

ALUMINIUM PRODUCTS

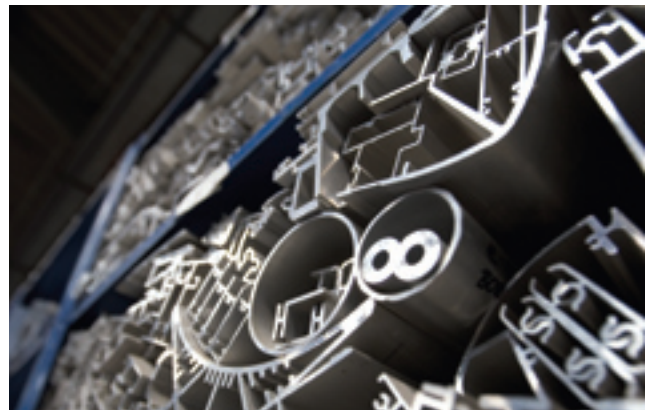
Hydro's Aluminium Products business consists of the three sub-segments: Rolled Products, Extrusion, and Automotive.

- Rolled Products consists of our rolling mills located primarily in Europe and includes our 50 percent interest in the AluNorf hot rolling mill located in Germany.
- Extrusion consists of our extruded products business, located mainly in Europe and the US, focused on the building and construction, transportation, and engineered products industry sectors. Our building systems activities are included in this sub-segment.
- Automotive consists of our precision tubing and structures operations primarily serving the global automotive industry.

Introduction

Hydro is an industry leader for a range of downstream aluminium products and markets, in particular the building, packaging, lithographic and automotive market sectors. We are a high quality, value-added supplier of aluminium products and solutions, with strong positions in markets that provide opportunities for value-added products giving good financial returns. Our ambition is to be recognized as the world's best aluminium solutions supplier, an agile and innovative technology leader working in partnership with our customers driving our business and the aluminium industry forward. In 2007 we completed an extensive restructuring and divestment program, including workforce reductions in our remaining businesses of around 1,000 people. We are currently working to further improve the financial performance of our downstream operations combined with selective growth within targeted segments.

We generated revenues of approximately NOK 51.4 billion from the sale of aluminium products during 2007, employing around 16,000 employees in 31 countries. Our operations are primarily located in Europe, where we generated approximately 80 percent of our total operating revenues in 2007.



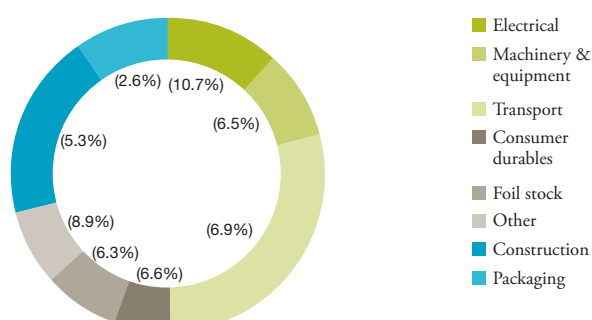
Through our global network of extrusion plants Hydro serves local customers with customized profiles and building systems.

Our extrusion operations consist mainly of general soft alloy extruded products and building systems for facades, wall partitions, doors and windows. About 70 percent of our total extrusion revenues in 2007 came from our general extrusion businesses and 30 percent came from our building systems operations. We have wholly-owned extrusion, extrusion-related fabrication and building systems operations located throughout Europe and the US, in addition to units in Brazil, Argentina, India, China and Russia, and part-owned operations in South Africa and Bahrain. Through our global network of extrusion plants we serve local customers with customized profiles and building systems. In 2007, we shipped 508,000 mt of extruded products from our network of extrusion plants (including Building Systems).

We are the second largest supplier in the European rolling industry and hold leading global positions within high value-added products segments such as lithographic (printing) plates and aseptic foil. In 2007, we shipped in excess of one million mt of rolled products from our seven European plants and our Malaysian plant. More than half of this was pro-

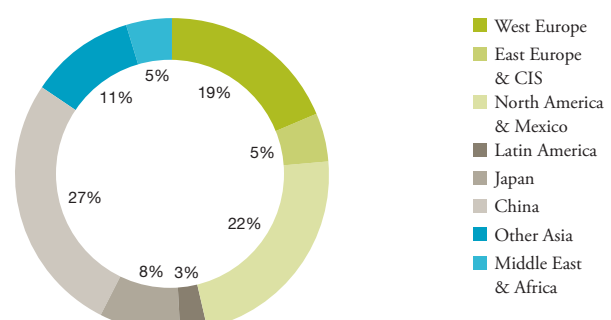
Global semis consumptions by end use 1,000 mt

Total market 50,400 mt (Forecasted annual growth 2005-2010 in brackets)

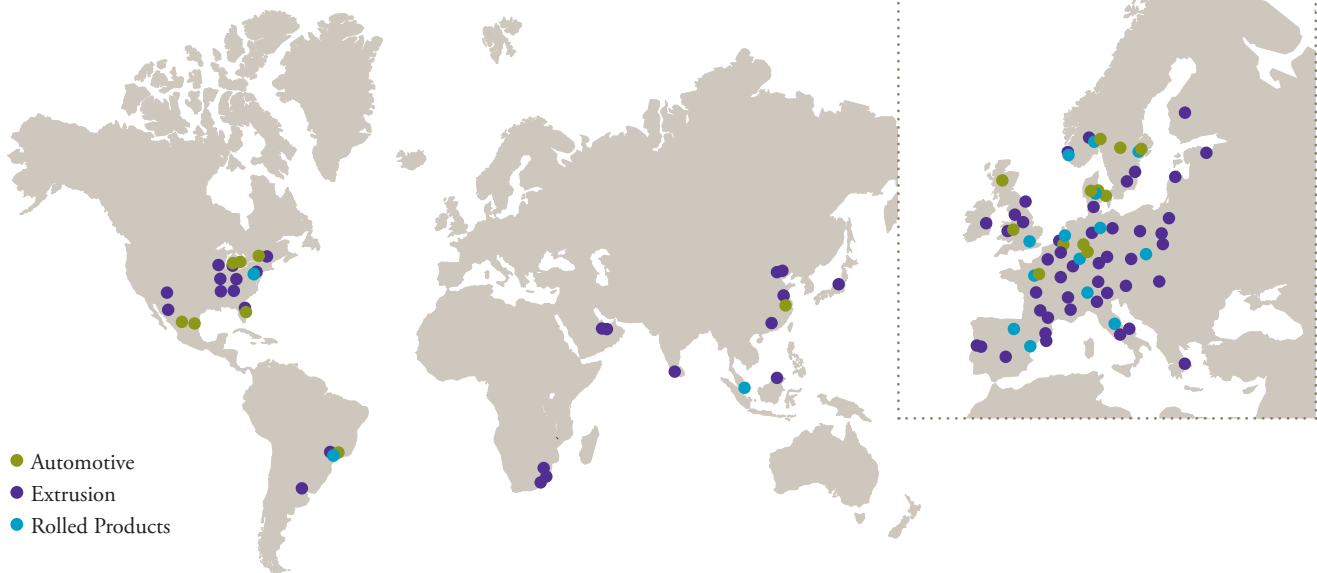


Aluminium consumption per region

Total market 50,400 mt



Aluminium Products worldwide network



duced in Grevenbroich, Germany, which is the world's largest and one of the most efficient rolling mills in Europe. Grevenbroich is also the center of our rolled products' foil and lithographic sheet operations.

We are a global leader in precision tubing with production in all major regions. We supply precision tubing solutions for automotive heat exchange applications from 11 locations in Europe, Asia, North America and South America. We are one of the leading suppliers of extruded structural automotive components to original equipment manufacturers (OEMs) in Europe and North America. Our automotive business shipped around 117,000 mt during 2007.

Strategy

2007 was a year of extensive restructuring of Hydro's downstream business and our underlying performance has improved over the last few years. Going forward we intend to build upon our distinct businesses within rolled products, extrusion and building systems and automotive structures and precision tubing, all with leading positions in their respective markets. We intend to focus on technological leadership and operational excellence together with superior product quality and customer service to further improve the performance of our businesses. We aim to target selective growth within our high-performing sectors. We will also continue to drive cost reductions and other improvement measures within underperforming units notably in our extrusion operations in the US and our automotive structures business.

Build on the high performance of our general extrusion and building system operations

The foundation for the success of our general extrusion operations is working closely with our customers. Our presence local to them enables top product innovation and design as well as excellent service levels. Three strong brands within our building systems operations, Wicona, Domal and Technal, represent distinct value propositions to our customers. We intend to maintain our strong performance, and target further business development, based on our existing platform of technological strength and strong market positions within these businesses.

Develop and improve our position in rolled products

We are a global leader in value-added products like lithographic plates and aseptic foil and Europe's second largest supplier of rolled products. We continually emphasize the quality of our products and service to our customers. We have a strong focus on optimizing our margins through the mix of products that we deliver to the market.

Further improvements in a restructured business portfolio

During 2007 we divested of our automotive castings business and exited the magnesium business. Our efforts to dispose of our automotive structures operations were terminated following the conclusion that more value could be realized by turning this business around than by divesting it. Measures are also being taken to improve our US extrusion operations and to further reduce costs, mitigating the effects of a sharp downturn in North American market demand.

Targets

2007 TARGETS

- Complete restructuring program defined in 2006
- Long-term portfolio defined
- No serious accidents. Total recordable injuries per million hours down by 20 percent

2007 RESULTS

- Automotive casting business divested
- Exited the magnesium business
- Several smaller divestments and closures
- Plant rationalizations and improvement programs executed
- Significant improvements in financial results
- One fatal contractor accident. Total recordable injuries per million hours reduced by 10 percent to 3.7

2008

- Continued improvement in profitability for underperforming US extrusion units and automotive structures
- Selected growth projects delivered in Extrusion Eurasia and Building Systems
- Total recordable injuries per million hours down by 20 percent

AMBITIONS

Our goal is to be the clear performance leader within the European extrusion and building system industries, reinforcing our leadership position through selective growth and further development of new high performing solutions. We aim to increase the returns of our rolled products business. We will focus on innovation and technology to sharpen our competitive edge. We are committed to safety and to eliminating serious accidents in our operations.

Focus on selective growth

We plan to selectively grow our highly profitable businesses, and improve our underperforming businesses. We intend to keep capital expenditures at a moderate level, investing in selected growth opportunities within our general extrusion and building systems operations. We will also prioritize investments designed to ensure stable operations and good safety standards and to maintain the value of our assets. Maintaining a lean level of operating capital will also be a strategic focus.



Our presence local to customers enables top product innovation and design as well as excellent service levels.

Overview 2007

Aluminium Products underlying EBIT increased by 5 percent to NOK 1,353 million in 2007. The underlying performance of our rolled products business improved during 2007 and our European extrusion and building systems operations delivered another strong performance during the year. However, our extrusion operations in the US were struggling with weak markets and unsatisfactory results. Our automotive structures business also delivered a weak performance in 2007 with underlying results impacted by costs related to starting up new production lines and costs relating to new contracts.

Rationalization programs were initiated in several units during 2006 including comprehensive programs within our general extrusion and precision tubing operations in the US. Costs have been reduced through manning reductions and other measures. By the end of 2007, we had reduced the number of US employees in our extrusion business by around 700 people compared to 2006. Measures are being implemented to further improve the financial performance of this business and align the cost structure with lower market demand.

In 2007 a new management team has been established and measures have been initiated to turn around and improve the performance of our automotive structures business. The automotive market is characterized by long lead-times for new business to come on stream. Generally new contracts are awarded three years in advance of production start-up to facilitate design and testing and normally last for the entire design lifecycle of a model (5 – 6 years or longer).