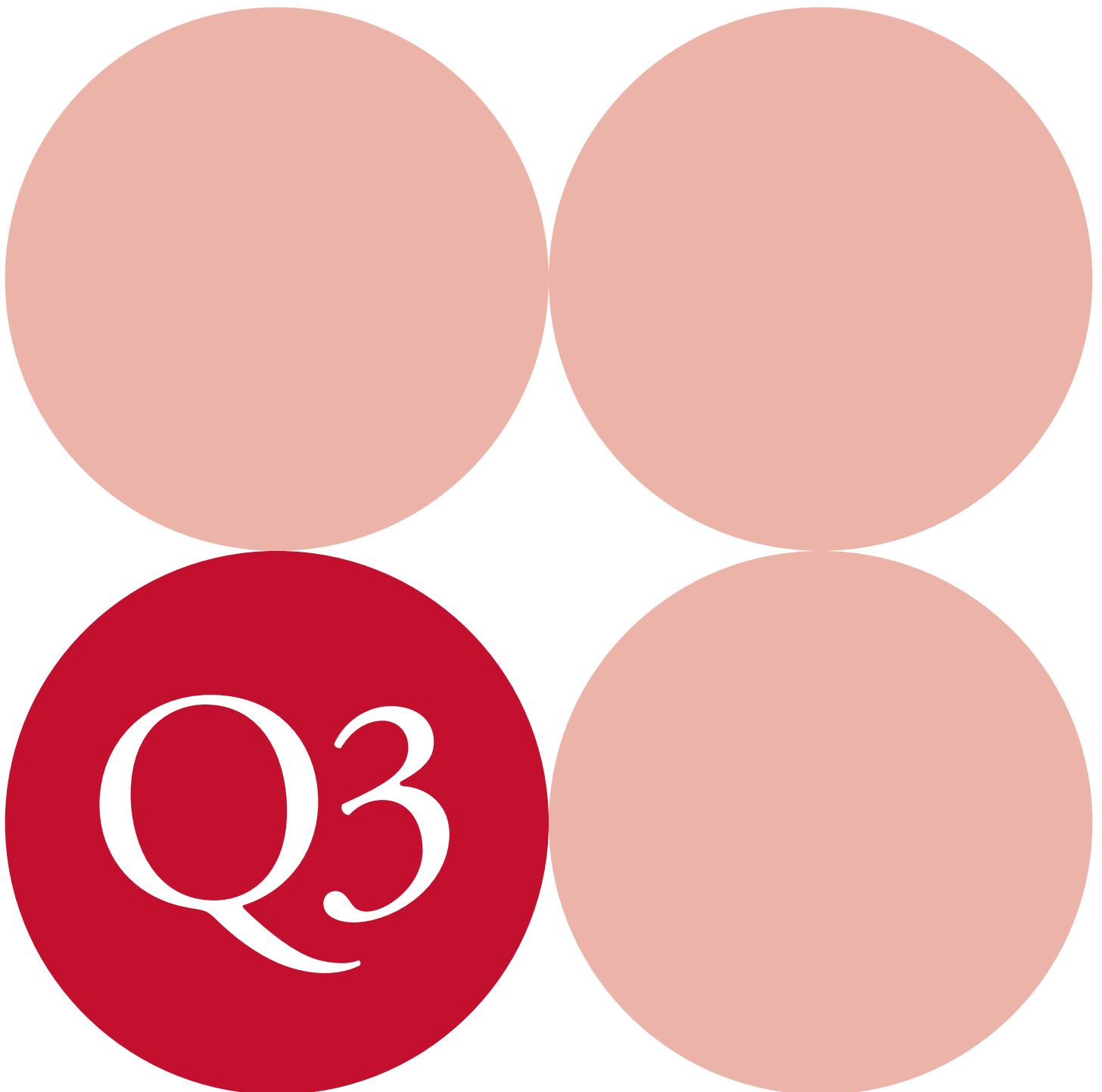




HYDRO

# Third quarter report 2009



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## About our reporting

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 income from continuing operations. See "Items excluded from underlying EBIT and income from continuing operations" later in this report for more information on these items.

Effective from the end of March, Hydro has reorganized its business, dividing each of the former Aluminium Metal and Aluminium Products into two and increasing the number of operating segments from three to five including Primary Metal, Metal Markets, Rolled Products, Extruded Products and Energy. From the beginning of the second quarter, Hydro has presented its financial results in accordance with the new structure. Prior periods presented in our report have been reclassified in accordance with the new structure.

## Overview

### Key developments

Key financial information	Third quarter 2009	Second quarter 2009	% change prior quarter	Third quarter 2008	% change prior year quarter	First 9 months 2009	First 9 months 2008	Year 2008
NOK million, except per share data								
Revenue	16,337	17,123	(5) %	21,765	(25) %	50,313	67,275	88,643
Earnings before financial items and tax (EBIT)	719	410	75 %	2,414	(70) %	(469)	4,300	1,194
Items excluded from underlying EBIT <sup>1)</sup>	(1,512)	(1,029)		(924)		(1,435)	840	4,815
Underlying EBIT	(793)	(618)	(28) %	1,490	>(100) %	(1,904)	5,141	6,009
<i>Underlying EBIT :</i>								
Primary Metal	(760)	(895)	15 %	906	>(100) %	(1,839)	2,639	2,732
Metal Markets	(15)	196	>(100) %	(41)	64 %	(63)	461	703
Rolled Products	51	(28)	>100 %	170	(70) %	(31)	558	651
Extruded Products	95	(26)	>100 %	152	(38) %	(136)	670	338
Energy	217	281	(23) %	493	(56) %	945	1,216	1,865
Other and eliminations	(381)	(146)	>(100) %	(191)	(100) %	(781)	(403)	(279)
Underlying EBIT	(793)	(618)	(28) %	1,490	>(100) %	(1,904)	5,141	6,009
Income (loss) from continuing operations	1,001	282	>100 %	233	>100 %	1,003	2,578	(3,267)
Underlying income (loss) from continuing operations	(1,222)	(572)	>(100) %	1,075	>(100) %	(2,274)	3,763	3,579
Earnings per share from continuing operations <sup>2)</sup>	0.83	0.17	>100 %	0.06	>100 %	0.72	1.93	(3.04)
Underlying earnings per share from continuing operations <sup>2)</sup>	(1.01)	(0.53)	(89) %	0.75	>(100) %	(2.00)	2.91	2.62
<i>Financial data:</i>								
Investments	2,126	765	>100 %	2,443	(13) %	3,576	6,264	9,012
Adjusted net interest-bearing debt <sup>3)</sup>	(19,044)	(19,236)	1 %	(5,455)	>(100) %	(19,044)	(5,455)	(15,440)
<b>Key Operational information <sup>4)</sup></b>								
Primary aluminium production (kmt)	330	338	(3) %	439	(25) %	1,064	1,309	1,750
Realized aluminium price LME (USD/mt) <sup>5)</sup>	1,523	1,468	4 %	2,848	(47) %	1,667	2,632	2,638
Realized aluminium price LME (NOK/mt) <sup>5)</sup>	9,480	9,598	(1) %	15,114	(37) %	10,851	13,976	14,699
Realized NOK/USD exchange rate <sup>6)</sup>	6.22	6.54	(5) %	5.22	19 %	6.51	5.31	5.57
Rolled Products sales volumes to external market (kmt)	205	187	10 %	240	(15) %	583	752	965
Extrusion products sales volumes to external market (kmt)	104	99	5 %	122	(14) %	300	385	488
Automotive products sales volumes to external market (kmt)	23	21	8 %	26	(13) %	61	87	105
Power production (GWh)	1,682	1,809	(7) %	2,677	(37) %	5,968	8,548	11,361

1) See section later in this report "Items excluded from underlying EBIT and income from continuing operations" for more information on these items.

2) "Earnings per share from continuing operations" and "Underlying earnings per share from continuing operations" are calculated using Income from continuing operations and Underlying income from continuing operations less Net income attributable to minority interests, and using the weighted average number of ordinary shares outstanding. There were no diluting elements.

3) Calculation is based on amounts as of the end of the periods presented. See note 35 *Capital Management* in Hydro's Financial statements - 2008 for a discussion on net interest-bearing debt.

4) Operating statistics includes proportionate share of production and prices in equity accounted investments.

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

Hydro had an underlying loss before financial items and tax of NOK 793 million in the third quarter compared with a loss of NOK 618 million in the second quarter of 2009. The results reflected the continued weak global economic environment, low aluminium prices and a weakening USD. Underlying results from Hydro's downstream operations continued to improve, supported by higher volumes and cost saving measures.

On October 26 Hydro entered into an agreement for the sale of its automotive structures business operations. The agreement is expected to be finalized by the end of fourth quarter subject to regulatory approval. The transaction is expected to result in a non-cash after-tax charge of about NOK 250 million in the fourth quarter.

The construction of the Qatalum primary aluminium plant in Qatar was about 90 percent complete by the end of September and remains on schedule for start-up at the end of the year. Activities continued at a high level during the quarter including the final construction activities, installation of equipment, further development of the operating organization and final preparations for start-up. Total investments for the 50/50 joint venture between Qatar Petroleum and Hydro are estimated at USD 5.7 billion.

### *Summary underlying operating results and liquidity*

Underlying results for our upstream operations in the third quarter continued to be heavily impacted by low aluminium prices resulting in substantial losses for our smelters. Production was stable following the completion of announced capacity curtailments in the second quarter which contributed to a further decline in fixed costs. Underlying results for our alumina operations improved due to higher alumina prices and improved operating performance. Our metal market underlying operating results were significantly impacted by negative currency effects due to the weakening US dollar.

Underlying EBIT for our downstream operations continued to improve supported by higher volumes and lower costs as a result of cost cutting measures implemented earlier. Demand improved somewhat after apparently reaching bottom in the previous quarter and customers started to replenish inventories. Despite the improvements, however, demand remained well below the third quarter of the previous year. Margins were stable during the quarter.

Underlying EBIT for Energy declined from the second quarter of 2009 mainly due to lower spot prices. Production was seasonally low.

Net cash generated from operating activities amounted to NOK 1.6 billion for the quarter, compared with net cash generated by operating activities of NOK 2.0 billion in the previous quarter. Investments amounted to NOK 2.1 billion in the quarter. The increase from the previous quarter was mainly driven by investments relating to the Qatalum project which amounted to about NOK 1.5 billion. Qatalum was funded by project financing directly in the joint venture during the first half 2009 and is being financed by equity contributions from the owners during the second half 2009. Qatalum investments are expected to be of a similar magnitude in the fourth quarter. Hydro had a net cash position amounting to NOK 2.4 billion at the end of the quarter.

### *Reported EBIT and income from continuing operations*

Reported EBIT for Hydro amounted to NOK 719 million for the third quarter including net positive effects of NOK 1,512 million comprised of net unrealized derivative gains of NOK 1,562 million, positive metal effects of NOK 141 million, other positive effects of NOK 95 million and impairment charges of NOK 286 million. In the previous quarter, reported EBIT amounted to NOK 410 million including net positive effects of NOK 1,030 million comprised of net unrealized derivative gains of NOK 1,310 million, other positive effects of NOK 60 million, negative metal effects of NOK 225 million, and rationalization charges and closure costs of NOK 117 million.

Income from continuing operations was NOK 1,001 million in the third quarter including net foreign exchange gains of NOK 992 million mainly relating to intercompany balances denominated in Euro. These gains have no cash effect and are offset in equity by translation of the corresponding subsidiaries during consolidation. Income from continuing operations was NOK 282 million in the second quarter including net foreign exchange gains of about NOK 88 million.

## Market developments and outlook

<b>Market statistics</b> <sup>1)</sup>	<b>Third quarter 2009</b>	Second quarter 2009	% change prior quarter	Third quarter 2008	% change prior year quarter	<b>First 9 months 2009</b>	First 9 months 2008	Year 2008
NOK/USD Average exchange rate	<b>6.11</b>	6.50	(6) %	5.37	14 %	<b>6.49</b>	5.25	5.64
NOK/USD Balance sheet date exchange rate	<b>5.78</b>	6.38	(9) %	5.83	(1) %	<b>5.78</b>	5.83	7.00
NOK/EUR Average exchange rate	<b>8.74</b>	8.84	(1) %	8.06	8 %	<b>8.84</b>	7.99	8.22
NOK/EUR Balance sheet date exchange rate	<b>8.46</b>	9.02	(6) %	8.33	2 %	<b>8.46</b>	8.33	9.87
<i>Primary Metal and Metal Markets:</i>								
LME three month average (USD/mt)	<b>1,837</b>	1,524	21 %	2,844	(35) %	<b>1,589</b>	2,869	2,620
LME three month average (NOK/mt)	<b>11,209</b>	9,883	13 %	15,211	(26) %	<b>10,239</b>	15,035	14,453
Global production of primary aluminium (kmt)	<b>9,589</b>	8,982	7 %	10,356	(7) %	<b>27,477</b>	30,370	40,133
Global consumption of primary aluminium (kmt)	<b>8,832</b>	8,269	7 %	9,559	(8) %	<b>24,472</b>	28,936	37,419
Reported primary aluminium inventories (kmt)	<b>6,266</b>	6,019	4 %	3,503	79 %	<b>6,266</b>	3,503	4,563
<i>Rolled Products and Extruded Products:</i>								
Consumption Rolled Products - Europe (kmt)	<b>803</b>	745	8 %	954	(16) %	<b>2,404</b>	2,983	3,794
Consumption Rolled Products - USA & Canada (kmt)	<b>976</b>	946	3 %	1,157	(16) %	<b>2,812</b>	3,441	4,399
Consumption Extruded Products - Europe (kmt)	<b>498</b>	519	(4) %	630	(21) %	<b>1,522</b>	2,082	2,653
Consumption Extruded Products - USA & Canada (kmt)	<b>315</b>	289	9 %	388	(19) %	<b>867</b>	1,214	1,506
<i>Energy:</i>								
Southern Norway spot price (NO1) (NOK/MWh)	<b>249</b>	297	(16) %	403	(38) %	<b>295</b>	288	324
Nordic system spot price (NOK/MWh)	<b>274</b>	301	(9) %	446	(39) %	<b>306</b>	342	369

1) Industry statistics have been derived from analyst reports, trade associations and other public sources unless otherwise indicated. Amounts presented in prior reports may have been restated based on updated information. Currency rates have been derived from Norges Bank.

The third quarter was marked by a strong positive development in aluminium prices. LME three month prices increased from a low of USD 1,566 per mt in the beginning of July reaching a high of USD 2,066 per mt in the middle of August. For the remainder of the quarter, prices ranged from around USD 1,800 - USD 1,950 per mt. The magnitude of the price improvement was similar to price developments for commodities in general. During the quarter the US dollar weakened, mitigating the effect of the market price improvement in Norwegian kroner.

Demand for aluminium increased in China as government actions and initiatives relating to the financial crisis reached full effect during the quarter. Demand for 2009 as a whole is expected to be slightly higher than in 2008. Chinese aluminium production is also increasing due to the restart of curtailed capacity and most of the curtailed capacity is expected to be back in operation by the end of the year. During 2009, China has imported a significant amount of primary aluminium with net imports amounting to around 1.3 million mt as of the end of August. China is expected to continue to import primary aluminium in the coming months but at a lower level than previously.

Outside China demand increased slightly from the low levels seen in the first half of the year. No substantial further improvement is expected for the remainder of the year and there continues to be significant uncertainty regarding the timing and strength of an eventual recovery. Global primary aluminium consumption outside China is expected to decline to around 20 million mt in 2009 from a level of 24.8 million mt in 2008 or by about 18 - 20 percent.

LME stocks stabilized at around 4.6 million mt in the third quarter although analysts reports indicate that unreported stocks have been increasing throughout the quarter.

In response to the falling demand, capacity curtailments reached a global level of around 3 million mt annually in the first half of 2009 excluding China. Current production has stabilized around 23.8 million mt compared to a total production of about 26.4 million mt in 2008 excluding China. No further curtailments were announced in the third quarter.

The underlying demand for metal products (extrusion ingot, sheet ingot, foundry alloys and wire rod) in Europe and North America improved slightly during the third quarter 2009 compared to the previous quarter but there is still uncertainty regarding the timing of any significant recovery.

Demand for flat rolled products in Europe continued its upward trend in the third quarter after apparently reaching bottom in the previous quarter. De-stocking activities appear to have ceased but significant restocking is not expected in the coming

months. Consumption and shipments are expected to continue on the same level as third quarter for the final quarter of the year, with a normal seasonal decline towards year end. Demand in North America also improved but is expected to flatten out in the final quarter of 2009. Despite the improvements, demand in both Europe and North America remained significantly below the third quarter of the previous year.

European demand for extruded aluminium products was seasonally lower compared to the previous quarter. Demand in North America continued to improve from the previous quarter following a long period of declining markets. Demand in both regions was significantly lower than the third quarter of 2008. Market demand in South America recovered to the levels experienced in the third quarter of 2008. Demand strengthened in the automotive market during the quarter impacted by government incentives to increase the sales of new cars.

The overall outlook for the European and US extrusion markets continue to be weak, but stable across most market segments. However, we expect seasonally lower demand in the fourth quarter of the year.

Nordic spot prices for electricity declined during the third quarter following a period of high precipitation that has restored the hydrological balance in Norway close to normal after a long period of significant deficit. Low output from Swedish nuclear power plants offset the decline spot prices to some extent. Demand increased in the quarter due to restart of industrial activities and increased demand for heating, but was about 7 percent lower for the first nine months of 2009 compared to the same period of last year.

Colder temperatures in October have supported prices by reducing inflow into reservoirs and increasing demand. Weak economic conditions are expected to continue having a negative impact on power prices on the European continent and in the Nordic region.

## Outlook for Hydro

Hydro has taken active steps to capitalize on falling prices for key raw materials, however we expect that raw material prices will stabilize at present levels for the remainder of 2009.

At the end of third quarter, Hydro had sold more than 90 percent of its primary aluminium production for the fourth quarter of 2009 forward at a price level of around USD 1,800 per mt. A continuing or increasingly weaker US dollar will have a negative impact on realized aluminium prices measured in Norwegian kroner. Hydro expects a continued weak result in the fourth quarter of 2009.

In fourth quarter 2008 and first half of 2009 Hydro made provisions for future rationalization and closure costs relating to the plant shut-downs of roughly NOK 450 million in total. These are reported as items excluded from underlying EBIT. If it becomes necessary to permanently close plants that have been curtailed on a temporary basis, additional substantial closure costs would be incurred.

Charges related to the build up of the operating organization at Qatalum will increase further in the fourth quarter compared to the third quarter as final preparations for start-up of the plant are completed.

Hydro's reservoir levels were higher than normal at the end of the third quarter and also higher than the corresponding period in 2008. The increased reservoir levels, together with lower maintenance activity is expected to result in somewhat higher power production in the fourth quarter compared to the third quarter of 2009. Spot prices are expected to continue on low level. Power production in the fourth quarter is expected to be significantly lower than the corresponding period in 2008 mainly due to the outage at Suldal I power station.

Our business activities expose us to the risk that counterparties may default on their obligations, resulting in direct financial loss, an unexpected increase in market exposure or higher operating costs. The present weak economic conditions increase the risk of defaulting counterparties. So far we have not experienced any significant defaults and are carefully monitoring the situation.

## Underlying EBIT

### Primary Metal

Operational and financial information <sup>1)</sup>	Third quarter 2009	Second quarter 2009	% change prior quarter	Third quarter 2008	% change prior year quarter	First 9 months 2009	First 9 months 2008	Year 2008
Underlying EBIT (NOK million)	<b>(760)</b>	(895)	15 %	906	>(100) %	<b>(1,839)</b>	2,639	2,732
Alumina production (kmt)	<b>514</b>	494	4 %	589	(13) %	<b>1,587</b>	1,605	2,289
Realized aluminium price LME (USD/mt) <sup>2)</sup>	<b>1,523</b>	1,468	4 %	2,848	(47) %	<b>1,667</b>	2,632	2,638
Realized aluminium price LME (NOK/mt) <sup>2)</sup>	<b>9,480</b>	9,598	(1) %	15,114	(37) %	<b>10,851</b>	13,976	14,699
Realized premium above LME (USD/mt) <sup>3)</sup>	<b>260</b>	230	13 %	328	(21) %	<b>240</b>	351	327
Realized premium above LME (NOK/mt) <sup>3)</sup>	<b>1,618</b>	1,505	7 %	1,740	(7) %	<b>1,562</b>	1,865	1,801
Realized NOK/USD exchange rate <sup>4)</sup>	<b>6.22</b>	6.54	(5) %	5.22	19 %	<b>6.51</b>	5.31	5.57
Primary aluminium production (kmt)	<b>330</b>	338	(3) %	439	(25) %	<b>1,064</b>	1,309	1,750
Casthouse production (kmt)	<b>466</b>	411	13 %	563	(17) %	<b>1,309</b>	1,672	2,166
Casthouse sales (kmt)	<b>476</b>	461	3 %	534	(11) %	<b>1,378</b>	1,679	2,137

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.

4) Including effects of strategic currency hedges (hedge accounting applied).

Underlying EBIT improved slightly for Primary Metal in the third quarter but results continued to be heavily impacted by low realized aluminium prices. Realized prices increased measured in US dollars but declined measured in Norwegian kroner impacting underlying results by roughly NOK 40 million compared to the second quarter. The change in inventory write-downs resulted in a positive effect of about NOK 125 million for the third quarter on an isolated basis.

Variable costs at our smelters were stable compared to the second quarter of 2009. Underlying results were positively influenced by somewhat lower carbon costs.

Fixed costs at the smelters declined further by about NOK 100 million due to the curtailments and the manning reductions that took place in the first half of 2009 in addition to lower maintenance activities.

Underlying income from our equity accounted smelters was relatively unchanged from the second quarter. Charges related to the build up of the operating organization at Qatalum increased to about NOK 125 million from roughly NOK 90 million in the previous quarter as the plant prepares for start-up.

Underlying EBIT for Alunorte, our equity accounted alumina refinery, amounted to NOK 10 million, a substantial improvement compared with underlying losses of NOK 69 million in the previous quarter. The increase resulted mainly from higher alumina prices due to the increase in LME prices combined with an improved operational performance and higher production volumes. Temporary measures to address the challenging financial situation in Alunorte introduced in March continued to have a positive impact on underlying results for the quarter <sup>5)</sup>.

Alumina commercial activities had another strong quarter mainly due to higher LME prices despite lower external volumes sold.

5) In March the Board of Directors of Alunorte agreed on a set of temporary measures to address the challenging financial situation in the company. These measures include an increase in the alumina price Hydro and its partners pay to Alunorte and changes to the pricing formulas for bauxite purchased by Alunorte. The cost of alumina to our smelters has not been adjusted for these measures and the effect is excluded from the above discussion on developments in variable costs for our smelters. These measures will be effective for the remainder of 2009.

Primary Metal underlying EBIT for the first nine months declined significantly compared with same period last year mainly due to substantially lower LME prices measured in both US dollars and Norwegian kroner. In addition, lower casthouse volumes, lower product premiums, and increased start-up costs at Qatalum contributed to the lower results, together with lower operating results from Alunorte. Both fixed and variable costs declined partly offsetting the negative market effects.

Underlying EBIT for the third quarter also declined significantly compared with the same quarter last year, impacted by the same factors discussed above.

## *Metal Markets*

<b>Operational and financial information</b>	<b>Third quarter 2009</b>	Second quarter 2009	% change prior quarter	Third quarter 2008	% change prior year quarter	<b>First 9 months 2009</b>	First 9 months 2008	Year 2008
Underlying EBIT (NOK million)	<b>(15)</b>	196	>(100) %	(41)	64 %	<b>(63)</b>	461	703
Remelt production (kmt)	<b>123</b>	111	11 %	121	2 %	<b>323</b>	408	505
Sale of metal products from own production (kmt) <sup>1)</sup>	<b>615</b>	594	4 %	667	(8) %	<b>1,757</b>	2,137	2,716
Sale of third-party metal products (kmt)	<b>9</b>	20	(55) %	56	(84) %	<b>53</b>	168	207
Total metal products sales excluding ingot trading (kmt)	<b>624</b>	614	2 %	723	(14) %	<b>1,810</b>	2,305	2,923
Hereof external sales exclusive ingot trading (kmt)	<b>390</b>	360	8 %	452	(14) %	<b>1,070</b>	1,409	2,786
External revenue (NOK million) <sup>2)</sup>	<b>5,516</b>	6,244	(12) %	7,979	(31) %	<b>17,381</b>	25,165	32,962
Product sales (NOK million) <sup>3)</sup>	<b>4,444</b>	4,095	9 %	6,262	(29) %	<b>12,317</b>	20,164	25,505

1) Including sales of liquid metal directly to Karmøy Rolling Mill.

2) External sales revenue from our commercial operations including revenues from our casthouse production, remelters, high purity aluminium business and contracts with external metal sources.

3) Excludes results from our aluminium trading and hedging activities.

Metal Markets incurred an underlying loss for the quarter heavily impacted by negative currency effects of roughly NOK 150 million due to the weakening of the US dollar against Norwegian kroner <sup>4)</sup>. Underlying results for the second quarter included limited net currency effects. The negative third quarter result was also influenced by significantly lower contributions from resale of third party metal products.

Production from Metal Markets' remelter operations increased from the second quarter, notwithstanding seasonally lower volumes during the summer holiday period. Our European remelters operated at nearly full capacity towards the end of the quarter, reflecting improved product demand in our main markets. Remelter production also increased in the US, but the market situation in North America continues to be weak.

Total metal product sales increased compared with the second quarter, reflecting a moderate improvement in demand for extrusion ingots, foundry alloys and sheet ingots in our main markets in Europe, Asia and North America.

Operating margins continued to be strong for our metal sourcing and trading activities but underlying results were significantly impacted by the negative currency effects discussed above.

Compared to the third quarter of 2008, underlying EBIT improved due to better results from our sourcing and trading and risk mitigation activities, which contributed to offset the negative currency effects incurred in the current quarter.

Underlying EBIT in the first nine months of 2009 decreased significantly compared with the same period of 2008, mainly due to substantial negative currency effects incurred in 2009 versus net positive effects in the same period of 2008.

4) Currency effects for our commercial activities include the effects of changes in currency rates on sales and purchase contracts denominated in foreign currencies (mainly US dollar and Euro for our Norwegian operations) and the effects of changes in currency rates on the fair market valuation of dollar denominated derivative contracts (including LME futures) and inventories mainly translated to Norwegian kroner. Currency exposure for our commercial activities is partly hedged internally with offsetting gains and losses recognized in Financial income and expense. Hydro manages its external currency exposure on a consolidated basis in order to take advantage of offsetting positions.

## Rolled Products

Operational and financial information	Third quarter 2009	Second quarter 2009	% change prior quarter	Third quarter 2008	% change prior year quarter	First 9 months 2009	First 9 months 2008	Year 2008
Underlying EBIT (NOK million)	51	(28)	>100 %	170	(70) %	(31)	558	651
Sales volumes to external market (kmt)	205	187	10 %	240	(15) %	583	752	965

Underlying EBIT for Rolled Products improved further in the third quarter but continued to be impacted by the weak economy. The positive result for the quarter was mainly due to higher volumes together with the effects of ongoing cost reduction measures.

Shipments increased for most major product areas. Shipments of industrial, packaging and automotive applications all experienced a recovery contributing to the improved result, while shipments declined for construction applications. Margins measured in Euro declined slightly compared to the second quarter but were stable compared to the level achieved during the first half year.

Underlying results were substantially lower compared to the third quarter of 2008, significantly impacted by the weak market demand for all product areas. However, the decline in shipments in the third quarter of 2009 compared to the third quarter of 2008 was lower than the decline in shipments experienced in the second quarter of 2009 compared to the second quarter of 2008 for all application areas including construction. Cost reduction measures implemented throughout the organization with a focus on manning and other production related costs partly offset the effect of the market decline. Margins were stable.

Rolled Products underlying results for the first nine months of 2009 compared to the same period of the previous year were impacted by the same factors described above.

## Extruded Products

Operational and financial information	Third quarter 2009	Second quarter 2009	% change prior quarter	Third quarter 2008	% change prior year quarter	First 9 months 2009	First 9 months 2008	Year 2008
Underlying EBIT (NOK million)	95	(26)	>100 %	152	(38) %	(136)	670	338
Underlying EBIT - Extrusion (NOK million)	89	5	>100 %	239	(63) %	5	756	668
Underlying EBIT - Automotive (NOK million)	9	(37)	>100 %	(92)	>100 %	(143)	(91)	(326)
Extrusion products sales volumes to external market (kmt)	104	99	5 %	122	(14) %	300	385	488
Automotive products sales volumes to external market (kmt)	23	21	8 %	26	(13) %	61	87	105

Underlying results for Extruded Products improved for the quarter mainly due to higher volumes and lower costs as a result of the cost cutting measures that were implemented at an early stage of the market downturn.

Volumes increased slightly for our European extrusion business from the low levels experienced in the previous quarter. Expected seasonal declines were more than offset by customer restocking activities. Margins remained under pressure. Underlying results of our Building systems business continued to be positive with firm margins compared to both the previous quarter and the third quarter of the previous year. Underlying results for our American operations improved compared to the second quarter. Higher volumes and cost cutting measures resulted in a small positive contribution for the quarter. Margins remained firm compared to the previous quarter.

Our Automotive operations had an underlying profit for the quarter improving from the losses incurred in the previous quarter due to higher volumes and the ongoing cost reduction measures. Results were impacted, however, by the continued weak automotive market.

Underlying EBIT for the third quarter for Extruded Products declined significantly compared to the third quarter of 2008, heavily impacted by the dramatic decline in sales volumes. Cost reductions measures initiated in the early stages of the recession have made a strong contribution to mitigating the impact of the challenging market environment. Margins were relatively stable for our Building System and American operations, but declined for our European extrusion operations.

Extruded Products underlying results for the first nine month of 2009, compared to the same period of the previous year were impacted by the same factors described above.

## Energy

<b>Operational and financial information</b>	<b>Third quarter 2009</b>	<b>Second quarter 2009</b>	<b>% change prior quarter</b>	<b>Third quarter 2008</b>	<b>% change prior year quarter</b>	<b>First 9 months 2009</b>	<b>First 9 months 2008</b>	<b>Year 2008</b>
Underlying EBIT (NOK million)	217	281	(23) %	493	(56) %	945	1,216	1,865
Direct production costs (NOK million) <sup>1)</sup>	99	95	4 %	101	(2) %	311	331	462
Power production (GWh)	1,682	1,809	(7) %	2,677	(37) %	5,968	8,548	11,361
External power sourcing (GWh) <sup>2)</sup>	2,055	1,948	5 %	2,558	(20) %	6,565	7,020	9,415
Internal contract sales (GWh) <sup>3)</sup>	2,868	2,927	(2) %	3,592	(20) %	9,474	10,780	14,349
External contract sales (GWh) <sup>4)</sup>	389	416	(6) %	409	(5) %	1,327	1,254	1,764
Net spot sales (GWh) <sup>5)</sup>	480	413	16 %	1,233	(61) %	1,731	3,533	4,663

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.

Underlying EBIT for Energy declined from the second quarter of 2009 mainly due to lower spot prices. Production continued to be seasonally low and was also impacted by the outage of the Suldal I power station. However, the effect of the lost production from Suldal was offset by proceeds from business interruption insurance.

Energy underlying EBIT was significantly lower than the corresponding quarter of 2008 due to lower volumes and spot prices. Underlying results for the first nine months of 2009 declined compared to the first nine months of the previous year mainly due to lower power production.

## Other and eliminations

Underlying EBIT for Other and eliminations amounted to a charge of NOK 381 million in the third quarter compared with a charge of NOK 146 million in the second quarter and a charge of NOK 191 million in the third quarter of 2008. The increase in the quarter mainly related to charges for the elimination of unrealized gains and losses on inventories purchased from group companies.

Hydro's solar activities incurred an underlying loss of NOK 18 million in the third quarter compared with NOK 29 million in the second quarter and NOK 18 million in the third quarter of 2008.

## Items excluded from underlying EBIT and income from continuing operations

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

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 income from continuing operations <sup>1)</sup>	Third quarter 2009	Second quarter 2009	Third quarter 2008	First 9 months 2009	First 9 months 2008	Year 2008
NOK million						
Unrealized derivative effects on LME related contracts <sup>2)</sup>	(1,406)	(1,223)	35	(1,902)	(864)	1,120
Unrealized derivative effects on power contracts <sup>3)</sup>	(54)	118	(1,038)	(516)	2,249	768
Unrealized derivative effects on currency contracts <sup>4)</sup>	(102)	(204)	150	(325)	50	314
Metal effect, Rolled Products <sup>5)</sup>	(141)	225	(38)	746	(171)	235
Significant rationalization charges and closure costs <sup>6)</sup>	30	117	-	453	-	109
Impairment charges (PP&E and equity accounted investments) <sup>7)</sup>	286	4	-	300	-	2,464
Loss provisions (power contracts) <sup>8)</sup>	-	-	-	-	-	257
Pension plan amendment <sup>9)</sup>	(52)	-	-	(52)	-	-
Insurance compensation <sup>10)</sup>	(73)	(66)	-	(139)	-	-
(Gains)/losses on divestments <sup>11)</sup>	-	-	(34)	-	(423)	(453)
<b>Items excluded from underlying EBIT</b>	<b>(1,512)</b>	<b>(1,029)</b>	<b>(924)</b>	<b>(1,435)</b>	<b>840</b>	<b>4,815</b>
Net foreign exchange (gain)/loss <sup>12)</sup>	(992)	(88)	2,015	(2,559)	862	5,491
Calculated income tax effect <sup>13)</sup>	280	262	(248)	716	(517)	(3,460)
<b>Items excluded from underlying income from continuing operations</b>	<b>(2,224)</b>	<b>(854)</b>	<b>843</b>	<b>(3,277)</b>	<b>1,185</b>	<b>6,846</b>

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

4) Relates to currency effects in equity accounted investments.

5) 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 our rolled products business.

6) 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.

7) Write-downs of assets or groups of assets to estimated recoverable amounts in the event of an identified loss in value.

8) Provision on onerous contracts.

9) Recognition of pension plan amendments.

10) Insurance compensation for damages on assets recognized as income.

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

12) 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.

13) In order to present underlying income from continuing operations on a basis comparable with our underlying operating performance, we have calculated the income tax effect of Financial income/expense with 28% and of items excluded from underlying EBIT based on Hydro's effective tax rate excluding financial items. For the first nine months 2009 the tax basis (reported EBIT less share of profit and loss in equity accounted investments) for items excluded is close to zero, creating not applicable percentages. As an approximation, the tax percentage has been set to zero for the period.

### 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 2009.

Items excluded from underlying EBIT <sup>1)</sup>	Third quarter 2009	Second quarter 2009	Third quarter 2008	First 9 months 2009	First 9 months 2008	Year 2008
NOK million						
Unrealized derivative effects on LME related contracts (Alunorte)	(16)	-	(134)	(16)	(59)	(96)
Unrealized derivative effects on currency contracts (Alunorte)	(105)	(222)	203	(339)	81	352
Impairment charges (Alpart)	-	-	-	-	-	512
Unrealized derivative effects on power contracts (Sørøst)	6	(41)	50	(34)	(21)	129
Pension plan amendment (Sørøst)	(52)	-	-	(52)	-	-
Unrealized derivative effects on currency contracts (Qatalum)	3	18	(53)	13	(31)	(37)
Unrealized derivative effects on LME related contracts	(519)	(231)	(586)	277	(673)	(561)
Unrealized derivative effects on power contracts	81	57	(342)	475	16	(426)
Rationalization charges and closure costs	(4)	62	-	363	-	79
Impairment charges	-	-	-	-	-	845
Loss provision (power contracts)	-	-	-	-	-	257
<b>Primary Metal</b>	<b>(607)</b>	<b>(357)</b>	<b>(861)</b>	<b>689</b>	<b>(687)</b>	<b>1,053</b>
Impairment charges	-	-	-	-	-	35
Unrealized derivative effects on LME related contracts	(222)	(275)	101	(428)	(49)	336
<b>Metal Markets</b>	<b>(222)</b>	<b>(275)</b>	<b>101</b>	<b>(428)</b>	<b>(49)</b>	<b>371</b>
Unrealized derivative effects on LME related contracts	(578)	(692)	550	(1,606)	(116)	1,221
Metal effect	(141)	225	(38)	746	(171)	235
Impairment charges	286	-	-	286	-	129
<b>Rolled Products</b>	<b>(433)</b>	<b>(466)</b>	<b>511</b>	<b>(574)</b>	<b>(287)</b>	<b>1,585</b>
Impairment charges - Extrusion	-	-	-	-	-	253
Impairment charges - Automotive	-	4	-	14	-	370
Rationalization charges and closure costs - Automotive	34	7	-	42	-	30
Unrealized derivative effects on LME related contracts - Other and elimination	(48)	(125)	99	(200)	19	201
<b>Extruded Products</b>	<b>(14)</b>	<b>(114)</b>	<b>99</b>	<b>(144)</b>	<b>19</b>	<b>853</b>
Unrealized derivative effects on power contracts	(28)	12	(6)	(20)	(17)	(22)
Rationalization charges and closure costs	-	14	-	14	-	-
Insurance compensation	(73)	(66)	-	(139)	-	-
<b>Energy</b>	<b>(101)</b>	<b>(40)</b>	<b>(6)</b>	<b>(145)</b>	<b>(17)</b>	<b>(22)</b>
Unrealized derivative effects on power contracts	(112)	90	(740)	(937)	2,271	1,088
Unrealized derivative effects on LME related contracts	(23)	100	6	70	14	19
Rationalization charges and closure costs	-	34	-	34	-	-
Impairment charges	-	-	-	-	-	321
(Gains)/losses on divestments	-	-	(34)	-	(423)	(453)
<b>Other and eliminations</b>	<b>(135)</b>	<b>224</b>	<b>(768)</b>	<b>(833)</b>	<b>1,862</b>	<b>975</b>
<b>Items excluded from underlying EBIT</b>	<b>(1,512)</b>	<b>(1,029)</b>	<b>(924)</b>	<b>(1,435)</b>	<b>840</b>	<b>4,815</b>

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

### Primary Metal

Unrealized gain on LME derivative contracts related to Alunorte's operational hedging program was mainly an effect of the upward shift in LME forward prices. A further weakening of the US dollar against the Brazilian real resulted in unrealized gains on long-term US dollar denominated loans for Alunorte. Unrealized gain on LME derivative contracts related to our operational hedging program was mainly an effect of volumes being realized. Unrealized derivative effects on power contracts were influenced by the upward shift in LME forward prices, resulting in unrealized losses on embedded derivatives.

### Metal Markets

Unrealized gain on LME derivative contracts related to our operational hedging program was mainly an effect of the upward shift in LME forward prices and volumes being realized.

### Rolled Products

Unrealized gain on LME derivative contracts related to our operational hedging program was mainly an effect of the upward shift in LME forward prices and volumes being realized. The positive metal effect reflected primarily further increasing LME prices. Impairment charges relate to the write-down of fixed assets in the Italian Slim plant due to the market development in Southern Europe.

### Extruded Products

Rationalization charges relate to the planned closure of our precision tubing plant in Adrian, Michigan, US. Unrealized gain on LME derivative contracts related to our operational hedging program was mainly an effect of the upward shift in LME forward prices and volumes being realized.

### Energy

Unrealized gain on financial power contracts related to operational hedging of our power portfolio reflects the downward shift in the forward prices on power. Insurance compensation reflects the compensation for damages on assets related to the rock-slide and flooding of the Svandalsflona power station, which has been recognized as income.

### 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 eliminated as part of Other and eliminations, and excluded from underlying results. The net unrealized gain reflected the weakened US dollar, partly offset by increases in the coal forward prices and the upward shift in the LME forward prices.

Unrealized derivative effects on LME related contracts result from changes in the fair value of certain internal aluminium contracts related to the delivery of aluminium from Hydro's metal sourcing and trading business in the Metal Market segment to consuming units. These internal contracts are accounted for at fair value by metal sourcing and trading. Valuation effects are eliminated as part of Other and eliminations, and excluded from underlying results.

## Finance

Financial income (expense)	Third quarter	Second quarter	% change prior quarter	Third quarter	% change prior year quarter	01.01 -30.09	01.01 -30.09	Year
NOK million	2009	2009		2008		2009	2008	2008
Interest income	46	46	-	154	(70)%	147	544	769
Dividends received and net gain (loss) on securities	42	120	(65)%	15	>100%	180	59	27
Financial income	88	166	(47)%	169	(48)%	327	603	795
Interest expense	(71)	(93)	24 %	(70)	(1)%	(215)	(222)	(221)
Capitalized interest	1	1	-	-	-	2	-	-
Net foreign exchange gain (loss)	992	88	>100%	(2,015)	>100%	2,559	(862)	(5,491)
Other	(21)	(17)	(25)%	(65)	67 %	(66)	(57)	(109)
Financial expense	901	(21)	>100%	(2,150)	>100%	2,279	(1,142)	(5,821)
Financial income (expense), net	989	145	>100%	(1,980)	>100%	2,606	(539)	(5,026)

During the quarter, currency gains on intercompany balances amounted to about NOK 1,101 million mainly due to a weaker Euro against the Norwegian kroner. These gains have no cash effect and are offset in equity by translation of the corresponding subsidiaries during consolidation <sup>1)</sup>. Other net currency losses amounted to NOK 109 million which mainly related to Hydro's working capital.

In the previous quarter, currency losses on intercompany balances denominated in Euro amounted to about NOK 177 million due to stronger Euro against the Norwegian kroner.

At end of the third quarter of 2009 cash and cash equivalents amounted to NOK 2.9 billion down from NOK 4.9 billion at the end of the previous quarter.

1) The gains on intercompany balances arise from group positions that create an accounting gain recognized in the income statement of the parent company when the value of other currencies weaken against the Norwegian kroner. No corresponding losses are recognized in the income statement of the subsidiaries that use other currencies as a functional currency. This has no cash effect for the group. When the subsidiaries financial statements are translated into NOK for consolidation, currency effects on intercompany deposits are included directly in consolidated equity in the balance sheet, offsetting the currency gain recognized through the income statement of the parent company.

## Tax

Income tax expense amounted to NOK 707 million in the quarter compared with NOK 273 million in the second quarter of 2009 and NOK 201 million in the third quarter of 2008. Income tax expense amounted to NOK 1,134 million and NOK 1,183 million for the first nine months of 2009 and 2008 respectively.

For the first nine months of 2009, income tax expense was roughly 53 percent of pre-tax income. The high tax rate resulted mainly from the effects of power sur-tax, results from equity accounted investments which are recognized net of tax and the effect of certain operating losses having no tax effect.

## Interim financial statements

### Condensed consolidated statements of income (unaudited)

NOK million, except per share data	Third quarter		01.01 - 30.09		Year
	2009	2008	2009	2008	2008
Revenue	<b>16,337</b>	21,765	<b>50,313</b>	67,275	88,643
Share of the profit (loss) in equity accounted investments	<b>(14)</b>	77	<b>(468)</b>	239	(915)
Other income, net	<b>238</b>	123	<b>595</b>	704	865
<b>Total revenue and income</b>	<b>16,561</b>	21,965	<b>50,440</b>	68,218	88,593
Depreciation, amortization and impairment	<b>1,077</b>	825	<b>2,708</b>	2,435	4,915
Other expenses	<b>14,765</b>	18,726	<b>48,200</b>	61,482	82,483
<b>Total expenses</b>	<b>15,842</b>	19,551	<b>50,909</b>	63,918	87,399
<b>Earnings before financial items and tax (EBIT)</b>	<b>719</b>	2,414	<b>(469)</b>	4,300	1,194
Financial income (expense), net	<b>989</b>	(1,980)	<b>2,606</b>	(539)	(5,026)
Income (loss) from continuing operations before tax	<b>1,708</b>	434	<b>2,137</b>	3,761	(3,832)
Income taxes	<b>(707)</b>	(201)	<b>(1,134)</b>	(1,183)	565
Income (loss) from continuing operations	<b>1,001</b>	233	<b>1,003</b>	2,578	(3,267)
Income (loss) from discontinued operations	-	131	-	(246)	(247)
<b>Net income (loss)</b>	<b>1,001</b>	363	<b>1,003</b>	2,332	(3,514)
Net income (loss) attributable to minority interests	<b>(3)</b>	162	<b>135</b>	241	411
Net income (loss) attributable to owners of the parent	<b>1,005</b>	202	<b>868</b>	2,091	(3,925)
Basic and diluted earnings per share from continuing operations (in NOK) <sup>1) 2)</sup>	<b>0.83</b>	0.06	<b>0.72</b>	1.93	(3.04)
Basic and diluted earnings per share from discontinued operations (in NOK) <sup>1)</sup>	<b>0.00</b>	0.11	<b>0.00</b>	(0.20)	(0.20)
Basic and diluted earnings per share attributable to owners of the parent (in NOK) <sup>1)</sup>	<b>0.83</b>	0.17	<b>0.72</b>	1.73	(3.25)
<b>Weighted average number of outstanding shares (million)</b>	<b>1,205</b>	1,211	<b>1,206</b>	1,210	1,209

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

2) Calculated using Income from continuing operations less Net income attributable to minority interests. There are no minority interests in Income from discontinued operations.

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

*Condensed consolidated statements of comprehensive income (unaudited)*

NOK million	Third quarter		01.01 - 30.09		Year
	2009	2008	2009	2008	2008
Net income (loss)	<b>1,001</b>	363	<b>1,003</b>	2,332	(3,514)
<b>Other comprehensive income</b>					
Currency translation differences, net of tax	<b>(3,337)</b>	2,584	<b>(6,374)</b>	2,221	8,646
Unrealized gain (loss) on securities, net of tax	<b>(36)</b>	68	<b>(66)</b>	114	169
Cash flow hedges, net of tax	<b>(32)</b>	202	<b>(60)</b>	79	277
Share of other comprehensive income in equity accounted investments, net of tax	<b>(39)</b>	18	<b>30</b>	(31)	(30)
Other comprehensive income	<b>(3,445)</b>	2,871	<b>(6,470)</b>	2,382	9,063
<b>Total comprehensive income</b>	<b>(2,443)</b>	3,235	<b>(5,467)</b>	4,715	5,549
Total comprehensive income attributable to minority interests	<b>(137)</b>	258	<b>(118)</b>	280	691
Total comprehensive income attributable to owners of the parent	<b>(2,306)</b>	2,976	<b>(5,349)</b>	4,434	4,858

*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	31 December	
	2009	2008	2008
<b>Assets</b>			
Cash and cash equivalents	2,986	3,583	3,333
Short-term investments	1,477	4,454	1,648
Receivables and other current assets	14,776	19,744	18,833
Inventories	9,884	15,654	16,293
Total current assets from continuing operations	29,123	43,435	40,108
Asset held for sale, Discontinued operations	-	-	-
Property, plant and equipment	25,963	27,609	29,338
Other non-current assets	24,199	22,827	25,711
Total non-current assets	50,162	50,436	55,049
Total assets	79,285	93,871	95,157
<b>Liabilities and equity</b>			
Bank loans and other interest-bearing short-term debt	1,997	1,041	1,169
Other current liabilities	13,013	19,834	22,175
Total current liabilities from continuing operations	15,011	20,875	23,344
Long-term debt	104	308	279
Other long-term liabilities	14,473	17,494	16,135
Deferred tax liabilities	1,348	1,809	1,258
Total non-current liabilities	15,924	19,611	17,673
Total liabilities	30,935	40,487	41,016
Equity attributable to owners of the parent	47,143	52,446	52,808
Minority interest	1,207	938	1,333
Total equity	48,350	53,384	54,141
Total liabilities and equity	79,285	93,871	95,157
Total number of outstanding shares (million)	1,205	1,208	1,206

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		Year 2008
	2009	30 September 2008	
<b>Operating activities:</b>			
Net income (loss)	1,003	2,332	(3,514)
Net loss from discontinued operations	-	246	247
Depreciation, amortization and impairment	2,708	2,435	4,915
Other adjustments	(1,196)	(1,249)	1,273
<b>Net cash provided by operating activities</b>	<b>2,515</b>	<b>3,764</b>	<b>2,921</b>
<b>Investing activities:</b>			
Purchases of property, plant and equipment	(1,752)	(2,191)	(3,485)
Purchases of other long-term investments	(1,825)	(4,069)	(5,374)
Purchases of short-term investments	-	(2,850)	(2,850)
Proceeds from sales of property, plant and equipment	24	69	95
Proceeds from sales of other long-term investments	72	529	679
Proceeds from sales of short-term investments	-	750	3,600
<b>Net cash used in investing activities</b>	<b>(3,481)</b>	<b>(7,762)</b>	<b>(7,335)</b>
<b>Financing activities:</b>			
Loan proceeds	2,878	56	93
Principal repayments	(1,959)	(63)	(187)
Net increase (decrease) in other short-term debt	18	(195)	(159)
Purchases of shares	(124)	(85)	(149)
Proceeds from shares issued	34	31	44
Dividends paid	(17)	(6,340)	(6,359)
<b>Net cash provided by (used in) financing activities</b>	<b>830</b>	<b>(6,596)</b>	<b>(6,717)</b>
Foreign currency effects on cash and bank overdraft	(115)	(287)	(11)
Net cash provided by discontinued operations	-	5,076	5,075
<b>Net decrease in cash, cash equivalents and bank overdraft</b>	<b>(251)</b>	<b>(5,805)</b>	<b>(6,067)</b>
Cash, cash equivalents and bank overdraft at beginning of period	3,189	9,256	9,256
<b>Cash, cash equivalents and bank overdraft at end of period</b>	<b>2,938</b>	<b>3,451</b>	<b>3,189</b>

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

*Condensed consolidated statements of changes in equity (unaudited)*

NOK million	Additional		Treasury shares	Retained earnings	Other components of equity	Total equity		Total equity
	Share capital	paid-in capital				Hydro shareholders	Minority interests	
Balance at 1 January 2008	1,370	360	(4,283)	57,950	(1,348)	54,049	959	55,008
<i>Changes in equity for 2008</i>								
Purchase of treasury shares			(149)			(149)		(149)
Treasury shares reissued to employees		(51)	158			107		107
Dividends declared and paid				(6,053)		(6,053)	(306)	(6,359)
Transactions with minority equity holders/with group				(4)		(4)	(1)	(5)
Equity interests purchased (sold)							(10)	(10)
Total comprehensive income for the year				(3,925)	8,783	4,858	691	5,549
Balance at 31 December 2008	1,370	309	(4,274)	47,968	7,435	52,808	1,333	54,141
<i>Changes in equity for 2009</i>								
Treasury shares reissued to employees		(17)	63			46		46
Cancellation treasury shares	(5)	(61)	147	(81)		-		-
Redeemed shares, the Ministry of Trade and Industry	(4)	(121)	-	-		(124)		(124)
Dividends declared and paid						-	(17)	(17)
Equity interests purchased (sold)							9	9
Demerger adjustment				(237)		(237)		(237)
Other adjustments		(67)	2,887	(2,820)		-		-
Total comprehensive income for the period				868	(6,217)	(5,349)	(118)	(5,467)
Balance at 30 September 2009	1,362	43	(1,177)	45,697	1,218	47,143	1,207	48,350

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*

As of 1 January 2009 Hydro implemented IAS 1 (revised 2007) Presentation of Financial Statements (IAS 1R). As a result of implementing IAS 1R, non-owner related changes in equity that were previously reported as part of the consolidated statement of changes in equity are now presented in a consolidated statement of comprehensive income (a new statement). The changes required by IAS 1R do not affect the measurement or recognition of these non-owner related changes in equity.

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 - 2008.

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 - 2008 that are a part of the Norsk Hydro Annual Report - 2008.

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 - 2008 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.

Effective 30 March 2009, Hydro decided to reorganize the business area structure, and thus the segments. Hydro has the following segments: Primary Metal, responsible for all Hydro's alumina production, metal plants and primary casthouses. Metal Markets, responsible for metal sales, recycling, remelting and trading. The two business areas cover the activities previously conducted within Aluminium Metal. Rolled Products is responsible for Hydro's rolling mills. Extruded Products include activities within profiles and building systems and in addition supplies to the automotive industries. The two business areas cover activities previously conducted within Aluminium Products. Energy is responsible for power related activities. Hydro's engagement's in the solar business is part of Other and eliminations. Prior periods have been revised to be consistent with the revised reporting 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		01.01 - 30.09		Year
	2009	2008	2009	2008	2008
<b>Total revenue</b>					
Primary Metal	6,361	9,256	19,197	27,950	36,428
Metal Markets	9,566	12,472	26,556	39,759	49,942
Rolled Products	4,350	5,837	13,298	17,847	23,644
Extruded Products	4,936	6,160	15,156	18,932	24,806
Energy	1,079	1,012	3,924	7,348	7,913
Other and eliminations	(9,957)	(12,972)	(27,819)	(44,561)	(54,090)
<b>Total</b>	<b>16,337</b>	<b>21,765</b>	<b>50,313</b>	<b>67,275</b>	<b>88,643</b>
<b>External revenue</b>					
Primary Metal	1,088	1,145	2,994	3,171	4,371
Metal Markets	5,516	7,979	17,381	25,165	32,962
Rolled Products	4,317	5,798	13,177	17,606	23,466
Extruded Products	4,922	6,107	15,085	18,755	24,552
Energy	354	599	1,215	1,809	2,350
Other and eliminations	140	137	460	769	941
<b>Total</b>	<b>16,337</b>	<b>21,765</b>	<b>50,313</b>	<b>67,275</b>	<b>88,643</b>
<b>Internal revenue</b>					
Primary Metal	5,273	8,111	16,203	24,779	32,057
Metal Markets	4,051	4,493	9,175	14,594	16,980
Rolled Products	34	39	121	241	177
Extruded Products	14	53	71	178	255
Energy	725	413	2,710	5,538	5,563
Other and eliminations	(10,096)	(13,109)	(28,280)	(45,330)	(55,031)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Share of the profit (loss) in equity accounted investments</b>					
Primary Metal	21	95	(352)	291	(490)
Metal Markets	(6)	-	(8)	1	(1)
Rolled Products	(12)	(6)	(64)	(15)	(52)
Extruded Products	2	3	10	9	17
Energy	(1)	-	4	10	26
Other and eliminations	(18)	(15)	(58)	(56)	(415)
<b>Total</b>	<b>(14)</b>	<b>77</b>	<b>(468)</b>	<b>239</b>	<b>(915)</b>

NOK million	Third quarter		01.01 - 30.09		Year
	2009	2008	2009	2008	2008
<b>Depreciation, amortization and impairment</b>					
Primary Metal	451	484	1,376	1,416	2,711
Metal Markets	29	26	91	73	140
Rolled Products	395	111	623	322	585
Extruded Products	151	169	502	516	1,324
Energy	35	24	81	72	103
Other and eliminations	15	11	36	36	53
<b>Total</b>	<b>1,077</b>	<b>825</b>	<b>2,708</b>	<b>2,435</b>	<b>4,915</b>
<b>Earnings before financial items and tax (EBIT) <sup>1)</sup></b>					
Primary Metal	(153)	1,768	(2,528)	3,326	1,679
Metal Markets	207	(142)	364	510	332
Rolled Products	484	(341)	543	845	(934)
Extruded Products	108	53	9	651	(515)
Energy	318	499	1,090	1,233	1,887
Other and eliminations	(246)	577	52	(2,265)	(1,255)
<b>Total</b>	<b>719</b>	<b>2,414</b>	<b>(469)</b>	<b>4,300</b>	<b>1,194</b>
<b>EBITDA</b>					
Primary Metal	322	2,261	(1,056)	4,769	5,024
Metal Markets	237	(116)	456	583	473
Rolled Products	894	(216)	1,213	1,209	(292)
Extruded Products	260	223	511	1,167	808
Energy	355	524	1,174	1,309	1,995
Other and eliminations	(231)	591	93	(2,227)	(896)
<b>Total</b>	<b>1,836</b>	<b>3,266</b>	<b>2,391</b>	<b>6,810</b>	<b>7,112</b>
<b>Investments <sup>2)</sup></b>					
Primary Metal	1,815	1,603	2,655	4,189	5,926
Metal Markets	14	34	42	89	160
Rolled Products	59	141	151	289	598
Extruded Products	123	564	365	1,017	1,382
Energy	103	48	204	96	164
Other and eliminations	12	52	159	584	782
<b>Total</b>	<b>2,126</b>	<b>2,443</b>	<b>3,576</b>	<b>6,264</b>	<b>9,012</b>

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.

NOK million	EBIT	Depr., amor. and impairment <sup>1)</sup>	EBITDA
<b>EBIT - EBITDA Third quarter 2009</b>			
Primary Metal	(153)	475	322
Metal Markets	207	29	237
Rolled Products	484	410	894
Extruded Products	108	151	260
Energy	318	37	355
Other and eliminations	(246)	15	(231)
<b>Total</b>	<b>719</b>	<b>1,117</b>	<b>1,836</b>
<b>EBIT - EBITDA 01.01 - 30.09</b>			
Primary Metal	(2,528)	1,471	(1,056)
Metal Markets	364	91	456
Rolled Products	543	670	1,213
Extruded Products	9	502	511
Energy	1,090	85	1,174
Other and eliminations	52	41	93
<b>Total</b>	<b>(469)</b>	<b>2,860</b>	<b>2,391</b>

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.

Hydro and StatoilHydro have, in close cooperation with Norwegian and US authorities, concluded their parallel investigations in order to clarify the facts surrounding payments in connection with Hydro's (now StatoilHydro's) operations in Libya and consultancy agreements relating to Hydro's previous international oil and gas operations in relation to applicable anti-corruption regulations. The fact findings of the investigations were submitted and presented to the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime (Økokrim) on 7 October 2008 and to the US authorities in November 2008. On 15 May 2009, Økokrim announced that it had decided not to open an investigation of the case.

### *Note 4: Discontinued operations*

#### **Sale of businesses**

In May 2007 Hydro's Board of Directors decided to sell the Polymers activities. Contracts to sell the 100 percent owned subsidiary Kerling ASA, with production facilities in Norway, Sweden and the UK, and Hydro's 29.7 percent interest in Qatar Vinyl Company (QVC) were entered into in late May 2007. The transaction was subject to clearance by competition authorities and the sale of the 29.7 percent ownership interest in QVC was subject to pre-emption rights. The regulatory approval was received on 29 January 2008. The pre-emptive rights in QVC were utilized by Qatar Petroleum. Following these events, the sale of Kerling ASA with subsidiaries to INEOS was completed on 1 February 2008 and the sale of QVC was completed on 18 August 2008.

The Polymers business was reported as Assets held for sale and Discontinued operations as of the end of May 2007, and depreciation ceased from the same date. The results of operations in the disposed businesses were reported separately under the caption Discontinued operations for all prior periods. No interest expense related to loans was allocated to discontinued operations. As of 31 December 2007, the investment was impaired by NOK 120 million.

At completion of the sale of Kerling ASA in the first quarter of 2008, a loss of NOK 430 million was recognized. This included currency translation losses related to translation of foreign subsidiaries included in Other components of equity with NOK 140 million and a liability related to Hydro's obligation to continued supply of electricity to Polymers' production facilities in Norway at fixed prices. The price for the sale was calculated from the balance sheet at closing. The verification process of the closing accounts resulted in an additional recognized loss of NOK 28 million in the second quarter. There were no tax effects from the sale. Hydro's loss on the sale, after direct sales expenses, was reported as part of Discontinued operations.

The sale of Hydro's shares in QVC resulted in a gain of NOK 124 million including accumulated currency translation effects related to translation of foreign operations in Other components of equity representing a negative effect of NOK 91 million.

Cash flows from discontinued operations were presented separately, and include cash flows from the Polymers activities. Assets in the businesses to be disposed of and the related liabilities were reported as Assets held for sale and Liabilities included in disposal groups, respectively, after the sales decision was made.

The discontinued Polymers activities were previously included as part of Other activities. The following table summarizes the financial information for discontinued operations related to Polymers for the reported periods in 2008.

NOK million	Third quarter		01.01 - 30.09		Year
	2009	2008	2009	2008	2008
Revenue	-	-	-	575	575
Share of the profit (loss) in equity accounted investments	-	-	-	33	33
Other income, net	-	8	-	20	19
Depreciation, amortization and impairment	-	-	-	-	-
Other expenses	-	-	-	(499)	(499)
<b>Earnings before financial items and tax (EBIT)</b>	-	8	-	130	129
<b>Financial income (expense), net</b>	-	-	-	(11)	(11)
Income before tax	-	8	-	119	118
<b>Income tax expense</b>	-	(2)	-	(32)	(32)
Income before sale of shares	-	6	-	87	86
<b>Gain (loss) from sale of shares</b>	-	125	-	(333)	(333)
<b>Income (loss) from discontinued operations</b>	-	131	-	(246)	(247)
Net cash used in operating activities			-	(149)	(150)
Net cash provided by investing activities			-	5,225	5,225
Net cash used in financing activities			-	-	-
Foreign currency effects on cash			-	-	-
<b>Net cash provided by discontinued operations</b>			-	5,076	5,075

### Demerger of Hydro in 2007

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 (Hydro Petroleum) with Statoil to form StatoilHydro ASA. The agreed economic effective date of the merger was 1 January 2007. 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.

Upon the completion of the merger, all assets, rights and obligations of Hydro Petroleum were transferred to StatoilHydro. As a result of the demerger, Hydro's share capital was reduced by 70 percent of the share capital, representing the estimated relative value of the transferred petroleum activities compared to the retained businesses. The total equity reduction amounted to NOK 47,090 million. In accordance with the demerger plan, adjustments to the equity reduction through a different final allocation of assets and/or liabilities may occur relating to the allocation of certain costs and liabilities where amounts are not

fully determinable, and following a verification process for the demerger of Hydro. The verification process was concluded during the first quarter of 2009, and resulted in a reduction in Hydro's equity of NOK 237 million. No payments were made or received.

For additional information related to the demerger see Hydro's Financial statements - 2008 note 7 Discontinued operations and assets held for sale.

### *Note 5: Impairment*

Hydro values inventories at the lower of cost or net realizable value. As a result of the continued weak market during the quarter, Hydro has identified the following impairment write down of inventories as of the end of the third quarter.

NOK million	30 September <b>2009</b>
Primary Metal	<b>120</b>
Metal Markets	<b>5</b>
Rolled Products	<b>42</b>
Extruded Products	<b>127</b>
Other and eliminations	<b>34</b>
<b>Total</b>	<b>328</b>

Impairment is caused by prices for finished goods below current production cost, primarily resulting from continued low metal prices. The eliminations are caused partly by different cost price for the group than for each business area reflecting internal profit or loss in inventory, and partly by higher net realizable value for the group from further processing towards a final product for sale to customers.

An impairment trigger was noted for Rolled Product's Slim plant whose 2009 results and outlook were materially below previous expectations. The impairment tests resulted in an impairment loss of NOK 286 million recognized in the third quarter of 2009. In addition, the process towards a sale of the Automotive Structures units had indicated a fair value below carrying value for the business as a whole and thus was considered an impairment indicator for the cash generating units in Automotive Structures. Because no sales decision was reached at the end of the third quarter, the test was performed as a held-for-use impairment test. The test supported the carrying value for all CGUs.

Oslo, October 26, 2009

## Financial calendar

December 2-3, 2009	Capital Markets Day
February 17, 2010	Fourth quarter results

The quarterly results will be released at 07:30 hours CET. Hydro reserves the right to revise these dates.

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

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 and aluminium products. Based in Norway, the company employs more than 20,000 people in 40 countries and has activities on all continents. 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  
E-mail: [corporate@hydro.com](mailto:corporate@hydro.com)  
[www.hydro.com](http://www.hydro.com)

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