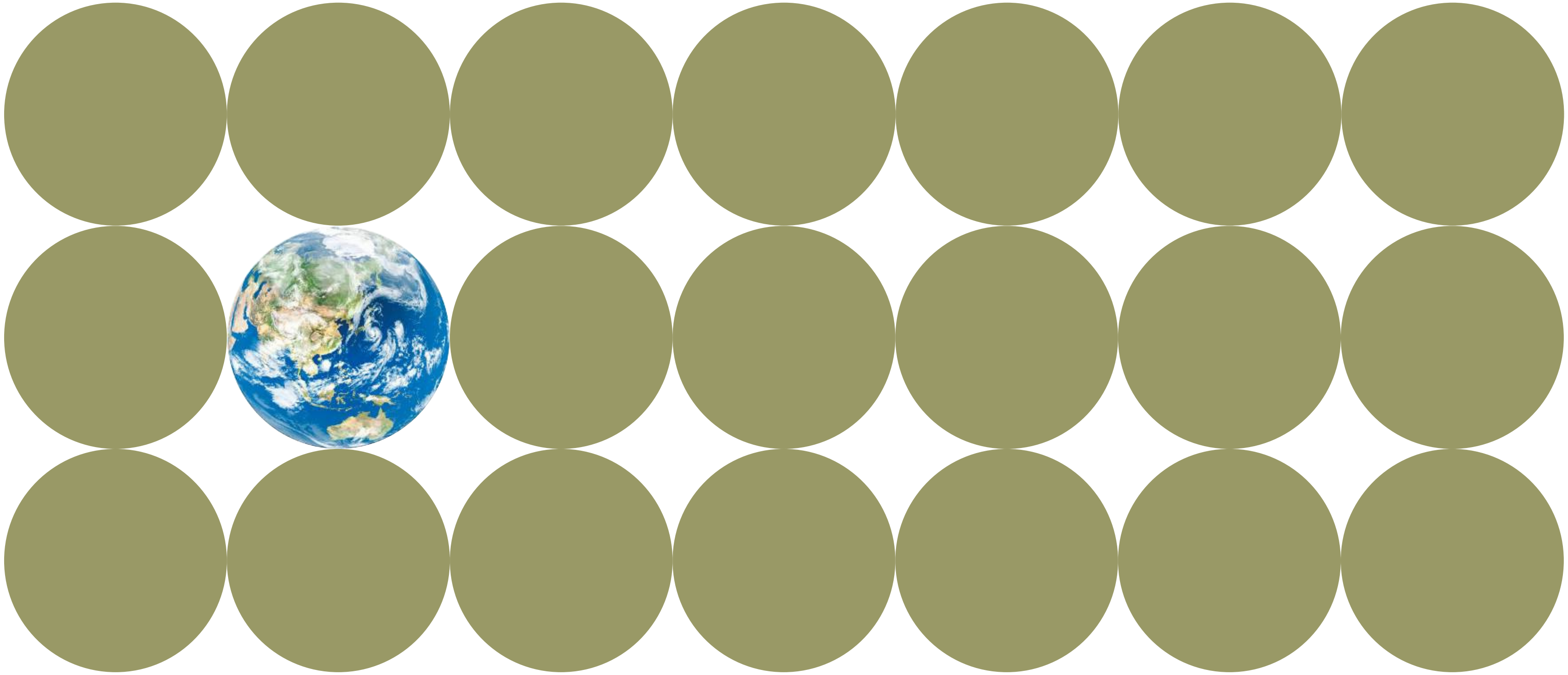
Norsk Hydro Presentation 2012



June 11, 2012

Contents

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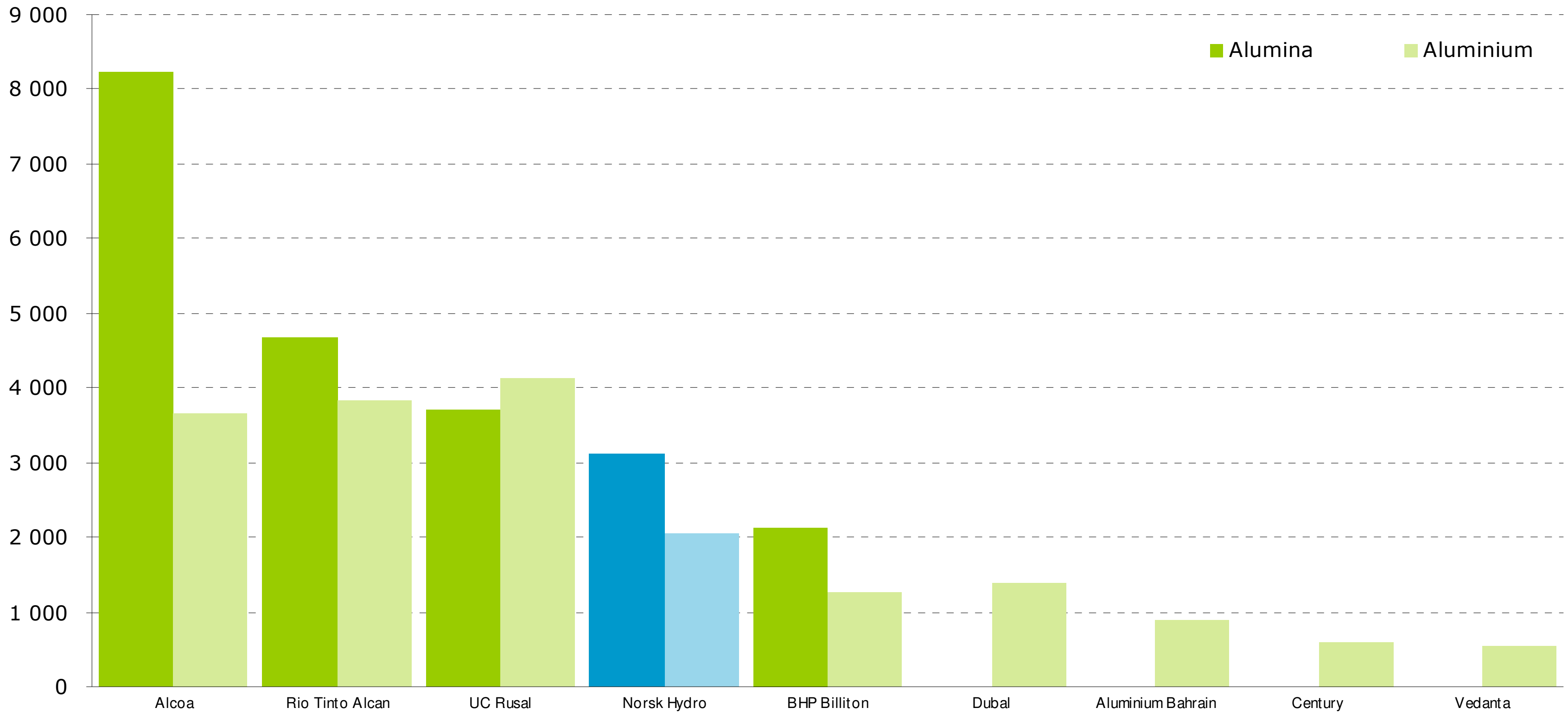
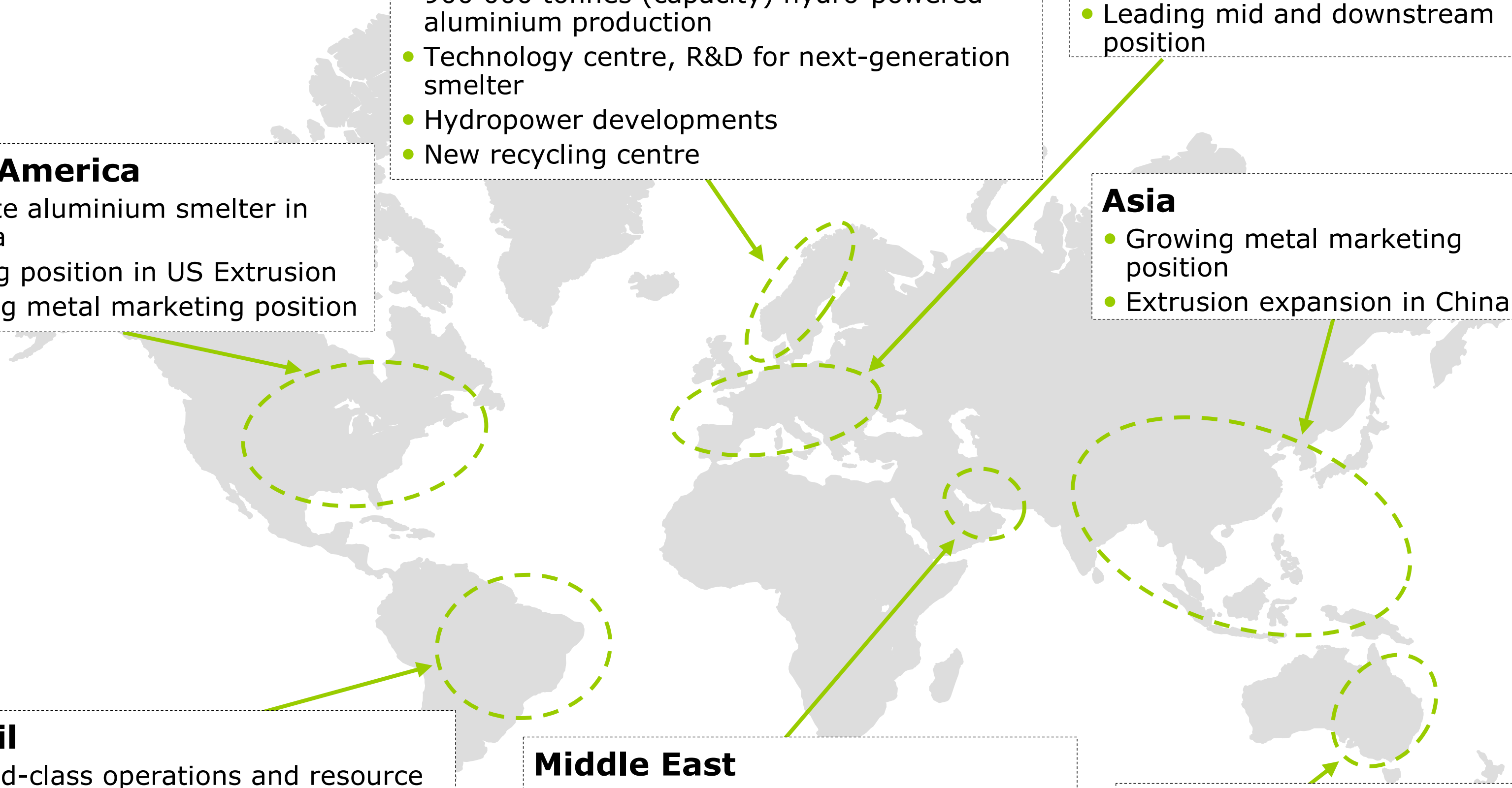
Hydro - a first tier aluminium company

Production in 2011 in aluminium equivalents excl. China, thousand mt



Source: CRU, Hydro

Attractively positioned, global reach



Norway
- 900 000 tonnes (capacity) hydro-powered aluminium production
- Technology centre, R&D for next-generation smelter
- Hydropower developments
- New recycling centre

Continental Europe
- Leading mid and downstream position

North America
- Alouette aluminium smelter in Canada
- Leading position in US Extrusion
- Growing metal marketing position

Asia
- Growing metal marketing position
- Extrusion expansion in China

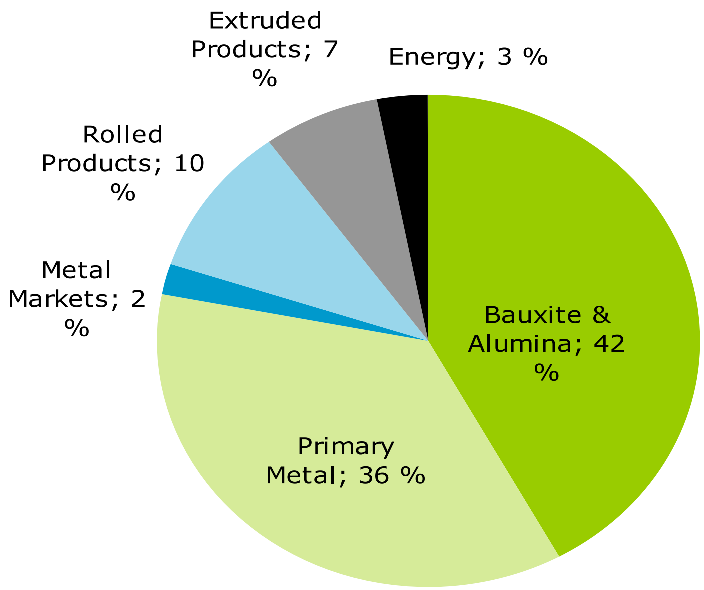
Brazil
- World-class operations and resource base
- Bauxite and alumina growth projects
- Albras aluminium smelter

Middle East
- Qatalum 1 in production
- Qatalum expansion opportunity

Australia
- Primary aluminium production

Capital employed – upstream focus

NOK million	Mar 31, 2012
Bauxite & Alumina	37 469
Primary Metal	32 633
Metal Markets	2 147
Rolled Products	8 664
Extruded Products	5 885
Energy	2 909
Other and eliminations	(7 903)
Total	81 803



Graph excludes NOK 7.9 billion in negative capital employed in Other and eliminations

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Highlights

- Delivery of main 2011 priorities
  - ✓ Brazil integration
  - ✓ Qatalum in full production
  - ✓ Primary Metal cost cutting programme on schedule
- Hydro has improved its competitive positions
- Significant improvement programmes ongoing
- Proactive attitude towards market downturn
- Continuous focus on financial strength and capital discipline
- Excellent strategic positions in an industry with strong growth expectations

Aluminium is the metal of the future

- Lightweight
- Recyclability
- Corrosion resistant
- Formability
- Excellent conductivity
- Alloying technology

Properties lead to increased market share

- Aluminium intensive urbanization and infrastructure
- Climate challenge – aluminium as part of the solution
- Recyclability more important with high energy prices

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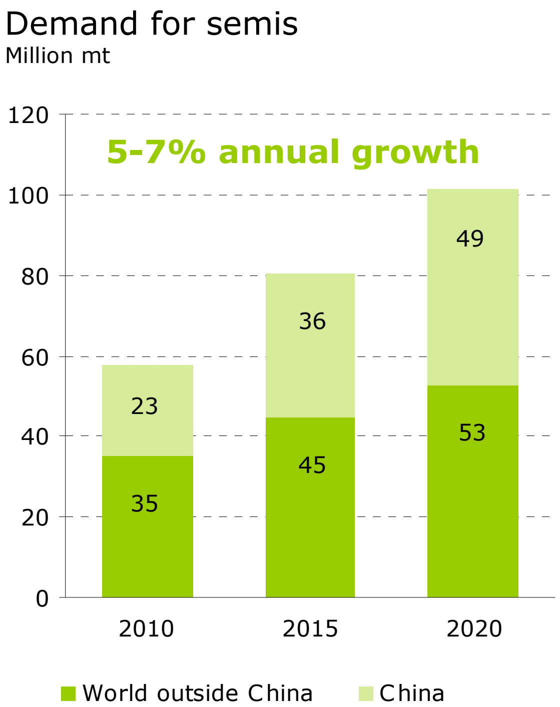
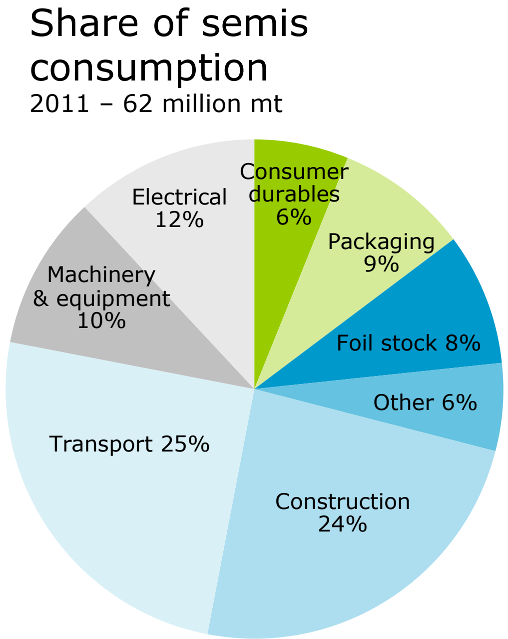
Aluminium is part of the solution

Global trends

Capabilities





Source: CRU

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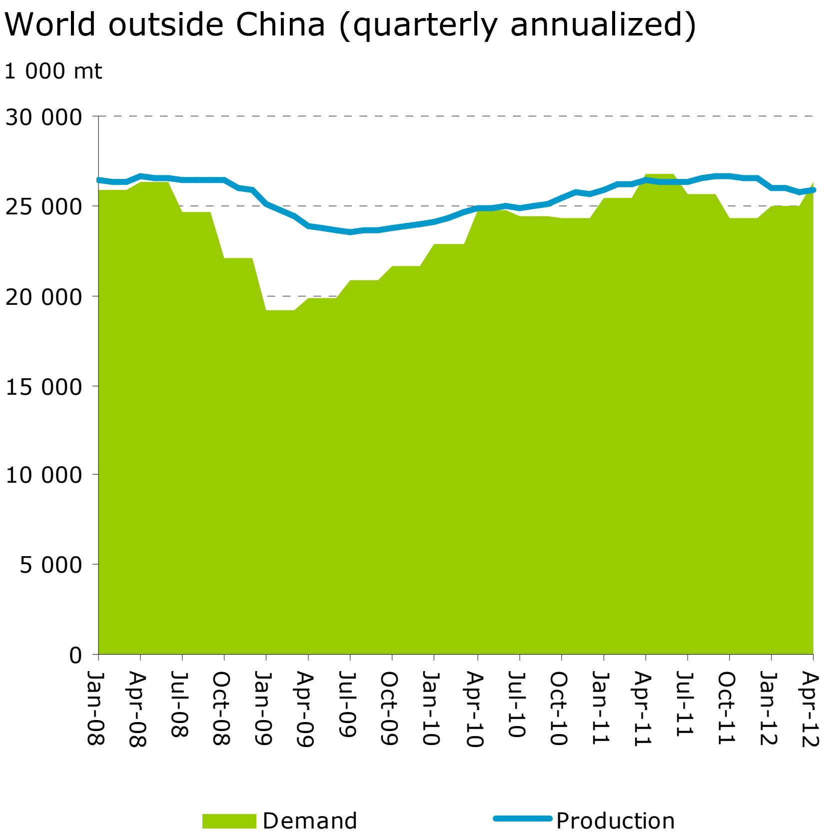
Seasonally higher Q1 primary demand



Source: CRU/Hydro

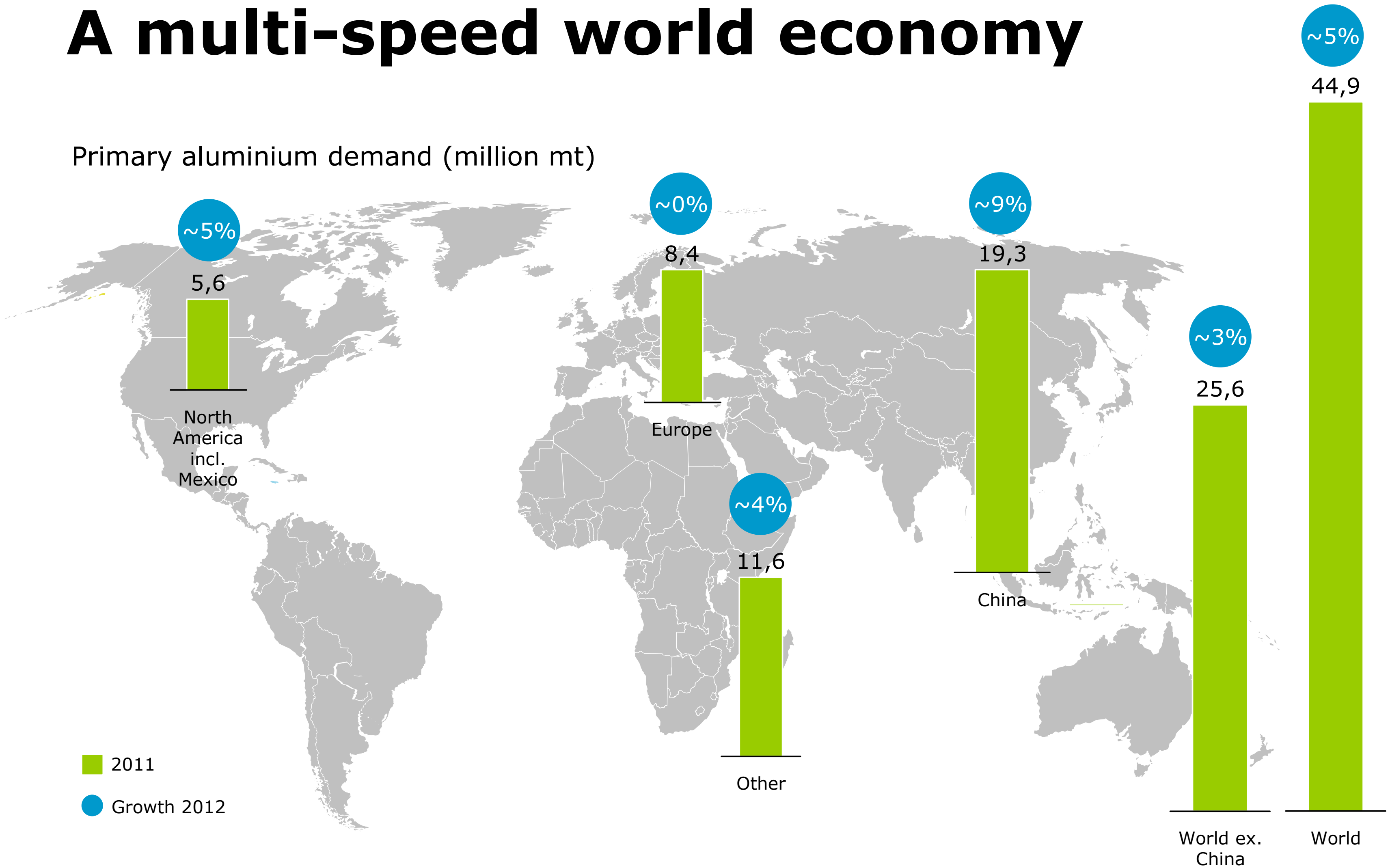
- Seasonal increase in demand, while production declined from curtailments
- Improved supply-demand balance expected in 2012
  - ~1 million mtpy announced curtailments

Aluminium prices

Source: Reuters Ecowin

A multi-speed world economy

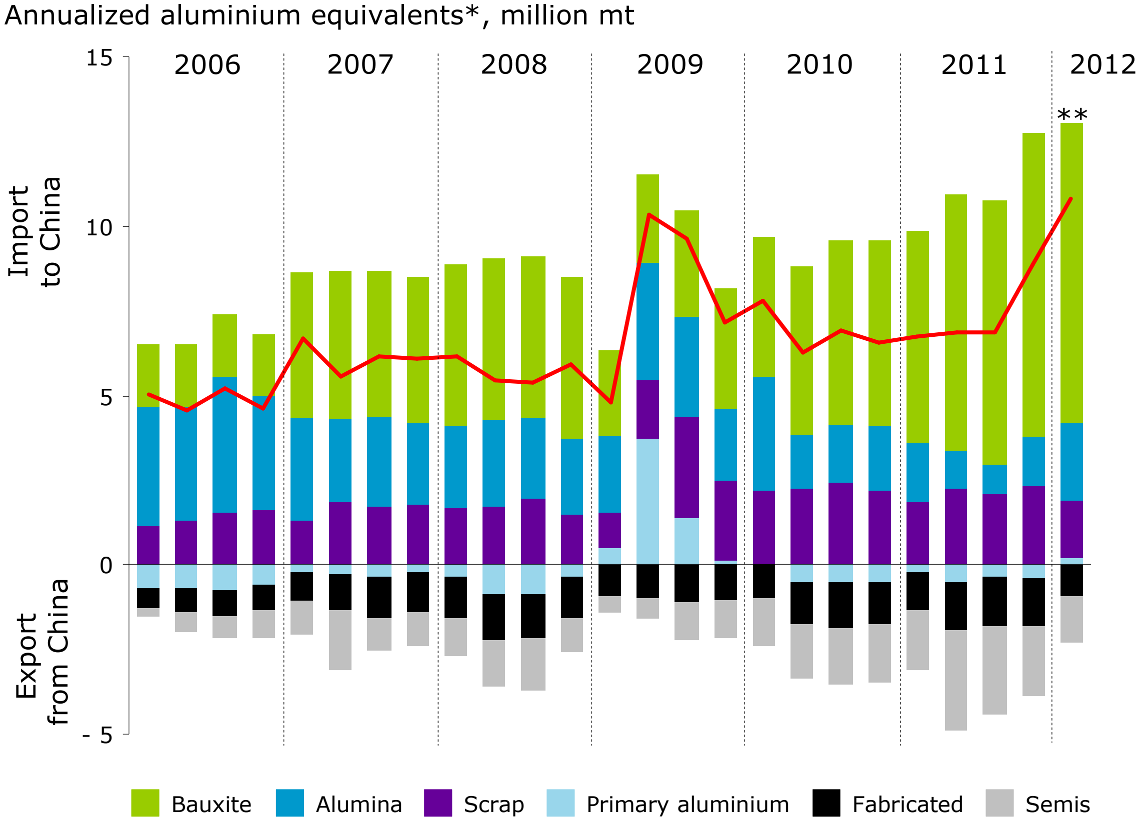
Primary aluminium demand (million mt)



Source: CRU, Hydro analysis

China increased net imports

In terms of aluminium equivalents across the total value chain



Source: CRU/Antaike/Hydro

* Bauxite/alumina to aluminium conversion factor: 5.4/1.925 ** Annualized January and February

- Bauxite and alumina
  - Stable bauxite imports at high levels
  - Increased alumina imports in early 2012
- Primary aluminium
  - Expected to remain broadly balanced in 2012
- Fabricated and semis
  - Lower export in start of 2012

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Strategy for further value creation

Bauxite & Alumina	Primary Metal	Energy	Mid- and downstream
			
• Excellence in operations • Commercialize • Expand capacity	• Reposition • Keep solid cash flow in current assets • Expand in first quartile assets	• Increase value of energy business • Develop current base • Global approach to power sourcing	• Adjust capacity and cost base to market • Continue proven high-end product strategy • Expand selectively in emerging markets

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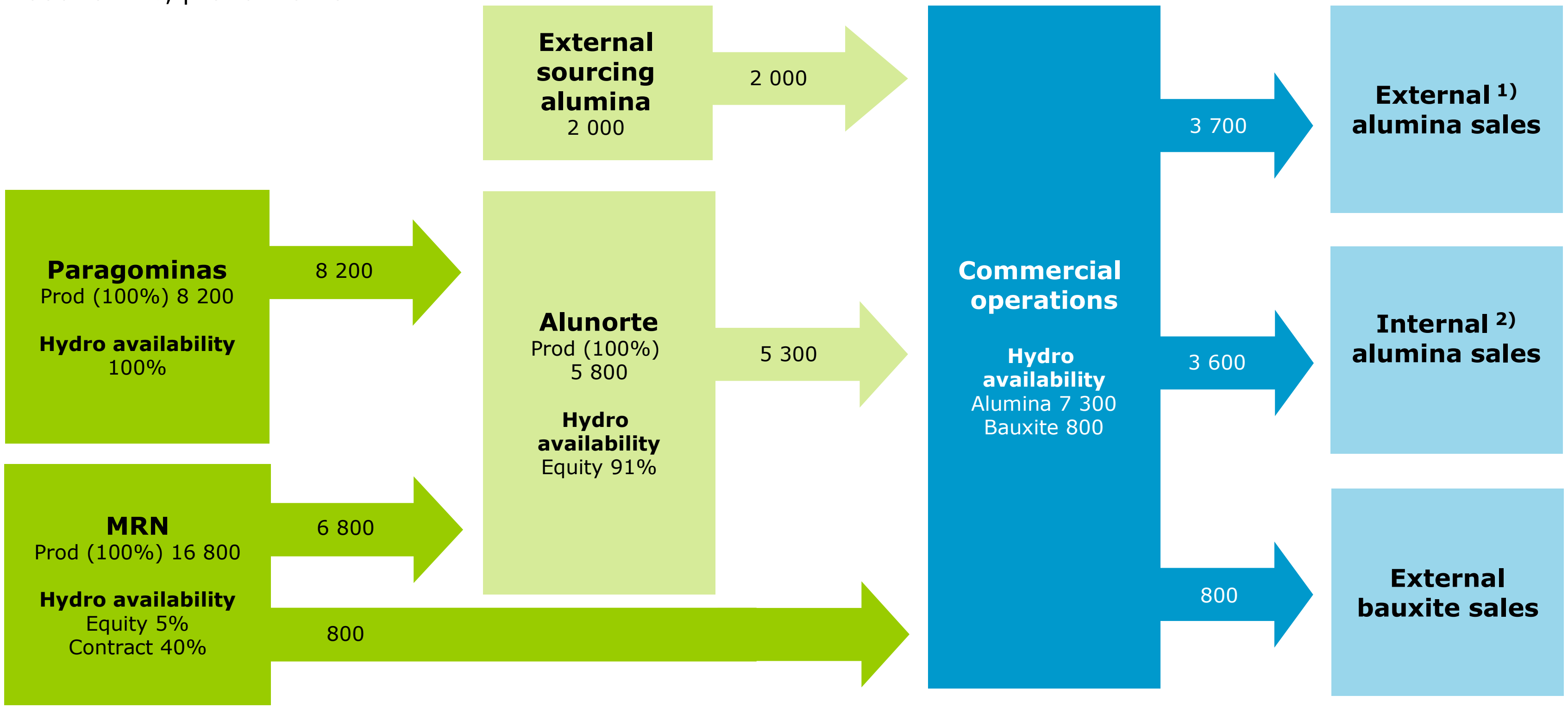
Business model – volume flows
Bauxite & alumina

1 000 tonnes, pro forma 2011



1) Third party customers and non-equity share in joint ventures
2) Equity share of primary aluminium production

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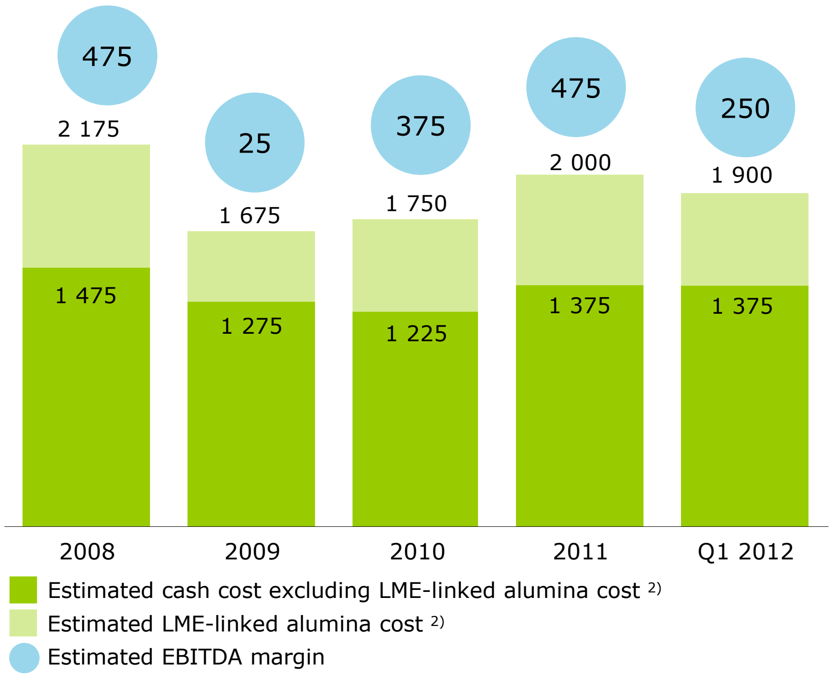
Primary Metal improvement program on track

USD 235 per mt by end-2012

Estimated primary aluminium cash cost and margin

USD/mt [1)]



1) Realized aluminium price minus EBITDA margin per mt primary aluminium. Excludes Qatalum earnings and volumes, but includes net earnings from primary casthouses.
2) ~13% of LME 3 month price with 2.5 months delay

- Additional USD 35 per mt expected realized
  in 2012, remaining USD 65 in 2013
  - Progressing according to plan
- Cash cost down ~USD 100 per mt from
  2011 on lower alumina cost
  - Effects from improvement program offset by increased raw material costs
- One of the highest cost ambitions in the market

Program assumptions: Higher energy and petroleum coke costs may offset some improvements. Improvements may be influenced by fluctuations in raw material prices and currencies. Applies to fully owned capacity, ~1 million mt annual capacity.

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Solid production in Qatalum

- Qatalum production stable above nameplate capacity
  - 600 000 mt on annual basis
- 1st quartile cost position established
  - Cash cost around USD 1400-1500 per mt at 2010 market conditions
  - Focus on optimizing operations
- Fire in seawater cooling tower on March 17

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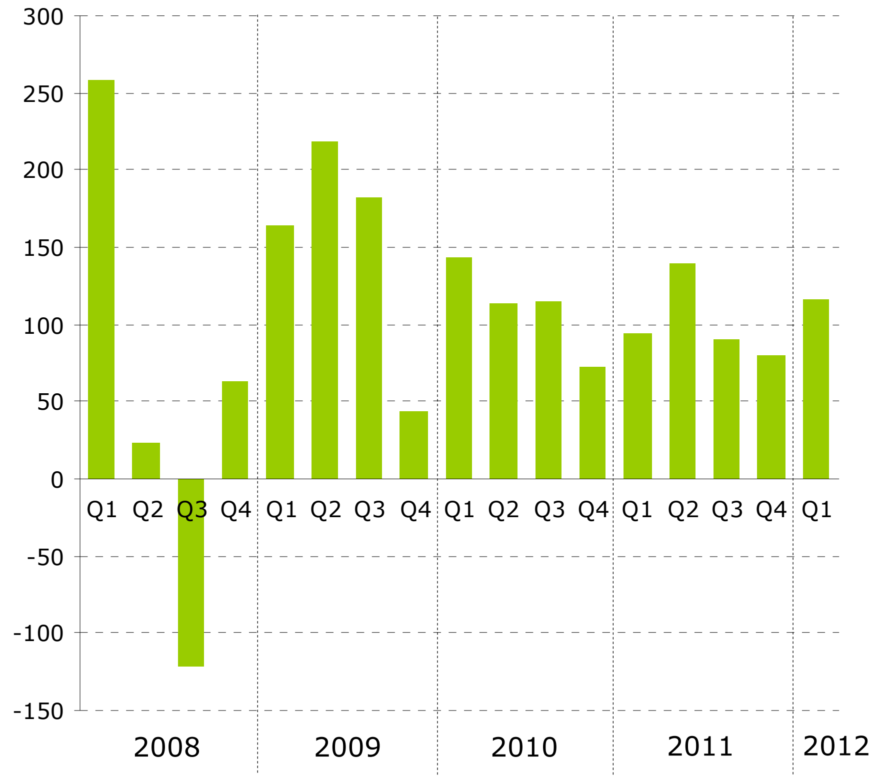
Metal Markets earnings drivers

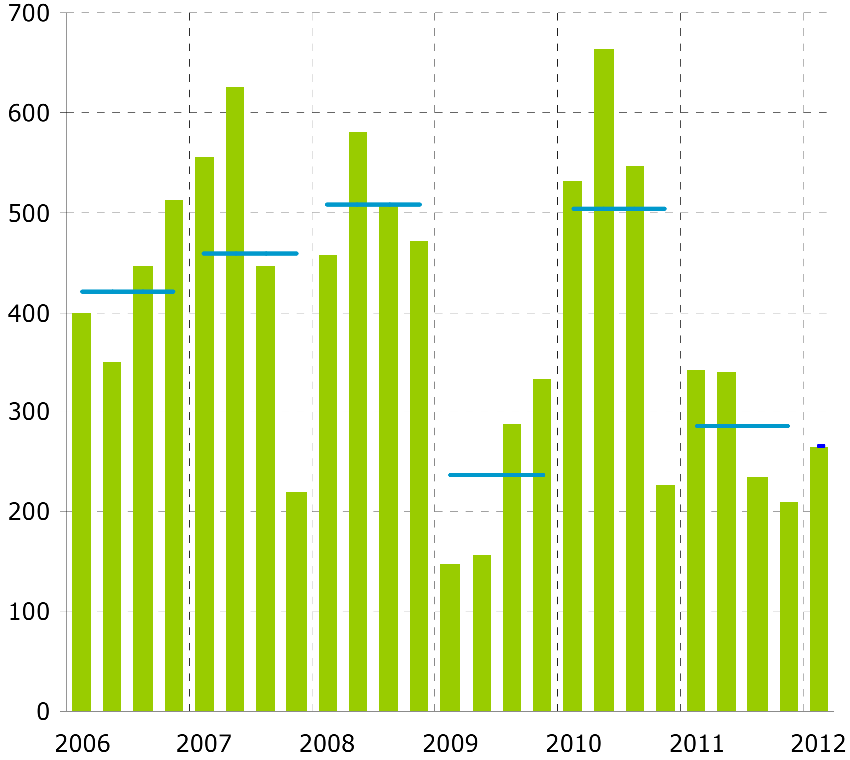
- Remelters
  - Revenue impact – volume and product premiums above LME
  - Cost impact
    - Scrap and standard ingot premiums above LME
    - Raw material mix
    - Freight cost – proximity to market
    - Gas and electricity consumption and prices
- Other main businesses
  - Physical and LME trading
  - Third-party products
  - High purity aluminium
- Results influenced by currency fluctuations

Underlying EBIT excluding currency effects and ingot stock valuation effect, NOK million



Rolled Products earnings drivers

Underlying EBITDA, NOK million



- Contract structure
  - Margin business based on conversion price
    - LME element passed on to customers
  - Medium-term contracts
    - Range from spot contracts to multi-year contracts
- High share of fixed costs - volume sensitive
- Preferred supplier market position in high-end products
- Hydro's market position key advantage in cost and volume driven industry
- Rolled products segment showed best relative performance improvement in aluminium industry post crisis

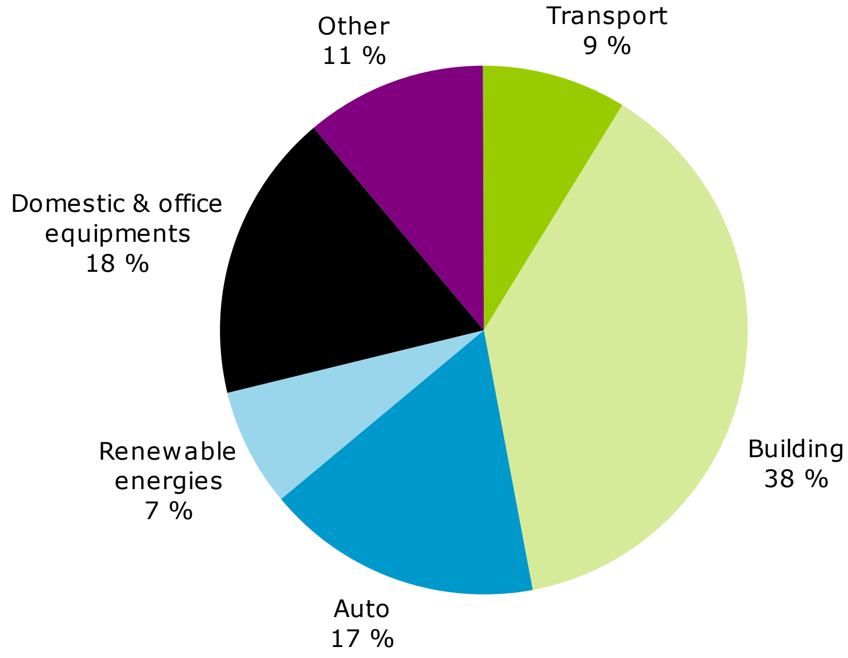
Quarterly avg. CAPEX (NOK million): 2008: 150 – 2009: 79 – 2010: 74 – 2011: 109 – 2012 Q1: 63

European extrusion leader with global presence

- Leading position in Europe
  - 17% market share
- Strong position in US and Brazil
- Global leader in precision tubing
- Strategy of solidifying leading positions
  - Reinforce European extrusion base
  - Specialist in energy-neutral building solutions, including solar
  - Emerging markets expansion

- External sales of 536 000 mt in 2011
  - 74% of shipments in Europe
  - 14% of business in North America
  - 12% of business in Asia/rest of the world

External sales in tonnages



Extruded Products turnaround

Restructuring portfolio

Restructuring in mature markets

- Closure Karmøy press and Prague fabrication plant
- Mothballed Spanish and Portuguese presses

Building Systems cost improvement program

EUR 40 million cost reductions by end 2012

- Turnaround in Iberia and Italy
- Closure of 6 plants and 9 distribution sites
- Fixed cost reductions

Immediate cost-cutting efforts in Extrusion Eurasia

EUR 20 million cost reduction run-rate end 2011

- Reducing shifts
- Cash preservation

Further improvements in working capital

16% lower operating capital days than 2009*

- Strong focus on metal sourcing, forecasting and planning

* Q1 2012 vs 2009

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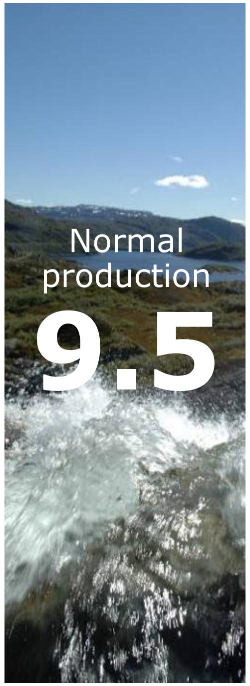
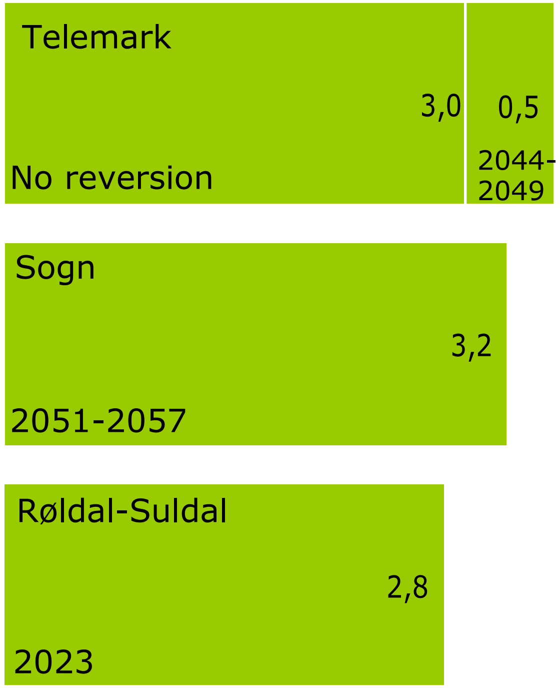
Highly attractive power portfolio

Power production capacity (TWh),
per region and reversion year





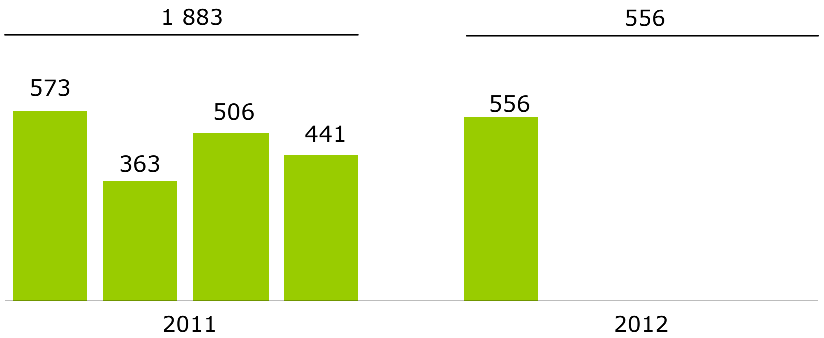
- Power producing assets and ongoing projects
  - Maintain cost control in operations and projects
  - Holsbru project concluded, production start April 1
  - Vasstøl and Rjukan upgrade during 2012
- New growth projects
  - Mature new equity growth options
  - Growth potential in excess of 0.5 TWh
- Framework conditions
  - Reversion regime secures full value of energy assets
  - El-certificates support investments in new capacity
- Portfolio restructuring through sale of non-strategic SKS share
  - SKS priced at NOK 3.4 billion per TWh

Energy

Key figures	Q1 2012	2011
Power production, GWh	3 190	9 581
Net spot sales, GWh	1 879	4 624
Southwest Norway spot price (NO2), NOK/MWh	272	330
Underlying EBITDA, NOK million	584	2 019
Underlying EBIT, NOK million	556	1 883

Underlying EBIT

NOK million



Q1 operating results

- Volatile prices due to variable weather conditions
- Result up on increased production and higher average prices

Outlook

- Lower production, but high for the season
- Prices expected to decline compared to Q1 2012

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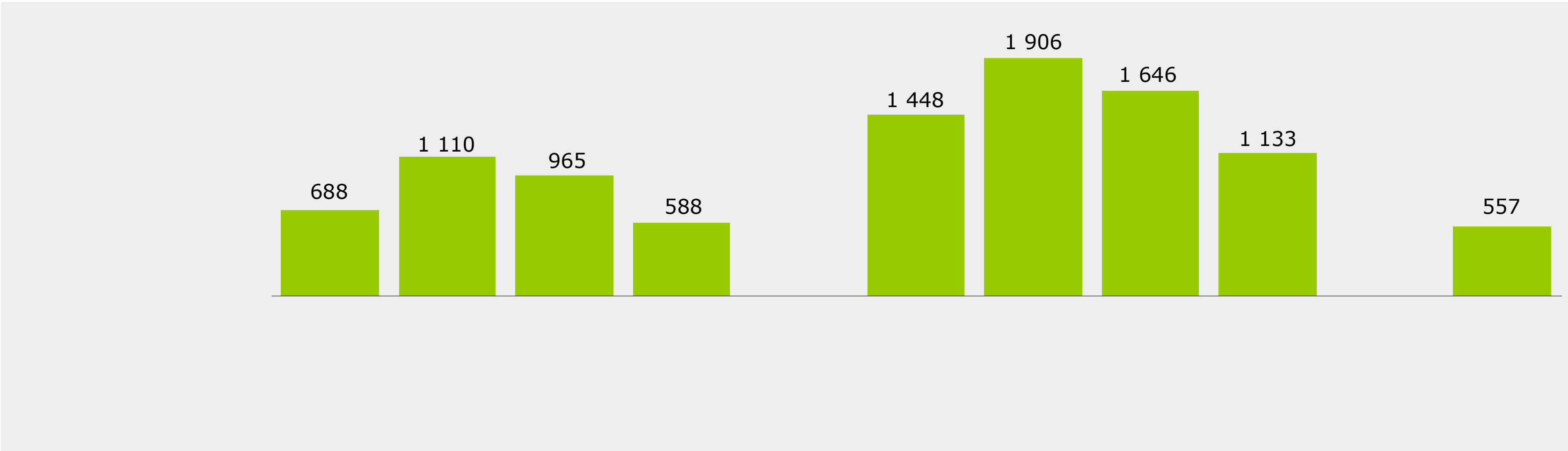
Underlying EBIT

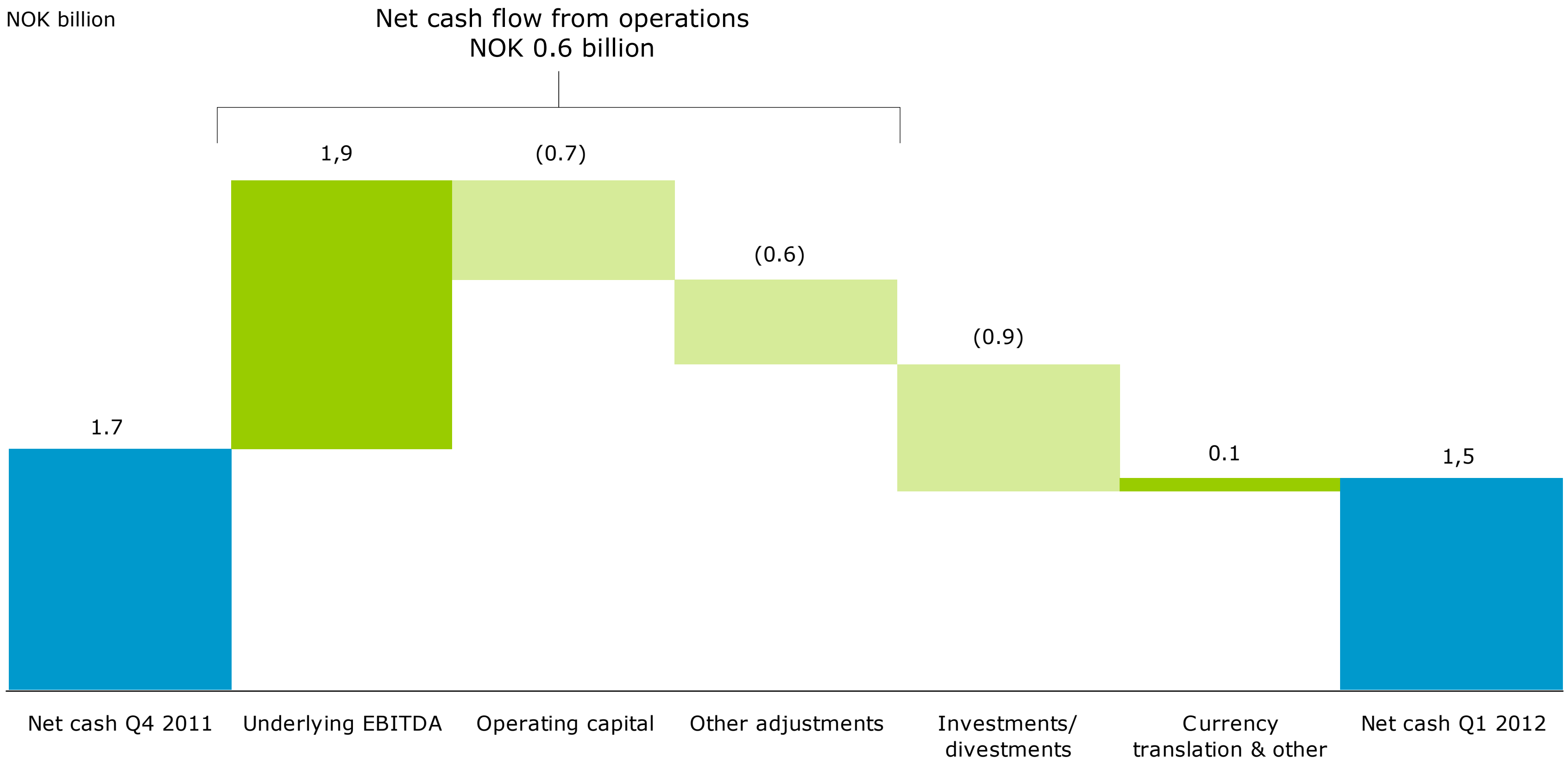


NOK million	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012
Bauxite & Alumina [1)]	162	288	71	113	155	272	302	159	(144)
Primary Metal [1)]	(169)	382	318	86	583	765	653	484	30
Metal Markets	65	31	163	62	143	244	93	(39)	87
Rolled Products	223	309	227	105	232	232	124	86	151
Extruded Products	117	201	102	24	105	96	40	(90)	14
Energy	588	177	169	482	573	363	506	441	556
Other and eliminations[1)]	(297)	(278)	(85)	(284)	(344)	(65)	(73)	92	(137)
Total	**688**	**1 110**	**965**	**588**	**1 448**	**1 906**	**1 646**	**1 133**	**557**

1) Bauxite & Alumina, Primary Metal and Other and eliminations are reclassified from 2010.

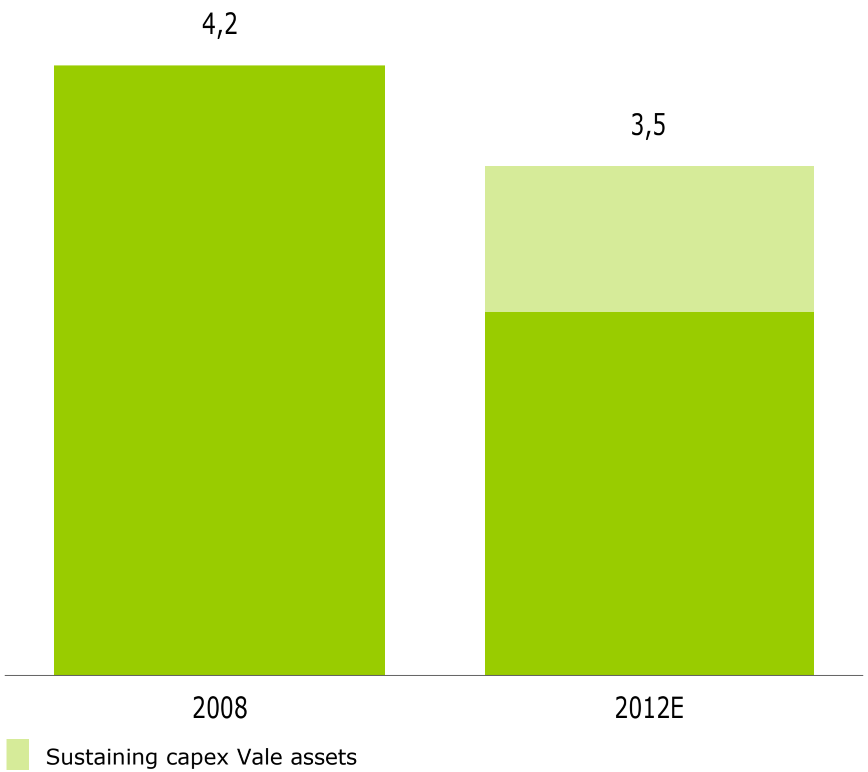
Net cash/(debt) development Q1 2012

NOK billion



Sustaining capital expenditure reduction

Sustaining capital expenditure
NOK billion



- Sustaining capital expenditure significantly down from 2008
- Lower level maintained
- Below 2008 level with significantly larger company

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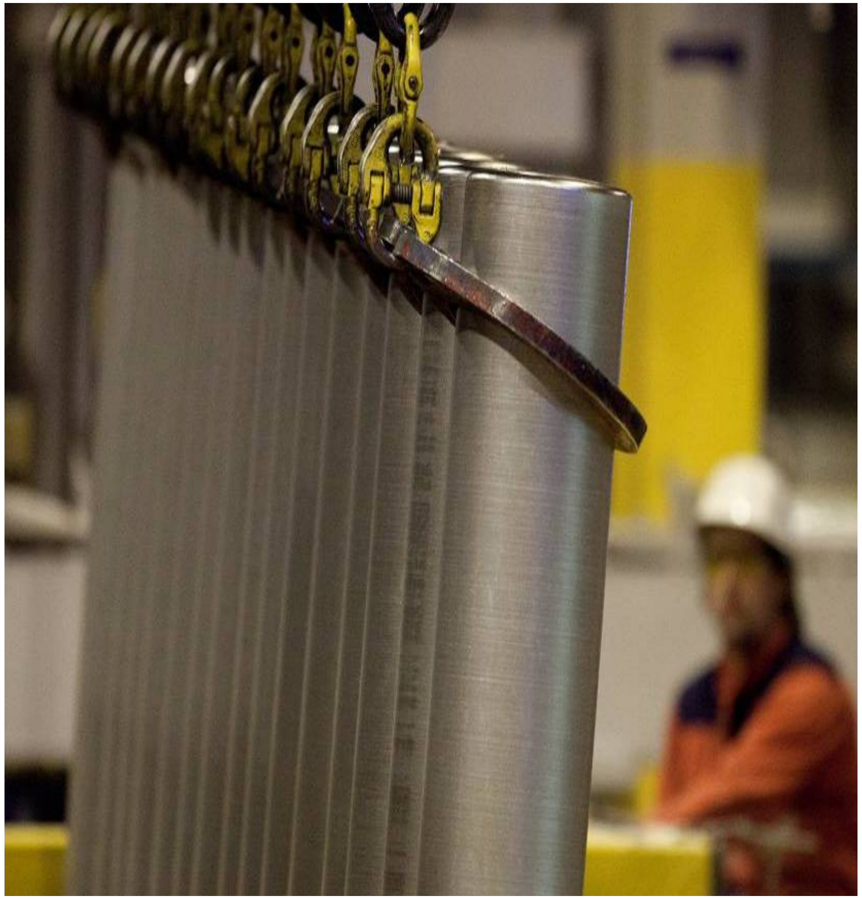
Hedging policy



Upstream

- Remain primarily exposed to LME prices
  - Partly off-setting effects through raw material prices and negative currency correlations with LME
- Operational LME hedging
  - Three months forward sales to manage customers' pricing
- Currency exposure, mainly USD and BRL
  - Policy of maintaining long-term debt in USD
  - Partly natural hedge through negative correlation between
    LME and major exposed currencies

Mid- and downstream

- Operational LME and currency hedging to secure margin

Volatility mitigated by strong balance sheet

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Prepared for a challenging market environment
Summary

- Strong balance sheet to face volatility
- Hydro benefits from its strong competitive position in a market downturn
- Step-up cost improvement programs
- Margin management and remelt flexibility
- Restructuring of non-competitive assets; no restart of idled capacity
- Reduction in sustaining capital expenditure, focus on operating capital
- Re-evaluation growth projects
- Strong strategic portfolio; significant interest from other market players

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Maintain financial flexibility

- Robust balance sheet
- Strong focus on liquidity
  - NOK 8.8 billion in cash and cash equivalents end-Q1 2012
  - USD 1.7 billion facility, currently undrawn
- Reduction in sustaining Capex, focus on operating capital
- Current rating
  - BBB/Baa2
- Intention to re-establish Hydro in bond markets
- Ability to pursue strategy also in periods of uncertainty

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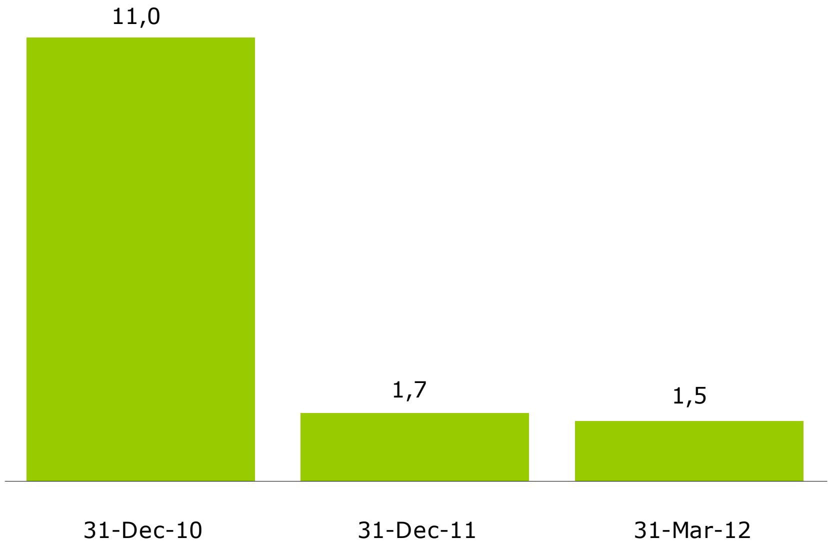
Financial position

Net cash/(debt), NOK billion



NOK billion	Dec 31, 2010	Dec 31, 2011	Mar 31, 2012
Cash and cash equivalents	10.9	8.4	8.8
Short-term investments	1.3	1.8	1.6
Short-term debt	(0.9)	(4.3)	(5.1)
Long-term debt	(0.3)	(4.2)	(3.7)
Net cash/(debt)	**11.0**	**1.7**	**1.5**
Net int.-bearing debt in equity accounted invest.	(7.8)	(7.4)	(6.8)
Net pension liability at fair value, net of expected tax benefit	(5.5)	(6.9)	(6.7)
Other adjustments*	(4.0)	(7.3)	(7.2)
Adjusted net debt	**(6.4)**	**(19.9)**	**(19.2)**

* Operating lease commitments and other

Per March 2012, Hydro's ownership share of short-term and long-term debt amounted to NOK 4.2 bn and NOK 3.3 bn, respectively

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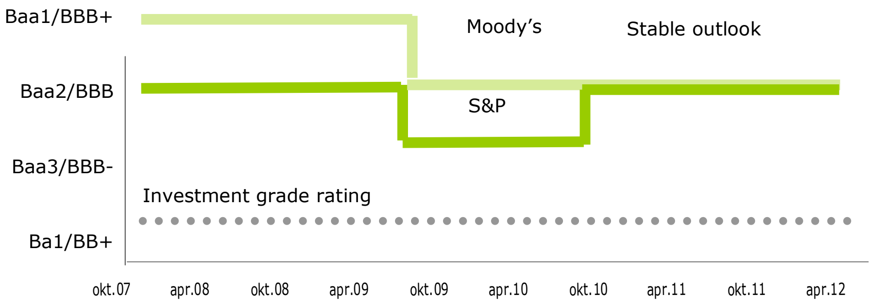
Shareholder and financial policy

Dividend payout ratio*

*Dividend paid divided by net income attributable to equity holders

Hydro rating



- 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 2007-2011 is ~70%
    - NOK 0.75 per share for 2011 was approved by the AGM 8th May 2012
  - Share buybacks and extraordinary dividends as supplement in periods with strong financials
- Maintain investment-grade rating
  - Currently: BBB (S&P) & Baa2 (Moody's) stable outlook
- Competitive access to capital and important for Hydro's business model (counterparty risk and partnerships)
- Financial ratios over the business cycle
  - Funds from operations to net adjusted debt > 40%
  - Net adjusted debt to equity < 0.55

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Main shareholders

Investor	Number of shares	% of top 20	% of total	Type	Country
NÆRINGS- OG HANDELSDEPARTEMENTET	708,865,253	45.39%	34.26%	Comp.	NOR
VALE AUSTRIA HOLDINGS GMBH	447,834,465	28.67%	21.64%	Comp.	AUT
FOLKETRYGDFONDET	87,296,533	5.59%	4.22%	Comp.	NOR
STATE STREET BANK AND TRUST CO.	48,697,940	3.12%	2.35%	Nom.	USA
CLEARSTREAM BANKING S.A.	43,546,057	2.79%	2.10%	Nom.	LUX
THE NORTHERN TRUST CO.	36,205,522	2.32%	1.75%	Nom.	GBR
RASMUSSENGRUPPEN AS	34,700,000	2.22%	1.68%	Comp.	NOR
NORSK HYDRO ASA	31,430,114	2.01%	1.52%	Comp.	NOR
EUROCLEAR BANK S.A./N.V. ('BA')	14,421,915	0.92%	0.70%	Nom.	BEL
BANK OF NEW YORK MELLON	13,769,650	0.88%	0.67%	Nom.	USA
RBC DEXIA INVESTOR SERVICES TRUST	13,247,969	0.85%	0.64%	Nom.	GBR
STATE STREET BANK AND TRUST CO	12,810,434	0.82%	0.62%	Nom.	USA
STATE STREET BANK AND TRUST CO.	11,696,165	0.75%	0.57%	Nom.	USA
JPMORGAN CHASE BANK, NA	9,862,638	0.63%	0.48%	Nom.	USA
SKAGEN GLOBAL	9,761,378	0.63%	0.47%	Comp.	NOR
PARETO AKSJE NORGE	8,320,750	0.53%	0.40%	Comp.	NOR
KLP AKSJE NORGE VPF	8,103,192	0.52%	0.39%	Comp.	NOR
BNYM AS EMEA ASIA 25 OMNIBUS	8,012,790	0.51%	0.39%	Nom.	USA
STATE STREET BANK & TRUST CO.	6,921,265	0.44%	0.33%	Nom.	USA
SKAGEN VEKST	6,302,679	0.40%	0.30%	Comp.	NOR
Total number owned by top 20	**1,561,806,709**	**100%**	**75.49%**		
Total number of shares	**2,068,998,276**		**100%**		

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www.hydro.com