extruded Products

Operational and financial information	**Third quarter 2011**	Second quarter 2011	% change prior quarter	Third quarter 2010	% change prior year quarter	**First 9 months 2011**	First 9 months 2010	Year 2010
Underlying EBIT (NOK million)	**40**	96	(58) %	102	(61) %	**241**	420	444
Underlying EBITDA (NOK million)	**165**	222	(26) %	236	(30) %	**624**	825	987
Sales volumes to external market (kmt)	**137**	142	(4) %	134	2 %	**415**	402	529
Sales volumes to external markets (kmt) - sectors								
Extrusion Eurasia	**78**	81	(3) %	75	4 %	**236**	222	293
Building Systems	**16**	17	(9) %	17	(9) %	**49**	55	73
Extrusion Americas	**26**	26	-	25	5 %	**77**	74	95
Precision Tubing	**17**	18	(7) %	16	3 %	**53**	51	67
Extruded Products	**137**	142	(4) %	134	2 %	**415**	402	529

Underlying EBIT for Extruded Products decreased significantly in the third quarter compared with the previous quarter due to seasonally lower sales volumes and lower margins partly offset by lower fixed costs.

Lower volumes and margins resulted in further weakening of the results for our building systems operations. Rationalization measures have started to have a positive impact however, and fixed costs declined during the quarter. Additional rationalization measures have been implemented in the third quarter and will be further expanded in the fourth quarter.

Underlying EBIT for our extrusion operations and precision tubing business declined mainly due to seasonally lower volumes and lower margins.

Compared to the third quarter of 2010, underlying EBIT was also substantially lower mainly due to declining volumes for our high-margin building systems operations resulting in lower average margins per mt. Sales volumes improved for our general extrusion and precision tubing operations.

For the first nine months of 2011, underlying EBIT decreased substantially compared to the same period of 2010, mainly as a result of lower volumes for our building systems operations. Lower extrusion margins in Europe also contributed negatively during the period. Underlying results for our North American extrusion operation and global precision tubing business improved in the first nine months of 2011 compared to the same period in the previous year.

Energy

Operational and financial information	**Third quarter 2011**	Second quarter 2011	% change prior quarter	Third quarter 2010	% change prior year quarter	**First 9 months 2011**	First 9 months 2010	Year 2010
Underlying EBIT (NOK million)	**506**	363	40 %	169	>100 %	**1 442**	934	1 416
Underlying EBITDA (NOK million)	**543**	392	39 %	201	>100 %	**1 534**	1 038	1 540
Direct production costs (NOK million) 1)	**115**	112	3 %	91	27 %	**349**	368	515
Power production (GWh)	**2 737**	1 830	50 %	1 479	85 %	**6 875**	5 881	8 144
External power sourcing (GWh) 2)	**2 183**	2 139	2 %	2 132	2 %	**6 417**	6 372	8 539
Internal contract sales (GWh) 3)	**3 067**	3 105	(1) %	3 122	(2) %	**9 243**	9 268	12 336
External contract sales (GWh) 4)	**214**	264	(19) %	405	(47) %	**855**	1 433	1 968
Net spot sales (GWh) 5)	**1 639**	600	>100 %	86	>100 %	**3 194**	1 553	2 380

1) Includes maintenance and operational costs, transmission costs, property taxes and concession fees for Hydro as operator.
2) Includes long-term sourcing contracts and industrial sourcing in Germany.
3) Internal contract sales in Norway and Germany, including sales from own production and resale of externally sourced volumes.
4) External contract sales, mainly concession power deliveries and volumes to former Hydro businesses.
5) Spot sales volumes net of spot purchases.

Energy delivered solid underlying results due to high production throughout the quarter and relatively high prices in July and August. Production levels were influenced by high precipitation during the quarter.

Compared to the corresponding quarter of 2010 underlying results increased substantially due to increased power production partly offset by lower prices. Underlying EBIT for the first nine months also improved significantly compared to the same period of the previous year due to the same factors.

Other and eliminations

Other and eliminations NOK million	**Third quarter 2011**	Second quarter 2011	% change prior quarter	Third quarter 2010	% change prior year quarter	**First 9 months 2011**	First 9 months 2010	Year 2010
Underlying EBIT	**(73)**	(65)	(13) %	(85)	14 %	**(482)**	(661)	(945)
of which eliminations	***75***	*22*	*>100 %*	*50*	*52 %*	***(60)***	*(202)*	*(221)*

Eliminations comprises mainly unrealized gains and losses on inventories purchased from group companies which fluctuates with product flows, volumes and margin developments throughout Hydro's value chain.

Items excluded from underlying EBIT and net income

To provide a better understanding of Hydro's underlying performance, the items in the table below have been excluded from EBIT and net income.

Items excluded from underlying EBIT are comprised mainly of unrealized gains and losses on certain 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.

Items excluded from underlying net income [1] NOK million	**Third quarter 2011**	Second quarter 2011	Third quarter 2010	**First 9 months 2011**	First 9 months 2010	Year 2010
Unrealized derivative effects on LME related contracts [2]	**50**	(35)	515	**94**	651	489
Derivative effects on LME related contracts (Vale Aluminium) [3]	**(32)**	(89)	99	**(79)**	(221)	(166)
Unrealized derivative effects on power contracts [4]	**(25)**	(162)	(25)	**(227)**	458	609
Unrealized derivative effects on currency contracts [5]	**-**	-	(65)	**(1)**	(30)	(50)
Unrealized derivative effects on raw material contracts [6]	**1**	20	-	37	-	(156)
Metal effect, Rolled Products [7]	**77**	(28)	52	**(127)**	(468)	(560)
Significant rationalization charges and closure costs [8]	**28**	75	-	**104**	(1)	130
Impairment charges (PP&E and equity accounted investments) [9]	**-**	56	114	**56**	175	187
Pension [10]	**-**	-	-	**-**	(151)	(151)
Insurance compensation [11]	**-**	-	-	**-**	-	(91)
(Gains)/losses on divestments [12]	**(674)**	(44)	-	**(718)**	(67)	(74)
Transaction related effects (Vale Aluminium) [13]	-	-	-	**(4 328)**	-	-
Items excluded from underlying EBIT	**(576)**	(206)	690	**(5 189)**	347	167
Net foreign exchange (gain)/loss [14]	**1 248**	(334)	246	**944**	(281)	(513)
Calculated income tax effect [15]	**(399)**	162	(328)	**(181)**	(49)	80
Items excluded from underlying net income	**273**	(378)	608	**(4 427)**	16	(266)

1) Negative figures indicate a gain and positive figures indicate a loss.

2) 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.

3) Realized and unrealized derivative effects on LME contracts related to the hedge of the net aluminium price exposure in Vale Aluminium not subject to hedge accounting. Realized effects recognized as of March 1, 2011 are included in underlying EBIT.

4) Unrealized gains and losses on embedded derivatives in power contracts for own use and financial power contracts used for hedging purposes.

5) Relates to currency effects in equity accounted investments (Alunorte) prior to February 28, 2011.

6) Unrealized gains and losses on embedded derivatives in raw material contracts for own use.

7) 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 Rolled Products.

8) 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.

9) Impairment charges reflect write-downs of assets or groups of assets to estimated recoverable amounts in the event of an identified loss in value.

10) Recognition of pension plan amendments, curtailments and settlements.

11) Insurance compensation for damaged assets recognized as income (includes equity accounted investments).

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

13) Effects related to the acquisition of Vale Aluminium on February 28, 2011 include the revaluation gain of Hydro's pre-transaction stake in Alunorte and CAP, gains and losses related to settlement of pre-existing contracts and agreements, as well as the fair value adjustment of inventory of finished goods sold.

14) 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.

15) In order to present underlying net income on a basis comparable with our underlying operating performance, we have calculated an income tax effect of items excluded from underlying income before tax. In third quarter we have changed the calculation method in order to better reflect non taxable items excluded from underlying income before tax. Prior periods in 2011 have been restated.

Items excluded from underlying EBIT - Operating segments

The following includes a summary table of items excluded from underlying EBIT for each of the operating segments and for Other and eliminations, with a brief discussion of the major factors affecting the development of these items in the third quarter of 2011.

Items excluded from underlying EBIT [1)] NOK million	**Third quarter 2011**	Second quarter 2011	Third quarter 2010	**First 9 months 2011**	First 9 months 2010	Year 2010
Unrealized derivative effects on currency contracts (Alunorte)	**-**	-	(65)	**(1)**	(30)	(50)
Derivative effects on LME related contracts (Vale Aluminium)	**(24)**	(67)	93	**(76)**	(205)	(164)
Transaction related effects (Vale Aluminium)	**-**	-	-	**(4 421)**	-	-
Bauxite & Alumina	**(24)**	(67)	28	**(4 497)**	(235)	(214)
Derivative effects on LME related contracts (Vale Aluminium)	**(8)**	(22)	7	**(3)**	(15)	(2)
Unrealized derivative effects on LME related contracts (Søral)	**(3)**	(3)	-	**(6)**	-	-
Unrealized derivative effects on LME related contracts	**(119)**	(166)	424	**(307)**	156	95
Unrealized derivative effects on power contracts (Søral)	**3**	3	2	**35**	(11)	(56)
Unrealized derivative effects on power contracts	**104**	64	150	**84**	28	49
Unrealized derivative effects on raw material contracts	**1**	20	-	**37**	-	(156)
Impairment charge (Qatalum)	**-**	-	114	**-**	114	98
Insurance compensation (Qatalum)	**-**	-	-	**-**	-	(91)
Rationalization charges and closure costs	**-**	43	-	**43**	(1)	66
Transaction related effects (Vale Aluminium)	**-**	-	-	**93**	-	-
Primary Metal	**(22)**	(61)	696	**(24)**	271	2
Unrealized derivative effects on LME related contracts	**(64)**	(91)	145	**(164)**	216	164
Pension - curtailment and settlement	**-**	-	-	**-**	(2)	(2)
Metal Markets	**(64)**	(91)	145	**(164)**	214	162
Unrealized derivative effects on LME related contracts	**271**	253	(86)	**583**	243	222
Metal effect	**77**	(28)	52	**(127)**	(468)	(560)
Rationalization charges and closure costs	**-**	17	-	**17**	-	-
Pension - curtailment and settlement	**-**	-	-	**-**	(12)	(12)
Rolled Products	**347**	243	(34)	**473**	(236)	(350)
Unrealized derivative effects on LME related contracts	**20**	13	(18)	**30**	18	18
Rationalization charges and closure costs	**28**	15	-	**43**	-	64
Impairment charges	**-**	-	-	**-**	-	28
Pension - curtailment and settlement	**-**	-	-	**-**	(25)	(25)
(Gains)/losses on divestments	**-**	-	-	**-**	(67)	(67)
Extruded Products	**49**	27	(18)	**73**	(74)	18
Unrealized derivative effects on power contracts	**(2)**	(6)	1	**(1)**	(14)	(21)
(Gains)/losses on divestments	**(658)**	-	-	**(658)**	-	-
Energy	**(661)**	(6)	1	**(659)**	(14)	(21)
Unrealized derivative effects on power contracts	**(129)**	(223)	(178)	**(345)**	455	637
Unrealized derivative effects on LME related contracts	**(55)**	(41)	50	**(43)**	17	(9)
Impairment charges	**-**	56	-	**56**	61	61
Pension - curtailment and settlement	**-**	-	-	**-**	(112)	(112)
(Gains)/losses on divestments	**(16)**	(44)	-	**(60)**	-	(7)
Other and eliminations	**(201)**	(251)	(127)	**(391)**	421	569
Items excluded from underlying EBIT	**(576)**	(206)	690	**(5 189)**	347	167

1) Negative figures indicate a gain and positive figures indicate a loss.

Bauxite & Alumina

Unrealized gains on LME related contracts, linked to the hedge program entered into in the second quarter of 2010 in order to hedge the majority of the net aluminium price exposure in Vale Aluminium until end 2011, were the effect of the downward shift in LME forward prices.

Primary Metal

Unrealized gains on LME related contracts linked to the hedge program entered into in the second quarter of 2010 in order to hedge the majority of the net aluminium price exposure in Vale Aluminium until end 2011 were the effect of the downward shift in LME forward prices. Unrealized gains on LME derivative contracts related to our operational hedging program were mainly the net effect of realized positions and unrealized gains on forward positions due to the downward shift in LME forward prices. Unrealized losses on power contracts were comprised of net unrealized losses on embedded derivatives in power contracts and the effect of decreasing forward prices on power affecting the financial power contracts in Søral. Unrealized losses on embedded derivatives in raw material contracts were mainly the effect of realized volumes.

Metal Markets

Unrealized gains on LME derivative contracts related to our operational hedging program were mainly the net effect of realized positions and unrealized gains on forward positions due to the downward shift in LME forward prices.

Rolled Products

Unrealized losses on LME derivative contracts related to our operational hedging program were mainly the effect of unrealized losses on forward positions due to the downward shift in LME forward prices. The negative metal effect reflects the decreased LME prices affecting inventories.

Extruded Products

Unrealized losses on LME derivative contracts related to our operational hedging program were mainly the net effect of realized positions and unrealized losses on forward positions due to the downward shift in LME forward prices. Rationalization charges relate to measures taken in Hydro Building Systems to address the reduced demand situation in southern Europe. Further charges are expected in the fourth quarter.

Energy

Unrealized gains on financial power contracts relate to hedging of our power portfolio positions. Gains on divestments relate to the sale of shares in SKS Produksjon AS to Salten Kraftsamband AS in July, 2011.

Other and eliminations

Unrealized derivative effects on power contracts result from changes in the fair value of certain internal power contracts related to the delivery of power from Hydro's Energy segment to consuming units. These internal contracts, or embedded derivatives within the contracts, are accounted for at fair value by the Energy segment. Valuation effects are included in Other and eliminations, and excluded from underlying results. The net unrealized gain reflects mainly the downward shift in LME forward prices partly offset by a strengthened US dollar. Unrealized derivative effects on LME related contracts resulted from changes in the fair value of certain internal aluminium contracts between Metal Markets and other units. These internal contracts are accounted for at fair value by Metal Markets. Valuation effects are eliminated as part of Other and eliminations, and excluded from underlying results. Gains on divestments relate to disposal of fixed assets.

Finance

Financial income (expense) NOK million	**Third quarter 2011**	Second quarter 2011	% change prior quarter	Third quarter 2010	% change prior year quarter	**01.01 -30.09 2011**	01.01 -30.09 2010	Year 2010
Interest income	**65**	40	61 %	62	5 %	**155**	117	201
Dividends received and net gain (loss) on securities	**(53)**	(7)	>(100)%	38	>(100)%	**(70)**	122	145
Financial income	**12**	33	(64)%	99	(88)%	**86**	239	346
Interest expense	**(77)**	(123)	37 %	(61)	(26)%	**(281)**	(223)	(253)
Capitalized interest	**4**	1	>100%	2	78 %	**5**	5	5
Net foreign exchange gain (loss)	**(1 248)**	334	>(100)%	(246)	>(100)%	**(944)**	281	513
Other	**(53)**	(51)	(4)%	(12)	>(100)%	**(129)**	(73)	(89)
Financial expense	**(1 375)**	161	>(100)%	(318)	>(100)%	**(1 348)**	(9)	176
Financial income (expense), net	**(1 363)**	194	>(100)%	(218)	>(100)%	**(1 262)**	229	522

The net currency loss in the third quarter related mainly to debt denominated in USD. Of the total, approximately NOK 330 million related to intercompany balances.[1)]

1) Currency effects on intercompany balances arise from group positions where the counter parties have different functional currencies. Such gains and losses have no cash effects for the consolidated group.

Tax

Income tax expense amounted to a charge of NOK 62 million in the third quarter compared to a charge of NOK 759 million in the previous quarter and a charge of NOK 119 million in the third quarter of 2010.

For the first nine month of 2011 income tax expense was 16 percent of pre-tax income. The low tax rate results from a tax-free gain on the sale of the shareholding in SKS Produksjon AS in the third quarter and the tax-free gain from the revaluation of Hydro's previous ownership interests in Alunorte and the CAP joint-venture recognized in the first quarter.

Pro forma information

The following section is comprised of selected financial and operating information and a discussion of underlying developments including the acquired Vale aluminium assets on a pro forma basis for all periods presented in 2010 and for the full calendar quarter ending March 31, 2011. In addition to the following pro forma information, please see table of proforma key financial information and summary discussion of pro forma underlying EBIT included on page 5. See also note 4 to the condensed consolidated financial statements later in this report for more information on the acquisition.

Bauxite & Alumina

Operational and financial information	**Third quarter 2011**	Second quarter 2011	% change prior quarter	Third quarter 2010	% change prior year quarter	**First 9 months 2011**	First 9 months 2010	Year 2010
Underlying EBIT (NOK million)	**302**	272	11 %	348	(13) %	**810**	1 001	1 225
Underlying EBITDA (NOK million)	**775**	756	3 %	813	(5) %	**2 256**	2 368	3 061
Alumina production (kmt) 1)	**1 553**	1 448	7 %	1 442	8 %	**4 337**	4 357	5 805
Sourced alumina (kmt)	**619**	599	3 %	488	27 %	**1 688**	1 584	2 141
Total alumina sales (kmt) 2)	**2 092**	2 087	-	2 023	3 %	**5 941**	5 922	7 941
Realized alumina price (USD/mt) 3)	**345**	349	(1) %	277	25 %	**341**	289	295
Apparent alumina cash cost (USD/mt) 4)	**280**	272	3 %	247	13 %	**273**	234	238
Bauxite production (kmt) 5)	**2 186**	1 928	13 %	1 918	14 %	**5 834**	5 508	7 524
Sourced bauxite (kmt) 6)	**2 087**	2 364	(12) %	2 064	1 %	**6 162**	5 689	7 832

1) Including Alunorte on a 100 percent basis.
2) Including own production and third party contracts.
3) Weighted average of own production and third party contracts, excluding hedge results.
4) Apparent integrated alumina cash production cost based on cost of produced alumina and cost of alumina sourced on contracts. Paragominas bauxite included at cost and MRN bauxite included at contract price.
5) Paragominas on wet basis (100 percent).
6) 40 percent MRN off take from Vale and 5 percent Hydro share on wet basis.

Underlying EBIT for Bauxite & Alumina increased compared to the second quarter primarily due to improved production performance and better results for our commercial activities.

Both alumina and bauxite production increased compared to the second quarter due to improved operational stability. Operating costs at the Paragominas mine improved somewhat as a result of the higher production volumes while operating costs at Alunorte increased somewhat driven by higher raw material prices.

Realized alumina prices declined slightly[7)] having a negative impact on underlying EBIT for the quarter. Caustic and bauxite costs increased somewhat compared to the second quarter.

Underlying results from our Commercial operations improved compared to second quarter, mainly as a result of good margins on our contract portfolio.

Underlying results for Bauxite & Alumina were somewhat lower compared to the proforma underlying results for the same quarter of 2010, primarily due to significant realized gains on the Vale transaction hedge in third quarter of 2010.

For the first nine months of 2011, proforma underlying EBIT for Bauxite & Alumina declined primarily due to proceeds from an insurance settlement of a claim for business interruption in second quarter of 2010.

7) The majority of the alumina is sold linked to LME with one month delay.

Primary Metal

Operational and financial information [1]	Third quarter 2011	Second quarter 2011	% change prior quarter	Third quarter 2010	% change prior year quarter	First 9 months 2011	First 9 months 2010	Year 2010
Underlying EBIT (NOK million)	**653**	765	(15) %	306	>100 %	**2 010**	584	816
Underlying EBITDA (NOK million)	**1 206**	1 313	(8) %	850	42 %	**3 656**	2 196	3 006
Realized aluminium price LME (USD/mt) [2]	**2 592**	2 509	3 %	2 137	21 %	**2 491**	2 127	2 128
Realized aluminium price LME (NOK/mt) [2]	**14 225**	13 803	3 %	13 226	8 %	**13 903**	12 765	12 758
Realized premium above LME (USD/mt) [3]	**318**	341	(7) %	287	11 %	**335**	269	273
Realized premium above LME (NOK/mt) [3]	**1 745**	1 876	(7) %	1 781	(2) %	**1 874**	1 619	1 641
Realized NOK/USD exchange rate	**5.49**	5.50	-	6.19	(11) %	**5.59**	5.95	5.96
Primary aluminium production (kmt)	**522**	505	3 %	469	11 %	**1 518**	1 391	1 867
Casthouse production (kmt)	**641**	649	(1) %	627	2 %	**1 924**	1 843	2 470
Casthouse sales (kmt)	**641**	659	(3) %	596	8 %	**1 927**	1 828	2 453

1) Operating and financial information includes Hydro's proportionate share of underlying profit (loss), production, prices, premiums and exchange rates in equity accounted investments.

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

3) Average realized premium above LME for total metal products sold from Primary Metal.

Underlying EBIT improved substantially compared to proforma third quarter 2010 mainly due to higher realized aluminium prices and higher product premiums in addition to higher volumes. Proforma underlying EBIT for the first nine months of 2011 also improved significantly compared to proforma underlying EBIT for the same period in 2010, impacted by the same factors discussed above.

Pro forma consolidated statement of income (unaudited) and other information

Pro forma consolidated statements of income (unaudited) NOK million, except per share data	**Third quarter 2011**	Second quarter 2011	Third quarter 2010	01.01 -30.09 2011	01.01 -30.09 2010	Year 2010
Revenue	**23 829**	24 728	21 133	**71 372**	64 682	87 272
Share of the profit (loss) in equity accounted investments	**11**	(88)	(354)	**(122)**	(792)	(791)
Other income, net	**852**	179	119	**1 163**	457	568
Total revenue and income	**24 691**	24 819	20 898	**72 413**	64 347	87 049
Depreciation, amortization and impairment	**1 315**	1 316	1 299	**3 947**	3 856	5 226
Other expenses	**21 154**	21 392	19 311	**62 528**	57 756	78 128
Total expenses	**22 470**	22 708	20 609	**66 475**	61 612	83 354
Earnings before financial items and tax (EBIT)	**2 222**	2 111	289	**5 938**	2 735	3 696
Financial income (expense), net	**(1 363)**	194	170	**(1 306)**	224	580
Income (loss) before tax	**859**	2 305	459	**4 632**	2 959	4 275
Income taxes	**(62)**	(759)	(200)	**(1 363)**	(1 318)	(1 822)
Net income (loss)	**797**	1 546	259	**3 269**	1 641	2 454
Net income (loss) attributable to minority interests	**(199)**	142	103	**86**	165	233
Net income (loss) attributable to Hydro shareholders	**997**	1 405	157	**3 183**	1 475	2 220
Earnings per share attributable to Hydro shareholders [1)]	**0.49**	0.69	0.08	**1.56**	0.72	1.09
Number of shares (million)	**2 036**	2 036	2 036	**2 036**	2 036	2 036

1) Earnings per share is calculated using the number of shares outstanding after completion of the transaction February 28, 2011.

Underlying EBIT and EBITDA per business area	**Third quarter 2011 Underlying**		Second quarter 2011 Underlying		Third quarter 2010 Underlying		Year 2010 Underlying	
	EBIT	**EBITDA**	EBIT	EBITDA	EBIT	EBITDA	EBIT	EBITDA
Bauxite & Alumina	**302**	**775**	272	756	348	813	1 225	3 061
Primary Metal	**653**	**1 206**	765	1 313	306	850	816	3 006
Metal Markets	**93**	**118**	244	269	163	189	321	428
Rolled Products	**124**	**235**	232	339	227	338	864	1 318
Extruded Products	**40**	**165**	96	222	102	236	444	987
Energy	**506**	**543**	363	392	169	201	1 416	1 540
Other and eliminations	**(73)**	**(57)**	(65)	(62)	(85)	(72)	(945)	(889)
Underlying EBIT / EBITDA	**1 646**	**2 985**	1 906	3 229	1 230	2 555	4 141	9 450

Interim financial statements

Condensed consolidated statements of income (unaudited)

NOK million, except per share data	Third quarter 2011	Third quarter 2010	01.01 - 30.09 2011	01.01 - 30.09 2010	Year 2010
Revenue	**23 829**	18 424	**69 695**	56 348	75 754
Share of the profit (loss) in equity accounted investments	**11**	(303)	**(96)**	(623)	(606)
Other income, net	**852**	119	**5 584**	457	568
Total revenue and income	**24 691**	18 240	**75 183**	56 182	75 717
Depreciation, amortization and impairment	**1 315**	730	**3 571**	2 190	2 985
Other expenses	**21 154**	17 236	**61 423**	51 575	69 548
Total expenses	**22 470**	17 966	**64 994**	53 765	72 533
Earnings before financial items and tax (EBIT)	**2 222**	274	**10 189**	2 417	3 184
Financial income (expense), net	**(1 363)**	(218)	**(1 262)**	229	522
Income before tax	**859**	56	**8 926**	2 646	3 706
Income taxes	**(62)**	(119)	**(1 428)**	(1 186)	(1 588)
Net income	**797**	(63)	**7 498**	1 460	2 118
Net income attributable to minority interests	**(199)**	41	**54**	192	230
Net income attributable to Hydro shareholders	**997**	(104)	**7 444**	1 268	1 888
Adjusted basic and diluted earnings per share attributable to Hydro shareholders (in NOK) 1)	**0.49**	(0.07)	**3.84**	0.93	1.33
Adjusted weighted average number of outstanding shares (million)	**2 036**	1 540	**1 941**	1 362	1 419

1) Basic earnings per share are computed using the weighted average number of ordinary shares outstanding. There were no significant diluting elements.

The accompanying notes are an integral part of the condensed consolidated financial statements (unaudited).

Condensed consolidated statements of comprehensive income (unaudited)

	Third quarter		01.01 - 30.09		Year
NOK million	**2011**	2010	**2011**	2010	2010
Net income	**797**	(63)	**7 498**	1 460	2 118
Other comprehensive income					
Currency translation differences, net of tax	**(2 986)**	(1 559)	**(4 639)**	(440)	(932)
Unrealized gain (loss) on securities, net of tax	**86**	(76)	**25**	(64)	22
Cash flow hedges, net of tax	**148**	(784)	**146**	61	(58)
Share of other comprehensive income in equity accounted investments, net of tax	**(204)**	(143)	**(285)**	(383)	(234)
Other comprehensive income	**(2 956)**	(2 563)	**(4 752)**	(826)	(1 201)
Total comprehensive income	**(2 159)**	(2 626)	**2 746**	634	917
Total comprehensive income attributable to minority interests	**(768)**	(56)	**(495)**	225	260
Total comprehensive income attributable to Hydro shareholders	**(1 391)**	(2 570)	**3 241**	409	657

The accompanying notes are an integral part of the condensed consolidated financial statements (unaudited).

Condensed consolidated balance sheets (unaudited)

NOK million, except number of shares	30 September **2011**	30 September 2010	31 December 2010[1)]
Assets			
Cash and cash equivalents	**6 863**	8 658	10 929
Short-term investments	**1 573**	1 316	1 321
Receivables and other current assets	**17 202**	15 939	13 597
Inventories	**14 343**	10 431	10 971
Total current assets	**39 981**	36 345	36 817
Property, plant and equipment	**65 089**	24 842	24 849
Other non-current assets	**29 135**	26 036	27 122
Total non-current assets	**94 224**	50 878	51 971
Total assets	**134 205**	87 222	88 788
Liabilities and equity			
Bank loans and other interest-bearing short-term debt	**4 353**	974	940
Other current liabilities	**17 654**	14 077	14 970
Total current liabilities	**22 007**	15 050	15 910
Long-term debt	**4 232**	123	328
Other long-term liabilities	**16 202**	14 280	13 925
Deferred tax liabilities	**5 980**	804	1 183
Total non-current liabilities	**26 414**	15 208	15 435
Total liabilities	**48 421**	30 258	31 346
Equity attributable to Hydro shareholders	**78 154**	55 973	56 418
Minority interest	**7 630**	991	1 025
Total equity	**85 784**	56 964	57 443
Total liabilities and equity	**134 205**	87 222	88 788
Total number of outstanding shares (million)	**2 036**	1 588	1 588

1) The numbers have been restated, see note 1 Accounting policies for more information.

The accompanying notes are an integral part of the condensed consolidated financial statements (unaudited).

Condensed consolidated statements of cash flows (unaudited)

NOK million	Nine months ended 30 September 2011	2010	Year 2010
Operating activities			
Net income	**7 498**	1 460	2 118
Depreciation, amortization and impairment	**3 571**	2 190	2 985
Other adjustments	**(7 198)**	(891)	1 260
Net cash provided by operating activities	**3 871**	2 759	6 363
Investing activities			
Purchases of property, plant and equipment	**(2 264)**	(1 283)	(2 138)
Purchases of other long-term investments	**(6 271)**	(3 220)	(3 918)
Proceeds from sales of property, plant and equipment	**90**	18	23
Proceeds from sales of other long-term investments	**1 028**	(27)	(18)
Net cash used in investing activities	**(7 417)**	(4 512)	(6 051)
Financing activities			
Loan proceeds	**1 000**	2 931	3 167
Principal repayments	**(1 514)**	(4 030)	(4 056)
Net increase (decrease) in other short-term debt	**1 999**	(78)	(180)
Proceeds from shares issued	**63**	9 900	9 910
Dividends paid	**(1 670)**	(865)	(866)
Net cash provided by (used in) financing activities	**(122)**	7 858	7 975
Foreign currency effects on cash and bank overdraft	**(222)**	(84)	(51)
Net increase (decrease) in cash, cash equivalents and bank overdraft	**(3 890)**	6 021	8 236
Cash, cash equivalents and bank overdraft at beginning of period	**10 735**	2 499	2 499
Cash, cash equivalents and bank overdraft at end of period	**6 845**	8 520	10 735

The accompanying notes are an integral part of the condensed consolidated financial statements (unaudited).

Condensed consolidated statements of changes in equity (unaudited)

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 2010	1 362	43	(1 177)	45 128	813	46 169	1 026	47 195
Changes in equity for 2010								
Treasury shares reissued to employees		15	65			80		80
Shares issued	418	9 495				9 913		9 913
Dividends declared and paid				(603)		(603)	(262)	(865)
Equity interests purchased				6		6	2	8
Total comprehensive income for the period				1 268	(859)	409	225	634
30 September 2010	1 780	9 553	(1 112)	45 799	(46)	55 973	991	56 964
31 December 2010	1 780	9 553	(1 112)	46 419	(418)	56 221	1 025	57 246
Change in accounting policy				197		197		197
1 January 2011	1 780	9 553	(1 112)	46 616	(418)	56 418	1 025	57 443
Changes in equity for 2011								
Shares issued	492	19 493				19 985		19 985
Treasury shares reissued to employees		11	28			39		39
Dividends declared and paid				(1 527)		(1 527)	(143)	(1 670)
Minority interest recognized at aquisition of subsidiaries							7 183	7 183
Capital contribution in subsidiaries							60	60
Transactions with minority holders				(1)		(1)	1	-
Total comprehensive income for the period				7 444	(4 203)	3 241	(495)	2 746
30 September 2011	2 272	29 056	(1 084)	52 531	(4 621)	78 154	7 630	85 784

The accompanying notes are an integral part of the condensed consolidated financial statements (unaudited).

Notes to the condensed consolidated financial statements

Note 1: Accounting policies

All reported figures in the financial statements are based on International Financial Reporting Standards (IFRS). Hydro's accounting principles are presented in note 1 Significant accounting policies and reporting entity and note 2 Changes in accounting principles and new pronouncements in Hydro's Financial Statements - 2010, except for the change in accounting policy related to measurement of embedded derivatives described below.

Hydro has elected to change the accounting policy for valuation of its embedded derivatives as of 1 January 2011. All embedded derivatives are now calculated on the basis of committed volumes for liability positions rather than estimated volumes. To reflect this change, equity as of 1 January 2011 was increased by 197 million kroner. The change is reflected in the restated balance sheet for 2010. The income statement effects for 2010 would have been immaterial, therefore the income statement for 2010 has not been restated.

As of the date of authorization of this interim report, the IASB has issued the following standards during 2011:
IFRS 10 Consolidated Financial Statements
IFRS 11 Joint Arrangements
IFRS 12 Disclosures of Interests in other Entities
IFRS 13 Fair Value Measurement
Amendment to IAS 1 Presentation of Items of Other Comprehensive Income
IAS 19R Employee benefits
IAS 27R Separate Financial statements
IAS 28R Investments in Associates and Joint Ventures

All of the new and amended standards will be effective for Hydro's financial statements for 2013. Hydro is currently evaluating the potential accounting impacts of the standards. We expect that IFRS 11 Joint Arrangements will impact how Hydro accounts for and discloses certain of our operations conducted in co-operation with others. Further, we expect that IAS 19R Employee benefits will impact how post employment benefits including pensions, and measurement changes in such arrangements, are reflected in our financial statements.

The interim accounts are presented in accordance with IAS 34 Interim Financial Reporting. The condensed consolidated interim financial information should be read in conjunction with Hydro's Financial Statements - 2010 that are a part of Hydro's Annual Report - 2010.

As a result of rounding adjustments, the figures in one or more columns may not add up to the total of that column.

Note 2: Operating segment information

Hydro identifies its reportable segments and discloses segment information under IFRS 8 Operating Segments. This standard requires Hydro to identify its segments according to the organization and reporting structure used by management. See Hydro's Financial statements - 2010 note 8 Operating and geographic segment information for a description of Hydro's management model and segments, including a description of Hydro's segment measures and accounting principles used for segment reporting. Hydro's segments were changed as of 28 February 2011. The financial information in this report is restated to reflect the current segment structure.

The following tables include information about Hydro's operating segments, including a reconciliation of EBITDA to EBIT for Hydro's operating segments.

NOK million	Third quarter 2011	Third quarter 2010	01.01 - 30.09 2011	01.01 - 30.09 2010	Year 2010
Total revenue					
Bauxite & Alumina	**4 227**	1 735	**10 680**	5 792	7 882
Primary Metal	**9 148**	6 558	**27 009**	20 613	27 592
Metal Markets	**12 645**	10 498	**38 157**	31 867	43 001
Rolled Products	**5 099**	5 447	**16 391**	15 688	21 180
Extruded Products	**5 061**	4 901	**15 464**	14 538	19 405
Energy	**1 429**	1 255	**4 932**	5 079	7 055
Other and eliminations	**(13 781)**	(11 971)	**(42 937)**	(37 229)	(50 360)
Total	**23 829**	18 424	**69 695**	56 348	75 754
External revenue					
Bauxite & Alumina	**2 640**	659	**6 238**	2 473	3 364
Primary Metal	**1 257**	392	**3 252**	1 245	1 603
Metal Markets	**8 856**	6 511	**25 386**	20 087	27 090
Rolled Products	**5 289**	5 237	**16 496**	15 336	20 611
Extruded Products	**5 008**	4 831	**15 353**	14 421	19 225
Energy	**716**	683	**2 758**	2 423	3 448
Other and eliminations	**63**	112	**212**	364	414
Total	**23 829**	18 424	**69 695**	56 348	75 754
Internal revenue					
Bauxite & Alumina	**1 587**	1 076	**4 443**	3 320	4 518
Primary Metal	**7 892**	6 166	**23 757**	19 368	25 988
Metal Markets	**3 789**	3 988	**12 771**	11 780	15 911
Rolled Products	**(189)**	210	**(106)**	352	569
Extruded Products	**54**	70	**111**	117	180
Energy	**713**	573	**2 174**	2 656	3 607
Other and eliminations	**(13 845)**	(12 082)	**(43 149)**	(37 593)	(50 774)
Total	**-**	-	**-**	-	-
Share of the profit (loss) in equity accounted investments					
Bauxite & Alumina	**(5)**	46	**6**	155	177
Primary Metal	**43**	(335)	**29**	(607)	(574)
Metal Markets	**(1)**	(1)	**(0)**	(5)	(4)
Rolled Products	**(22)**	(10)	**(57)**	(41)	(64)
Extruded Products	**5**	2	**14**	9	13
Energy	**4**	4	**15**	19	29
Other and eliminations	**(14)**	(9)	**(103)**	(153)	(182)
Total	**11**	(303)	**(96)**	(623)	(606)

NOK million	Third quarter 2011	Third quarter 2010	01.01 - 30.09 2011	01.01 - 30.09 2010	Year 2010
Depreciation, amortization and impairment					
Bauxite & Alumina	**470**	1	**1 130**	2	2
Primary Metal	**548**	428	**1 559**	1 275	1 737
Metal Markets	**25**	26	**74**	81	106
Rolled Products	**97**	97	**287**	291	398
Extruded Products	**125**	133	**384**	405	571
Energy	**36**	31	**89**	100	118
Other and eliminations	**16**	13	**48**	38	52
Total	**1 315**	730	**3 571**	2 190	2 985
Earnings before financial items and tax (EBIT) 1)					
Bauxite & Alumina	**326**	43	**5 226**	756	847
Primary Metal	**675**	(378)	**2 026**	260	615
Metal Markets	**158**	18	**644**	45	160
Rolled Products	**(223)**	261	**115**	995	1 214
Extruded Products	**(9)**	120	**168**	494	426
Energy	**1 167**	167	**2 101**	948	1 438
Other and eliminations	**127**	42	**(91)**	(1 081)	(1 514)
Total	**2 222**	274	**10 189**	2 417	3 184
EBITDA					
Bauxite & Alumina	**800**	49	**6 368**	778	875
Primary Metal	**1 228**	56	**3 599**	1 550	2 372
Metal Markets	**182**	44	**718**	126	266
Rolled Products	**(113)**	372	**443**	1 328	1 668
Extruded Products	**116**	254	**551**	899	997
Energy	**1 203**	200	**2 194**	1 052	1 561
Other and eliminations	**143**	55	**0**	(981)	(1 395)
Total	**3 560**	1 029	**13 873**	4 751	6 343
Investments 2)					
Bauxite & Alumina	**376**	1	**32 500**	58	65
Primary Metal	**354**	1 333	**7 741**	3 823	4 900
Metal Markets	**17**	12	**53**	121	148
Rolled Products	**99**	48	**195**	100	296
Extruded Products	**109**	122	**232**	263	434
Energy	**159**	60	**368**	175	284
Other and eliminations 3)	**12**	16	**2 747**	79	105
Total	**1 125**	1 591	**43 836**	4 618	6 231

1) Total segment EBIT is the same as Hydro group's total EBIT. Financial income and expense are not allocated to the segments. There are no reconciling items between segment EBIT to Hydro EBIT. Therefore, a separate reconciliation table is not presented.

2) Additions to property, plant and equipment (capital expenditures) plus long-term securities, intangible assets, long-term advances and investments in equity accounted investments.

3) Other and eliminations includes the unallocated goodwill related to the acquisition of Vale Aluminium, see note 4 Acquisition.

NOK million	EBIT	Depr., amor. and impairment 1)	EBITDA
EBIT - EBITDA Third quarter 2011			
Bauxite & Alumina	326	474	800
Primary Metal	675	553	1 228
Metal Markets	158	25	182
Rolled Products	(223)	110	(113)
Extruded Products	(9)	125	116
Energy	1 167	36	1 203
Other and eliminations	127	16	143
Total	2 222	1 338	3 560
EBIT - EBITDA 01.01 - 30.09			
Bauxite & Alumina	5 226	1 143	6 368
Primary Metal	2 026	1 573	3 599
Metal Markets	644	74	718
Rolled Products	115	328	443
Extruded Products	168	384	551
Energy	2 101	92	2 194
Other and eliminations	(91)	91	-
Total	10 189	3 685	13 873

1) Depreciation, amortization and impairment write-down of tangible and intangible assets, and amortization of excess values in equity accounted investments and impairment loss of such investments.

Note 3: Contingencies

Hydro is involved in or threatened with various legal and tax matters arising in the ordinary course of 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.

Note 4: Acquisition

On 28 February 2011 Hydro acquired the majority of Vale S.A.'s aluminium business, held through the wholly owned subsidiary Vale Austria Holdings GmbH. The acquisition will improve Hydro's access to bauxite and alumina, the primary raw materials for production of aluminium.

Hydro acquired the following equity interests in this transaction: 57 percent of the shares in the alumina refinery Alunorte - Alumina do Norte do Brasil S.A. (Alunorte), in which we previously held 34 percent giving a total ownership interest of 91 percent, and 60 percent ownership interest in the bauxite mine Paragominas. Through a put/call arrangement, Hydro has the right to acquire the remaining 40 percent ownership and Vale has the right to sell the remaining 40 percent in Paragominas. The put and call arrangements are at a fixed price and effectively transfer the majority of the economic exposure to Hydro. The put/call arrangement is thus accounted for as a purchase of the remaining shares with deferred payment. Further, Hydro acquired Vale's 51 percent ownership in the aluminium smelter Albras - Aluminio Brasileiro S.A. (Albras), and the 61 percent ownership in Companhia de Alumina do Pará S.A. (CAP), an alumina refinery in a development phase. Hydro previously held 20 percent in CAP, and achieved a total ownership interest of 81 percent. All of these assets are located in the Pará state in Brazil. In addition, Hydro acquired certain commercial contracts related to sale of alumina and aluminium. The combined businesses and assets are referred to as Vale Aluminium. The acquired business was consolidated from the time of transaction completion.

The fair value of consideration for the ownership interests as of the acquisition date was as follows:

Amounts in NOK million	
Consideration shares	19 987
Cash consideration paid	6 193
Deferred cash payment	1 541
Cost of acquired shares	27 721
Fair value of previously held shares in Alunorte and CAP	9 162
Cost of shares held	36 883

The consideration paid consisted of a cash element at closing of approximately USD 1.1 billion and 447,834,465 Hydro shares corresponding to 22 percent of Hydro's outstanding shares. The fair value of equity consideration was determined as the price at Oslo Børs (Oslo Stock Exchange) as of the end of trading 25 February, the latest market observation prior to completion of the transaction. The consideration also includes deferred payment for the remaining shares in Paragominas inherent in the put and call arrangement described above and contingent compensation arrangements. The seller has issued certain representations and warranties primarily related to tax issues. These contract clauses may result in recognition of indemnification assets. In addition, the fair value of Hydro's previous ownership interests in Alunorte and CAP is part of the initial recognition of the acquired entities. The remeasurement resulted in a gain of NOK 4,222 million recognized in Other income, net, in the first quarter 2011.

The parties agreed a reduction of the cash consideration amounting to approximately NOK 95 million following the agreed procedure to establish closing accounts.

Initial accounting for the acquisition is incomplete as of the date this interim financial report is issued. This is because the identification and valuation of tangible and intangible assets acquired and liabilities assumed is in process. Important parts of the process started after closing of the transaction and involves valuation of process plants and other fixed assets, assessment of potential liabilities including tax and court cases as well as valuation of other assets and liabilities. The provisionally determined values of assets acquired and liabilities assumed are included in the table below:

Amounts in NOK million	
Cash and cash equivalents	347
Inventories	2 119
Other current assets	1 850
Total current assets	4 316
Property, plant and equipment	44 827
Other non-current assets, including goodwill	10 633
Total non-current asset	55 460
Total assets acquired	59 776
Interest-bearning short-term liabilties	2 086
Other current liabilities	1 582
Total current liabilities	3 668
Long-term debt	4 818
Deferred tax liabilities	6 159
Other long-term liabilities	1 065
Total non-current liabilities	12 042
Net assets acquired	44 066
Minority interests	7 183
Net assets acquired by Hydro	36 883

Other current assets include receivables. The majority of receivables are towards shareholders related to their right and obligation to purchase products from the entities. Receivables are considered fully collectible.

Hydro has elected to utilize the option to measure non-controlling interests (minority interests) at their proportionate share of the acquiree's identifiable net assets. Minority interest are recognized with NOK 4,861 million related to the 49 percent minority in Albras, with NOK 2,205 million related to the 9 percent minority in Alunorte and with NOK 116 million related to the 19 percent minority in CAP. Goodwill is provisionally determined to be NOK 2,723 million, a minor change from the provisional number reported in the first quarter. As the valuation of assets acquired and liabilities assumed is not finalized, we have not allocated the goodwill to cash generating units, and the factors resulting in goodwill are not fully analyzed. No amount of goodwill is expected to be deductible for tax purposes.

Hydro had existing contracts and balances with Vale Aluminium, primarily an off-take arrangement considered part of the previous equity investment in Alunorte and related payables, receivables and loans. In addition, the acquiree held certain long-term sales contracts with Hydro. The fair value of these contracts was determined to be a liability for the acquiree as the contracted terms were below market at the time of acquisition. This difference was accounted for as settlement of a pre-existing relationship in the first quarter as a credit to Other income, net, of NOK 267 million and thus excluded from the purchase price and purchase accounting. An existing loan to Alunorte was at interest terms below market at the date of acquisition. The estimated difference was accounted for as settlement of a pre-existing loan in the first quarter, resulting in a loss of NOK 68 million included in Other income, net.

Acquisition related costs incurred during the first quarter 2011 was approximately NOK 20 million, in total for the transaction approximately NOK 90 million, included in operating costs. No such costs were recognized in the third quarter 2011.

Results of the acquired businesses is included in Hydro's consolidated income statement as of 28 February 2011. The acquired businesses is under integration with existing Hydro operations and thus not separately reported. The acquired businesses contributed about NOK 8,500 million to the group's revenue in the period from acquisition, and about NOK 400 million to EBIT. Of this, about NOK 3,800 million of revenue and about NOK 50 million of EBIT was attributable to the third quarter.

The following information represent unaudited pro forma financial information as if the acquisition was completed as of the beginning of 2011. This pro forma information is based on Hydro's actual financial statements as of 30 September 2011. As Vale Aluminium has not been incorporated or reported as a separate reporting entity, separate financial information does not exist for the acquired entities. This pro forma financial information is, for the period prior to the acquisition, based on financial information for the separate entities acquired, and carve-out condensed financial information derived from Vale's financial reporting records, provided by Vale for illustrative purposes. The financial information for Vale Aluminium have been translated to NOK using the average exchange rate for the period. The pro forma revenue is based on the transactions actually completed by Hydro and Vale, the trading pattern might have been different had the acquisition been completed at an earlier time. The pro forma net income is based on preliminary estimates of fair values of assets acquired and liabilities assumed as well as preliminary estimates for useful life of assets and certain other uncertain assumptions. The pro forma information has been prepared for information purposes only, and does not purport to be indicative of what the results of the operations would have been had the transaction occurred at the beginning of 2011.

NOK million	01.01-30.09 2011
Revenue	71 372
Earnings before financial items and tax (EBIT)	5 938
Net income	3 269
Net income attributable to minority interests	86
Net income attributable to Hydro shareholders	3 183

Hydro has issued an Information Memorandum dated June 2, 2010, describing the acquisition, and a Prospectus dated June 21, 2010, for the rights issue in July 2010 and the private placement to Vale in connection with the agreement for sale and contribution of Vale Aluminium. Both documents contain more detailed information about the transactions, and are available at www.hydro.com.

Additional information

Financial calendar 2011/2012

1 December, 2011	Capital Markets Day
16 February, 2012	Fourth quarter results
27 April, 2012	First quarter results
8 May, 2012	Annual General Meeting
24 July, 2012	Second quarter results
23 October, 2012	Third quarter results

Hydro reserves the right to revise these dates.

Cautionary note

Certain statements included within this announcement contain forward-looking information, including, without limitation, those relating to (a) forecasts, projections and estimates, (b) statements of management's plans, objectives and strategies for Hydro, such as planned expansions, investments or other projects, (c) targeted production volumes and costs, capacities or rates, start-up costs, cost reductions and profit objectives, (d) various expectations about future developments in Hydro's markets, particularly prices, supply and demand and competition, (e) results of operations, (f) margins, (g) growth rates, (h) risk management, as well as (i) statements preceded by "expected", "scheduled", "targeted", "planned", "proposed", "intended" or similar statements.

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.

Hydro is a global supplier of aluminium with activities throughout the value chain, from bauxite extraction to the production of rolled and extruded aluminium products and building systems. Based in Norway, the company employs 23,000 people in more than 40 countries. Rooted in a century of experience in renewable energy production, technology development and progressive partnerships, Hydro is committed to strengthening the viability of the customers and communities we serve.

Norsk Hydro ASA
NO-0240 Oslo
Norway

Tel: +47 22 53 81 00
Fax: +47 22 53 85 53
www.hydro.com

Production: Hydro
Print: Printbox

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