

## NOTE 1

### Summary of significant accounting policies

The financial statements of Norsk Hydro ASA are prepared in accordance with the Norwegian accounting act and accounting principles generally accepted in Norway (N GAAP). Financial statement preparation requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as disclosures of contingencies. Actual results may differ from estimates. Interest rates used when performing any net present value analysis, or measurement of post retirement obligations, are rounded to the nearest 25 basis points. As a result of rounding adjustments, the figures in one or more columns included in the financial statements may not add up to the total of that column.

#### SHARES IN SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

Shares in subsidiaries, associates and jointly controlled entities are presented according to the cost method in Norsk Hydro ASA's financial statements. Group relief received is included in dividends from subsidiaries. Dividends from subsidiaries is recognized in the year for which it is proposed by the subsidiary to the extent Norsk Hydro ASA can control the decision of the subsidiary through its share holdings.

#### EMPLOYEE RETIREMENT PLANS

Norsk Hydro ASA has adopted NRS 6A whereby employee retirement plans are measured as required by IAS 19, see note 1 Significant accounting policies and reporting entity to the consolidated financial statements for additional information.

#### FOREIGN CURRENCY TRANSACTIONS

Realized and unrealized currency gains or losses on transactions are included in net income. Similarly, unrealized currency gains or losses on assets and liabilities denominated in a currency other than the Norwegian kroner are also included in net income.

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash, bank deposits and all other monetary instruments with a maturity of less than three months at the date of purchase.

#### SHORT-TERM INVESTMENTS

Short-term investments includes bank deposits and all other monetary instruments with a maturity between three and twelve months at the date of purchase and current marketable equity and debt securities. Such securities are considered trading securities and are valued at fair value. The resulting unrealized holding gains and losses are included in financial income and expense. Investment income is recognized when earned.

#### PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is carried at historical cost less

accumulated depreciation and impairment write-downs. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment of long-lived assets is recognized when the recoverable amount determined as the higher of fair value less cost to sell or value in use of the asset or group of assets is less than the carrying value. The amount of the impairment is the difference between the carrying value and the recoverable amount. An impairment loss is reversed if the impairment situation is deemed to no longer exist.

#### CONTINGENCIES AND GUARANTEES

Norsk Hydro ASA recognizes a liability for the fair value of obligations it has undertaken in issuing guarantees, including the ongoing obligation to stand ready to perform over the term of the guarantee in the event that the specified triggering events or conditions occur. Contingencies are recognized in the financial statements when probable of occurrence and can be estimated reliably.

#### RESEARCH AND DEVELOPMENT

Research costs are expensed as incurred. Development costs are capitalized as an intangible asset at cost if, and only if, (a) it is probable that the future economic benefit that is attributable to the asset will flow to the enterprise; and (b) the cost of the asset can be measured reliably. To the extent development costs are directly contributing to the construction of a fixed asset, the development costs are capitalized as part of the asset provided all criteria for capitalization are met.

#### DERIVATIVE INSTRUMENTS

Forward currency contracts and currency options are recognized in the financial statements and measured at fair value at each balance sheet date with the resulting unrealized gain or loss recorded in interest expense and foreign exchange gain (loss).

#### SHARE-BASED COMPENSATION

Norsk Hydro ASA accounts for share-based payment in accordance with NRS 15A Share-Based Payment. NRS requires share-based payments to be accounted for as required by IFRS 2 Share-based Payment, see note 1 Significant accounting policies and reporting entity to the consolidated accounts for additional information.

#### RISK MANAGEMENT

For information about risk management in Norsk Hydro ASA see note 41 Risk management to the consolidated financial statements.

#### RECLASSIFICATIONS

Certain costs previously included in Raw materials and energy costs are included in Other operating expenses to better reflect Norsk Hydro ASA's activities. The comparative figures for 2007 have been reclassified.

## NOTE 2 Demerger

On 12 March 2007 Hydro's Board of Directors and the Board of Directors of StatoilHydro ASA (previously Statoil ASA) agreed to a proposed merger of Hydro's petroleum activities with Statoil to form StatoilHydro ASA. The transaction took legal form of a demerger of Norsk Hydro ASA whereby the demerged business was transferred to the existing company StatoilHydro ASA (previously Statoil ASA). The demerged part of Norsk Hydro ASA primarily consisted of shares in subsidiaries engaged in oil and gas activities, and loans to those companies. In addition, the pension schemes were divided to reflect the transfer of employees and retirees to StatoilHydro, and all outstanding debenture debt were transferred. A demerger receivable was established according to the demerger plan. The demerger was accounted for based on the historical values of assets and liabilities, and no gain was recognized.

The agreed economic effective date of the merger was 1 January 2007. For the purpose of the separate accounts for Norsk Hydro ASA, the demerger takes effect as of 1 January 2007 according to the demerger plan. From this date, the merged company StatoilHydro assumed the risks and rewards of Hydro's petroleum activities. The merger was completed as of 1 October 2007. For further discussion of the demerger, see notes to the consolidated financial statements, note 7 Discontinued operations and assets held for sale. Norsk Hydro ASA does not present the demerged business as discontinued operations.

As a result of the demerger, Hydro's share capital was reduced by 70 percent, representing the estimated relative value of the transferred petroleum activities compared to the retained businesses. The total equity reduction amounted to NOK 33,403 million. In accordance with the demerger plan, adjustments to the equity reduction may occur. There is no limitation of the period for which revisions are possible.

## NOTE 3 Sale of subsidiaries and associates

For the year 2008 Gain on sale of subsidiaries and associates amounted to NOK 1,932 million for Norsk Hydro ASA. The sale of the 100 percent owned subsidiary Kerling ASA (Polymers activities) resulted in a gain of NOK 1,285 million. The sale of 85 percent of Norsk Hydro ASA's shares in the subsidiaries Production Partner AS and Production Services AS resulted in a gain of NOK 638 million. The remaining 15 percent of Production Services was sold towards the end of 2008 with a gain of NOK 10 million reported as part of Norsk Hydro ASA's financial income. Norsk Hydro ASA also sold its 49.9 percent interest in the associate Quality People resulting in a gain of NOK 9 million.

## NOTE 4 Employee retirement plans

Norsk Hydro ASA is affiliated with the Hydro Group's Norwegian pension plans that are administered by Norsk Hydro's independent pension trust. Norsk Hydro ASA's employee retirement plans covered 6,225 participants as of 31 December 2008 and 6,357 participants as of 31 December 2007.

### Net periodic pension cost

Amounts in NOK million	2008	2007
<b>Defined benefit plans</b>		
Benefits earned during the year	129	176
Interest cost on prior period benefit obligation	311	307
Expected return on plan assets	(406)	(399)
Recognized net gain	(7)	-
Past service cost	7	21
Net periodic pension cost	34	105
Termination benefits and other	53	51
Total net periodic pension cost	87	156

### Change in projected benefit obligation (PBO)

Amounts in NOK million	2008	2007
Projected benefit obligation at beginning of year	(6,655)	(16,501)
Benefits earned during the year	(129)	(176)
Interest cost on prior period benefit obligation	(311)	(307)
Actuarial gain (loss)	(1,023)	134
Plan amendments	(10)	(9)
Benefits paid	327	317
Settlements	(38)	535
Special termination benefits	(10)	(25)
Demerger	-	9,379
Projected benefit obligation at end of year	(7,848)	(6,655)

### Change in pension plan assets

Amounts in NOK million	2008	2007
Fair value of plan assets at beginning of year	6,840	12,988
Actual return on plan assets	(1,248)	507
Company contributions	80	-
Benefits paid	(267)	(264)
Settlements	35	(356)
Demerger	-	(6,034)
Fair value of plan assets at end of year	5,440	6,840

**Status of pension plans reconciled to balance sheet**

Amounts in NOK million	2008	2007
<b>Defined benefit plans</b>		
Funded status of the plans at end of year	<b>(2,408)</b>	185
Unrecognized net (gain) loss	<b>1,997</b>	(687)
Unrecognized past service cost	<b>7</b>	4
Net accrued pension recognized	<b>(405)</b>	(498)
Termination benefits and other	<b>(144)</b>	(186)
Total net accrued pension recognized	<b>(548)</b>	(684)
<b>Amounts recognized in the balance sheet consist of</b>		
Prepaid pension	<b>1,351</b>	1,163
Accrued pension liabilities	<b>(1,900)</b>	(1,847)
Net amount recognized	<b>(548)</b>	(684)

**Assumptions used to determine net periodic pension cost**

	2008	2007
Discount rate	<b>4.75%</b>	4.50%
Expected return on plan assets	<b>6.25%</b>	6.00%
Expected salary increase	<b>4.25%</b>	4.00%
Expected pension increase	<b>3.75%</b>	3.50%

**Assumptions used to determine pension obligation at end of year**

	2008	2007
Discount rate	<b>4.25%</b>	4.75%
Expected salary increase	<b>4.50%</b>	4.25%
Expected pension increase	<b>4.00%</b>	3.75%

**Investment profile plan assets at end of year**

	2008	2007
<b>Asset category</b>		
Equity securities	<b>26%</b>	36%
Debt securities	<b>29%</b>	30%
Real estate	<b>26%</b>	20%
Other	<b>19%</b>	14%
Total	<b>100%</b>	100%

See note 32 Employee retirement plans in notes to the consolidated financial statements for further information.

**NOTE 5  
Management remuneration,  
employee costs and auditor fees**

See note 11 Employee and management remuneration in the notes to the consolidated financial statements for information and details related to the Corporate Management Board remuneration. See note 45 Board of Directors' and Corporate Assembly remuneration in the notes to the consolidated financial statements for information and details related to the Board of Directors' and Corporate Assembly.

Partners and employees of Hydro's appointed auditors, Deloitte AS (Deloitte), own no shares in Norsk Hydro ASA or any of its subsidiaries. Fees in 2008 and 2007 to Deloitte are given below:

Amounts in NOK thousand	2008	2007
Audit fees	<b>5,912</b>	9,763
Audit related fees	<b>2,393</b>	6145
Tax fees	-	-
Non-audit fees	<b>1,142</b>	954
Total	<b>9,447</b>	16,862

The average number of employees in Norsk Hydro ASA was 1,350 in 2008 as compared to 4,694 in 2007. As of year end 2008 and 2007 Norsk Hydro ASA employed 1,304 and 1,298 employees, respectively. The decrease in average number of employees is primarily due to employees moving from Norsk Hydro ASA to StatoilHydro ASA in connection with the demerger of the oil and gas activities.

Total loans given by Norsk Hydro ASA to Norwegian Hydro employees as of 31 December 2008 were NOK 417 million. Loans to employees consists of NOK 255 million secured loans (home and car loans) with the remainder unsecured. The unsecured loan balance as of 31 December 2008 related to the employee share purchase plan was NOK 22 million.

A substantial number of employees in Norsk Hydro ASA are engaged in activities for other Group companies. The cost for these employees is accounted for on a net basis, reducing Payroll and related costs. Employee related payroll expenses, on a net basis, are given in the table below:

Amounts in NOK million	2008	2007
<b>Payroll and related costs:</b>		
Salaries	<b>1,045</b>	3,732
Social security costs	<b>168</b>	700
Social benefits	<b>9</b>	(2)
Net periodic pension cost (note 4)	<b>87</b>	156
Internal invoicing of payroll related costs	<b>(564)</b>	(3,944)
Total	<b>745</b>	641

## NOTE 6 Property, plant and equipment

Amounts in NOK million	Land	Buildings	Machinery, etc	Plant under construction	Total
Cost 31 December 2007	6	102	174	1	283
Additions at cost	-	-	2	10	13
Retirements	-	-	(4)	-	(4)
Transfers	-	-	11	(11)	-
Accumulated depreciation 31 December 2008	-	(41)	(79)	-	(120)
Carrying value 31 December 2008	6	62	104	-	172
Depreciation in 2008	-	(1)	(11)	-	(12)

Operating lease expense amounted to NOK 211 million in 2008 and NOK 264 million in 2007. The company has the following future operating lease commitments under non-cancellable leases: 2009: NOK 189 million, 2010: NOK 183 million, 2011: NOK 183 million, 2012: NOK 183 million, 2013: NOK 183 million and thereafter: NOK 1,464 million.

## NOTE 7 Financial income and expense

Amounts in NOK million	2008	2007
Dividends from subsidiaries	5,403	12,687
Dividends from associates	4	5
Interest from group companies	2,308	3,738
Other interest income	527	1,003
Interest paid to group companies	(3,391)	(4,670)
Other interest expense	(21)	(32)
Impairment loss shares	(219)	(108)
Net foreign exchange gain (loss)	3,788	(2,800)
Other, net	962	(75)
Financial income, net	9,361	9,748

In accordance with the preliminary accounting standard for tax under NGAAP, taxable temporary differences and deductible temporary differences, which reverse or may reverse in the same period, can be netted.

### Reconciliation of nominal statutory tax rate to effective tax rate

Amounts in NOK million	2008	2007
Income (loss) before taxes	10,644	9,410
Expected income taxes at statutory tax rate	2,980	2,635
Dividend exclusion	(1,514)	(2,740)
Other, net	(39)	49
Income taxes	1,427	(56)
Effective tax rate	13.41%	0.01%

## NOTE 8 Income taxes

The tax effect of temporary differences resulting in deferred tax assets (liabilities) are:

Amounts in NOK million	Temporary differences	
	2008	2007
Short-term items	389	(9)
Prepaid pension	(378)	(326)
Pension liabilities	532	517
Other long-term	(466)	20
Deferred tax asset	77	202

### Components of income tax expense

Amounts in NOK million	2008	2007
Current income tax	1,301	261
Change in deferred tax	126	(317)
Income tax expense	1,427	(56)

See note 17 and 33 in Notes to the consolidated financial statements for further information.

Taxes payable as of 31 December 2008 and 2007 were NOK 680 million and NOK 249 million, respectively.

## NOTE 9

### Shares in subsidiaries

Company name:	Currency	Percentage of shares owned by Norsk Hydro ASA	Total share capital of the company (1,000's)	Book value 31.12.2008 (in NOK 1,000's)
Hydro Aluminium AS	NOK	100.00	7,236,126	24,038,629
Norsk Hydro Produksjon AS	NOK	100.00	880,000	5,602,846
Securus Industrier AS	NOK	100.00	59,644	148,335
Grenland Industriutvikling AS	NOK	100.00	26,750	110,950
Hydro Aluminium Deutschland GmbH <sup>1)</sup>	EUR	25.04	73,894	92,478
Norsk Hydro Plastic Pipe AS	NOK	100.00	10,000	44,728
Industriforsikring AS	NOK	100.00	20,000	20,000
AssistCo AS	NOK	70.00	100	3,500
Hydro Kapitalforvaltning AS	NOK	100.00	2,500	3,500
Norsk Hydros Handelsselskap AS	NOK	100.00	1,000	1,000
Norsk Hydro Kraft OY	EUR	100.00	34	269
Kundeøkonomi AS	NOK	100.00	100	120
Total				30,066,355

1) The company is owned 74.96 percent by Norsk Hydro Deutschland GmbH & Co KG, which is a subsidiary of Hydro Aluminium AS and 25.04 percent by Norsk Hydro ASA.

Percentage of shares owned equals percentage of voting shares owned. The location of subsidiaries is indicated by the currency code used in the table or by the name of the subsidiary. A number of the above-mentioned companies also own shares in other companies as specified in their annual reports.

As a result of group contributions given to other group entities the carrying value of the shares held in Securus Industrier AS and Norsk Hydro Plastic Pipe AS have been written down by NOK 212 million and NOK 4 million respectively. In 2008 NOK 3 million have been recognized as impairment loss related to the share holdings in AssistCo AS.

## NOTE 10

### Shares in associates and jointly controlled entities

Associates and jointly controlled entities consist mainly of loans to such entities owned by subsidiaries. The most significant investments for Norsk Hydro ASA are (amounts in NOK million):

Name	Percentage owned	Country	Carrying value as of 31 December 2008	Long-term advances	Total
HyCore ANS	49.0%	Norway		87	87
Aluminium & Chemie Rotterdam B.V.	36.2% <sup>1)</sup>	Netherlands		35	35
Other			3	9	11
Total			3	131	134

1) Norsk Hydro ASA's share of voting rights in Aluminium & Chemie Rotterdam B.V. equals 21.2%.

## NOTE 11 Specification of balance sheet items

Amounts in NOK million	2008	2007
Securities	551	536
Prepaid pension	1,351	1,163
Other non-current assets	910	962
Total prepaid pension, investments and other non-current assets	2,812	2,661
Prepaid expenses	153	166
Other current assets	516	495
Total prepaid expenses and other current assets	669	660
Bank overdraft	77	1
Employee deposits	480	556
Other interest-bearing debt	40	41
Total bank loans and other interest-bearing short-term debt	597	599

## NOTE 13 Number of shares outstanding, shareholders, equity reconciliation

The share capital of Norsk Hydro ASA is NOK 1,370,256,730 consisting of 1,247,956,949 ordinary shares at NOK 1.098 per share. As of 31 December 2008 Norsk Hydro ASA had purchased 41,631,086 treasury shares at a cost of NOK 4,274 million. See Consolidated statements of changes in equity and note 34 Shareholders' equity for additional information.

The table shows shareholders holding one percent or more of the total 1,206,325,863 shares outstanding as of 31 December 2008, according to information in the Norwegian securities' registry system (Verdipapirsentralen).

## NOTE 12 Guarantees

Norsk Hydro ASA provides guarantees arising in the ordinary course of business including stand-by letters of credit, performance bonds and various payment or financial guarantees. Guarantees in connection with the sale of companies, referred to as sales guarantees in the table below, reflect the maximum contractual amount that Hydro could be liable for in the event of certain defaults or the realization of specific uncertainties. NOK 9 billion of the commercial guarantees relates to the Qatalum project. See Note 37 Guarantees to the consolidated financial statements for additional information.

Amounts in NOK million	2008	2007
<b>Guarantees (off-balance sheet):</b>		
Guarantees related to associates	-	-
Guarantees related to jointly controlled entities	76	60
Sales guarantees	2,171	1,116
Commercial guarantees	14,818	12,785
Other guarantees	84	65
Total	17,149	14,026

Name	Number of shares
The Ministry of Trade and Industry of Norway	546,902,099
Folketrygdfondet	65,370,435
State Street Bank and Trust <sup>2)</sup>	57,986,576
Morgan Guaranty Trust <sup>1)</sup>	56,586,918
State Street Bank and Trust <sup>2)</sup>	46,522,565
Clearstream Banking S.A. <sup>2)</sup>	15,589,153
JP Morgan Chase Bank <sup>2)</sup>	14,414,323
The Bank of New York Mellon <sup>2)</sup>	12,262,535

- 1) Representing American Depositary Shares.  
2) Nominee accounts.

### Change in equity

Amounts in NOK million	Paid-in capital	Retained earnings	Total equity
Balance 31 December 2007	1,688	18,340	20,027
Net income		9,216	9,216
Dividend paid in 2008 not accrued <sup>1)</sup>		(7)	(7)
Treasury shares	(54)	12	(42)
Balance 31 December 2008	1,633	27,561	29,195

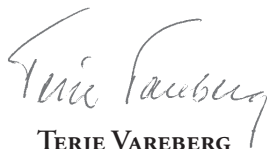
1) Owners of shares sold from treasury shares in April 2008 received dividends for those shares in May 2008. These dividends were not accrued in 2007.

## Responsibility Statement

We confirm to the best of our knowledge that the consolidated financial statements for 2008 have been prepared in accordance with IFRS as adopted by the European Union, as well as additional information requirements in accordance with the Norwegian Accounting Act, that the financial statements for the parent company for 2008 have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway, and that the informa-

tion presented in the financial statements gives a true and fair view of the assets, liabilities, financial position and result of Norsk Hydro ASA and the Hydro Group for the period. We also confirm to the best of our knowledge that the Board of Directors' Report includes a true and fair review of the development, performance and financial position of Norsk Hydro ASA and the Hydro Group, together with a description of the principal risks and uncertainties that they face.

Oslo, 18 March 2008



**TERJE VAREBERG**  
Chair



**FINN JEBSEN**  
Board member



**HEIDI M. PETERSEN**  
Board member



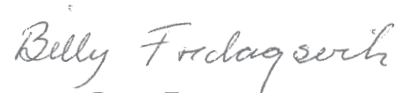
**GRETE FAREMO**  
Deputy chair



**BENTE RATHE**  
Board member



**INGE K. HANSEN**  
Board member



**BILLY FREDAGSVIK**  
Board member



**JØRN B. LILLEBY**  
Board member



**STEN ROAR MARTINSEN**  
Board member



**EIVIND REITEN**  
President and CEO

## Auditor's report and corporate assembly

To the Annual Shareholders' Meeting of Norsk Hydro ASA

### AUDITOR'S REPORT FOR 2008

We have audited the annual financial statements of Norsk Hydro ASA as of 31 December 2008, showing a profit of NOK 9,216 million for the parent company and a loss of NOK 3,514 million for the group. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit. The annual financial statements comprise the parent company's financial statements and the group accounts. The parent company's financial statements comprise the balance sheet, the statements of income and cash flows, and the accompanying notes. The rules of the Norwegian Accounting Act and generally accepted accounting practice in Norway have been applied to prepare the parent company's financial statements. The group accounts comprise the balance sheet, the statements of income and cash flows, the statement of changes in equity and the accompanying notes. International Financial Reporting Standards as adopted by the EU have been applied to prepare the group accounts. These financial statements are the responsibility of the Company's Board of Directors and President & CEO. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We have conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and generally accepted auditing practice in Norway, including standards on auditing adopted by Den norske Revisorforening. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and generally

accepted auditing practice, an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the parent company's financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as of 31 December 2008, and the results of its operations and its cash flows for the year then ended, in accordance with generally accepted accounting practice in Norway
- the group accounts are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Group as of 31 December 2008, and the results of its operations, its cash flows and the changes in equity for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU
- the Company's management has fulfilled its duty to see to proper and well arranged recording and documentation of accounting information in accordance with law and generally accepted bookkeeping practice in Norway
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit, is consistent with the financial statements and complies with law and regulations.

Oslo, 18 March 2009

Deloitte AS

Aase Aa. Lundgaard (signed)

State Authorised Public Accountant (Norway)

### STATEMENT OF THE CORPORATE ASSEMBLY TO THE ANNUAL GENERAL MEETING OF NORSK HYDRO ASA

The board of directors' proposal for the financial statements for the financial year 2008 and the Auditors' report have been submitted to the corporate assembly.

The corporate assembly recommends that the directors' proposal regarding the financial statements for 2008 for the parent company, Norsk Hydro ASA, and for Norsk Hydro ASA and

its subsidiaries be approved by the annual general meeting, and that the net income for 2008 of Norsk Hydro ASA be appropriated as recommended by the directors.

Oslo, 18 March 2009

Siri Teigum

## Terms and definitions

Term	Definition
ADRs	American Depositary Receipts, evidencing a specified number of ADSs
ADSs	American Depositary Shares, each ADS representing one deposited ordinary share
AluNorf	Aluminium Norf GmbH
Articles of Association	The articles of association of the Company, as amended and currently in effect
Audit Committee	The audit committee of the Company's Board of Directors
BAT	"Best Available Techniques" for pollution prevention and control
Code	The U.S. Internal Revenue Code of 1986, as amended
Company	Norsk Hydro ASA, a Norwegian public company limited by shares, or Norsk Hydro ASA and its consolidated subsidiaries, as the context requires
Compensation Committee	The compensation committee of the Company's Board of Directors
Consolidated Financial Statements	The consolidated financial statements and notes included in the Company's annual report to shareholders
Corporate Assembly	The corporate assembly, a body contemplated by Norwegian companies' law, with responsibility, among other things, for the election of the members of the Company's Board of Directors and nomination of the external auditor
Corporate Management Board	The corporate management board established by the Company's President and Chief Executive Officer to assist him in discharging his responsibilities
CRU	CRU International Limited
Disclosure Committee	The disclosure committee of the Company, comprised of members of senior management, which is responsible for reviewing financial and related information before it is made public
EEA	European Economic Area
EEA Agreement	The European Economic Area Agreement
EFTA	European Free Trade Association
EU	European Union
HSE	Health, safety and environment
Hydro	Norsk Hydro ASA and its consolidated subsidiaries
Hydro Aluminium	The aluminium business of Hydro, comprising the sub-segments Metals, Rolled Products, and Extrusion and Automotive
kWh	Kilowatt hour
LME	London Metal Exchange
mm	Millimeter
NOK	Norwegian kroner
Nomination Committee	The nomination committee provided for in the Company's Articles of Association and operating under a charter established by the shareholders' representatives in the Corporate Assembly

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**Terms and definitions**

Term	Definition
OSE	Oslo Stock Exchange
tonne	One metric tonne (approximately 1,000 kilograms or 2,205 pounds)
TWh	Terawatt hour (one billion kilowatt hours)
US GAAP	Generally accepted accounting principles in the United States
VAW	VAW Aluminium AG
VPS or VPS System	The Norwegian Central Securities Depository, Verdipapirsentralen
WTO	World Trade Organization
Yara	Yara International ASA

## Cautionary note in relation to certain forward-looking statements

Certain statements included within this Annual Report contain forward-looking information, including, without limitation, those relating to (a) forecasts, projections and estimates, including about overall economic developments, (b) various expectations about future developments in Hydro's markets, particularly prices, supply and demand and competition, (c) statements of management's plans, objectives and strategies for Hydro, such as planned expansions, investments, financing or other projects, (d) targeted production volumes and costs, capacities or rates, start-up costs, cost reductions and profit objectives, (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: the global supply and demand for aluminium and aluminium products, including as a result of changes in the economic climate; our continued ability to reposition and restructure our upstream and downstream aluminium business; changes in availability and cost of energy and raw materials; the ability of our counterparties to contracts to meet their contractual obligations; 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. For a description of factors that could cause our results to differ materially from those expressed or implied by such statements, please refer to the risk factors specified under "Risk review – Risk factors" earlier in this Annual Report.

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.