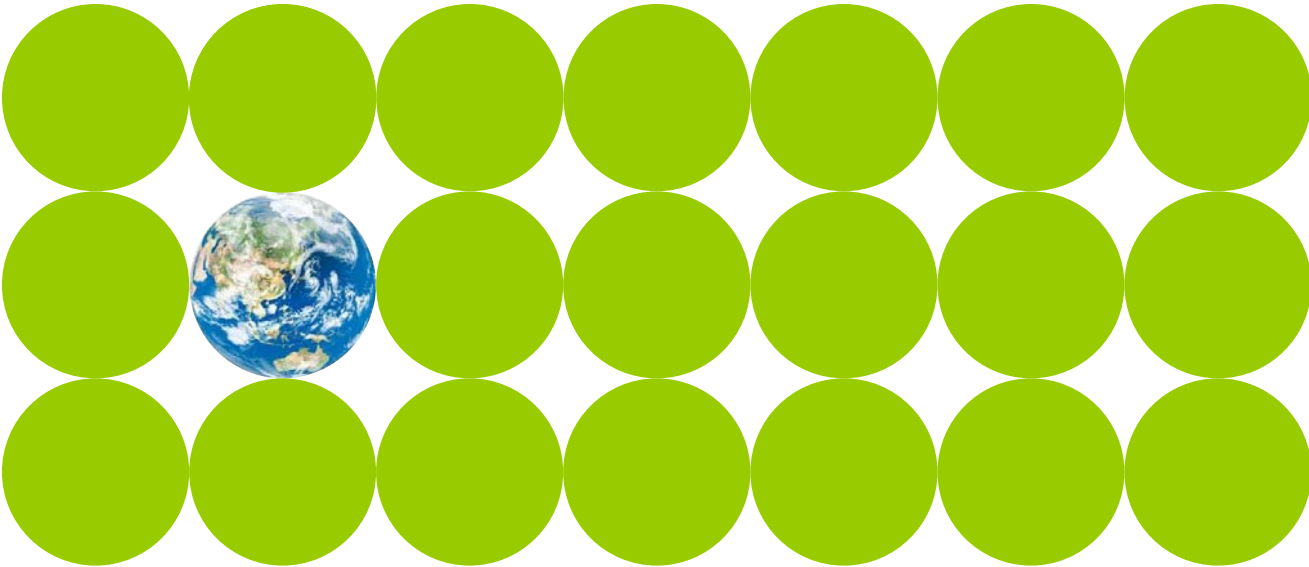


Hydro takes over Vale's aluminium business in transforming transaction



Svein Richard Brandtzæg, President and CEO
Bank of America Merrill Lynch Global Metals & Mining Conference – May 12, 2010

(1)
Not for distribution in the United States, Australia, Canada or Japan



Cautionary note

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

Although we believe that the expectations reflected in such forward-looking statements are reasonable, these forward-looking statements are based on a number of assumptions and forecasts that, by their nature, involve risk and uncertainty. Various factors could cause our actual results to differ materially from those projected in a forward-looking statement or affect the extent to which a particular projection is realized. Factors that could cause these differences include, but are not limited to: our continued ability to reposition and restructure our upstream and downstream aluminium business; changes in availability and cost of energy and raw materials; global supply and demand for aluminium and aluminium products; world economic growth, including rates of inflation and industrial production; changes in the relative value of currencies and the value of commodity contracts; trends in Hydro's key markets and competition; and legislative, regulatory and political factors.

No assurance can be given that such expectations will prove to have been correct. Hydro disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Cautionary note

This announcement is not an offer for sale of securities in the United States or any other country. The securities referred to herein have not been registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”), and may not be sold in the United States absent registration or pursuant to an exemption from registration under the U.S. Securities Act. Hydro does not intend to register any portion of the offering of the securities in the United States or to conduct a public offering of the securities in the United States. Any offering of securities will be made by means of a prospectus that may be obtained from Hydro and that will contain detailed information about the company and management, as well as financial statements. Copies of this announcement are not being made and may not be distributed or sent into the United States, Canada, Australia, Japan or any other jurisdiction in which such distribution would be unlawful or would require registration or other measures.

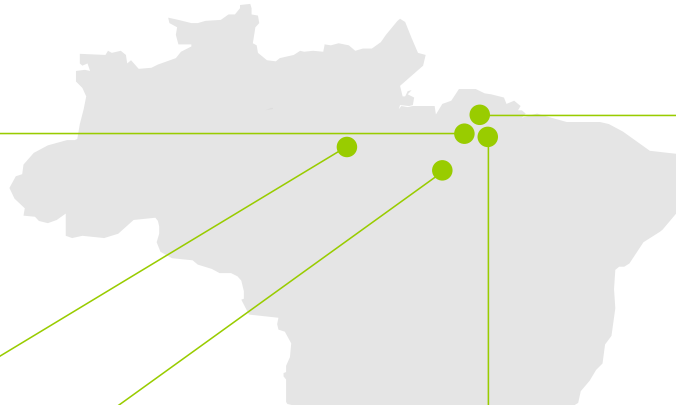
In any EEA Member State that has implemented Directive 2003/71/EC (together with any applicable implementing measures in any member State, the “Prospectus Directive”), this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Directive.

This announcement is only directed at (a) persons who are outside the United Kingdom; or (b) investment professionals within the meaning of Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”); or (c) persons falling within Article 49(2)(a) to (d) of the Order; or (d) persons to whom any invitation or inducement to engage in investment activity can be communicated in circumstances where Section 21(1) of the Financial Services and Markets Act 2000 does not apply.

World-class assets in resource-rich Brazil



CAP alumina refinery project
Increasing stake from 20% to 81%



Alunorte alumina refinery
Increasing stake from 34% to 91%



MRN bauxite mine
Current stake 5%
Signed volume off-take agreement for Vale's 40% stake in mine



Paragominas bauxite mine
Taking over 60%, increasing to 100% by 2015



Albras aluminium smelter
Taking over 51%

- Bauxite licenses
- Sales contract portfolio
- Competence

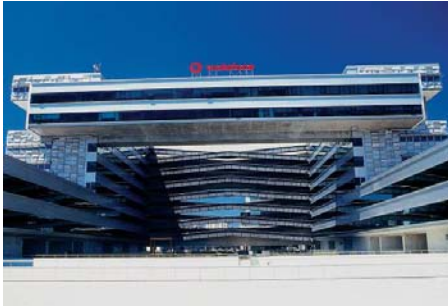


Transforming transaction

- Hydro becomes long in bauxite and alumina
- Gives control of world-class assets
- Lifts Hydro to first-tier in aluminum industry
- Provides more robustness at lower aluminium prices
- Equity financing extends long-standing partnership with Vale
- Positions Hydro for growth with a stronger balance sheet

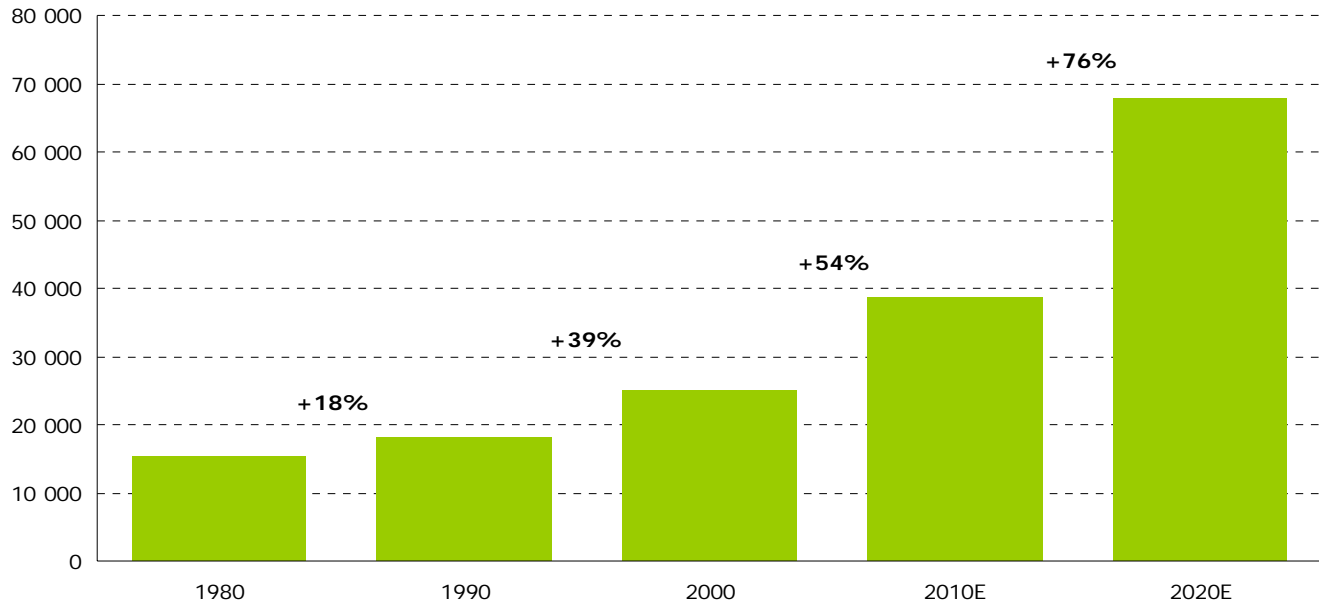
Aluminium is the metal of the future

Vital building block for sustainable development



Healthy long-term demand for aluminium

Primary aluminium consumption in 1 000 tonnes



Source: CRU

(7)

Not for distribution in the United States, Australia, Canada or Japan



Transaction summary

- Hydro will take over from Vale:
 - Bauxite mining operations
 - Alumina refining operations
 - Aluminium smelting operations
 - Bauxite exploration portfolio and bauxite/alumina sales contracts portfolio
- Initial consideration: USD 4.9 billion
 - 22% ownership in Hydro ²⁾ after the contemplated rights offering: USD 3.1 billion ¹⁾
 - Cash payment: USD 1.1 billion
 - Net debt assumed: USD 0.7 billion as of Dec 31, 2009
 - Hydro to receive free cash flow from alumina and smelting operations starting Jan 1, 2010
- Additional deferred consideration: USD 0.4 billion
 - Hydro takes over 60% of Paragominas bauxite mine at closing with full control
 - Remaining 40% to be taken over in two installments in 2013 and 2015, each with a cash consideration of USD 200 million

1) Based on share price NOK 45.80 and NOK/USD 5.90 as of April 30. See also page 22 and 53

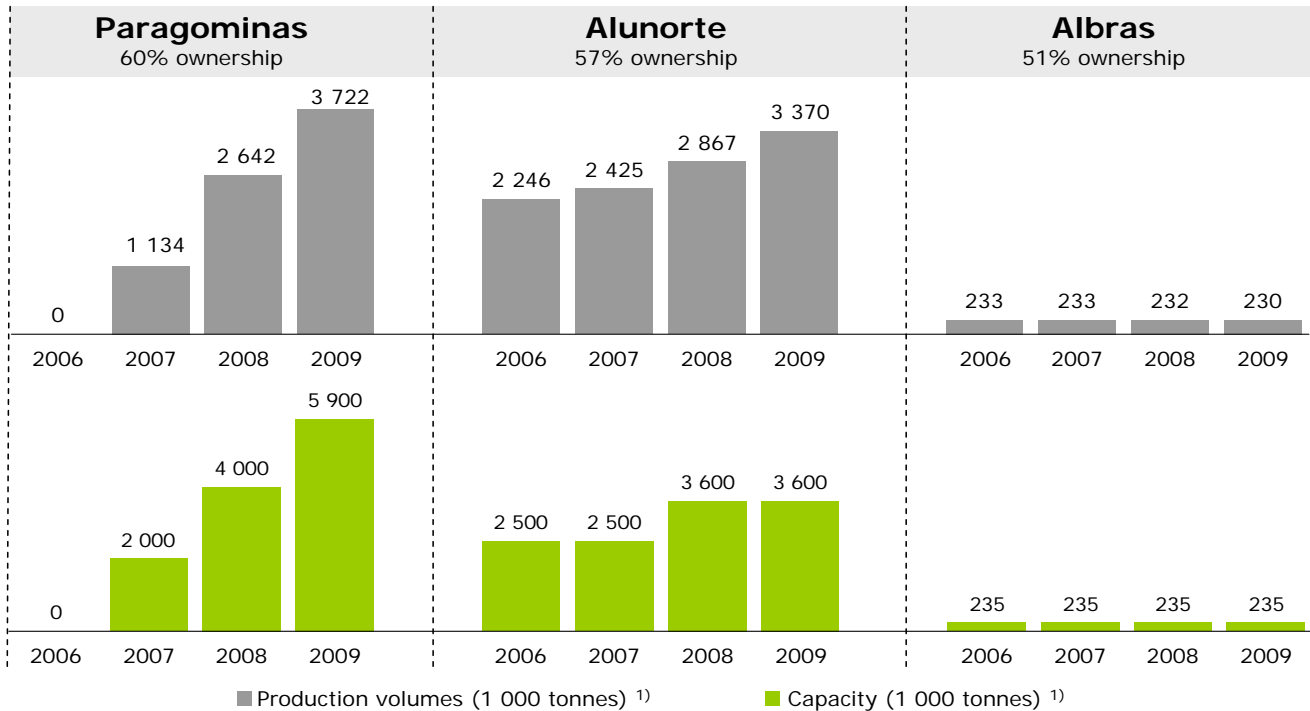
2) Of the outstanding shares



Transaction partly funded by rights issue

- Expected gross proceeds of NOK 10 billion (~USD 1.75 billion)
- Norwegian Government intends to participate under certain conditions
- Government Pension Fund Norway (Folketrygdfondet) has committed to subscribe for its 5.9% share
- Balance of transaction is fully underwritten by Citi, DnB NOR and BNP Paribas
- Rights issue expected to be completed in July 2010
- Private placement of 22% ownership in Hydro to Vale upon closing of transaction, expected during Q4 2010
- Norwegian Government's ownership reduced from 43.8% to ~34.5%

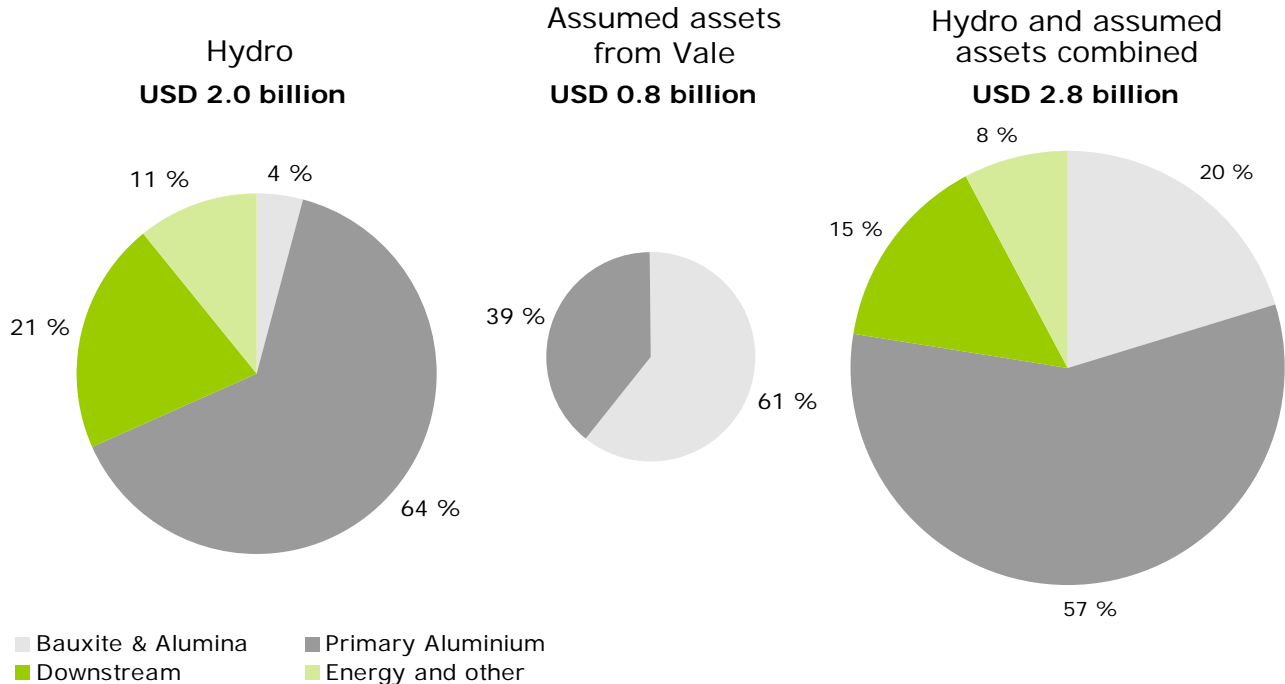
Assumed assets: production and capacity



1) Pro rata share of production volumes and capacity being taken over as part of the first stage of the transaction.
Capacity is approximate capacity at end of year excluding expansions in progress.

Upstream earnings become more robust

Average 2007-2008 EBITDA

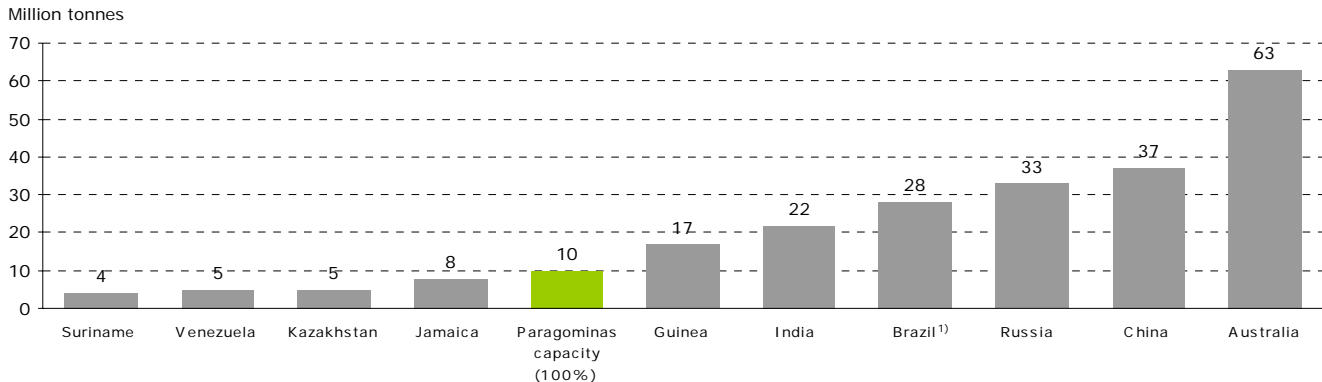


Hydro Underlying EBITDA based on IFRS. Assumed assets EBITDA based on US GAAP and full consolidation. No proforma adjustments have been made.

Bauxite ownership – a key strength

- Paragominas has potential to supply bauxite in a 100-year perspective
 - Competitive position of Alunorte improved by largely captive bauxite
 - Current Paragominas capacity represents 5% of 2009 world bauxite production
- Global bauxite sector highly concentrated
 - Five largest mines represented about 50% of 2009 production

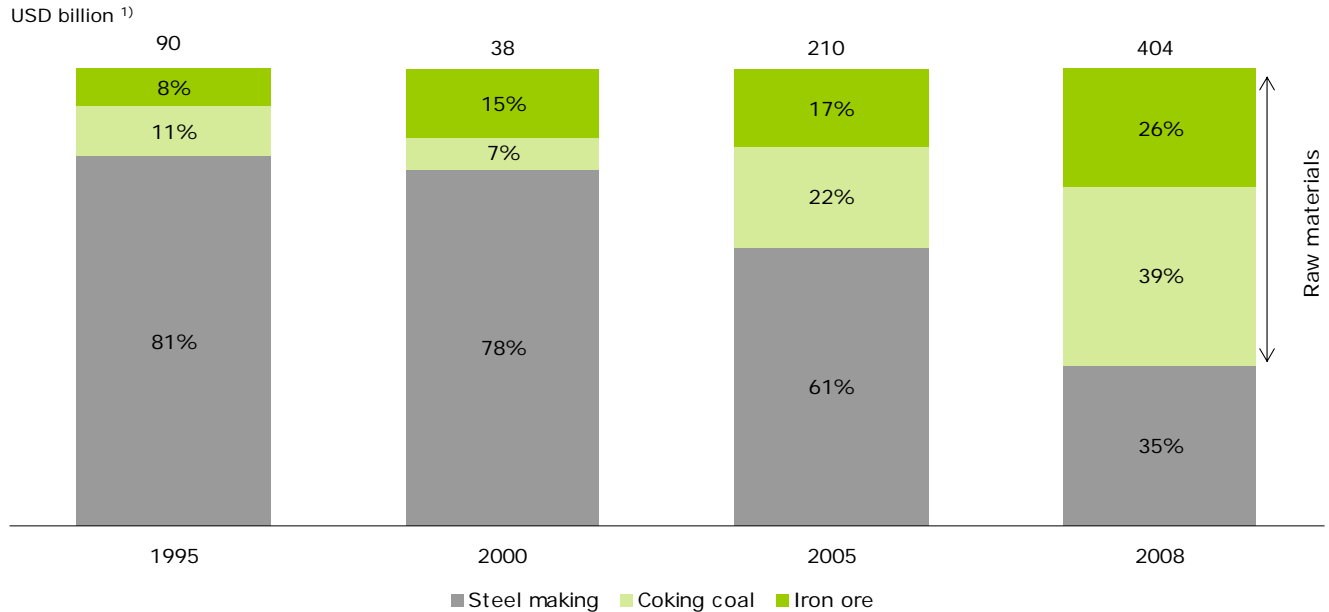
Top 10 bauxite producing countries in 2009 account for more than 95% of global production



Source: USGS January 2010 1) Includes current Paragominas production

Resource owners take rising share of profits

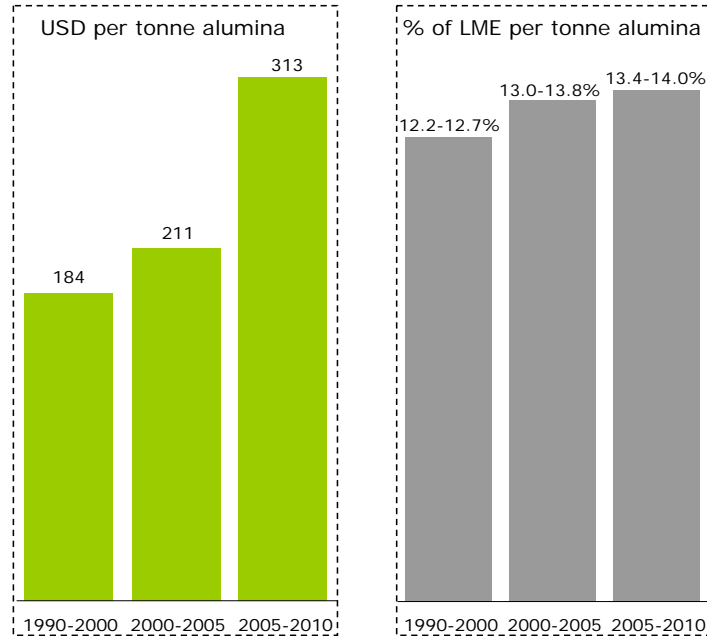
Significant shift in profit pool split in steel sector



1) Calculated based on EBITDA x demand/production, calculated for 12 major regions; with EBITDA based on historical highs and lows by region and product
Source: McKinsey & Company, Karel Aloit, 43rd Annual Conference of the WSA, October 2009

Alumina prices on upwards trend

Hydro estimates of average contract prices



- 3 to 10 years contract prices have moved upwards
- Bauxite and alumina prices strongly affected by Chinese growth
- China bauxite imports expected to further increase
- Increasing spot prices and current contract prices closer to 15%

Long alumina and bauxite position

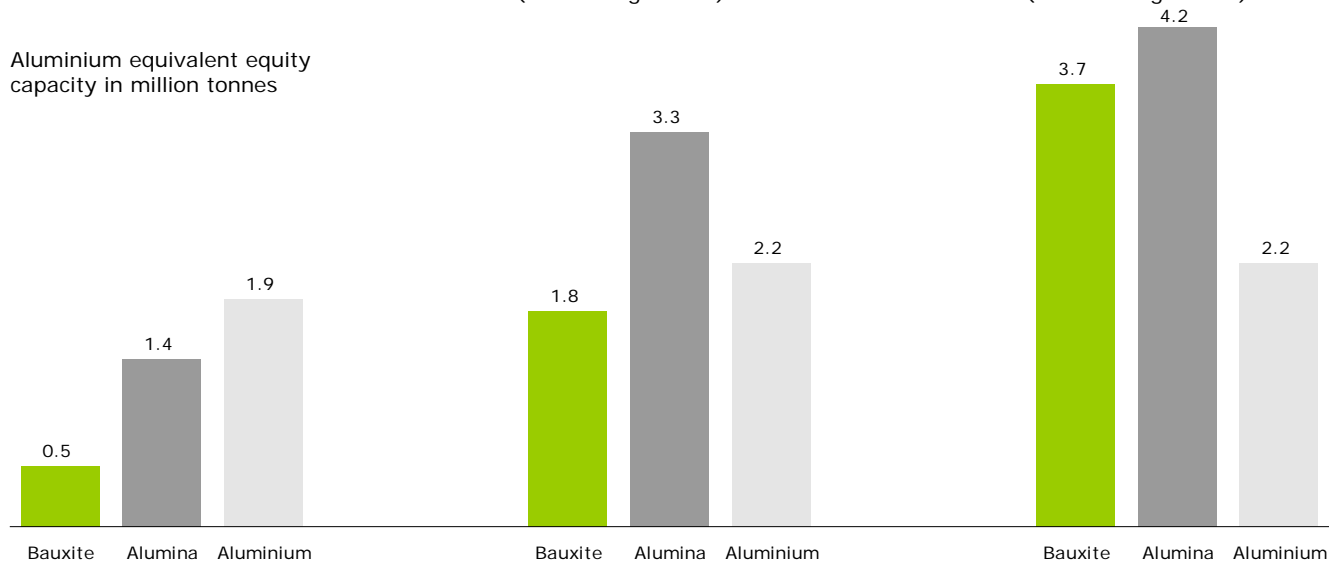
Upstream position transformed

Hydro end-2010

Pro forma end-2010
(60% Paragominas)

Pro forma 2016
(100% Paragominas)

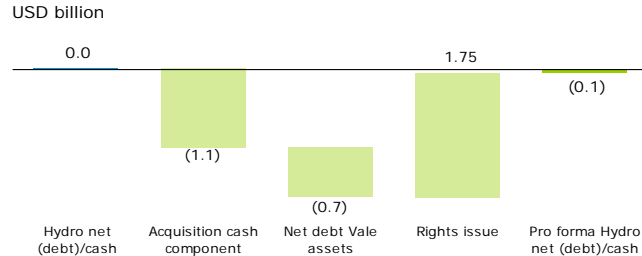
Aluminium equivalent equity capacity in million tonnes



Includes idled capacity. Assumed assets included on a pro rata basis. Expansions include Paragominas to 15 million tonnes and CAP first phase.

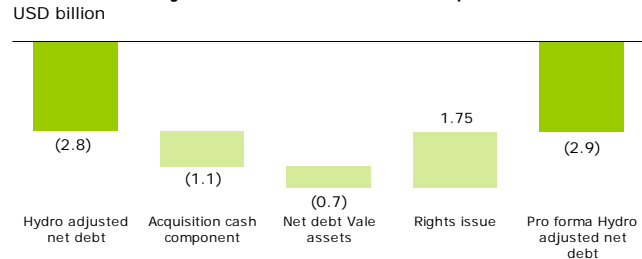
Rights issue preserves financial flexibility

Pro forma net debt development ¹⁾



- Strong commitment to maintain investment grade credit rating
- Funds cash component in transaction
- Significant expansion potential in assets taken over

Pro forma adjusted net debt development ^{1) 2)}



- Prepared to grasp further opportunities
- Capital discipline to remain strong

1) Hydro net debt and adjusted net debt as of March 31, 2009 converted to USD at NOK/USD 5.98 as of March 31, 2010 and adjusted for transaction

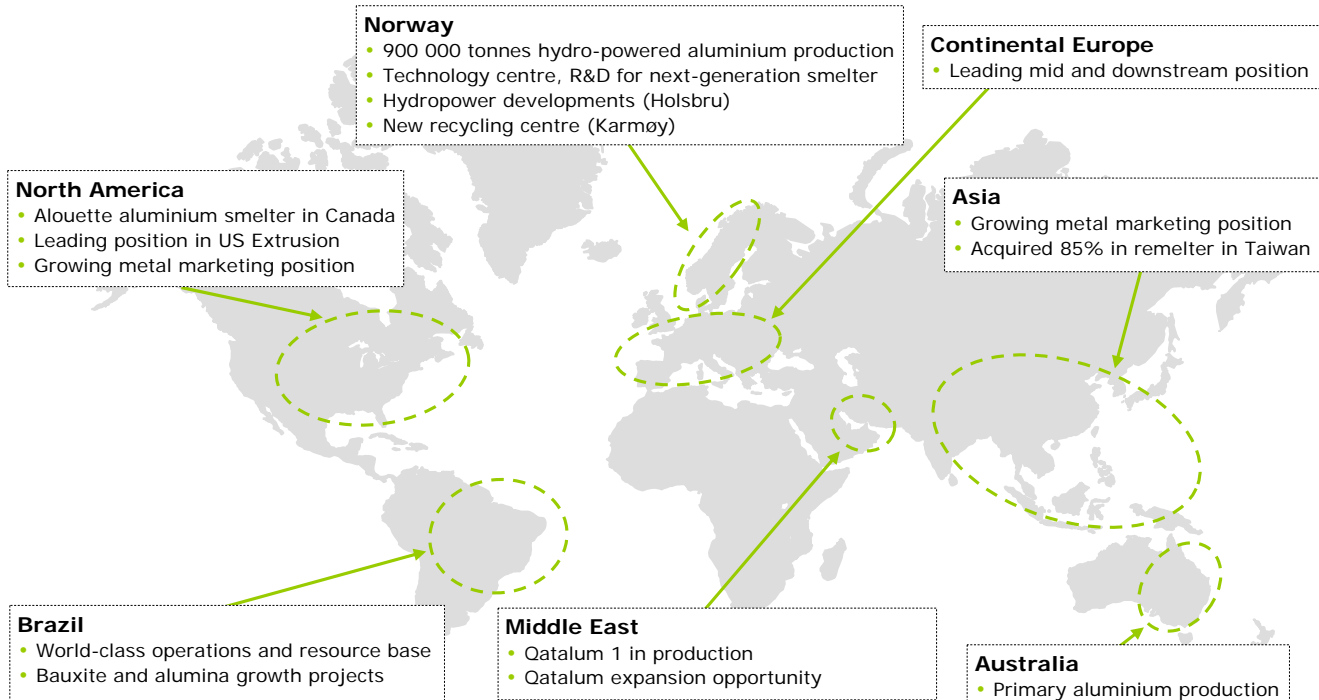
2) Adjustments primarily consist of net pension liability at fair value, operating leases, share of net debt in equity accounted investees and other obligations

Vale and Hydro: joint future commitments

- Vale to be important joint-venture bauxite partner in coming years
 - Competence transfer
 - Relations to local authorities
- Vale becomes second largest shareholder in Hydro
- Vale representative to join Hydro's Board of Directors
- Vale has agreed to
 - Not increase its shareholding
 - Not sell its shares for two years after closing
 - Not sell >10% stake to any single buyer or group following lock-up period








Attractively positioned, global reach



World-class upstream growth pipeline

Strong track-record in project execution

Qatalum aluminium plant Qatar	Hydropower developments Norway	Paragominas bauxite mine Brazil	CAP alumina refinery Brazil	Aluminium and power plant Angola
				
<ul style="list-style-type: none">• Potential for expanding Qatalum from 0.6 to 1.2-1.5 million tonnes• Scale benefits• Utilize next-generation technology, HAL4e	<ul style="list-style-type: none">• Development potential 0.5-1.0 TWh• Utilizing existing concession areas and infrastructure• First planned project: Holsbru (84 GWh)	<ul style="list-style-type: none">• Brownfield expansion from 9.9 to 15 million tonnes• Supply to CAP	<ul style="list-style-type: none">• First-phase capacity: 1.86 million tonnes• Expansion potential to 7.44 million tonnes• 81% owned by Hydro post transaction (20% pre-transaction)	<ul style="list-style-type: none">• Integrated hydropower smelter• Capacity: 450 000 tonnes• Long-term prospect
<p>Contributed by Vale</p>				



A stronger Hydro

- Full bauxite integration
- Long alumina position
- Premier assets across value chain
- Lower break-even
- New know-how
- Technology leadership
- More financially robust
- Greater growth potential