MIND THE GAP

YARA FINANCIAL REPORT 2010

Minding the gap between food demand and crop yields – improving global agricultural productivity

Knowledge grows

GLOBAL GAPS equal challenges. Feeding 9.1 billion people at higher consumption levels by 2050 will require a 70 percent increase in food production – demanding **higher yields /** *page 4–5*. The gap between actual and potential yields must be closed. Meanwhile, there are gaps between required and available **resources /** *page 39* – particularly crop land, fresh water and plant nutrients. Yara also finds business **opportunities /** *page 8* in addressing the gaps related to global risks. Achieving *food security* while battling *climate change* takes improved agricultural productivity. Yara's **innovation efforts /** *page 37* aim to increase knowledge and help tackle the challenges.

READ MORE / YARA'S GLOBAL SETTING /
yara.com/citizenship

READ MORE / YARA'S CARBON GUARANTEE /
yara.com/climate

READ MORE / YARA'S GLOBAL SOLUTIONS /
yara.com/gaps

Who *we are*

YARA INTERNATIONAL ASA is a global company specializing in crop nutrition and industrial solutions. As the world's largest supplier of mineral fertilizer, we help provide food and renewable energy for a growing world population. Our environmental solutions are also used to cleanse the air and eliminate toxic gases.

What *we do*

UPSTREAM is the backbone of Yara's manufacturing system. It includes mass production of ammonia, urea, nitrates and other nitrogen-based products as well as phosphoric acid.

DOWNSTREAM provides a global presence through worldwide marketing and distribution activities. It offers a comprehensive range of fertilizers, knowledge and tools to optimize application and yield.

INDUSTRIAL creates value by developing and selling chemical products and industrial gases to non-fertilizer segments. It works closely with customers to tailor solutions and promote correct handling.

SUPPLY AND TRADE is a global function responsible for global optimization of energy and raw materials purchases, ammonia trade and shipping, maritime logistics, third-party sourcing, and feed phosphates.

Key *facts*

- Established as Norsk Hydro in 1905
- Demerged as Yara International ASA in 2004
- Headquartered in Oslo, Norway
- Listed on the Oslo Stock Exchange
- President and CEO: Jørgen Ole Haslestad
- More than 7,300 employees worldwide

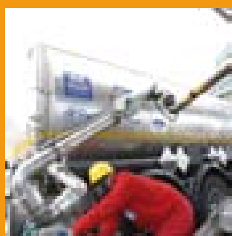
24.5
MILLION TONS

In 2010, Yara produced about 24.5 million tons of ammonia, finished fertilizer and industrial products

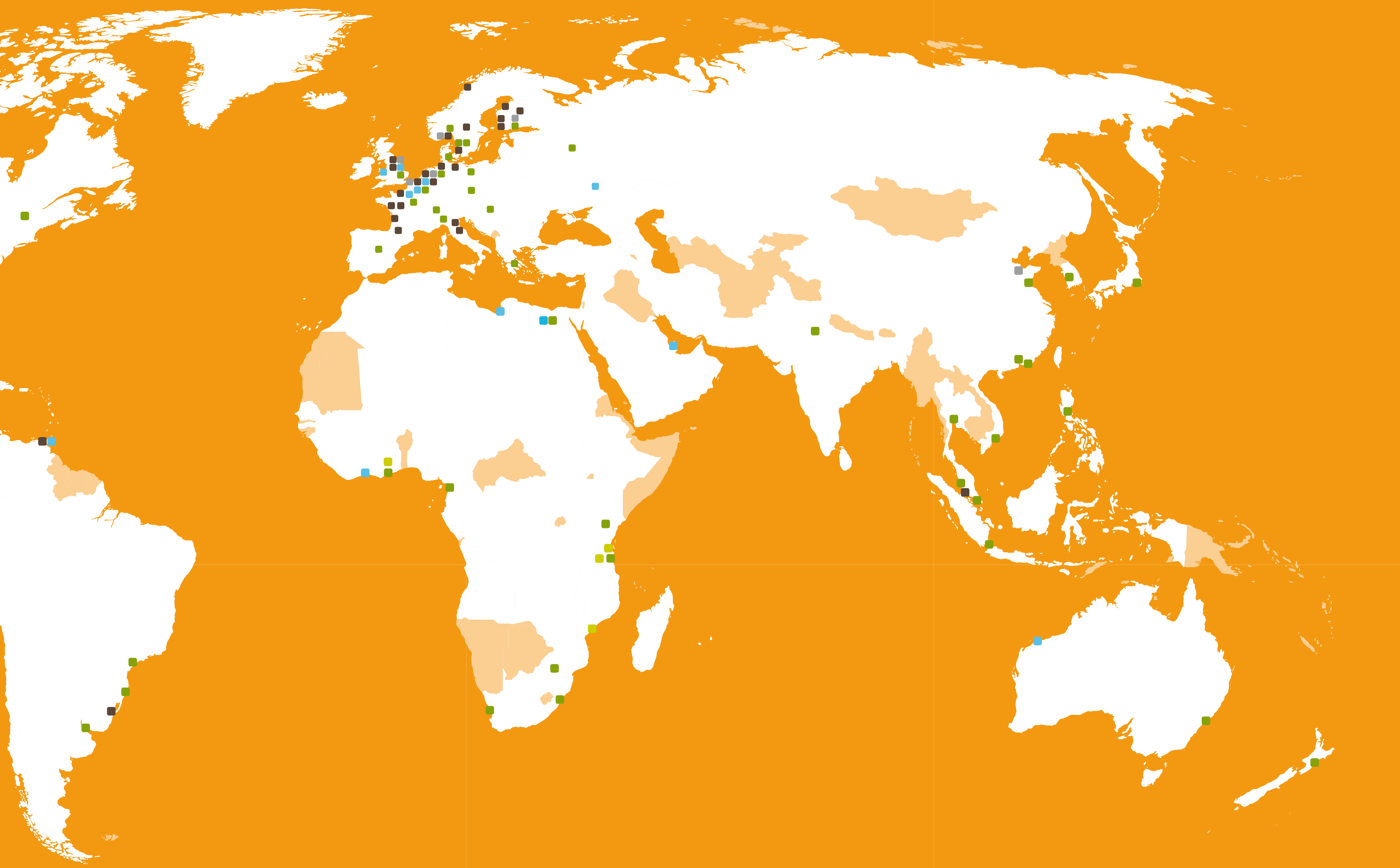
What *we offer*

MINERAL FERTILIZER
We offer the industry's most complete range of crop nutrients, matching the needs of all major food and cash crops.

INDUSTRIAL PRODUCTS
We offer a wide range of nitrogen and specialty chemicals in addition to CO_2, dry ice and civil explosives solutions.



ENVIRONMENTAL SOLUTIONS
We offer a range of complete solutions for NO_x abatement, odor control, water treatment and corrosion prevention.



Where *to find us*

GLOBAL PLAYER: As the industry's only global player, we have production on six continents, operations in more than 50 countries – and sales to about 150 countries.

- Yara plants 2010
- Joint venture plants 2010
- Sales offices 2010
- Sales 2010
- Africa projects
- R&D units

FERTILIZER SALES BY REGION 2010

Thousand tons

- Europe: 10,294
- North America: 2,711
- Latin America: 3,565
- Africa: 1,435
- Asia: 2,271

Our *history*

SCANDINAVIAN PIONEER

Our history started when Norsk Hydro, the world's first producer of chemical nitrogen fertilizer, was established on December 2, 1905. Regular production started at Notodden 1907, with several production plants constructed in Norway: Rjukan 1911; Notodden 1928; Porsgrunn 1929; Glomfjord 1949. Building on fertilizer production, industrial products were developed in the 1930s, including heavy water 1934 and CO_2 1935. We moved abroad, first within Scandinavia, when we opened sales offices in Copenhagen 1919, Stockholm 1945.

EUROPEAN POSITION

Our strong position was established in the 1970s and 80s, acquiring NSM, Netherlands 1979; Supra, Sweden 1981; Fisons, UK 1982; Ruhr Stickstoff, Germany 1984; Windmill/Hamm Chemie, Netherlands/Germany and Cofaz, France, 1986, DMW Rostock, Germany, 1991; Enichem Agricoltura, Italy 1996; Phosyn, UK 1997/2006; Kemira GrowHow, Finland 2007; shares in Rossosh, Russia 2005. We acquired CO_2 plants in Norway 1972, Sweden 1976, Denmark 1978, and opened a new plant in Germany, 2004.

GLOBAL PRESENCE

Our global presence grew with marketing in the USA 1949; a sales office in Rio 1977; a sales partnership in Thailand 1982; an office in Zimbabwe 1985. We expanded outside Europe through investments, incl. Qafco JV, Qatar 1969; Tringen, Trinidad 1991; Adubos Trevo, Brazil 2000; Olmeca, Mexico, 2006; Fertibras, Brazil 2006/07; Saskeferco, Canada 2008, Lifeco JV, Libya, 2009; stakes in Kynoch, South Africa 1999; Burrup, Australia 2005; Balderton, Switzerland 2006/10.

Report *contents*

Overview

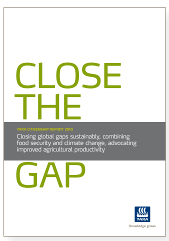
Report of the Board of Directors

Governance

Management dicussion & analysis

Financial statements

YARA REPORTING: This Financial Report, together with the separate Citizenship Report, constitutes Yara's annual report 2010. The former is available in print and on the web; the latter on the web, printable in pdf format. Annual reports and supplementary corporate information are found on *www.yara.com*



How *we performed*

		2010	2009	2008	2007	2006
Financial performance						
Revenue and other income	NOK million	65,374	61,418	88,775	57,486	48,261
Operating income	NOK million	7,467	1,271	12,281	4,987	3,352
EBITDA [1]	NOK million	15,315	5,549	17,917	8,441	6,472
Net income after non-controlling interests	NOK million	8,729	3,782	8,228	6,037	4,188
Investments [2]	NOK million	4,373	6,192	16,040	7,797	4,443
Debt/equity ratio [3]	%	27	56	84	42	33
Cash flow from operations	NOK million	7,093	11,925	3,986	4,305	3,854
CROGI [4]	%	17.4	8.5	22.9	16.1	14.1
ROCE [5]	%	20.6	7.4	29.0	22.4	20.5
Earnings per share [6]	NOK	30.24	13.08	28.27	20.60	13.86
Shareholders' equity	NOK million	35,334	28,863	29,638	21,141	16,034
Share price on OSE	NOK 31 December	337.5	263.70	148.75	251.50	141.75
Social performance						
Employees	Number at year-end	7,348	7,629	7,971	8,173	7,060
TRI rate [7]	Per million hours worked	3.8 [8]	2.7	3.5	3.3	2.8
Environmental performance						
GHG emissions	Million tons CO_2 eq.	13.1 [9]	12.5	16.0	16.4	18.1
Energy use	Petajoule	223	208	207	191	182

Notes

1) EBITDA: Earnings before Interest, Tax, Depreciation and Amortization
2) Investment in property, plant and equipment, long-term securities, intangibles, long-term advances and investments in non-consolidated investees
3) Net interest-bearing debt divided by shareholders' equity plus minority interest
4) CROGI: Cash Return on Gross Investment (12 month rolling average)
5) ROCE: Return On Capital Employed (12 month rolling average)
6) Yara currently has no share-based compensation program that results in a dilutive effect on earnings per share
7) TRI: Number of Total Recordable Injuries per million hours worked.
8) 2006–2009 figures are for Yara employees only, in 2010 Yara also included contractors.
9) Emissions from the JV Lifeco was included in the 2010 figures.

+131%

NET INCOME after non-controlling interests ended at NOK 8,729 million in 2010, up from NOK 3,782 million in 2009.

30.24 NOK

EARNINGS per share reached NOK 30.24 in 2010, compared with NOK 13.08 in 2009.

Our strategic *goals*

1.

PROFITABILITY
Yara's goal is to deliver a Cash Return On Gross Investment (CROGI) of more than ten percent as an average over the business cycle.

2.

RELATIVE COMPETITIVENESS
Yara's goal is to deliver a Gross Return (EBITDA/Total Assets) in the top quartile of a peer group of leading chemical companies.

3.

SOLIDITY
Yara's goal is to retain a mid-investment grade credit rating, i.e. minimum BBB, according to Standard & Poor's methodology.

4.

CASH RETURNS
Yara's goal is that cash return to shareholders should average 40–45 percent of net income, with dividends at a minimum 30 percent over the business cycle. Share buybacks will constitute the rest.

5.

GROWTH IN LOW-COST GAS SUPPLY
Yara's goal is to increase its proportion of production in low-cost gas regions in order to reduce the average production cost of its fertilizer products.

What *we did 2010*

Major financial events:

- Yara signed a cash merger agreement with Terra Industries Inc. in February 2010. Yara chose not to match a superior acquisition bid that Terra received. Consequently, Terra terminated the agreement and paid Yara a break-up fee of NOK 666 million.

READ MORE / *Management discussion & analysis* / **Page** *36*

- Yara entered an agreement with the industrial conglomerate Vale in Q1, to sell its shares in Fosfertil and its stake in the Anitapolis phosphate rock project, Brazil, for a combined gain of NOK 3.7 billion. In Q2, Yara sold Nuova Terni (Italy) and Peremartoni (Hungary) for a net gain of NOK 109 million. The sale of Yara's fertilizer retail activity in South Africa was concluded in Q4, at a price of approx. USD 75 million.

READ MORE / *Management discussion & analysis* / **Page** *36*

- Yara's Annual General Meeting approved of a dividend of NOK 4.50 per share in May and renewed the Board of Directors' authorization to carry out share buybacks.

READ MORE / *Report of the Board of Directors* / **Page** *19*

Major operational events:

- Yara entered the emerging US market for Diesel Exhaust Fluid (DEF; otherwise known as AdBlue), as new emission standards went into force on 1 January, by securing major distribution agreements. Sales of NO_X abatement solutions increased in Europe and we passed the milestone of one million tons of Air1 sold in November.

READ MORE / *Management discussion & analysis* / **Page** *37*

- Yara advanced its engagement in the African region, launching investment opportunities in the agricultural growth corridors at the World Economic Forum (WEF) on Africa in Dar es Salaam, May 2010 and the WEF Annual Meeting in Davos, January 2011. Yara launched a fertilizer terminal project at the port of Dar es Salaam, Tanzania.

READ MORE / *Management discussion & analysis* / **Page** *38*

- 45%

GREENHOUSE GAS EMISSIONS from Yara´s plants have been reduced by 45 percent from 2004 to 2010.

6.

OVERALL GROWTH
Yara has set a goal of doubling its fertilizer sales volumes from the IPO, up to approximately 40 million tons and an average annual growth in the industrial segment of 10–15 percent.

7.

CITIZENSHIP
Yara's goal is to positively address major global challenges, and to pursue industry-leading standards in all our operations and activities.

8.

ENVIRONMENT
Yara's goal is to be among the most energy efficient companies in the industry, and to reduce greenhouse gas emissions by 45 percent from 2004 to 2013.

9.

SAFETY
Yara's goal is to be a leading performer in the area of worker safety, with a targeted accident rate as close to zero as possible.

10.

HUMAN RESOURCE MANAGEMENT
Yara's goal is to optimize the management of its people, to ensure that it continues to have the skilled and engaged workforce it will need to meet future business challenges.

READ MORE / *Strategic goals* / **Page** *42*

CEO JØRGEN OLE HASLESTAD

Record results *in an expanding market*

In 2010, Yara achieved its best results ever, with a net income of NOK 8.7 billion after non-controlling interests. Yara's production facilities ran at optimal capacity, as commodity prices rose sharply, particularly during the second half.

The company performed well in a demand-driven market, recording higher margins for most products. Yara's debt/equity ratio improved from already healthy levels in 2009, reaching an all-time low at the end of year. The company is now in a stronger position to execute its growth strategy, building on its results in 2010.

Yara's growth ambitions are underpinned by its consistently strong earnings. The company has outperformed its target of producing a minimum of 10 percent cash return on gross investment, recording a return of 17.4 percent in 2010. Another strength is Yara's disciplined approach to investment, which was demonstrated in 2010 by our withdrawal when a counterbid eroded the attractiveness of the Terra deal.

Furthermore, Yara's global presence means that the company is positioned to gain synergy effects from acquisitions and other step growth initiatives. This has been demonstrated in Yara's history of profitable acquisitions, a track record that is unrivalled in the fertilizer industry.

In several markets, Yara continued to reposition itself, reflecting a stronger emphasis on own-produced product. This was reflected in Thailand, where Yara began direct distribution of its own products in 2009 and pushed on in 2010, building on the strength of its brands. In Brazil, Yara divested its non-integrated minority position in Fosfertil in 2010, instead entering into a new business model that highlights the company's premium offerings and global strengths.

2010 represented another year with fertilizer consumption developing at a healthy rate. In order to serve this market, increased tonnage was needed from traditional swing producers that historically have set the floor for the urea price. We estimate that a record volume of 9.6 million tons of urea was exported from Ukraine and China in 2010. This volume was driven by consumption development and limited new production capacity. The increase in energy costs in China seems to have lifted the floor price of urea significantly in 2010, which could be important in the event that markets return to supply-driven pricing for nitrogen fertilizers.

The fertilizer markets showed unprecedented volatility, as the food crisis of 2008 was followed by the financial crisis. Between 2009 and 2010, we witnessed another significant swing that underlined the unpredictable nature of our business. The droughts in Russia and other Black Sea countries; heavy rains in Canada, India and Pakistan; and low temperatures and rainy weather across the US, were all important factors driving commodity food price levels.

The Intergovernmental panel on Climate Change (IPCC) has presented research that pinpoints human activity as an important cause of climate change. It is anticipated that global warming will continue, resulting in adverse effects on food production in most regions.

Yara has consistently strived for improved environmental performance, primarily through reductions in greenhouse gas (GHG) emissions. In 2010, we successfully broadened our approach to this area. Yara's new concept of Climate-Compatible Agricultural Growth (CCAG) represents significant progress towards uniting the issues of food security and climate change on the global arena. I personally participated in presenting the World Economic Forum's (WEF) new strategy document, titled "A New Vision for Agriculture", in which Yara and other global corporations across the entire agricultural value chain have pledged to contribute to ambitious goals: each decade, greenhouse gas emissions from agriculture will be reduced by 20 percent, rural poverty will be reduced by 20 percent and production will increase by 20 percent.

Yara is particularly pleased with the outcome of this strategy process in the WEF. The need to increase agricultural productivity and reduce deforestation supports the need to develop fertilizer use, particularly combined with Yara's knowledge, which represents an opportunity for the company.

Apart from the obvious yield failures linked to unfavorable climates, there is ample reason to investigate other limiting factors in the agricultural markets. The substantial price hikes in other

commodities such as coffee, cotton and sugar indicate that there is limited spare land available, and that increasing market demands must be met mostly by using existing fields.

In my view, the volatile prices indicate that the underlying factors of the 2008 food crisis haven't been resolved. The markets will need to focus on agricultural productivity to a much greater extent.

Feeding a future population of nine billion people in 2050 is a momentous global challenge. While food production must increase, it needs to do so without expanding crop land, if it is to avoid worsening the global warming situation. This means that our future food supplies depend on improved productivity: closing the gap between a stagnating yield growth and potential yield.

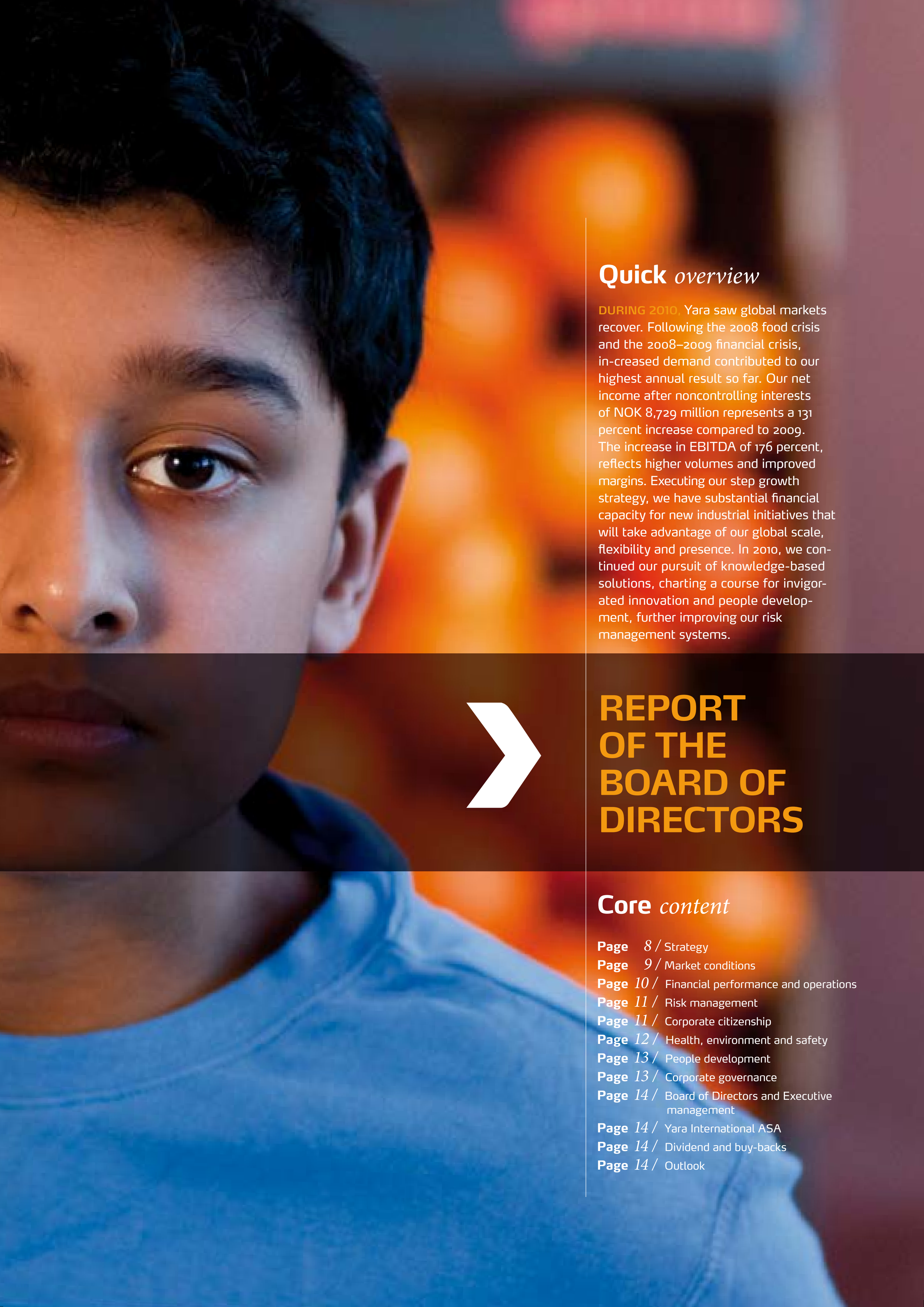
This challenge impacts Yara's business, providing considerable business opportunities. Knowledge, innovation, improved land management and optimized levels of fertilization are some of the key issues we are addressing. With changing dietary habits, population growth and increased prosperity added to the setting, the long term outlook for Yara's products is positive.

JØRGEN OLE HASLESTAD
President and CEO

MIND THE GAP

FOOD DEMAND will increase with *global growth*. A growing world population needs more food; growing affluence drives dietary changes. To meet the demand for food, fiber and fuel, *agricultural output* must be doubled by 2050.

RESPONDING *to the gap* between increasing food demand and stagnating yields, Yara will deliver on its strategy, providing solutions to improve *agricultural productivity*.



Quick *overview*

DURING 2010, Yara saw global markets recover. Following the 2008 food crisis and the 2008–2009 financial crisis, in-creased demand contributed to our highest annual result so far. Our net income after noncontrolling interests of NOK 8,729 million represents a 131 percent increase compared to 2009. The increase in EBITDA of 176 percent, reflects higher volumes and improved margins. Executing our step growth strategy, we have substantial financial capacity for new industrial initiatives that will take advantage of our global scale, flexibility and presence. In 2010, we continued our pursuit of knowledge-based solutions, charting a course for invigorated innovation and people development, further improving our risk management systems.

REPORT OF THE BOARD OF DIRECTORS

Core *content*

REPORT OF THE BOARD OF DIRECTORS 2010

Strong earnings *and growth opportunities*

In 2010, Yara achieved its highest annual result so far, exceeding the previous record year of 2008, as fertilizer demand and prices picked up strongly, following tightening of the global agricultural markets.

The Board of Directors anticipates that the long-term fundamentals of fertilizer demand will remain strong, as a growing and increasingly prosperous population improves its diet. More and better fertilizer usage will be crucial in the quest for sustainable improvement in agricultural productivity. With its global market presence and product portfolio, Yara is well positioned to meet the demand for greater agricultural productivity and to take on the growing challenges of climate change, air pollution and water scarcity.

Yara's growth ambitions are well founded, building on an attractive market, a proven track record and a scalable business model. However, we will continue to be patient in pursuing growth, aiming to pick the best opportunities at the right time.

STRATEGY

Yara is a chemical company that focuses on the production, distribution and sale of nitrogen chemicals. The main application is fertilizers, while industrial uses are also an important and faster-growing segment. Yara employs its scale and flexibility to ensure reliable supplies of mineral fertilizer and related industrial products to customers worldwide.

Yara benefits from scale: it is the world's largest producer of ammonia, nitrate and complex fertilizer, and carries out more than a quarter of global ammonia trade. Historically, the backbone of Yara's production system has been located in Europe. However, the company's growth projects in recent years have extended its presence into other markets and regions around the world.

Yara has developed a global presence unrivalled in the fertilizer industry. Our global distribution and marketing network includes more than 200 terminals, warehouses, blending plants and bagging facilities located in more than 50 countries. Yara possesses a knowledge margin in the market, based on its insight in local markets, close customer relations, agronomic expertise and ability to develop new product offerings from its existing production base.

Building on its extensive knowledge base, Yara stepped up its innovation efforts in 2010. The company's R&D has created innovative crop nutrition concepts and environmental solutions that position Yara well in growing markets. In the future, innovation will drive Yara's ability to thrive on the business opportunities involved in solving major global challenges, such as those of food security and climate change. One element of this is the need for innovative concepts that can close the growing gap between food demand and supply, for a future global population of more than nine billion. Closing the existing yield gap and doubling agricultural production by 2050 requires improved agricultural productivity – based on sustainable, knowledge-based solutions. In 2010, Yara's R&D costs were NOK 102 million, compared with NOK 88 million in 2009.

Yara's business model has built-in flexibility that enables it to respond quickly to changing market conditions. The majority of Yara's operational cash cost is variable, as purchases and plants are adjustable on short notice in the event of delivery slowdowns. Increased energy costs in Europe can be mitigated by importing instead of producing ammonia: Yara is the global leader in ammonia trading and shipping and most of the company's European production facilities have access to deep-sea import/export terminals for ammonia. Yara also has the world's largest fertilizer storage capacity. This means that the company can build up stocks before peak periods, to cope with delivery volatility and take advantage of geographical arbitrage opportunities.

Yara has firm growth ambitions. Our ambition to continue to realize profitable growth is based on the fact that we have consistently generated strong earnings throughout the business cycle. We have a scalable business model enabling synergies where growth would further improve optimal utilization of our marketing and distribution system. Since its launch as an independent company in 2004, Yara has demonstrated an industry-leading track record in acquisitions and green/brownfield investments.

Going forward, Yara's focus on growth opportunities will remain combined with strict valuation and capital discipline. When we evaluate growth projects, we always begin by assessing the synergies we can potentially create, compared to what we believe competitors could produce. During valuation, we carefully consider our market and cycle assumptions, compared to estimates of the seller's and alternative buyers' views. Timing is essential in creating value from acquisitions, and we combine a continuous search for projects with patience and discipline in execution. Yara's growth initiatives focus on increasing the company's production in low-cost regions, expanding its presence in high-growth markets and participating in consolidation in mature markets.

Yara's production in competitive gas areas will further increase with the ongoing Qafco-5 expansion project, which started in 2007 with the construction of two world-scale ammonia plants and a world-scale urea plant in Qatar – at a total cost of USD 3.2 billion, expected for completion in the fourth quarter 2011, and the Qafco-6 project adding another world-scale urea plant at a cost of USD 610 million, with completion expected fourth quarter 2012. Yara has a 25 percent ownership share in Qafco and currently markets at least 50 percent of the company's urea production.

A new world-scale urea plant to replace old assets is expected to start up at the Sluiskil production site in the Netherlands in June 2011, for a total investment cost of EUR 400 million. The plant will increase Yara's urea capacity by approximately 500,000 tons urea per year. It takes advantage of urea upgrading margins on excess ammonia capacity in Sluiskil. The new plant will also improve the site's energy efficiency, environmental performance and maintenance costs.

Yara continued to deliver on its growth ambitions during 2010: In January 2010, Yara acquired the remaining 51 percent ownership in Balderton Fertiliser for NOK 560 million, cash excluded. Balderton is a leading European fertilizer trading company that traded 2.9 million tons of fertilizer products in 2009.

In May 2010 Yara sold its 15.5 percent ownership in Fosfertil in Brazil for USD 785 million to Vale, giving Yara a profit before tax of approximately NOK 3,578 million. Brazil remains an important growth market for fertilizer and Yara, but a minority position in Fosfertil did not provide the desired level of operational integration with Yara's fertilizer marketing in Brazil, a marketing activity that Yara will continue to develop.

MARKET CONDITIONS

The price level of agricultural commodities has reached historically high nominal levels. Grain stocks have been falling sharply and prices have increased, triggered by lower grain production, particularly in the former Soviet Union (FSU). The drought in the FSU primarily affected wheat and barley production. However, tighter supply and demand balances for most other agricultural crops, including sugar, cotton and coffee, clearly demonstrate that the challenges to supply go beyond the problems in the FSU.

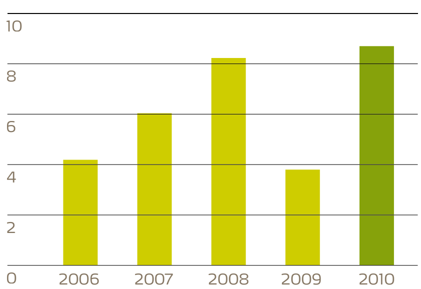
The year started with a relatively strong first quarter in the global nitrogen market, due to just-in-time purchasing by many key markets during the 2009/10 season. The market turned supply-driven during the second quarter, with production curtailments forced on the highest cost producers, including the Ukraine. From June on, prices increased every month, driven by increased demand as agricultural markets tightened. The global nitrogen market again turned demand-driven, with all producers outside China aiming to operate at full capacity.

The increased demand was primarily supplied by higher Chinese urea exports and increased production levels in the Arab Gulf. China exported a record 7.0 million tons of urea in 2010, compared to 3.3 million tons the year before. Roughly half of that volume was exported in the fourth quarter, due to attractive export prices. Urea production in China declined sharply during the second half of 2010, due to higher coal costs, gas shortages and stricter energy efficiency and emissions regulations.

NPK volumes and margins recovered from a weak situation in 2009, when production was curtailed due to lower farmer appli-

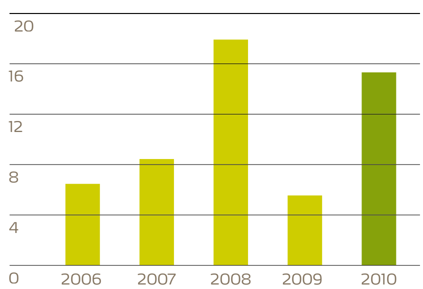
NET INCOME AFTER NON-CONTROLLING INTEREST

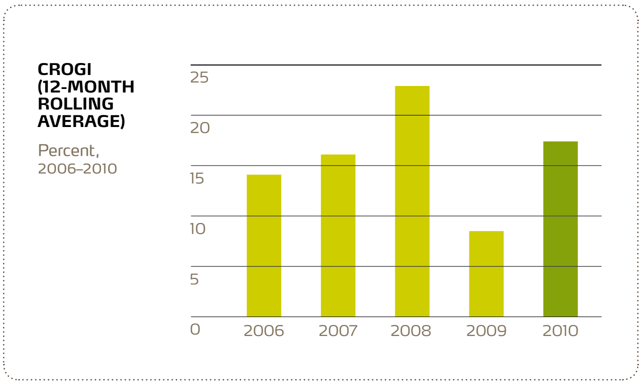
NOK billion, 2006–2010

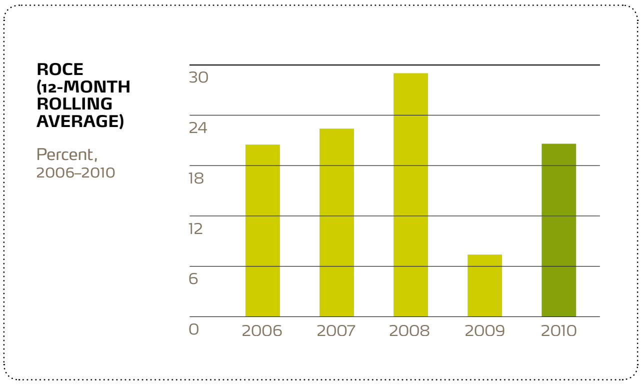


EBITDA

NOK billion, 2006–2010







cations of phosphate and potash. European nitrate markets also improved strongly with demand increasing following a grain price rise, while supply was limited with low inventories and no new production capacity.

Nitrogen sales for industrial applications have recovered from the decline that followed the financial turmoil of 2008. A major growth area is products for NO_X-abatement of truck emissions, which was initiated by new European legislation in 2006. Legislation along the same lines was implemented in the USA early in 2010, creating a new and rapidly growing market for Yara's products. The trend remains strong, with more countries preparing similar regulations.

The broad economic recovery, along with recent unrest in North Africa and the Middle East, has increased European oil and gas costs significantly compared to one year ago. Elsewhere, North American fertilizer production continues to benefit from lower gas prices following the development of new domestic non-conventional gas resources.

FINANCIAL PERFORMANCE AND OPERATIONS

Net income after non-controlling interests was NOK 8,729 million (NOK 30.24 per share) in 2010, up from NOK 3,782 million (NOK 13.08 per share) in 2009. Yara's after-tax measure for return on capital, CROGI (cash return on gross investment), was at 17.4 percent compared to a target of minimum ten percent average over the business cycle. Operating income was NOK 7,467 million, up from NOK 1,271 million in 2009. EBITDA increased to NOK 15,315 million, from NOK 5,549 million in 2009. Yara's revenue and other income was NOK 65.4 billion in 2010, up from 61.4 billion in 2009.

Yara's 2010 results improved significantly from 2009 due to higher prices and margins, as well as positive non-recurring items. Overall fertilizer deliveries were in line with 2009, with a small increase in European volumes, while sales outside Europe were slightly lower. Average realized nitrate prices were approximately 14 percent higher than last year, while realized urea prices increased eight percent. The major positive non-recurring items were the sales gain from Yara's minority ownership in Brazilian phosphate producer Fosfertil and the break-up fee received at the termination of the Terra merger agreement.

The Downstream segment delivered an EBITDA of NOK 7,796 million, a strong result as margins improved and sales to core markets increased. Global fertilizer sales were in line with 2009, as higher NPK and urea sales offset lower nitrate sales.

The Industrial segment delivered strong results with an EBITDA of NOK 1,135 million, down nine percent from 2009 despite a 13 percent volume increase, as margins declined due to increasing ammonia prices during 2010.

The Upstream segment delivered an EBITDA of NOK 5,975 million, a strong result reflecting an increase in both production volumes and product margins compared with 2009. Higher product prices more than offset the negative effect of higher energy cost.

Net cash from operating activities in 2010 was NOK 7,093 million, reflecting strong earnings as the market situation improved for Yara's products. Net cash from operating activities in 2009 was NOK 11,925, reflecting lower cash earnings than in 2010, but a substantial reduction in net operating capital following the inventory build up late 2008 when financial turmoil slowed-down sales. Net cash from investment activities for 2010 was NOK 524 million, a positive cash flow due to proceedings from the sale of the minority position in Fosfertil.

Yara strengthened its financial position during 2010. The debt/equity ratio decreased from 0.56 to 0.27 due to strong earnings and Fosfertil sale. Yara's net interest-bearing debt at the end of the year was NOK 9,540 million, while total assets equaled NOK 65,464 million.

Total equity attributable to shareholders of the parent company as of 31 December 2010 amounted to NOK 35,185 million. At the end of the year, Yara had NOK 2,946 million in cash and cash equivalents and approximately NOK 9,600 million in undrawn committed bank facilities. We consider the company's cash and financial position to be strong.

In the opinion of the Board of Directors, the consolidated financial statements provide a true and fair view of the group's financial performance during 2010 and financial position at 31 December 2010. According to section 3–3 of the Norwegian Accounting Act, we confirm that the consolidated financial statements and the financial statements of the parent company have been prepared based on the going concern assumption, and that it is appropriate to make that assumption.

Subsequent events
Yara's jointly controlled entity Lifeco has temporarily suspended its operations due to the recent unrest in Libya. At this point in time, Yara has no information about material physical damage or depletion of Lifeco assets.

During 2010, Yara initiated legal action against the 35 percent Yara-owned joint venture in Burrup, Australia, after it had blocked attempts to allow an independent auditor to undertake a full inspection of their accounts. Yara believed the inspection was necessary to address a number of concerns, including high cost levels, a persistent lack of transparency and adherence to corporate governance principles and serious allegations raised by the media of misuse of Burrup funds. In December 2010, the main financier appointed receivers and managers to the assets. Included in Yara's share of net loss in 2010 is NOK 165 million share of impaired balance sheet items in the Burrup joint venture accounts following the Yara-initiated investigations. In March 2011 the receiver lodged a AUS 115 million claim against the majority owner and related parties to him due to financial irregularities.

RISK MANAGEMENT

Yara's total risk exposure is analyzed and evaluated at corporate level. Risk evaluations are integrated in all business activities, both at corporate and business unit level, increasing Yara's ability to take advantage of business opportunities. Yara's most significant market risk is related to the margin between nitrogen fertilizer prices and natural gas prices. Although there is a positive long-term correlation between these prices, margins are influenced by the supply/demand balance for food relative to energy.

The Board carries out annual reviews of the company's most important areas of exposure to risk and its internal control arrangements. Reference is made to page 26–29 in the annual report for a more comprehensive description of Yara's risk and risk management.

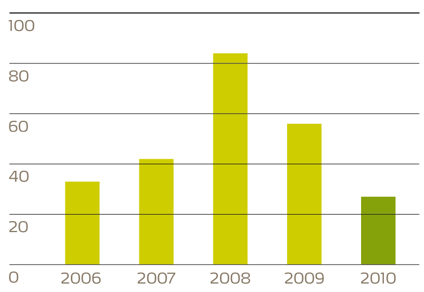
CORPORATE CITIZENSHIP

Corporate citizenship is Yara's approach to performing responsibly and to developing and conducting its business sustainably. The Citizenship approach is integrated into Yara's core business. The basis of the strategy is an analysis of megatrends affecting the business environment and society. Economic growth and an increased global population are key drivers of both global challenges and Yara's core business. Globalization and urbanization challenges markets, agricultural development and raises concerns about environment and health aspects.

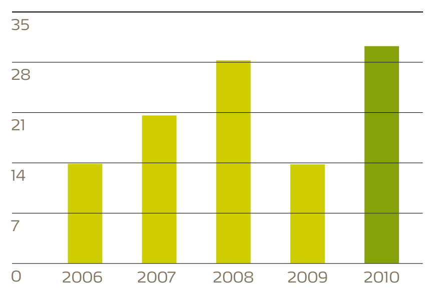
While Yara's business is clearly affected by these megatrends, they also generate business opportunities. Yara leverages its position as the leading global fertilizer company, with extensive knowledge within crop nutrition and industrial and environmental solutions, to address global challenges.

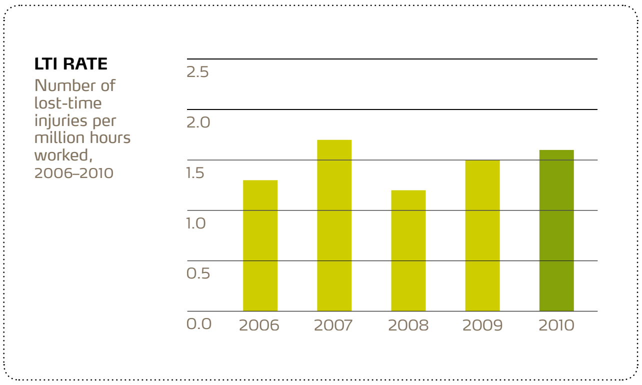
Utilizing Yara's agricultural knowledge and global scale, the company has entered into several large scale partnerships, aiming at increased agricultural productivity. The Board of Directors recognizes the key progress being made in 2010 and early 2011 within the agricultural growth corridors in Mozambique and Tanzania, where Yara teamed up with government and private sector partners to presented blueprints for investment with a 20-year scope. The ambition of these efforts is to increase productivity and enhance market conditions to lift more than three million people out of poverty. Adding to this food security agenda, Yara participated at board level in the development of the World Economic Forum's (WEF) "New Vision for Agriculture" strategy framework. The initiative, co-developed by 17 global corporations across the food value chain, aims to reduce rural poverty, decrease emissions of greenhouse gases (GHG) and simultaneously increase food production by improving the agricultural sector.

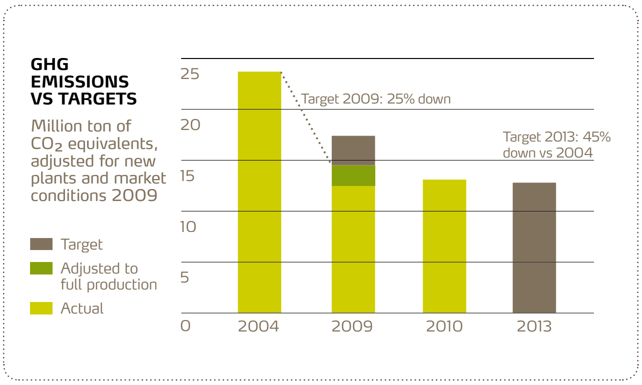
DEBT/EQUITY RATIO
Percent, 2006–2010



EARNINGS PER SHARE
NOK, 2006–2010







Through this strategy document, WEF has taken an important step towards linking the food security agenda to the climate change agenda, matching Yara's own efforts on the global arena. In 2010 Yara also launched its first fertilizer that included a Carbon Footprint Guarantee. This product enables farmers to reduce the climate impact of crop production, in addition to demonstrating Yara's leading position on the issue of GHG emissions.

Yara has committed to the UN Global Compact and its ten principles. Through the company's Code of Conduct and Ethics handbook, these principles are managed internally. In 2010, Yara has also established ethical principles for the company's supply chain.

In 2010, Yara also began efforts to strengthen the strategic foundations of its sustainability approach. For more details on Yara's policies and performance, the Board refers to the online reporting web pages, in line with the Global Reporting Initiative G3 guidelines.

HEALTH, ENVIRONMENT AND SAFETY

A strong track record places Yara among the industry leaders with respect to health, environmental and safety performance. Yara believes every accident is preventable. This is the basis for a focused safety program within the company. Similarly, environmental challenges, particularly those relating to greenhouse gas emissions, are key elements of Yara's activities in the field of health, environment and safety.

In 2010, Yara achieved an LTI rate (lost-time injuries per million hours worked) of 1.6 for employees and contractors combined, up from 1.5 in 2009. The accident rate is a third of the average LTI rate for European fertilizer producers. The TRI rate (total recordable injuries per million hours worked) for Yara employees and contractors combined was 3.8. The TRI rate includes lost-time injuries, restricted work cases where the employee was allowed to carry out work that was different from their normal duties, and medical treatment cases. Absence due to sickness at Yara's production plants was 3.5 percent in 2010, down from 4.3 percent in 2009. Joint venture companies are included in the statistics, in cases where Yara has operational responsibility. In 2010, the performance of the JV company Lifeco in Libya has been included for the first time.

Yara experienced three fatal accidents in 2010. At Lifeco, an explosion occurred in a heat exchanger during the turnaround of an ammonia plant, resulting in the loss of two contractors' lives. A supervisor was hit by a truck and died at a feed phosphate plant in South Africa, while in Ghana a contractor died from electrocution at a Yara downstream warehouse.

Yara recognizes the severity of such incidents and that they should not occur. The company has strengthened its skills and training requirements for operators, engineers and leaders. Yara is also continuing to implement BBS (Behavior Based Safety) in newly acquired plants and has introduced regular Toolbox meetings for shifts and teams that focus purely on safety. We have strengthened the follow-up processes for the safety performance in our downstream and expect that these initiatives will bring us closer to our ambition of eliminating accidents.

In response to climate change, Yara continues to reduce its carbon footprint. The company's total GHG emissions are now reduced by 45 percent compared to 2004, adjusting for plants acquired and closed since that time, reaching the 2013 target ahead of time. Most of Yara's nitric acid plants are covered by the EU ETS (Emission Trading System) or by the UN Joint Implementation Mechanism.

In 2010 Yara became the first fertilizer company to launch a campaign focusing on the carbon footprint of its products. The campaign, which has been focused on the Nordic region, supports the need of the Swedish food industry to meet local requirements for climate branding of food products.

Yara's total energy consumption in production in 2010 was 223 million GJ. This is an seven percent increase from 2009. However, energy consumption per ton of finished product decreased by four percent from 2009 to 2010.

Yara's operations are subject to many environmental requirements under the laws and regulations of the various jurisdictions in which the company conducts its business. Such laws and regulations govern, among other matters, air emissions, wastewater discharges, solid and hazardous waste management, product labeling, transportation of hazardous materials and remediation of past activities. Yara has successfully completed the registration of substances under the REACH Regulation (registration, evaluation, authorization and restriction of chemicals), and is now revising the packaging and labeling for compliance with national and international requirements.

In 2010, no material legal claim was made against Yara regarding environmental issues.

Yara has a number of facilities that have been operated for long periods of time. Subsurface impact to soil and groundwater and other conditions are common to such sites. They may require remediation or generate liabilities under the laws of the jurisdictions in which the facilities are located. Yara examines such impacts where they are apparent and executes remediation or containment procedures, in coordination with the appropriate authorities. Provisions of NOK 181 million have been made for other clean-up activities of former activities on several locations, of which NOK 63 million were allocated in 2010.

PEOPLE DEVELOPMENT

Yara has revised its global human resource delivery model. The move strengthens the company's ability to secure the skills and expertise that it requires to respond to new challenges and deliver on its business goals. In 2010, Yara successfully implemented a Global HR Function and moved towards a business-focused framework with customer segmentation. HR Functions were introduced to address the needs of the Yara organization, managers and employees.

The company launched a Talent Management Framework during 2010. The framework provides a consistent and replicable approach for identifying, supporting and nurturing talent and performance across the business. It also supports Yara's business strategies and plans by ensuring that the company has the right talent in all positions. One of the key features of the framework is the implementation of a transparent internal job market that simplifies the task of identifying the right talent, while also supporting employees in their efforts to develop their careers.

Yara had 7,348 employees at the end of 2010, a net reduction of 281 from 2009 despite the company's continued global growth. The reduction was primarily due to the closure of the retail business in South Africa, and synergies in Brazil, Finland and France. As a global company operating in over 50 countries, Yara has a highly diverse workforce that is one of the company's strengths. We aim to secure the best talent in all our markets, creating a global talent pool of diverse nationalities, backgrounds and cultures.

Throughout our operations around the world we seek to engage the employees' talents regardless of their age, gender, race, ethnicity, disability or sexual orientation. At Yara, people are recognized and valued for the contribution they make to the business.

We believe that a diverse workplace that develops and utilizes all the talent available to it, benefits our individual employees around the world, as well as the company and its shareholders. It enables us to better understand and relate to our customers and suppliers, and to function effectively within a variety of legal frameworks and national cultures. A well-managed, diverse workforce is also a source of greater creativity and innovation. It increases our organizational flexibility, as well as our ability to respond to and anticipate new business opportunities and challenges.

This diverse workforce is united by our four core values of Ambition, Trust, Accountability and Teamwork. These values drive the way Yara operates, assesses performance, and selects and develops leaders.

Emerging demographic trends in many important markets point to the need to ensure that we can successfully attract and retain an increasing number of women. Women today make up a significant percentage of university graduates and in some countries they are the majority. Yara operates in a traditionally male-dominated industry. Women represent approximately 20 percent of Yara's total workforce. To employ the full range of skills and abilities available to us, Yara must be able to engage the talent of female employees to a much greater extent than in the past. We aim to intensify our efforts to create a workplace and culture that will enable us to successfully attract, retain and develop an increasing number of women within critical roles at the company.

CORPORATE GOVERNANCE

Proactive and transparent corporate governance is crucial for aligning the interests of shareholders, management, employees and other stakeholders. Yara believes that good corporate governance drives sustainable business conduct and long-term value creation. Yara exercises corporate governance in a manner representative of an ambitious and responsible multinational company. The company has established corporate governance practices tailored to the specific challenges it faces as the leading global fertilizer company. Yara's Board of Directors has decided to comply with the latest version of Norwegian Code of Practice for corporate governance, dated 21 October 2010. The Code has stricter requirements than mandated by law.

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

Yara's Board held twelve meetings in 2010. Three of the eight Board members are women. The board is made up of five shareholder elected members and three employee-elected members. Four out of five of Yara's shareholder-elected members were re-elected for two years in 2010 and Hilde Merete Aasheim was elected as new board member. The five shareholder-elected members all have extensive line management experience from international industrial companies. Two of the three employee-elected Board members were re-elected in February 2011 and Kristine Haukeli was elected as new board member.

Yara has decided to not constitute a corporate assembly. Consequently, the Board of Directors is directly responsible to the General Meeting and the shareholders. A Compensation Committee was established in April 2004 and an Audit Committee was established in December 2006.

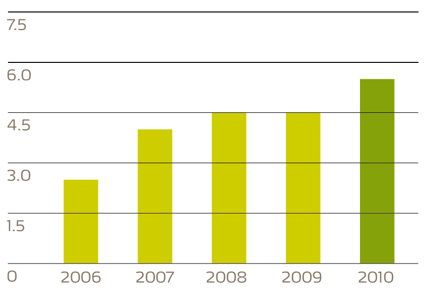
YARA INTERNATIONAL ASA

The parent company, Yara International ASA, is primarily a holding company, with financial activities and only non-material operations. Yara International ASA had net income of NOK 4,697 million in 2010, up from NOK 2,180 million in 2009 after dividends and group relief from subsidiaries of NOK 3,799 (NOK 21 million in 2009) and recognition of the Terra break-up fee of NOK 666 million. Net foreign exchange gain was NOK 325 million compared to NOK 1,733 million in 2009.

DIVIDEND AND BUY-BACKS

Yara expects to return 40–45 percent of net income to its shareholders, measured as the sum of dividends and share buy-backs, averaged over the business cycle. As long as Yara can maintain profitability at the attractive level achieved since the IPO, a dividend level that restricts Yara's growth will not be desirable. Yara's dividend policy is to pay out a minimum 30 percent of net income as an average over the business cycle. Yara believes it will be beneficial for shareholders for the Company to strive for a gradual increase and predictability in the absolute dividend level over time, independent of the business cycle.

DIVIDENDS
NOK per share, 2006–2010



The Board proposes a dividend of NOK 5.50 per share, a 22 percent increase from last year, totaling a payment of NOK 1,584 million based on outstanding shares at date this financial statement was authorized for issue. Combined with the positive result in Yara International ASA and other effects, this means an increase in equity of NOK 3,008 million. Distributable equity in the parent company, as of 31 December, 2010 was NOK 4,758 million after proposed dividend.

Yara will use share buy-back programs when certain conditions are met. Share buy-backs are more flexible than dividends. For most shareholders, buy-backs also provide tax advantages compared to dividends. In 2010, Yara bought back 450,000 shares for a total of NOK 115 million.

In total Yara paid out NOK 1,415 million in 2010 in dividends and share buy-backs, representing 37 percent of net income in 2009. The proposed 2010 dividend represents 18 percent of net income and 27 percent of net income excluding net foreign exchange gains and special items.

OUTLOOK

Global agricultural markets are strong. Agricultural commodity prices increased through the second half of 2010 and into 2011 as demand prospects remained strong while increased concerns were raised about agricultural supply, following weather-related setbacks. The FAO food price index has surpassed the earlier peak of spring 2008. With the price increases linked to a broad range of agricultural products, there are even stronger and more robust incentives to increase land productivity.

The improved agricultural prices have led to a strong increase in fertilizer demand. Nitrogen fertilizer deliveries in Western Europe for the first half of the 2010/2011 season are 13 percent ahead of last season, but still four percent behind the 2007/2008 season, when farmers also had strong incentives to increase fertilizer application. To match the 2007/2008 season, deliveries in the second half of this season would need to be 20 percent higher than last year.

The supply situation of nitrogen fertilizer on the global market is tight. At current prices, global nitrogen fertilizer producers outside China have incentives to run at full capacity. China has announced a 110 percent urea export tax effective from 1 December 2010 until the end of June 2011. Lower production and higher exports have led to a 25 percent reduction in urea deliveries to the Chinese domestic market during the second half of 2010. It is hard to see this drop being sustainable, supporting strict export policy enforcement for the remainder of the season. Adding to the potential shortfall, no new export capacity is expected to start up early enough to supply demand for the current season.

Nitrate fertilizer prices have increased substantially in early 2011 and deliveries are running well, improving earnings prospects. In addition to a tight global nitrogen market, the nitrate premium over urea continues to be supported by low inventories and production constraints.

Based on current nitrogen pricing levels, Yara aims to run its fertilizer production facilities at full capacity. Yara will add production capacity in 2011, with the urea expansion in Sluiskil, the Netherlands, expected on-stream in June and the Qafco-5 ammonia and urea start-ups at our Qatarian JV expected in the fourth quarter.

Tight markets for agricultural commodities with low price elasticity have potential for substantial price volatility. More weather-related setbacks could further increase short-term demand, while a significant drop in agricultural prices, e.g. in the event of improved harvest prospects, could produce a temporary slowdown in fertilizer deliveries. However, a substantial harvest increase in the 2011/12 season is needed merely to avoid a further decline in inventories, due to the recovery needed to compensate for the 2010/11 harvest shortfall.

A major part of Yara's dry raw material purchases are re-negotiated yearly. While these costs over time normally are recovered in Yara's finished fertilizer sale prices, a smaller negative impact is expected in Yara's results 2011 compared 2010, particularly due to increasing phosphate rock prices through 2010.

Unrest in the Middle East and North Africa has increased crude oil prices and thus raised the cost of the one-third of Yara's European oil and gas purchased at prices directly linked to crude oil rates. Our Libyan JV has temporary stopped production, as a result of the unrest.

Based on current forward markets for oil products and natural gas, Yara expects its energy costs to increase significantly from 2010 to 2011.

The necessary level of investment needed to maintain current capacity and implement basic productivity investments is estimated to be NOK 1,800–2,000 million per year.

The Board of Directors of Yara International ASA
Oslo, 22 March 2011

Øivind Lund
Chairperson

Elisabeth Harstad
Board member

Leiv L. Nergaard
Board member

Hilde Merete Aasheim
Board member

Bernt Reitan
Board member

Geir O. Sundbø
Board member

Kristine Haukalid
Board member

Svein Flatebø
Board member

Jørgen Ole Haslestad
President and CEO

MIND THE GAP

LAND CONSTRAINTS will require *better yields*. Future demand for agricultural products must be met without turning more forests into farmland, which would drive global warming. Improved productivity is the *sustainable alternative*.

REALIZING *the complexity* and risks of global developments, Yara takes an inclusive approach to risk management and a long-term approach to *value creation*.

Quick *overview*

DURING 2010, Yara continued to apply best practice corporate governance throughout the organization, which is one of the five core elements of the company´s Leadership Agenda. We revised and enhanced the risk management system that was implemented in 2009, raising risk awareness across all business segments and expert organizations. We also implemented our Ethics Program, which is designed to strengthen our focus on ethical conduct and responsible business behavior. Roughly 80 percent of all our employees participated in ethics training in 2010, Training sessions will continue in 2011, aiming to cover all employees.

GOVERNANCE

Core *content*

Board *of Directors 2010*

Øivind Lund

Chairman of the Board since 2004 / Chairman of the Compensation Committee

Dr. Lund (born 1945) has broad international industrial experience, having held the position of President and Country Manager of ABB Holding AS, Turkey 2003–06; Senior VP and Group Function Manager, ABB Asea Brown Boveri Ltd, Switzerland 2001–03; President of ABB AS, Norway 1998–2001. Previously, he held senior management positions with ABB National Transformer AS, Norway; ABB Transformers AB, Sweden; Tanelec Ltd., Tanzania, and National Industri AS, Norway. He holds an MSc and a Ph.D. degree in Electrical Engineering from the Norwegian Institute of Technology (NTH) and a degree in Industrial Economy from BI Norwegian School of Management. Dr Lund is Chairman of the Board of Maracc ASA.

Leiv L. Nergaard

Member of the Board since 2004 / Chairman of the Audit Committee

Mr. Nergaard (born 1944) is a partner in the consulting company Norscan Partners AS, Norway. He has held several senior management positions within Norsk Hydro ASA, including CFO of Hydro, 1991–2002; CEO of Hydro, Germany 2002–03 and advisor to Hydro corporate management, 2003–06. He holds a degree in Business Economics from the Norwegian School of Economics and Business Administration (NHH). He is a board member of Endeavour International Corporation, Houston, as well as Chairman of the Board for some smaller companies. Mr. Nergaard is vice chairman of the board of the Norwegian-German Chamber of Commerce.

Elisabeth Harstad

Member of the Board since 2006 / Member of the Compensation Committee

Ms. Harstad (born 1957) is Senior VP and Managing Director of DNV Research & Innovation, Norway, responsible for strategic research and innovation activities since 2006; previously responsible for the DNV business area Technology Services, 2002–06; at DNV Consulting 2001; planning, development and marketing in DNV's oil, gas and process industry segment, 1999–2000; senior management positions in environment and safety consulting services at several DNV units, 1993–98. She holds an MSc degree in Engineering from the Norwegian Institute of Technology (NTH). Ms. Harstad is a board member of KapNord and TGS-NOPEC.

Bernt Reitan

Member of the Board since 2009 / Member of the Audit Committee

Mr. Reitan (born 1948) was Executive Vice President (EVP) and member of Alcoa's Executive Council until he retired in 2010. Reitan had management responsibility for Alcoa's Global Primary Products Group and Alcoa's Materials Management (metal purchasing, trading and transportation). Prior to joining Alcoa, where he held several key management positions before being elected EVP in 2004, Mr. Reitan held a series of positions at Elkem ASA, Norway, including Corporate Management 1988–2000 and Managing Director of Elkem Aluminium ANS from 1988. He holds an MSc degree in Civil Engineering from the Norwegian Institute of Technology (NTH). Mr. Reitan serves on the board of Royal Caribbean Cruise Lines and REC ASA, and he is Co-Chair of the board of the American Scandinavian Foundation (ASF) in New York.

Hilde Merete **Aasheim**

Member of the Board since 2010 / Member of the Audit Committee

Mrs. Aasheim (born 1958) is Executive Vice President (EVP), Primary Metal in Hydro. Prior to that she served as EVP for the Aluminium Metal business area in the same company. Aasheim joined Hydro in October 2005 as EVP for Leadership and Culture (human resources, health, environment, safety and corporate social responsibility). When Hydro's oil and gas activities were merged with Statoil in 2007, Aasheim headed the integration process. Between 1986 and 2005, she held several senior positions in Elkem. In 2002, she was head of Elkem's Silicon division and a member of the corporate management board. Aasheim holds a Master's degree in business economics from the Norwegian School of Economics and Business Administration in Bergen and is also an accredited public accountant. Aasheim has also work experience with Arthur Andersen & Co.

Geir O. **Sundbø**

Member of the Board since 2010

Mr. Sundbø (born 1963) has been a Yara (Hydro) employee since 1987. He has been actively engaged in union matters in the Porsgrunn plant since 1989. He is deputy chairman of the local union chapter in Herøya Industripark Porsgrunn and union chairman of Yara Porsgrunn. He is also a member of the executive committee of the IndustriClusteret Grenland (ICG). Sundbø has been a certified TQM supervisor since 1990. Since 2009, he has been secretary of the European Work Council (EWC) of Yara.

Svein **Flatebø**

Member of the Board since 2007

Mr. Flatebø (born 1952) has been a Yara (Hydro) employee since 1981. Presently in Corporate Communication, he has also held leadership positions within strategy planning, global planning and optimization, R&D, purchasing and other areas. He holds an MSc degree in Chemical Engineering from the Norwegian Institute of Technology (NTH). Flatebø has been a board member of The Norwegian Society of Chartered Scientific and Academic Professionals (Tekna) in Yara since 2006; Chairperson of Yara Tekna since 2007.

Kristine **Haukalid**

Member of the board since 2011

Mrs. Haukalid (born 1955) has been a Yara (Hydro) employee since 1980. She currently holds the position of department manager of logistics at Yara's site in Glomfjord, Norway. She is a chemical engineer with a degree from Oslo University College. She has been a board member in The Norwegian Engineers and Managers Association since 2002, and as of 2009 she is a board member of the service provider company Meløy BedriftsService AS.

Executive *management 2010*

Jørgen Ole Haslestad

President and Chief Executive Officer
Mr. Haslestad has served as President and CEO since October 2008. Previously he held several senior management positions in Siemens AG, 1994–2008, most recently as CEO of the Group's Industry Solutions Division, Germany. Before joining Siemens, he served as Managing Director and Overseas Director of Kongsberg Offshore AS, Norway, 1986–94; Overseas Manager of the oil division, Kongsberg Vaapenfabrikk AA, Norway, 1980–86. He holds an MSc degree in Mechanical Engineering from the Norwegian Institute of Technology (NTH). Mr. Haslestad served as a board member of Yara, 2004–08.

Hallgeir Storvik

Chief Financial Officer and Head of Strategy
Mr. Storvik has served as Senior VP Chief Financial Officer and Head of Strategy since August 2009. His previous positions in the company were: SVP and Head of Strategy, Supply & Trade 2008–09, SVP, Supply and Trade since 2006–08; CFO of Hydro Agri, 1998–2004, and CFO of Yara 2004–06, also acting as CFO of Hydro Agri International, 1995–98. He was employed by Hydro in 1984 and was responsible for the strategy that led Hydro Agri to undertake a major turnaround from 1999 to 2000. Mr. Storvik holds a Master's degree from the Norwegian School of Economics and Business Administration (NHH).

Tor Holba

Head of Upstream
Mr. Holba has served as Senior VP Head of Upstream since October 2006. His previous position in Yara was SVP. Downstream, 2003–06. Prior to that he held numerous positions in Hydro from 1981, including SVP of Global Supply Chain Management, 2001–03; President of Trevo, 2000–01; Head of Business Unit Latin America, 1998–2000; President of Hydro Agri Mexico 1993–97; Regional Marketing Director for Asia and Managing Director of Hydro (Far East) Ltd., 1991–93. Mr. Holba holds an MSc in Mechanical Engineering from the Norwegian Institute of Technology (NTH).

Egil Hogna

Head of Downstream
Mr. Hogna has served as Senior VP Head of Downstream since August 2009. His previous positions in the company are: Chief Financial Officer 2008–09, Manager of Business Unit Mediterranean Europe, 2007–08; SVP Business Intelligence 2006–07; Head of IR team, 2004–06; VP of Hydro Aluminum Metal Products (responsible for Supply Chain & Performance Management), 2001–03; Corporate Controller Hydro Agri 1999–2001. Before joining Norsk Hydro, Mr. Hogna was a consultant with McKinsey, 1994–99. He holds an MSc in Industrial Management from the Norwegian Institute of Technology (NTH) and an MBA from INSEAD.

Yves **Bonte**

Head of Industrial
Mr. Bonte has served as Senior VP Head of Industrial since January 2010. Before joining Yara, he worked for 17 years for the chemical company Lyondellbasell and its predecessors, serving as Senior VP Polypropylene Business based in Germany and the Netherlands, 2007–09; Senior VP Sales & Marketing for Asia, Middle East/Africa and Latin America based in Hong Kong, 2002–06; Head of Strategic Marketing, 2000–01; several marketing, supply chain and manufacturing positions, 1992–99. Prior to this he worked five years for Exxon Chemical in Brussels. Mr. Bonte holds a post-graduate degree in Business Management and a Master's degree in Civil Engineering from the University of Leuven in Belgium.

Terje **Bakken**

Head of Supply & Trade
Mr. Bakken has served as Senior VP Head of Supply & Trade since August 2009. His previous positions in the company include: SVP Head of Industrial, 2004–09, Head of Business Unit Ammonia Trade and Shipping, 2000–04; Managing Director of Hydro Asia Trade, 1996–2000; Managing Director of Norsk Hydro (Far East) Ltd., 1994–96. Prior to that, he served in sales and marketing positions in the agricultural business at Hydro headquarters. He worked at SINTEF, Trondheim before joining Norsk Hydro in 1988. Mr. Bakken holds a Master of Business Administration degree from Bath University's School of Management.

Bente G. H. **Slaatten**

Chief Communications and Branding Officer
Mrs. Slaatten has served as Senior VP Chief Communications and Branding Officer since October 2009. From January 2008 until then she was VP Corporate Communications. Before joining Yara, she was President of the Norwegian Nurses Organization, 1998–2007, and its Chief Negotiator and Director of the Department of Negotiation, 1995–98. Between 1984–95, she held various positions within the Norwegian Association of Local and Regional Authorities. Mrs. Slaatten holds a Master's degree in Business Administration from the Norwegian School of Economics and Business Administration (NHH), a Bachelor's degree in nursing, a degree in Business Administration from the Norwegian School of Management and has studied organization and project management at the University of Oslo. Mrs. Slaatten has held numerous board positions and honorary posts.

Håkan **Hallén**

Chief Human Resource Officer
Mr. Hallén has served as Senior VP Chief Human Resource Officer since August 2009. Before joining Yara he served in various senior positions, including Group HR Director at Aibel Group Ltd, London 2008–09; Director HR with UBS, Zurich, 2006–08, EVP with Accenture, 2004–06; SVP HR with Volvo, Brussels 1998–2004. He also has extensive international experience from leading HR positions at the World Bank, Washington DC and the OECD, Paris, 1987–98. Mr. Hallén holds a degree equivalent to an MSc in Behavioural Science and Personnel Management, from the University of Gothenburg.

Trygve **Faksvaag**

Chief Legal Counsel
Mr. Faksvaag has served as Senior VP Chief Legal Counsel since May 2008. His previous positions in the company include: Managing Director of Yara Switzerland Ltd., 2006–08; VP and general counsel of Yara North America, Inc., 2004–06; legal counsel and VP of Norsk Hydro Americas, Inc., 2001–03. Mr. Faksvaag joined Hydro/Yara in 1996 from the Norwegian law firm Wikborg, Rein & Co.

GOVERNANCE 2010

Corporate *governance*

Proactive and transparent corporate governance is crucial for aligning the interests of shareholders, management, employees and other stakeholders. Yara believes that good corporate governance drives sustainable business conduct and long-term value creation.

1. IMPLEMENTATION AND REPORTING OF CORPORATE GOVERNANCE

Yara exercises corporate governance in a manner representative of an ambitious and responsible multinational company. The company has established corporate governance practices tailored to the specific challenges it faces as the leading global fertilizer company. Yara's Board of Directors has decided to comply with the latest version of Norwegian Code of Practice for corporate governance, dated 21 October 2010. The Code has stricter requirements than mandated by law.

Yara currently complies with all but one of the Code's recommendations. In order to reach full alignment with all the Code's new recommendations, new guidelines for the Nomination Committee will be submitted for approval at the annual general meeting on 10 May, 2011.

Yara's compliance with the Code is detailed in this report and section numbers refer to the Code's articles.

Corporate citizenship is an integral part of Yara's overall strategic direction and a driver for pursuing business opportunities. The company carries out its engagement in corporate citizenship directly through its core business and expertise. These efforts are framed within major global challenges, in particular climate change and food security, issues that shape the future of society – and global business.

Yara participates in the UN Global Compact, committing itself to implementing the initiative's ten principles, including respect for internationally proclaimed human rights and recognized labor standards. Furthermore, Yara's focus on compliance has been reinforced through its code of conduct as well as establishment of a dedicated compliance unit and an ethics program developed in 2009–2010.

2. BUSINESS

The scope of Yara's business is defined in its Articles of Association, published in full at the company's website. Yara's objectives and strategies are presented in the Report of the Board of Directors and Management discussion and analysis.

3. EQUITY AND DIVIDENDS

Yara's strong balance sheet is closely linked to the company's overall strategy, goals and risk position. The dividend policy, which is described in the Report of the Board of Directors and the article on the Yara share, aims to provide a predictable payout over the years. New equity will only be issued when quantum leap defined opportunities arise. No mandate is granted to the Board of Directors to increase the company's share capital. Yara executes share buy-back programs as an integral part of its shareholder policy. Mandates granted to the Board of Directors for the company to purchase its own shares are limited in time to the date of the next annual general meeting. The rationale behind the share buy-backs is further described in the Report of the Board of Directors.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

All Yara shareholders have equal rights and the company has one class of shares.

Transactions involving the company's own shares, such as the share buy-back program, are normally executed via the stock exchange, or at prevailing stock exchange prices if carried out in any other way. Shares redeemed from the Norwegian State are also priced at market value.

In 2010, there were no significant transactions between closely related parties, except for ordinary commercial transactions with subsidiaries and non-consolidated investees. In addition to the mandatory regulations in the Norwegian Public Limited Companies Act (§§ 3-8 and 3-9), Yara uses IFRS rules to define related parties. Related party transactions are disclosed in note 32 to the consolidated financial statements. The members of the Board of

Directors and Management are required to disclose all entities that would be considered to be "related parties" under applicable laws and regulations. Transactions with such entities are subject to disclosure and special, independent approval requirements.

5. FREELY NEGOTIABLE SHARES

The company places no restrictions on the transferability of shares.

There are no restrictions on the purchase or sale of shares by directors and executives, as long as insider regulations are adhered to. Certain management compensation programs, including the so-called Long-Term Incentive scheme, mandate the use of a portion of the funds received by management for the purchase of Yara shares and restrict the sale of such shares for varying periods following such purchase.

6. GENERAL MEETINGS

The Company's shareholders are primarily represented at the company's Annual General Meeting. In accordance with Norwegian corporate law, shareholders registered in the Norwegian Central Securities Depository (Verdipapirsentralen) can vote in person or by proxy on each agenda item and candidate. Notice of the meeting and relevant documents, including the recommendations of the nomination committee, are made available on Yara's website no later than three weeks in advance of the meeting. Notice of the meeting is sent to all shareholders individually, or to their depository banks, at least three weeks in advance of the meeting.

The chairperson of the Board and the CEO are present at the Annual General Meeting, normally along with the Board of Directors, the Nomination Committee and the Company Auditor. An independent, qualified person chairs the meeting. The protocol of the Annual General Meeting is published at Yara's website.

7. NOMINATION COMMITTEE

Yara's Articles of Association state that the company shall have a Nomination Committee that consists of four members elected by the Annual General Meeting. The Nomination Committee nominates the chairperson of the board and shareholder's candidates to the Board of Directors presenting relevant information about the candidates and an evaluation of independence, and proposes the remuneration of the Directors to the Annual General Meeting. Members of the committee are elected for two year terms. All four members are independent of the Board and the Management. In 2010, the Nomination Committee had six meetings. Members of the Nomination Committee received a remuneration of NOK 4,500 per meeting in first half 2010 and thereafter NOK 4,700 per meeting.

The current guidelines for the duties of the nomination committee are approved by the shareholder-elected members of the Board of Directors. The new Code from 21 October 2010 recommends that the general meeting shall stipulate the guidelines. New guidelines for the nomination committee in line with the Code's recommendation will be submitted to the annual general meeting 10 May 2011 for approval. The current practices of the Nomination Committee are in line with the company's new proposed guidelines.

8. CORPORATE ASSEMBLY AND BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

In accordance with an agreement between Yara and the employees, Yara does not have a corporate assembly. Yara believes this supports more direct communication between shareholders and management, increases accountability and improves the speed and quality of decision making in the company.

Yara's Board of Directors consists of eight members. Five shareholder-elected board members including the chairman are elected for two-year terms by the general meeting. The remaining three employee-elected board members are also typically elected for two-year terms. Three of eight Directors are women.

The shareholder-elected members of the board are independent of the company's management, main shareholders and material business contracts. The same is valid for the employee representative board members, other than their employee contracts. For more details on the Board members' competence and independence, please see pages 18–19 and note 32 in the consolidated financial statements.

9. THE WORK OF THE BOARD OF DIRECTORS

The Board's work follows an annual plan and conducts an annual self-evaluation of its performance and expertise, which is presented to the Nomination Committee.

The Board has established written instructions for its work and the work of the Audit Committee, Compensation Committee and Executive management.

In 2010, the Board of Directors held 12 meetings. Frank Andersen was absent from three meetings and Leiv L. Nergaard, Lone Fønns Schrøder and Elisabeth Harstad were absent from one meeting. The other board members attended all board meetings during their board membership period in 2010.

In the case of the Chairperson's absence, the Board elects a Board member to chair the meeting. If the chairman of the board is, or has been, personally involved, in matters material significance to the Company, the board's consideration of such matters will be chaired by some other member of the board.

All shareholder-elected members are independent of the Management and the main shareholders. Neither the President and CEO, nor any other member of the Executive management, is a Director of the Board.

Compensation Committee

Yara's Compensation Committee reviews the performance and proposes terms and compensation for the CEO to the Board of

Yara *governance bodies*

General meeting

The Annual General Meeting of shareholders

- elects the Nomination Committee and shareholders' representatives to the Board of Directors;
- elects the external auditor based on the Board of Directors' proposal, and approves the remuneration to be paid to the external auditor of the parent company;
- approves the remuneration to the Board of Directors, the financial statements and any proposed dividend payment.

Board of Directors

According to Norwegian corporate law, the (non-executive) Board of Directors assumes the overall responsibility for the company, reviews the company's strategy on regular basis, ensures that appropriate steering and control systems are in place and supervises day-to-day management as carried out by the President and CEO.

President and CEO

The President and Chief Executive Officer (CEO) constitutes a formal corporate body according to Norwegian corporate law. The CEO is responsible for the day-to-day management of the company. Yara's division of functions and responsibilities are defined in more detail in the Rules of Procedures established by the Board.

Executive management

Yara's Executive management is appointed by the President and CEO to assist in his or her stewardship duties delegated by the Board and in the day-to-day management of the company. The President and CEO determines the instructions for the Executive management after prior discussion with the Board. Management instructions, function descriptions and the authority delegated to each member of the Executive management, all reflect a joint obligation for these officers to safeguard Yara's overall interests and to protect the company's financial position.

Corporate directives

Yara's corporate directives encompass:

- Articles of Association
- Instructions for the Nomination Committee
- Rules of Procedure for the Board
- Internal Audit Charter and Mandate for the Management Supervisory Committee
- Mandate for the Board's Compensation Committee
- Mandate of the Board's Audit Committee
- Insider Regulations
- Code of Conduct

For more detailed information, please see visit the "About Yara/ Corporate Governance" section on Yara's website. *www.yara.com*

Directors. The committee also reviews and proposes guidelines for executive remuneration and material employment matters. Future policies for possible option arrangements or share incentive rights (SIRs) will be presented to the Annual General Meeting for approval. The Compensation Committee consists of three members elected by the Board, from its own members. In 2010, the Compensation Committee held 6 meetings.

Audit Committee

Yara's Audit Committee assists the Board of Directors in assessing the integrity of the Company's financial statements, financial reporting processes and internal controls, risk management and performance of the external auditor. The Committee conducts an annual self-evaluation according to its mandate. Yara's Audit Committee consists of three members of the Board, all of whom are independent from the company. The Chairperson of the Audit Committee is not the Chairperson of the Board. In 2010, the Audit Committee held 6 meetings.

10. RISK MANAGEMENT

The Yara Steering System is one of the pillars in Yara's internal control system. The steering system provides all employees with an oversight of the prevailing policies and procedures for the group, including Yara's corporate values, guidelines for corporate citizenship and Yara's Code of Conduct. The Steering System aims to ensure that all Yara employees act in a consistent manner and in line with quality standards and business needs. All Yara employees are encouraged to raise questions or issues about such matters with line management and through alternative channels, including a whistle-blowing system. Compliance with the steering system is monitored by monthly reviews of key performance indicators that cover both financial and operational activities, including health, environmental, safety and quality performance.

Yara Internal Audit is a unit that assists Yara Executive management by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, controls and governance processes. The Chief Audit Executive reports functionally to the Board of Directors and administratively to the Chief Financial Officer. Yara Internal Audit has no direct operational responsibility or authority over any of the activities it reviews. The unit has unrestricted access to all functions, records, physical properties, and personnel relevant to the performance of engagements. It also has full and free access to the Board of Directors, the Audit Committee and the Board of Directors.

The Board carries out annual reviews of the company's most important areas of exposure to risk and its internal control arrangements.

Procedures and control mechanisms have been established to maintain the confidentiality of financial information, and to ensure appropriate communication of financial information internally and externally to all shareholders at the same time.

Yara also has procedures on responding to accidents and other unexpected events such as natural disasters. Practice drills are conducted regularly, to ensure that procedures are operational.
Yara's risk management system is further described on pages 26–29.

11. REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration of the Board of Directors is not linked to the company's performance.

The Chairperson of the Board of Directors received a fixed compensation of NOK 420,000 in 2010, while each of the other board members received NOK 241,000.

The Chairperson of the Audit Committee received a fixed compensation of NOK 87,500 in 2010, while each of the other two committee members received NOK 72,000.

Members of the Compensation Committee received a remuneration of NOK 5,500 per meeting in first half 2010 and thereafter NOK 5,800 per meeting.

The actual compensation to the board members in 2010 is disclosed in note 32 in the consolidated financial statements.

12. REMUNERATION OF EXECUTIVE PERSONNEL

The Board of Directors prepares guidelines for the remuneration of executive personnel being communicated to the annual general meeting. The guidelines to be presented at the annual general meeting 10 May 2011 are disclosed in note 32 in the consolidated financial statements.

The Board of Directors determines the remuneration of the President and CEO based on a proposal from the Compensation Committee and decides on the general terms of the company's incentive plans for officers and certain key employees. The President and CEO decides on the compensation to other members of Yara's Executive management. Performance-related remunerations are subject to absolute limits.

The actual compensation to executive personnel in 2010 is disclosed in note 32 in the consolidated financial statements.

13. INFORMATION AND COMMUNICATION

Communication with the financial markets is based on the principles of openness and equal treatment of all shareholders. Yara's website (www.yara.com) contains an updated financial calendar, financial reports and other investor-related information. Yara holds the Information and English certificates of the Oslo Stock Exchange testifying that Yara complies with a set of information requirements going beyond defined minimum standards. Yara's Board of Directors receives regular updates from the Management detailing the manner in which the company is perceived by the financial markets. Yara has received several awards for its investor communication and financial reporting.

14. TAKE-OVERS

The Board of Directors will not seek to hinder or obstruct take-over bids, unless there are specific reasons for doing so. The board will ensure that shareholders are given sufficient information and time to form an opinion on the offer. If a take-over offer is made, the board will issue a statement making a recommendation as to whether shareholders should or should not accept the offer. The board will arrange a valuation from an independent expert that shall be made public no later than the disclosure of the board's recommendation.

The Norwegian Securities Act regulates take-over attempts. Shareholders at the Annual General Meeting will, according to law, make the decision on a potential take-over bid.

15. EXTERNAL AUDIT

The external auditor participates in the meetings of the Audit Committee and in the Board meeting that approves the financial statements. In addition, the external auditor meets with the Board, without Yara Executive management being present, minimum once per year. Norwegian laws and regulations stipulate the type of non-audit services that external auditors can perform for Yara. Remuneration to Yara's external auditor is disclosed in note 33 to the consolidated financial statements.

GOVERNANCE 2010

Risk *management*

Yara's risk management aims to identify, assess and manage risk factors that affect the performance of all parts of the company. We operate a continuous and systematic process to mitigate potential damages and losses, and to capitalize on business opportunities. Ultimately, the process contributes to achieving Yara's long-term strategies and short-term goals.

Risk management at Yara is based upon the principle that risk evaluation is an integral part of all business activities. We have procedures for identifying, assessing, managing and monitoring our primary risk exposures. In some cases, Yara may utilize derivative instruments, such as forwards, options and swaps, to reduce these risk exposures.

FRAMEWORK AND PROCEDURES

In 2009, Yara implemented a framework, including policies and procedures, to facilitate risk management. The primary purpose of the framework is to minimize the organization's exposure to unforeseen events and to provide certainty to the management of identified risks. This creates a stable environment within which Yara can deliver its operational and strategic objectives.

Yara has adopted the Committee of Sponsoring Organizations of the Treadway Commission (COSO) ERM framework as the best practice benchmark for assessing the soundness, efficiency and effectiveness of its risk management. Yara has also learned from other companies in order to compare practices and improve its risk management system.
Risk responsibilities are described in the Corporate Governance section, page 24–25.

While risk management is a centrally controlled process, the responsibility for day-to-day risk activities is placed with the business segments and expert organizations. Through a continuous process of risk identification, monitoring, management and reporting throughout the organization, Yara provides assurance to the Board of Directors and stakeholders.

The business segments and a number of expert organizations perform a risk assessment, aiming to identify, assess and document the key risks that affect the business and understand how these risks influence performance. Yara's Executive management performs a separate risk evaluation, based on a top-down approach.

Yara determines the materiality of risks by developing a risk profile and considering the likelihood and consequence of each risk. In assessing the likelihood and consequence of risk, we employ a combination of qualitative and quantitative risk assessment techniques. We evaluate each risk to determine whether the level of risk is acceptable or unacceptable and to prioritize the risks that have the greatest potential impact on us.

We implement mitigating strategies and operational controls, to ensure that each risk is minimized and effectively managed. When preparing the risk mitigation plan, we determine risk responses by evaluating the cost of control and potential impact, relative to the benefits of reducing the risk. Our business segments and expert organizations are responsible for making business continuity planning part of their key risk management activities and preparing contingency plans for high-impact, low-likelihood risks.

Once risks are treated, we monitor the residual risks continually to ensure that they remain at an acceptable level. We review the risk profile and update it at least annually, with more frequent updates if we identify new opportunities or risks. The risk mitigation plan is reviewed and updated on a quarterly basis to reflect the current status of risk and action plans, and communicated to Yara Management during the quarterly review meeting.

RISK FACTORS

Yara is exposed to a number strategic, operational, financial or compliance-related risks that could have a material adverse effect on the company's business, operating results and financial condition and, as a result, the share price. Executive management currently considers the following risk factors to be the most relevant to Yara's business:

STRATEGIC RISKS

Yara's vision to be an industry shaper and its ability to deliver on its broader ambitions and goals are dependent upon the company successfully implementing its strategy and capitalizing on new business opportunities.

A set of global trends and an array of external events, in addition to more company-specific risks such as acquisitions, divestments and capital structure, could have a significant impact on Yara's growth trajectory and shareholder value. These risks could impede Yara from reaching its strategic goals. However, if managed properly, they present opportunities. By managing strategic risk, Yara is able to position itself as a risk shaper that pursues growth both more aggressively and more prudently.

To ensure that the right strategic decisions are made, Yara builds on extensive business experience and leading industrial and agronomic expertise. The company continuously review business models and commercial processes. Partly building on lessons learned from the financial crisis, Yara has made strategic decisions to implement new business models in key countries. To better capitalize on Yara's global strengths, improve profitability and achieve strategic objectives, the company repositioned and changed the focus of its operations in Brazil, Thailand and South Africa.

Thorough insight into the pricing risk in commodity fertilizers is vital when making value-creating business decisions. The pricing eventually determines whether a project is profitable or not, and Yara has historically proven its dedication to this philosophy by its willingness to walk away from expectedly unfavorable deals such as the one with Terra Industries Inc.

A range of risks, from identification to integration, are associated with major investment projects. While Yara has a proven acquisition track record with successful integration, we continually take steps to improve procedures and risk assessments. This ensures that Yara is able to effectively integrate businesses acquired or generate the cost savings and synergies anticipated.

OPERATIONAL RISKS

HESQ

The operation of Yara's production plants, storage facilities and the transportation of products have associated risks of major accidents, such as explosions, leakage or fire, causing harm to property, employees, communities or the environment.

Yara has a longstanding commitment to safety and a strong track record in health, environmental and safety, compared to the performance of our industry peers. Our belief that every accident is preventable is the basis of the safety program within the company. The goal is that no one should be injured, or their health jeopardized, while working at Yara.

Yara works continuously and systematically to prevent occupational safety risks and avoid accidents, through strict, standardized operating procedures, employee training and audits. Strong management commitment and active employee involvement in preventive measures is crucial and compliance is monitored diligently. All accidents and near-accidents are thoroughly investigated and preventive action implemented.

However, Yara experienced three serious accidents with a total of four fatalities in 2010, demonstrating the need for continuous focus on operational discipline and follow-up of work activities. A lot of effort has therefore been expended to improve process safety at Yara, building on a process that was initiated in 2009.

To maintain its industry-leading position and further improve operational safety mechanisms, Yara established Process Safety as a functional area in 2010. The Process Safety programs focus on technical analysis, effective alarm and control systems, procedures, training and competence development. More attention is also given to reducing incidences of human error, an important factor in most accidents.

Yara's operations are subject to many environmental requirements under the laws and regulations of the jurisdictions in which the company conducts its business. Stricter environmental legislation also creates new business opportunities.

Reputation

Over the past century, Yara has built a strong reputation and brand recognition with its stakeholders around the world, significant assets that are reinforced through precise operating procedures on a global scale.

Reputational value is based upon Yara's total operations. A variety of issues and incidents could potentially harm Yara's reputation and public image, ranging from product liability, accidents, security and corporate matters to external events such as natural disasters and political interference.

Reputational risk management therefore has a wide scope. Yara's risks are mitigated through implemented policies, procedures and tools and by building the capability to communicate skillfully with stakeholder and the media, particularly in challenging situations.

Yara is focused on developing industry-leading capabilities in awareness and crisis management. At every step, the company aims to implement best practice in mitigating unforeseen and harmful reputational impacts. Considerable effort is put into crisis management training and scenario planning to minimize the risk of damage to the company's reputation and brand assets.

Sourcing of natural gas and oil

The availability and price volatility of natural gas and other essential energy sources pose both opportunities and risks for Yara. Given that the company's operations require large volumes of energy as inputs, our position and operating results could be adversely affected if we are unable to secure competitively priced replacements when our energy supply contracts expire. These risks are minimized through global purchasing activities, based on the company's energy strategy.

Yara's energy contracts are structured and priced as either spot deals or forward contracts, which are oil-linked or gas hub-based. During the last years, the company has switched a significant percentage of its European gas sourcing from oil-linked to hub-based contracts. Yara has primarily opted to utilize spot pricing on its hub exposure and limit forward buying.

Yara is well-positioned to cover the risk of its spot exposure. The company has the operational flexibility to reduce gas purchases and import ammonia for fertilizer production if gas prices peak. Yara also benefits from a natural hedge in the high correlation between nitrogen fertilizer prices and global energy prices.

Sourcing of dry raw materials

Raw material risks are linked to supply and the structuring of prices of raw materials necessary for production. Yara relies on key third parties, including key suppliers, for a range of raw materials. The company is vulnerable to termination of, or material change to our arrangements with certain key suppliers, as well as the potential failure of key suppliers to meet their contractual obligations.

Yara depends on access to dry raw materials, such as phosphate and potash salts, for the NPK production. By upgrading its NPK plant and adding phosphate sourcing capability through acquisitions, Yara has increased its flexibility and reduced its dependence on imports from other suppliers. To reduce dependency further, Yara aims for long-term relationships with a wide network of suppliers. Yara works continuously to optimize the phosphate balance and identify opportunities of further improvement.

The potash operations are not vertically integrated, which represents a risk for the NPK business at times when potash prices are high.

Human capital

Yara's ability to compete effectively and meet market demands depends heavily on the competence, experience and performance of its employees. A sufficient, balanced and suitably competent staff is essential for Yara's business to be successful.

Yara's strategic focus and priorities are to optimize workforce performance, build a candidate pipeline and build a highly valued work culture. The company has implemented initiatives to improve the quality of human resource management, create a transparent recruitment process, secure access to the best talent available, and evaluate talent and performance effectively.

POLITICAL/ECONOMIC RISKS

Yara is exposed to several risks driven by changes to the political and economic conditions in the foreign countries in which it operates. Developments, such as changes in political leadership, could represent either threats or opportunities, depending on the specifics of the situation. A politically or economically unstable environment could affect investments and operations, resulting in financial loss. These risks are generally beyond the company's control, but could result in Yara being unable to deliver on its obligations or fulfill its strategy and objectives.

Policies and guidelines on currency and country exposure are aimed at minimize this risk and the company's exposure is limited in high-risk areas. Yara monitors political and economic developments in foreign markets as an input to risk mitigation recommendations. We utilize country and currency credit limits, to ensure that our exposure is controlled. These measures are also used to assess the risk profile of new projects, as part of the capital expenditure approval process.

Yara also uses insurance and trade finance instruments to mitigate this type of risk in certain cases.

COMPLIANCE RISKS

Yara's continued success as an industry leader depends on the company's ability to retain and promote the ethical reputation and the public trust that it has earned. Yara's Ethics and Compliance Department is coordinates and oversees ethics and compliance work, including the follow-up of corporate citizenship commitments and reporting.

In February 2010, Yara launched a company-wide Ethics Program, based on the fundamental principles of the company's Code of Conduct, structured around its core values of ambition, teamwork, trust and accountability. During the year, the program was rolled out throughout the organization and an array of ethics tools were provided to Yara employees, including a handbook, telephone hotline, videos materials and web-based portal. So far approximately 80 pecent of Yara employees have participated in ethics training, which will continue in 2011, and there is currently a high level of awareness of the Ethics Program within the organization.

FINANCIAL RISKS

Although the financial crisis brought about increased focus on liquidity, credit and currency risk, financial risk management has always been an area of great attention in Yara. Due to its substantial operations outside Norway, Yara is exposed to various financial risks. Yara has in place, and is constantly developing, comprehensive policies, procedures and tools to manage these risks. Yara continued to strengthen its financial position during 2010. The company's debt-to-equity ratio has declined sharply after 2008, driven by a reduction in working capital as inventories were brought down to optimal levels, improved earnings and the profitable divestment of the non-core Fosfertil ownership.

Refinancing/acquisition financing risk
Refinancing/acquisition financing risk represents the risk that the refinancing of maturing loans or establishment of new financing may be difficult or costly to arrange. Adverse financial market conditions could lead to higher funding costs and postponement of projects. Yara's strategy for mitigating this risk is to maintain a solid financial position and strong creditworthiness. This is achieved by flexibility in capital expenditures and fixed cost levels. Yara reduces the refinancing risk by basing its long-term funding on a variety of funding sources, to avoid dependency on individual markets; and by timing the maturity dates of large facilities to avoid them turning due at the same time. Committed liquidity reserves are maintained to meet unforeseen costs.

Yara has access to sufficient funding and borrowing facilities to meet currently foreseeable requirements.

Credit risk
Credit risk represents exposure to potential losses deriving from non-performance of counterparties. Credit risk is monitored and managed by the business units on the basis of standard Yara policy and procedures and regular reporting. Yara has a well-established system for credit management, with defined exposure limits at both customer and country level. A number of instruments, such as credit insurance, letters of credit and bank guarantees, are employed to mitigate credit risk.

Yara's geographically diversified portfolio reduces the overall credit risk of the group. Due to Yara's geographical spread and large number of customers, there are no major concentrations of credit risk.

Currency risk
As the fertilizer business is essentially a US dollar business, prices of Yara's most important products and raw materials are either directly denominated or determined in US dollars. In markets outside the USA, local prices will generally adjust to fluctuations in the US dollar exchange rate, however with a certain time lag.

Yara keeps a major part of its debt in US dollars in order to reduce overall economic currency exposure. Yara also utilizes derivative instruments to manage foreign currency exchange rate risks.

A well-established system for currency risk management is in place, with defined currency exposure limits. Yara's geographically diversified portfolio reduces the company's overall currency risk.

Pension liability risk
Yara Pension funds are invested in various asset classes, the value of which moves over time dependent on the economy and the underlying assets. The different asset classes carry varying degrees of risk and expected rate of return. The assets shall over time cover the pension liabilities Yara has taken on.

Potential losses and/or increased liabilities may result in unfunded positions in local pension funds that may require cash transfers from Yara. The pension fund management is heavily regulated by respective regulatory authorities. Yara has established a common policy, for the asset allocation and management of the local pension funds. Each pension plan is managed by trusts/boards and reporting routines from the funds are established.

An important risk reducing factor for Yara was the change in pension plans from benefit plans to contribution plans in the UK and Norway, which limits the potential increase in pension liabilities and transfers future risks to the employees.

Interest rate risk
Interest rates on different currencies vary dependent on the economy and political actions, which will influence Yara's funding cost over time. The interest rate portfolio is optimized based on ongoing evaluations of financial markets and the economic situation, and the exposure is monitored closely. In order to reduce volatility, Yara keeps part of the portfolio in fixed interest rate agreements.

The overall exposure of our fertilizer business to interest rate fluctuations is considered low.

MIND THE GAP

WATER SCARCITY is a challenge *for farming.* Urbanization and industrialization add to the competition for scarce fresh water. With 70 percent of the world's withdrawals today, tomorrow's agriculture must use water more efficiently.

RECOGNIZING *that resources are scarce,* Yara is seeking new solutions and application methods, responding to the challenge and benefitting from market opportunities.

Quick *overview*

DURING 2010, Yara retained its position as the global leader in nitrogen-based mineral fertilizers and industrial products. The fertilizer market picked up after the recession, while the market for environmental solutions continued to grow. Pursuing our industry shaper vision, we executed our growth strategy and leadership agenda, while also establishing our new innovation platform. Leveraging our core business and adopting our global corporate citizenship approach, we issued the first carbon footprint certificates in the Nordic markets, and invested in a fertilizer terminal in Tanzania, as part of the Agricultural Growth Corridor initiative – contributing to sustainable agricultural productivity.

MANAGEMENT DISCUSSION & ANALYSIS

Core *content*

MANAGEMENT DISCUSSION & ANALYSIS 2010

Increasing *yields*

Global market recovery, following the food and financial crises of 2008 and 2009, contributed to Yara's highest annual result. The company is positioned to drive industry consolidation and contribute to the transformation of global agriculture.

Yara's 2010 net income after non-controlling interests was NOK 8,729 million, compared to NOK 3,782 million in 2009, a 131 percent increase. Corresponding earnings per share were a record high NOK 30.24 compared to NOK 13.08 in 2009. EBITDA was up 176 percent compared to 2009, reflecting higher volumes and improved margins.

Compared to 2009, when volumes and prices were significantly affected by the global financial crises, world fertilizer market conditions improved considerably in 2010. Despite turnarounds, Yara's fertilizer volumes were up 11 percent on the previous year, with 17,195 tons produced. The significant swings experienced, from 2008 to 2009 and then 2009 to 2010, underline the volatility of the fertilizer business. However, they also demonstrate that deliveries rebound quickly, with robust growth in demand for agricultural products even during periods of economic contraction, driven in particular by population growth and changes in consumption patterns. This also drives the global fertilizer market, which is affected by international food commodity prices. Despite a slump following the peak of early 2008, world food prices have remained high, increasing through 2010 and reaching record heights in early 2011. Average realized sales prices were up 14 percent for nitrates and 8 percent for urea in 2010, while NPK prices were in line with 2009. However, increased demand for NPK, combined with lower stocks, enabled improved margins.

Yara's industrial products also saw strong volume growth in 2010, as increased demand for Air1 in Europe and the USA drove growth in the environmental segment.

Net interest-bearing debt decreased by NOK 6,687 million during 2010, ending at NOK 9,540 million, with the debt/equity ratio standing at 0.27 as of 31 December.
For a detailed financial performance, see page 43.

The Downstream segment delivered an EBITDA of NOK 7,796 million, a strong result, as sales to core markets increased and margins improved. While earnings include several positive non-recurring items, the underlying EBITDA is the second best in the history of the segment.

The Industrial segment delivered strong results with an EBITDA of NOK 1,104 million, excluding special items. The result represents a decrease of 14 percent compared to 2009, despite an increase in volume of 13 percent, reflecting lower margins.

The Upstream segment delivered an EBITDA of NOK 5,975 million, an increase compared to 2009, despite higher oil and gas costs. The result reflects increased production volumes and product prices, and lower production curtailments.
For segment reports, see pages 48–56.

Energy costs increased in 2010 and into 2011. Yara's European oil and gas costs increased 14 percent compared to 2009, while the company's global average gas cost increased by 21 percent. A significant portion of Yara's dry raw material purchases have been renegotiated, with the changes effective from 2011.

Business *overview*

COMPANY

Yara is a leading chemical company converting energy, natural minerals and nitrogen from the air into essential products for the farming community and industrial customers. During 2010, Yara retained its global position as the world's leading provider of nitrogen-based mineral fertilizers and industrial products, as well as its unrivalled global presence, with operations in more than 50 countries and sales to about 150 countries. The company has developed a unique business model with three operating segments: Downstream, Industrial and Upstream – all supported by the global Supply & Trade organization. At year-end, 7,348 people were employed by Yara worldwide.

Yara International ASA is headquartered in Oslo, Norway and has been listed on the Oslo Stock Exchange since 2004.
For the Yara share, see pages 59–61.

OPERATIONS

Yara's global activities range from phosphate mining and ammonia production, through commodity trade and energy arbitrage, to building local market knowledge. Delivering our knowledge and premium branded products, Yara develops relationships to customers by providing value-adding solutions. The backbone of the company's operations has been large-scale ammonia and fertilizer production in Europe. In recent years, new capacity has been added in regions with low-cost gas supplies, particularly the Middle East, North Africa, Trinidad and Australia. Today, plants in these regions represent about 35 percent of Yara's production volumes. With recent decreases in natural gas prices in North America, our plant in Canada can also be classified among those with a low-cost gas supply.

Yara's fertilizer and industrial products share a common platform. They utilize the company's knowledge and leadership position in the production and distribution of ammonia, urea and nitrates. They also share a common market approach, in which Yara uses its experience and expertise to provide complete solutions that meet the needs of customers and deliver real value to their businesses. Yara offers the industry's most comprehensive fertilizer product portfolio, supported by large-scale sourcing, production and trading, and a local market presence.

ORGANIZATION

Company structure

There were no significant changes in the overall corporate structure in 2010. The Industrial segment was reorganized into five business units, in order to better capture growth opportunities and reflect Yara's ambition to grow globally from its strong base in Europe. Yara Switzerland, with its head office in Geneva, was defined as the company's new global commodity optimization center, helping to unleash the potential that exists in the global fertilizer trading market.

Executive management

The President and CEO of Yara International ASA, Jørgen Ole Haslestad took up his position in October 2008, having previously served on the Board of Directors. In 2010, only one change was made in the Executive management team: Yves Bonte was appointed Head of Industrial, replacing acting head Trond Stangeby in January.

INDUSTRY

The mineral fertilizer market is composed of three main crop nutrients: nitrogen (N), phosphorus (P) and potassium (K). Of these, nitrogen is the most important and by far the largest, accounting for more than 60 percent of global fertilizer consumption. While phosphorus (phosphate) and potassium fertilizers are absorbed and stored in the soil for a longer period, nitrogen must be applied annually to maintain yield and biomass. Consequently, N consumption is less volatile.

Pillars *of strength*

Global #1 in ammonia

Leadership position in the ammonia value chain, producing ammonia/urea at scale from a base in low-cost natural gas regions.

Global #1 in nitrates

Leadership position in nitrate markets, benefiting from a favorable cost position in the European market.

Global #1 in NPK

Leading position in production and application of NPK, adding value to farmers through balanced fertilization.

Global #1 in specialty fertilizers

Leading position in specialty fertilizers, targeting high-margin cash crop segments in fast growing markets.

Global #1 in marketing and distribution

Leading position in global marketing and distribution, delivering expertise on all continents through a network offering economies of scale.

European #1 in nitrogen applications

Leading position in nitrogen applications, developing higher margin industrial applications from the existing production base.

The fertilizer industry has historically been divided into nutrient-specific sub-sectors. This is a result of the geographic location of raw material sources and the variety of both nutrient requirements and local market demands. A number of companies serve national markets or sub-regional markets. However, only a small handful – of which Yara is the largest – operate on a global scale. As nitrogen is produced on all continents from hydrocarbons, the N fertilizer industry is less concentrated and consolidated than the P and K industries. This fragmentation offers growth opportunities not offered by phosphate and potash. Globally, there are few large suppliers of P and K fertilizers, which are located in regions close to natural deposits of phosphate rock and potash ores.

The mineral fertilizer industry has historically been subject to government engagement and ownership, as a means of securing national food supplies. However, with state involvement declining and government-owned enterprises becoming more market-oriented, there is a trend toward consolidation and stronger financial discipline across the industry. In recent years, the nitrogen industry has undergone significant restructuring in Europe and North America, a process Yara has been involved in and aims to remain part of.

Corporate *strategy*

INDUSTRY SHAPER

Yara's vision is to be an industry shaper, aiming to set industry standards and driving industry development through innovative performance and growth execution, and playing a role in the consolidation of the nitrogen fertilizer sector. The company's mission – Better Yield – means delivering good returns for its customers and owners.

Yara aims to drive an inspiring and innovative performance culture based on its vision and mission, the Code of Conduct and the Ethics Program, and the core values of ambition, teamwork, trust, and accountability. Yara's ambition – detailed in its ten strategic goals for long-term value creation – is based on the company's global position, its industrial platform and business model, its growth strategy and its combined strengths.

See the strategic goals, page 42.

GROWTH STRATEGY

Yara has consistently implemented a strategy of profitable and sustainable growth. The strategy is a roadmap for industry shaper performance and long-term value-creation. Yara has consistently expressed the need for further consolidation of the nitrogen fertilizer industry, and the company's readiness to participate in that consolidation through acquisitions and joint ventures.

Within the current business platform, the aim is to increase the market share globally, establishing optimal utilization of the company's unique global marketing and distribution system. Constantly considering investment opportunities, either through attractive entry costs and/or cash flows, Yara opts to integrate new acquisitions into its global logistical and marketing system to achieve synergies and create value.

The basis for the company's profitable growth ambition includes strong earnings delivered through the present cycle and a profitable acquisition track record unrivalled in the fertilizer industry. Yara's unique, scalable, business model is appropriate for creating growth opportunities, and the company's global presence adds to the growth potential in several regions. This strong foundation is matched with capital and valuation discipline in the search for and selection of projects suited to the step growth strategy.

To fulfill Yara's global growth ambitions, productivity gains in the existing business, organic growth and step growth initiatives are all necessary. Primarily, Yara will focus on growing within three major business areas: nitrogen-based fertilizers; nitrogen for industrial applications; and sourcing of phosphate and potash. Larger initiatives will focus on increasing production in regions with stable supplies of competitively priced natural gas for ammonia production, and phosphate and potash resources, expanding presence in high-growth markets and participating in consolidation in mature markets. For all growth categories, scale, synergy and timing are important factors, along with strict financial discipline.

LEADERSHIP AGENDA

Yara's Leadership Agenda, established in 2009, is designed to support the company's strategic ambitions. It aims to inspire innovation and a consistent drive to explore new business opportunities driven by

STRUCTURE FOR GROWTH REGIONAL APPROACH

MARKETS	YARA FOCUS AND ACTIONS
North America	Map strategic intentions of key players in both market stress and boom scenarios and develop Yara response.
Western Europe	Pursue potential acquisitions arising from restructuring.
Brazil	Position Yara as key player in nitrogen in growth market.
East Europe	Assess potentially attractive producers and market positions; position Yara for a lower energy cost in the region.
China	Monitor developments; investments unlikely for the forseeable future.
India	Monitor developments; invesments potentially attractive with changes in subsidy schemes.
Other	Pursue export focused opportunities globally.

global developments, Yara's knowledge base and market-oriented R&D activities.

The agenda covers five areas that the company needs to focus on in its quest for industry shaping performance: Yara needs to grow steadily and profitably; lead global agricultural development; drive strong performance and positioning in environmental solutions; drive perfect operations; and apply best practice corporate governance throughout the organization.

BUSINESS MODEL

Yara's strategy is closely connected to its unique business model. With global optimization at its core, the model builds upon Yara's scale advantages, extensive flexibility and unrivalled presence.

Yara benefits from scale as the world's largest producer of ammonia, nitrate and NPK fertilizer, controlling more than one quarter of global ammonia trade. Furthermore, Yara has developed an unrivalled global presence. Its global distribution and marketing network includes chartered shipping capacity and more than 200 terminals, warehouses, blending plants and bagging facilities. Local sales and marketing units provide customer services as well as agronomical support – sharing knowledge and working with farmers worldwide to increase yields and improve crop quality. This local market insight and close customer relations, combined with agronomic expertise and ability to develop new products and technologies, have given Yara a knowledge margin in the market.

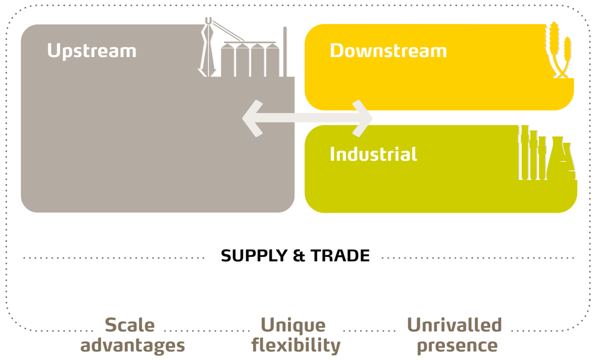
The business model has built-in flexibility to enable quick response to changing market conditions. The majority of the company's operational cash cost is variable and related to energy, raw materials, freight and third-party fertilizer sourcing. Purchases and plants can be halted at short notice to respond to delivery slow-downs. This flexibility also extends to energy costs in Europe: increased costs can be mitigated by cheaper ammonia imported from other sources. Most of Yara's European production sites have deep-sea import/export ammonia terminals, and Yara is the global leader in trade and shipping of ammonia. Furthermore, Yara has the world's largest storage capacity for fertilizers, providing it with the ability to build inventory ahead of peak seasons, tolerate delivery volatility and take advantage of geographical arbitrage opportunities.

STRATEGY EXECUTION

Growth strategy

In 2010, Yara continuously considered growth opportunities, aiming to add to prior acquisitions and to follow up on their integration into the company's worldwide structures. Yara's major acquisitions in recent years have included the JV Lifeco, Libya (2009); Saskferco, Canada (2008); Kemira GrowHow, Finland (2007); Fertibras, Brazil (2006).

Business *model:*



Upstream

Upstream includes Yara's large-scale ammonia and fertilizer plants worldwide and phosphate mines, composing the backbone of Yara's production system.

Downstream

Downstream consists of Yara's worldwide marketing organization and global distribution network for fertilizer products and agronomic solutions, providing a unique global presence.

Industrial

Industrial provides environmental and industrial solutions, developing chemical products and industrial gases for non-fertilizer market segments, exploiting the company's industry base.

Supply & trade

Supply & Trade is responsible for global optimization of energy and raw materials purchases, ammonia trade and shipping, maritime logistics, third-party sourcing, and feed phosphates.

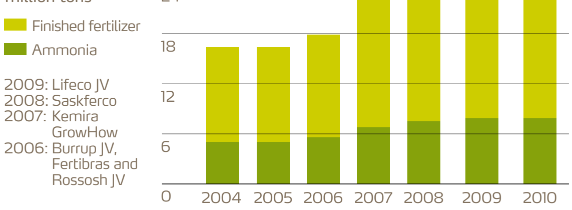
In 2010, Yara acquired the remaining 51 percent ownership in Balderton Fertilisers SA, Switzerland, for USD 142 million, cash excluded, following an initial acquisition of 49 percent in 2006. Yara signed a cash merger agreement with Terra Industries Inc. in February 2010. Although Terra would have been a perfect fit for Yara in the North American market, Yara chose not to match a superior acquisition bid that Terra received. Consequently, Terra terminated the agreement and paid Yara a break-up fee of NOK 666 million.

In January 2011, Yara expanded its base in Australia by securing full ownership of Yara Nipro Pty Ltd, the market leader in bulk liquid fertilizer for many cropping systems in Eastern Australia. Yara acquired the remaining 60 percent of shares in Yara Nipro, following the purchase of an initial 40 percent stake in 2008.

In 2010, Yara sold its shares in the Brazilian phosphate producer Fosfertil to Vale, for USD 785 million, together with its stake in the Anitapolis phosphate rock project. Although Brazil remains an important growth market, the minority position in Fosfertil did not provide optimal operational integration with Yara's fertilizer marketing in the country. The offer from Vale was considered an attractive price for a non-integrated position. Yara also sold two subsidiaries, Nuova Terni Industrie Chimiche S.p.A in Italy and Peremartoni Fertilizers Kft in Hungary; its shares in the JV Carbonor; as well as its shares in the equity-accounted investees Agrico Canada Ltd. (Canada) and the port of Baria Serece (Vietnam). Furthermore, Yara restructured its operation in South Africa, selling its fertilizer retail assets in South Africa and its 50 percent ownership in the South African retail company Sidi Parani (Pty) Ltd. – which was defined as a non-core business.

In the Australian joint venture (JV) Burrup Holdings Ltd., of which Yara owns 35 percent, Yara obtained court orders to conduct an external inspection of its accounts including those of its 100 percent subsidiary, Burrup Fertilisers Pty Ltd. The basis for Yara's actions were, amongst others, unexplained high cost levels, failure to deliver audited financial statements and suspected discrimination against Yara as a minority shareholder. Burrup Fertilisers Pty Ltd was subsequently put into receivership by the bank which had provided financing for, amongst others, the construction of Burrup Fertilisers Pty Ltd's ammonia plant.

ACQUISITION TRACK-RECORD
Production capacity, million tons



With the debt/equity ratio declining sharply after 2008, supported by the 2010 disinvestment in Fosfertil, Yara has substantial financial capacity for growth.

In 2010, the modifications to previous grinding and flotation equipment at the Silinjärvi mine in Finland were completed, increasing the annual phosphate rock production by 150 kilotons. The construction of the new Urea 7 plant at Sluiskil, the Netherlands commenced in 2009, with completion in 2011, expanding its production capacity by 1,100 tons per day. The construction of the Qafco-5 and Qafco-6 expansion projects in Qatar continued; the former to be completed in 2011, the latter in 2012. The two Qafco expansions represent a combined increase in production capacity of 1.6 million tons of ammonia and 2.6 million tons of urea. Yara owns 25 percent of the Qafco joint venture, while the remaining 75 percent is owned by Industries Qatar.

In February, Yara's new liquid calcium nitrate plant outside Kuala Lumpur, Malaysia, with a capacity of 30,000 tons per year, was inaugurated. In May, the new dry terminal in Stockton, California, with a capacity to store 80,000 tons of products in multiple bins, was inaugurated. The Stockton terminal, along with the yet to be completed New Orleans terminal, is a key part of Yara's coastal strategy in North America, making it possible to have a complete portfolio of dry bulk fertilizers available for agricultural and industrial customers.

In 2010, Yara launched a USD 20 million investment into a new fertilizer terminal at the port of Dar es Salaam, Tanzania, as part of the company's commitment to the Agricultural Growth Corridor concept.
See separate story on the corridors on page 38.

Leadership Agenda
In 2010, Yara continued to act on all aspects of its Leadership Agenda. Operating in the fragmented nitrogen industry, Yara continued its search for attractive investment opportunities, aiming to play a major role in the consolidation of the industry. At the same time, increased attention was given to the company's innovation capabilities, developing an innovation road map and establishing global innovation processes.
See Growth strategy, page 34, and Innovation platform, page 37.

Yara continued its active engagement on the global arena, addressing agricultural development and environmental challenges, particularly by linking the issues of food security and climate change, and introducing the conceptual approach of climate-compatible agricultural growth in 2010. Within and beyond the industry, Yara has taken a lead role in defining this global agenda, championing broad partnerships. Having initiated the African Green Revolution Conference as the venue for public-private partnership in support of African agriculture in Oslo, 2006–2008, Yara sponsored the first African Green Revolution Forum in Accra, Ghana in 2010. Within the framework of the African Green Revolution, Yara in 2008 launched the Agricultural Growth Corridor concept, using the World Economic Forum (WEF) in Davos as a venue to introduce the idea and enlist partners. At the 2011 annual meeting of the WEF, Yara was one of the companies behind the launch of a new roadmap for sustainable agricultural development, 'New Vision for Agriculture'.

Answering the Leadership Agenda's call for best practice corporate governance, the company-wide Ethics Program was launched in early 2010. The program´s main component, the Ethics Handbook, documents Yara's position on relevant topics and is backed by an array of tools, providing employees with straight-cut rules for ethical business behavior.

Regrettably, Yara experienced three fatal accidents that resulted in a total of four fatalities during 2010. These accidents happened despite continued efforts to uphold the highest safety standards at Yara's production sites, and underline the need for strict operational discipline and consistent safety awareness. Responding to previous incidents, the Upstream segment established Process Safety as a separate functional area in 2010, giving safety top priority. Safety efforts will continue by paying special attention to contractor safety and units lagging behind, and through increased focus on technical standards for the Downstream and Industrial segments.

In 2010, Yara's sales of the environmental product Air1™ reached the one million tons milestone. Yara also entered into a strategic distribution agreement with US Company Mansfield, positioning Yara to serve the emerging US market. Air1™ is the Yara branded Adblue (Europe) or DEF (US) fluid, which reduces the release of harmful gases from heavy-duty vehicles.

Also with the aim of perfecting operations, Yara is taking measures to increase reliability across its production platform. Besides being the best productivity investment, increases in reliability have positive effects on safety and emissions from production.

KNOWLEDGE DEVELOPMENT

Building knowledge and inspiring innovation are keys to Yara's future growth. With a renewed focus on human resource and R&D activities geared toward business development, Yara is ready to respond to global challenges and changing market demands.

Human capital

During 2010, Yara implemented a new human resource (HR) strategy built on three interdependent priorities: optimizing the workforce, developing a candidate pipeline and building a highly-valued work force. The latter issue involves increasing the company's focus on talent retention, teamwork, and processes. This new strategy will enable Yara to secure the skills and expertise it needs to respond to new challenges and deliver on its future business goals.

Innovation platform

In 2010, Yara intensified its innovation approach, underpinning its industry shaper ambition. Developing a new innovation road map, designing an innovation platform, and creating an Innovation Hub, Yara is preparing to face market demands and societal trends. The new function of Chief Technical Officer, established in 2009, became operational, and an innovation team was established to drive Yara's involvement in strategic developments addressing global megatrends and industry challenges such as food security and climate change. This revamp goes along with the launch of a Yara Global Innovation process, tackling the issue from idea generation to commercialization, and selecting market arenas for growth.

Research & Development

Yara's R&D activities are decidedly market-oriented and geared towards business development and production improvement. The company continuously works on enhanced crop nutrition models at the interface between production and marketing. R&D supports the development of cost-saving and best value concepts for the grower, as well as improved production processes and nitrogen-based environmental technologies. R&D is concentrated at Hanninghof, the company's agronomic center in Dülmen, Germany; the centre for foliar products in Pocklington, UK; and the technology centers in Porsgrunn, Norway and Sluiskil, the Netherlands.

Agricultural R&D: Yara continuously develops improved plant nutrition concepts and innovative agronomic solutions. The focus is on nutrition strategies that create higher agricultural productivity, contributing to food security and sustainable agriculture – and reduced greenhouse gas emissions. Through 2010, Yara made progress in improving crop uptake of nutrients, and in turn, the utilization of mineral fertilizers. The company continued to improve decision-making tools for growers, including a project on how to turn mobile phones into a fertilizer recommendation device, the CropImage solution. Yara is also working on a tool to calculate the on-farm carbon footprint of crop production and pinpoint options for reducing emissions. The work in methods for improved water use efficiency continued, including the development of improved fertigation solutions, another growth opportunity. Yara is also engaged in research aimed at reducing agriculture's impact on global warming. In 2010, Yara issued the first carbon footprint certificates for the Nordic markets. In Sweden, farmers using Yara products now qualify to label their produce as climate friendly. Yara is also proceeding on research to provide tools to improve productivity, while understanding and mitigating potential nitrous oxide (N_2O) emissions from agriculture. In 2010, Yara joined the scientific advisory board of the Global Agricultural Climate Assessment.

Technological R&D: Yara continuously focuses on improving production processes, catalyst technologies and industrial applications as well as product quality and market support. By fine-tuning the production platform, these R&D activities contribute to production efficiency and reliability, adding the benefit of increased energy effi-

Agricultural *Growth Corridors*

The concept of Agricultural Growth Corridors has developed rapidly in the three years since Yara launched it at the UN General Assembly in 2008.

What

Insufficient investment in African agriculture is resulting in low yields, inefficient markets and lack of food security. However, with increased investment in agricultural growth corridors, agricultural developmentcan be induced, which will also drive economic growth. Good soil, ample freshwater supplies, basic infrastructure availability and favorable climate conditions are among the key components of a potential growth corridor.

How

Public-private partnerships, including the international donor community and NGOs, are instrumental to success. Public sector investment into basic infrastructure is the basis for a virtuous circle, as it enables the subsequent private sector investments that in turn increase productivity throughout the value chain.

Where

Two concrete corridors are being developed: the Beira Agricultural Growth Corridor (BAGC) in Mozambique and the Southern Agricultural Growth Corridor of Tanzania (SAGCOT) in Tanzania.

Key figures

In Mozambique, investments of USD 1.74 billion over a 20-year period can provide annual on-farm revenues of USD 1 billion and lift a million people out of poverty. In Tanzania, investments of USD 3.4 billion over a 20 year period can create on-farm revenues of USD 1.2 billion and lift more than two million people out of poverty.

Yara

In addition to creating the concept, Yara plays a catalyst role, attracting partners and supplying knowledge. In Tanzania, Yara launched a USD 20 million investment into a fertilizer terminal in January 2011, in order to increase port capacity and distribution efficiency.

ciency and reduced emissions. For several years, Yara has continually improved its N_2O catalyst technology and led an EU funded project investigating a new catalyst technology for nitric acid production that could potentially lead to significant savings and environmental benefits. Yara also continued to improve its environmental abatement technologies, working alongside customers and providing tools and services to ensure that they are applied in the best possible manner and perform to expectations.

In 2010, Yara's prize for academic achievement in the field of Physics and Chemistry, the Birkeland Prize, was awarded to Dr. Jacob Linder at the Norwegian University of Science and Technology, Trondheim, for his work on electron and hole conduction across the interface between a superconductor and other material.

CORPORATE CITIZENSHIP

As the leading global fertilizer company, Yara is devoted to being a global corporate citizen, creating value for our key stakeholders and society. In line with the industry shaper ambition and position, this encompasses both Yara's development of sustainable business and everyday business practices.

In 2010, Yara continued its commitment to the UN Global Compact, and adherence to the GRI reporting framework; a GRI Index is found on the corporate web site. Again, Yara reported in line with the requirements of FTSE4Good. Internally Yara governs its approach through its Code of Conduct, a stringent standard of Product Stewardship and an extensive Ethics Program rolled out to all employees in 2010.

Yara leverages its core business to address major global challenges, such as food security and climate change. Through its knowledge base, global presence and pillars of strength, Yara is in a position to collaborate with key global players, contributing to sustainable business development. The prime example is Yara's initiative for Agricultural Growth Corridors (see separate story left), a business initiative resulting from a multi-stakeholder dialogue resulting in a public-private partnership aimed to drive agricultural production and economic development.

In 2010, Yara embarked on a process to enhance the company's sustainability strategy.

MAJOR RISKS

Managing risks and opportunities is an intrinsic part of Yara's business. The company faces a number of risk factors that can be broken down in four categories: strategic, operational, compliance or financial risks. Each of them can have adverse effects on the company's performance, and most of them are inseparable from opportunities when handled proactively and effectively.

In 2010, Yara has revised and upgraded the risk management framework, establishing new procedures. The risk assessment process encompasses all business segments and expert organizations. The overall risk level at Yara has not changed significantly from 2009, but the trend is positive, and the risks considered to be the most relevant to Yara's business are for the most part unchanged, as described in the Risk Management section (page 26–29). In 2010, Yara has taken several steps to mange and mitigate risk, specifically within the areas of safety and compliance.

Yara has taken great efforts to improve process safety, focusing on both the technical aspects as well as human behavioral factors.

In response to increased attention to ethics and compliance issues, Yara established an Ethics and Compliance Department in 2009. A company-wide Ethics Program, including a set of ethics tools for employees, was implemented in 2010.

Yara's global presence provides access to highly qualified and diverse personnel. However, we recognize that it will become increasingly difficult to recruit the needed competence and secure mobility. As a result we are increasing our focus on people management and improving our processes to identify, develop, deploy and recruit the talent we need worldwide.

Business *environment*

GLOBAL TRENDS

Yara is directly or indirectly influenced by major global trends, impacting on global markets and driving demand for both mineral fertilizer and industrial products.

Population growth increases food requirements. By 2050, world population is estimated to reach about 9.1 billion, driving demand for Yara's crop nutrients and agronomic solutions.

Economic growth stimulates changes of diets. Increased food consumption, especially of meat raises the demand for grain and for Yara's mineral fertilizers.

World urbanization affects diets, food systems and living conditions. By 2050, the world will be 70 percent urbanized, strengthening the market for Yara's environmental solutions.

GLOBAL GAPS

Global trends, especially population growth and dietary changes reveal critical *global gaps*, particularly between the future demand for food and available resources for agricultural production.

Especially, there is a critical *yield gap* – between actual and potential yield. Feeding more people at higher consumption levels by 2050 requires an increase in world food production of 70 percent. To

Limiting factors *for food production*

Future food production has to produce more from less: Agriculture has to do without more land, using less water, preparing for higher energy prices. Crop nutrition efficiency has to be enhanced.

As a knowledge-based company, Yara is positioned to contribute towards major global challenges such as food security and climate change – and to seize business opportunities arising.

Climate change

Agriculture emits about 30 percent of global greenhouse gases, mainly through deforestation caused by land conversion driven especially by the need for more grazing land. With improved land management and innovative mechanisms and markets for carbon sequestration in soils, agriculture can contribute significantly to mitigating climate change. At the same time, adaptation is necessary as climate changes will affect yields negatively in large areas, not least in food insecure regions.

Land

Land is a limited resource; future agriculture will have to produce more from less. The UN Food and Agriculture Organization (FAO) projects that net expansion will amount to only five percent by 2050. Increased production must come from improved productivity on essentially the same amount of crop land.

Water

Water is vital to food production; future agriculture will have to do with less. Agriculture consumes about 70 percent of fresh water withdrawals. Water stress will increase especially through food consumption, urbanization and climate change. Achieving food security requires agriculture to use water much more efficiently.

Nutrition

Nitrogen and other crop nutrients are essential to increase yields. Balanced, precise fertilization plays a key role in future production of sufficient food and fiber, while limiting the use of land and water, and mitigating climate change.

Additional to global trends and resource scarcity, the global approach to food security also needs to address such dimensions as waste throughout the value chain, dietary patterns and the uneven distribution of food.

satisfy anticipated demand for food, fiber and fuel from agriculture, total output has to double. However, yield growth is currently declining in developed countries.

In light of the impacts of global warming, feeding the future world population is a momentous challenge. A business as usual approach fails to close global gaps and resolve global challenges. Agriculture and agribusiness have to work closely with the public sector, for increased efficiency through the value chain is necessary, improving agricultural productivity – through sustainable intensification.

AGRICULTURAL POLICIES

Political attention to agriculture has grown manifestly over the past few years. Following the 2008 food crisis, agricultural productivity has become part of the global agenda, also closely connected to climate change challenges. Yara has taken active part in this process, arguing the case of agricultural productivity as a way to increase food security, and at the same time reduce global warming.

At the World Economic Forum annual meeting in Davos, Switzerland in 2011, agriculture was a key topic. The 'New Vision for Agriculture' initiative, backed by 17 global companies, including Yara, was presented, addressing challenges connected to global food security and agricultural sustainability. It presented a 20/20/20 ambition: increasing food production by 20 percent, while cutting GHG emissions by 20 percent, and reducing rural poverty by 20 percent – per decade.

Agriculture has become an issue at international climate conferences, including COP 16 in Cancún, Mexico in 2010. Here, another roadmap, '"Climate-Smart" Agriculture' was presented by the FAO, supported by the World Bank. It outlines actions linking agriculture-related investments and policies with the transition to climate-smart growth, increasing productivity and farm incomes. The roadmap was the outcome of the Global Conference on Agriculture, Food Security and Climate Change in The Hague, Netherlands, in which Yara took part, presenting its concept of Climate-Compatible Agricultural Growth, targeted particularly at Africa.

A common feature in a number of initiatives and interventions in 2010, championed by Yara for several years, was the focus on increased food production through improved agricultural productivity, combining the closely interlinked issues of food and climate – calling for increased investments in agriculture in general, and in innovation in particular. These arguments are supported by a 2011 report from the UK Government Office for Science, 'The Future of Food and Farming', which advocates a sustainable improvement of productivity, based on existing knowledge and "substantial innovation".

In a January 2011 statement, the Secretary-General of the OECD argued that surging food and commodity prices are undermining efforts to tackle global poverty and hunger, and threaten world economic growth, calling for stronger discipline on the use of trade restrictions, on both exports and imports. At its 2010 summit in Seoul, Korea, the G20 economic development group resolved to develop proposals to better manage and mitigate risks of food price volatility without distorting market behavior. Key methods of achieving food security, in particular combating commodity price volatility and promoting food production through improved productivity, are priorities to be addressed at the 2011 summit in Paris, France.

ENVIRONMENTAL POLICIES

Political attention to climate change has grown significantly over several years. With international attention to environmental issues prominent for three decades, policies to reduce global warming have now become paramount. In recent years, climate change has also been linked with food security – and agricultural production.

World agriculture is responsible for about a third of all greenhouse gas emissions, when land use change is included; i.e. CO_2 emissions from deforestation, largely driven by extension of farmland. Increasingly, agriculture is considered a part of the solution as much as a problem. Soil carbon sequestration is considered an effective, and perhaps the most cost-effective way to reduce CO_2 concentration in the atmosphere. And the fertilizer industry, which accounts for about 1.5 percent of GHG emissions, has a major role to play by helping to increase yields, reducing emissions, and by reducing the need for land conversion, saving forests and biodiversity.

Another policy aspect deals with emissions deriving from the use of fossil fuels in transportation, especially road transport: partly CO_2, which drives climate change, partly NO_X, which is a health hazard, in addition to affecting the environment negatively. In both cases, legislation to reduce emissions is enforced in several markets, aimed to achieve ambitious reduction goals. Stricter legislation provides opportunities for Yara's industrial products and environmental solutions.

Yara has pioneered an acclaimed N_2O catalyst technology, greatly reducing emissions from fertilizer production. Furthermore, Yara offers NO_X abatement solutions for vehicles and industrial plants. Regulations aimed at curtailing emissions have been in place for several years, primarily in Europe, and many countries are following suit, including the USA and the growth economies of Brazil, Russia, India and China (BRIC).

Market *conditions*

With prices soaring for most agricultural commodities, global fertilizer markets improved sharply towards the end of 2010, driving demand for all plant nutrients.

FERTILIZER MARKET CONDITIONS

Global fertilizer markets improved sharply during the second half of 2010, due to higher prices of most agricultural commodities. Triggered by lower grain production, particularly in the former Soviet Union (FSU) area, grain stocks fell sharply, and prices increased. However the drought in the FSU primarily affected wheat and barley production. Tighter supply and demand balances for most other agricultural crops, including sugar, cotton and coffee, clearly demonstrate that the challenges to supply are much broader than the problems in the FSU. The FAO Food Price Index ended 2010 at levels above the peak reached in spring 2008. Higher prices for most agricultural crops led to stronger demand for all plant nutrients.

Global urea trade increased by 14 percent in 2010, according to a preliminary survey by the International Fertilizer Industry Association (IFA). The year started with a relatively strong first quarter, due to just-in-time purchasing by many key markets during the 2009/10 season. The market turned supply driven during the second quarter, with production curtailments forced on the highest cost producers, including the Ukraine. From June on, prices increased every month, driven by increased demand. The increased import demand was primarily met by an additional 3.5 million tons of urea exported from China, in addition to urea exports from the Arab Gulf. Chinese exports increased as a result of attractive global price levels. Urea production in China declined sharply during the second half of 2010, due to higher coal costs, gas shortages, and stricter measures on energy efficiency and emissions.

The ammonia market also improved during 2010, particularly during the second half, as a result of stronger nitrogen demand in USA, along with stronger global demand in the phosphate and industrial sector. Stronger demand allowed Ukraine, the main swing producer, to export 1.1 million tons in 2010, an amount less than its available capacity, but substantially up from the 2009 level of just 0.3 million tons.

Demand for phosphate fertilizer rebounded strongly in 2010, following very weak demand in 2009. Despite the industry outside China running at full capacity, sharply higher exports from China did not prevent DAP prices from ending 2010 at around USD 600 per ton fob major export port, compared to USD 400 per ton at the start of the year.

Overall, phosphate rock and phosphoric acid prices followed the price of DAP, with relatively strong margins for non-integrated producers throughout the year. Demand levels meant that neither acid nor rock producers needed to curtail production.

Potash demand also rebounded strongly, although year-end prices were similar to those in January, with the low point at midyear. The demand increase in 2010 led to stronger production volumes rather than higher prices, because high price levels during 2009 had induced farmers to reduce their potash application rates.

REGIONAL MARKET DEVELOPMENTS

Nitrogen fertilizer sales in Western Europe were up eight percent from last year, as a result of late purchasing during the 2009/2010 season and a stronger start to the 2010/2011 season. Imports were up by 11 percent, gaining market share due to supply limitations at domestic producers. Both nitrate and NPK demand and prices received a strong boost from tighter global nitrogen and phosphate markets, which were caused by the increased crop prices.

In a similarly, but even more pronounced pattern, US nitrogen deliveries were up by an estimated 19 percent on the previous year, with imports increasing by 31 percent. This statistic includes nitrogen for industrial applications.

Fertilizer *and energy market prices*

Average prices		2010	2009	2008	2007	2006
Urea prilled (fob Black Sea)	USD/ton	289	251	499	308	223
Ammonia (fob Black Sea)	USD/ton	357	243	525	264	245
AN (cif France)	USD/ton	336	276	575	316	270
CAN (cif Germany)	USD/ton	265	254	466	245	212
Phosphate rock (fob Morocco)	USD/ton	124	122	345	69	44
Oil Brent blend spot	USD/bbl	80	62	97	73	65
Low-sulphur fuel oil (LSFO)	USD/ton	465	355	341	340	290
US gas (Henry Hub)	USD/MMBtu	4.4	4.0	8.9	7.0	6.7
European gas (Zeebrugge)	USD/MMBtu	6.6	4.7	10.8	6.1	7.6

Source: The Market, Fertilizer Week, World Bank and Platts.

Strategic goals *and performance 2010*

1. Profitability

Yara's goal is to deliver a Cash Return On Gross Investment (CROGI) of more than ten percent as an average over the business cycle.

Performance 2010: Yara delivered a CROGI of 17.4 percent, up from 8.5 percent in 2009.

2. Relative competitiveness

Yara's goal is to deliver a Gross Return (EBITDA/Total Assets) in the top quartile of a peer group of leading chemical companies.

Performance 2010: Yara's return on assets excluding special items was in the second quartile in 2010, improving from 2009 as nitrogen fertilizer margins have improved.

3. Solidity

Yara's goal is to retain a mid-investment grade credit rating, i.e. minimum BBB, according to Standard & Poor's methodology.

Performance 2010: Yara maintained a Standard & Poor's rating of BBB, with outlook revised from "Negative" to "Stable" in November 2010. Yara maintained a "Baa2" rating from Moody's throughout the year, with stable outlook.

4. Cash returns

Yara's goal is that cash return to shareholders should average 40–45 percent of net income, with dividends at a minimum 30 percent over the business cycle. Share buybacks will constitute the rest.

Performance 2010: Total cash return to shareholders was NOK 1,415 million, or approximately 37 percent of 2009 net income.

5. Growth in low-cost gas supply

Yara's goal is to increase its proportion of production in low cost gas regions in order to reduce the average production cost of its fertilizer products.

Performance 2010: Yara's share of low-cost gas decreased from 37 percent in 2009 to 35 percent in 2010, primarily due to increased capacity utilization in Europe.

6. Overall growth

Yara has set a goal of doubling its fertilizer sales volumes from the IPO up to approximately 40 million tons and an average annual growth in the industrial segment of 10–15 percent.

Performance 2010: Yara is progressing ongoing expansions, including a new urea plant in the Netherland adding a urea capacity of 0.5 million tons (2011) and Qafco-5 adding 1.3 million tons of urea (2011), of which Yara normally markets at least 50 percent.

7. Citizenship

Yara's goal is to positively address major global challenges, and to pursue industry leading standards in all our operations and activities.

Performance 2010: Yara's engagement in the African Agricultural Growth Corridors saw two investment blueprints launched, aiming to lift more than 3 million people out of poverty over a 20 year period.

8. Environment

Yara's goal is to be among the most energy efficient companies in the industry, and to reduce greenhouse gas emissions by 45 percent from 2004 to 2013.

Performance 2010: Yara outperformed its goal, reducing GHG emissions by 45 percent from 2004 to 2010. In 2011, Yara will develop its sustainability strategy and revise its goal.

9. Safety

Yara's goal is to be a leading performer in the area of worker safety, with a targeted accident rate as close to zero as possible.

Performance 2010: Yara achieved a TRI rate of 3.8, and a LTI rate of 1.6 which is 1/3 of the average rate of European fertilizer producers. However, the company experienced 3 fatal accidents, leading to a total of 4 fatalities.

10. Human resource management

Yara's goal is to optimize the management of its people, to ensure that it continues to have the skilled and engaged workforce it will need to meet future business challenges.

Performance 2010: A Global HR Function and a new strategy were launched. An increased number of standardized processes and policies were implemented. In addition, a global HR IT system was launched.

Urea sales in India were up seven percent season to date (April-December) following a favourable monsoon and improved crop prices. Domestic production was up only two percent, which increased the need for imports. Imports during April to January were up by 1.4 million tons, or 29 percent.

China exported a record 7.0 million tons of urea in 2010, compared with 3.3 million tons the year before. Roughly half of this volume was exported in the fourth quarter, due to attractive export prices. Urea production hardly changed from 2009, but a strong production performance during the first half was followed by low capacity utilization during the second half. This was due to higher coal prices, limited availability of natural gas as well as stricter measures on energy efficiency and emission controls. Phosphate production continued to increase strongly.

Brazil imported 2.5 million tons of urea in 2010, up from 1.9 million tons last year, due to the sharp improvement in farmer economy. Deliveries of all main nutrients were up nine percent from 2009, at 24.5 million product tons.

INDUSTRIAL MARKET CONDITIONS

The market for environmental applications has gained additional momentum since legislation for nitric oxide (NO_X) emissions from trucks was introduced in the USA at the beginning of 2010. Brazil is set to introduce similar legislation in 2012, paving the way for further global growth for NO_X abatement products. In Europe, the rate of adoption of NO_X abatement products has been rapid since legislation was introduced in 2006. Now, all new heavy-duty diesel trucks use Selective Catalytic Reduction (SCR) technology, which utilizes Adblue urea as a reagent. In the stationary segment, many co-generation power producers and the European cement industry have begun installing SCR-based NO_X abatement equipment, typically using aqueous ammonia as a reagent.

Growth in the mining sector continues to outpace GDP growth, driven primarily by Chinese economic growth. Strong demand for energy and steel has led to intensified coal and iron ore mining activity, which are the main consumers of technical nitrates (civil explosives). Floods in Australia and Colombia during the autumn of 2010 led to the shutdown of many coal mines in these countries, which in turn resulted in a temporary reduction in demand for technical nitrates in the sector. Coal mining activity is expected to rebound sharply in 2011.

Nitrogen demand for the process industry recovered strongly in 2010, following the economic turmoil of the previous year. Higher output in the auto industry and construction sector had a positive effect on demand for products such as nitric acid and glue urea.

Operational *performance*

STRATEGIC GOALS

Yara has ten long-term goals for value creation, underlining the company´s growth ambitions. By pursuing its strategy throughout 2010, Yara delivered on these goals according to the summary on the previous page.

CAPACITY ADJUSTMENTS

Based on current nitrogen prices, Yara aims to run its fertilizer production at full capacity. The nitrate plant in Ambes, France was taken down for planned maintenance in September 2010, with production resumed late February 2011. In 2011, production capacity will be increased with the urea expansion in Sluiskil, the Netherlands, and at Qafco-5, Qatar.

Financial *performance*

Yara's 2010 net income after non-controlling interests was NOK 8,729 million, more than double the 2009 result. 2010 earnings per share were NOK 30.24, compared with NOK 13.08 in 2009.

Full-year results improved significantly from 2009 due to higher prices and margins, as well as positive non-recurring items. Overall fertilizer deliveries were in line with 2009, with a small increase in European volumes, while sales outside Europe were slightly lower. Average realized nitrate prices were approximately 14 percent higher than last year, while realized urea prices increased eight percent.

Net interest-bearing debt decreased by NOK 6,687 million during 2010, ending at NOK 9,540 million. The decline primarily reflects strong earnings and consideration from the sale of Yara's 15.5 percent ownership in the Brazilian phosphate producer Fosfertil.

The Downstream segment delivered an EBITDA of NOK 7,796 million, a strong result as margins improved and sales to core markets increased. In addition to strong underlying performance, the result was further improved by positive non-recurring items. Global fertilizer sales were in line with 2009, as higher NPK and urea sales offset lower nitrate sales.

The Industrial segment delivered strong results with an EBITDA of NOK 1,135 million, down nine percent from 2009 despite a 13 percent volume increase, as margins declined due to increasing ammonia prices during 2010.

The Upstream segment delivered an EBITDA of NOK 5,975 million, a strong result reflecting an increase in both production volumes and product margins compared with 2009. Higher product prices more than offset the negative effect of higher energy cost.

EBITDA excluding special items was up 96 percent compared with 2009, as higher prices and margins more than offset an increase in energy cost.

Fertilizer deliveries were in line with 2009, with NPK and urea sales up seven and eight percent respectively, while nitrate sales were down ten percent. European NPK sales were hampered throughout 2009 by high potash prices, but increased in 2010 as nitrogen and phosphate demand continued to improve, while potash prices declined in relative terms. Nitrate sales were limited in 2010 by low opening stocks and a turnaround at Yara's Ambes plant, while 2009 started with higher stocks. Industrial volumes increased 13 percent, improving in particular on a weaker first half in 2009.

Realized prices were up compared with 2009, with nitrates approximately 14 percent higher while urea prices increased eight percent. NPK prices were in line with 2009, as lower potash prices offset the effect of higher nitrogen and phosphate prices. However, the improved market situation for NPK with lower stocks enabled improved margins. Industrial margins were lower than a year earlier, due to increasing ammonia prices in 2010 and favorable contractual time lag effects in 2009.

European oil and gas costs increased 14 percent, reflecting an increase in both oil-linked and hub gas prices compared with 2009.

2010 special items were a net positive NOK 4,568 million, primarily reflecting a NOK 3,578 million gain from the sale of Yara's 15.5 percent ownership in the Brazilian phosphate producer Fosfertil and a NOK 666 million gain generated by the break-up fee paid to Yara following the termination of the merger agreement with Terra Industries Inc. 2009 special items were a net positive NOK 57 million. *For further details see page 58.*

The US dollar was approximately four percent weaker versus the Norwegian krone compared with 2009, resulting in a negative translation effect in Yara's results.

Financial *highlights*

NOK million, except where otherwise indicated	2010	2009	2008	2007	2006
Revenue and other income	65,374	61,418	88,775	57,486	48,261
Operating income	7,467	1,271	12,281	4,987	3,352
Share net income equity-accounted investees	1,515	1,412	2,760	1,624	1,463
EBITDA	15,315	5,549	17,917	8,441	6,472
EBITDA excl. special items	10,748	5,492	17,723	7,788	5,506
Net income after non-controlling interests	8,729	3,782	8,228	6,037	4,188
Earnings per share [1]	30.24	13.08	28.27	20.60	13.86
Earnings per share excl.currency and special items [1]	20.69	8.82	36.28	15.91	9.80
Average number of shares outstanding (millions)	288.7	289.2	291.1	293.0	302.1
CROGI (12-month rolling average)	17.4%	8.5%	22.9%	16.1%	14.1%
ROCE (12-month rolling average)	20.6%	7.4%	29.0%	22.4%	20.5%

[1] NOK per share. Yara currently has no share-based compensation programs that result in a dilutive effect on earnings per share.

Key *statistics*

Thousand tons	2010	2009	2008	2007	2006
Sales					
Fertilizer	20,276	20,099	20,540	21,303	18,791
Industrial products (excl. industrial gases)	4,251	3,756	3,898	3,289	2,825
Total	24,527	23,855	24,438	24,592	21,616
Production [1]					
Ammonia	7,335	6,736	6,377	5,759	5,296
Finished fertilizer and industrial products, excl. bulk blends	17,195	15,457	16,695	14,550	13,183
Total	24,531	22,193	23,072	20,309	18,479

[1] Including Yara share of production in equity-accounted investees.

Variance *analysis*

NOK million	2010
EBITDA 2010	15,315
EBITDA 2009	5,549
Variance EBITDA	9,767
Volume & mix	801
Price/Margin	5,374
Oil & gas costs in Europe	(758)
Special items	4,511
Other	120
Conversion (NOK vs. USD) [1]	(282)
Total variance explained	9,767

[1] Based on quarterly average NOK per USD rates as detailed in Yara 2010 reports.

NET INCOME FROM EQUITY-ACCOUNTED INVESTEES

Net income from equity-accounted investees improved seven percent from the previous year, reflecting higher prices and margins. However, most of this improvement was offset by unsatisfactory financial performance in Burrup, Australia, including a NOK 165 million write-down related to balance sheet items in Burrup Fertilisers Pty Ltd (BFL) following findings in the ongoing Yara-initiated investigations of financial irregularities in the company.

The improvement in Qafco primarily reflects a 15 percent increase in international urea prices (fob Black Sea) compared with 2009. Tringen results are strongly exposed to international ammonia prices, which were up approximately 45 percent compared with 2009 (fob Black Sea). The improvement in GrowHow UK Ltd and Rossosh results primarily reflects a strong improvement in nitrate and NPK margins.

FINANCIAL ITEMS

Yara bases its long-term funding on diversified sources of capital, to avoid dependency on individual markets. As the fertilizer business is essentially a US dollar business, with both revenues and raw material costs denominated or determined in dollars, Yara keeps a major part of its debt in US dollars in order to reduce overall currency exposure. At year end 2010, 78 percent of Yara's long-term debt was US dollar denominated, and USD 900 million of Yara's long-term debt carried fixed interest rates at an average

Net income *from equity-accounted investees*

NOK million	2010	2009	2008	2007	2006
Qafco	728	607	1,446	787	793
Tringen	227	118	295	184	176
Rossosh	137	81	506	104	104
Burrup	(156)	311	(193)	151	(19)
GrowHow UK	221	112	514	(33)	0
Lifeco	188	127	0	0	0
Other	169	56	193	432	409
Total	1,515	1,412	2,760	1,624	1,463

[1] Burrup production halted from June to December 2008 due to gas supply disruption.

Financial *items*

NOK million	2010	2009	2008	2007	2006
Interest income from customers	112	130	238	183	166
Interest income, other	130	121	132	105	108
Dividends and net gain/(loss) on securities	3,580	124	306	36	3
Interest income and other financial income	3,822	376	676	325	277
Interest expense	(667)	(728)	(1,347)	(488)	(377)
Return on pension plan assets	419	376	423	358	298
Interest expense re. pension liabilities	(486)	(504)	(490)	(370)	(336)
Foreign exchange gain/(loss)	(676)	1,364	(3,313)	982	422
Other	(214)	(89)	(86)	(81)	(56)
Interest expense and foreign exchange gain/(loss)	(1,625)	419	(4,813)	401	(49)
Net financial income/(expense)	2,197	794	(4,136)	726	229

Net interest-bearing *debt*

NOK million	2010
Net interest-bearing debt at beginning of period [1]	(16,227)
Cash earnings [2]	7,926
Dividends received from equity-accounted investees	827
Net operating capital change	(1,898)
Balderton	(560)
Fosfertil (after tax paid)	4,383
Other investments (net)	(2,499)
Yara dividend and share buybacks	(1,415)
Foreign exchange gain/(loss)	(676)
Other	599
Net interest-bearing debt at end of period	(9,540)

[1] Including external bank time deposit (4–12 months), part of other current assets in the balance sheet.
[2] Operating income plus depreciation and amortization, minus tax paid, net gain/(loss) on disposals, net interest expense and bank charges.

interest cost of 7.3 percent. See Note 24 (page 106) for further details on long-term debt.

2010 net financial income was NOK 2,197 million, compared with NOK 794 million in 2009. The difference was mainly due to a net gain on securities from the sale of Yara's 15.5 percent ownership in the Brazilian phosphate producer Fosfertil, partly offset by a foreign exchange loss.

The net foreign exchange loss for the year totaled NOK 676 million as the US dollar appreciated against both the Norwegian krone and Yara's emerging market currencies such as the Brazilian real. During the year, Yara's US dollar debt generating currency effects was reduced from USD 1.4 billion to USD 1.2 billion with approximately USD 1 billion of the exposure towards the euro.

2010 interest expense was NOK 61 million lower than last year, with an average gross debt level NOK 5 billion lower than in 2009. 2009 interest expense included a NOK 323 million gain on interest rate derivatives.

TAX

2010 current and deferred taxes were NOK 2,386 million, representing approximately 21 percent of income before tax.

Yara has previously stated that a normal tax rate for the company is expected to be 19 percent in a supply-driven scenario and 23 percent in a demand-driven scenario.

NET INTEREST-BEARING DEBT

As a supplement to the consolidated statement of cash flows (page 68), this table highlights the key factors behind the development in net interest-bearing debt.

Net interest-bearing debt decreased by NOK 6,687 million during 2010, ending at NOK 9,540 million. The decline primarily reflects strong earnings and consideration from the sale of Yara's 15.5 percent ownership in the Brazilian phosphate producer Fosfertil.

Cash earnings increased significantly in 2010 reflecting an improved market situation, particularly for Yara's core nitrate and NPK products. Dividends from equity-accounted investees were NOK 827 million, up more than 50 percent from a year earlier. *See also note 12, page 94.*

Net operating capital at the end of 2010 was NOK 9,292 million, an increase of NOK 1,898 million (excluding currency effects) from 31 December 2009. This primarily was primarily driven by higher prices for most products. Net operating capital turnover improved significantly during 2010.

In addition to normal maintenance programs, growth investment activity in 2010 was significant, primarily the on-going urea capacity expansion in Sluiskil, Netherlands, as well as the rebuilding of the Tertre ammonia plant and a urea expansion in Brunsbüttel.

Yara's Annual General Meeting approved a dividend for 2009 of NOK 4.50 per share, giving a total dividend of NOK 1,300 million payable in 2010. Share buy-backs amounted to NOK 115 million in 2010.

The debt/equity ratio at the end of 2010, calculated as net interest-bearing debt divided by shareholders' equity plus non-controlling interests, was 0.27 compared with 0.56 at the end of 2009.

DIVIDEND POLICY

Yara's objective is to pay out minimum 30 percent of net income as an average over the business cycle. Yara believes it will be beneficial for shareholders that the company strives for a gradual increase and predictability in the absolute dividend level over time, independently of the business cycle.

Yara's Board will propose to the Annual General Meeting a dividend payment of NOK 5.50 per share for the 2010 financial year, representing 18 percent of net income and 27 percent of net income excluding net foreign exchange gains/losses and special items.

Cash payments to shareholders from dividends and share buy-back programs combined are expected to be an average 40–45 percent of net income over the business cycle. The Board intends to propose to the Annual General Meeting a new buy-back program along the lines of the previous one.

Outlook

Global agricultural markets are strong. The FAO food price index have reached record levels, surpassing the previous peak in 2008, while agricultural commodity prices increased from the second half of 2010, leading into 2011. These developments have been driven by both strong demand prospects and concerns over agricultural supply levels in the wake of weather-related setbacks in several countries, including China, Argentina and Australia. The increases in price indexes are driven by a broad range of agricultural products, a situation which serves as a strong incentive to increase land productivity.

Improved agricultural prices have led to a significant increase in fertilizer demand. Nitrogen fertilizer deliveries in Western Europe were up 13 percent for the first half of the 2010/2011 season, but remained four percent behind the levels of the 2007/2008 season. To match the 2007/2008 season, deliveries in the second half of this season would need to be 20 percent higher than last year. First half deliveries in the USA have also increased strongly compared to last season, though they lag the historically strong 2007/2008 season.

The supply of nitrogen fertilizer is limited. With price levels currently high, the global nitrogen fertilizer industry outside China is already running at full capacity. Furthermore, no new export capacity is expected to start up early enough to supply current season demand.

China has levied a 110 percent urea export tax, effective from the beginning of December 2010 through the end of June 2011. Nonetheless, export volumes remained high in December 2010, coming primarily from bonded warehouses. Lower production and higher exports have led to a 25 percent drop in urea deliveries to the Chinese domestic market in the second half of 2010. It is hard to see this drop being sustainable, supporting strict export policy enforcement for the remainder of the season.

Nitrate fertilizer prices have increased substantially in early 2011, and Yara's operations are running well, improving earnings prospects. Nitrates continue to command a price premium over urea due to the agronomic benefits. In 2010, premiums returned to normal as the high inventories and overcapacity seen in 2009 were no longer present.

Based on the strength of nitrogen prices, Yara aims to run its fertilizer production facilities at full capacity. The company will add production capacity in 2011, with the urea expansion in Sluiskil expected on-stream in June and the Qafco-5 ammonia and urea start-ups expected in the final quarter of the year.

There is significant potential for high price volatility in the markets for agricultural commodities where supply is limited and customers have low sensitivity to price changes. More weather-related setbacks of agricultural production could further increase short-term fertilizer demand, while a significant drop in agricultural prices, e.g. in the event of improved harvest prospects, could induce a temporary slow-down in fertilizer deliveries. However, a substantial harvest increase in the 2011/12 season will be required merely to stop the decline in inventories that has been driven by the 2010/11 harvest shortfall. Global grain production must increase by almost 5 percent to avoid further inventory drops, and the latest reported crop progress has not been supportive of such an increase.

A majority of Yara's dry raw material purchases are re-negotiated annually. While these costs are typically recouped in Yara's finished fertilizer sale prices over time, the company expects to record a smaller negative impact in its 2011 results compared to 2010, partly as a result of rising phosphate rock prices during 2010.

Yara's energy costs are projected to increase significantly from 2010 to 2011, based on current forward markets for oil products and natural gas. However, the likely cost increase should be more than offset by higher fertilizer pricing levels.

Unrest spread in the Middle East and North Africa following the revolts in Tunisia and Egypt in early 2011. Consequently crude oil prices have risen. This has in turn, increased the cost of the one third of Yara's European oil and gas purchases that are directly linked to crude oil rates. The Libyan JV, Lifeco, has temporary stopped production as a result of the unrest.

OPERATING SEGMENTS

Downstream *performance*

Downstream provides a unique global presence consisting of Yara's worldwide marketing organization and global distribution network for fertilizer products and agronomic solutions.

The product offering covers both commodity and high-value crop segments where Downstream offers differentiated fertilizer products and services. The segment offers the fertilizer industry's most comprehensive product portfolio, ranging from standard nitrogen products to complete crop nutrition solutions.

Downstream has a physical presence in approximately 50 countries and sales to more than 115 countries, delivering expertise and value-adding products worldwide. Yara is the number one global brand in specialty fertilizers, and Downstream is the leading supplier of crop nutrition solutions for cash crops.

BUSINESS DEVELOPMENT

In early 2010, Yara acquired full ownership of the fertilizer trading company Balderton through the acquisition of the remaining 51 percent shareholding, for USD 142 million, cash excluded. The integration of Balderton has improved Yara's growth prospects through improved sourcing capability and market penetration.

The sales of Yara's 15.5 percent ownership in Fosfertil and the 50 percent stake in the Anitapolis phosphate rock project in Brazil were concluded in May. The minority position in Fosfertil, a producer of phosphate and nitrogen fertilizers in Brazil, did not provide the optimal operational integration with Yara's fertilizer marketing. The sale provided a pretax gain of NOK 3,578 million for Fosfertil and NOK 122 million for Anitapolis. Brazil continues to be an important growth market for Downstream.

Financial *highlights*

NOK million, except where otherwise indicated	2010	2009	2008	2007	2006
Revenue and other income	48,249	45,569	64,905	41,418	34,289
Operating income	3,424	262	3,412	2,007	1,107
EBITDA	7,796	963	4,648	3,035	1,960
EBITDA excl. special items	3,780	1,187	4,238	3,123	1,906
CROGI (12-month rolling average)	32.1%	4.1%	14.9%	13.5%	10.1%
ROCE (12-month rolling average)	39.1%	2.2%	15.4%	14.0%	9.6%

Key *statistics*

Thousand tons	2010	2009	2008	2007	2006
Sales by region					
Fertilizer Europe	10,294	10,031	11,230	10,624	9,464
Fertilizer outside Europe	9,982	10,068	9,309	10,679	9,327
Total	20,276	20,099	20,540	21,303	18,791
Sales by product group					
Nitrate	5,487	6,089	5,608	5,339	4,458
NPK	6,619	6,211	7,561	8,079	7,277
of which own-produced	*4,090*	*3,092*	*3,794*	*3,764*	*3,434*
of which own blends	*1,922*	*2,149*	*2,482*	*2,988*	*2,172*
Urea	4,577	4,247	3,772	3,735	3,507
of which own-produced	*1,633*	*1,757*	*996*	*1,076*	*1,083*
of which equity accounted investees sourced	*2,169*	*1,798*	*1,898*	*1,647*	*1,566*
CN	846	680	757	932	870
UAN	965	1,009	981	1,190	1,084
Other products	1,782	1,862	1,860	2,029	1,595
Total	20,276	20,099	20,540	21,303	18,791

In South Africa, Yara divested its retail marketing assets at book value (approximately USD 75 million). The sale of Yara's 50 percent ownership of retail company Sidi Parani (Pty) was concluded in September, while the sale of the wholly-owned fertilizer retail activity was concluded in November. Sales at retail level are typically combined with trade of other agricultural input and produce, and are not regarded as core business for Yara. Yara continues to sell fertilizer delivered harbor in South Africa. While the new owner of the previously wholly-owned retail asset Farmsecure is the exclusive distributor for a selective range of Yara fertilizers, Yara continues to sell urea and traded third-party fertilizers to other selected importers in the region.

In the USA, Yara opened two terminals during 2010. Yara has invested USD 8 million in the Savannah liquid terminal in Georgia, and USD 28 million in the New Orleans Gateway Facility. New Orleans is the main entry point for fertilizer imports into North America. The terminal has the capacity to store 55,000 metric tons of urea, and gives Yara the flexibility to convert urea vessel shipments into barge, truck, rail and storage positions. The completion of the terminals has further strengthened Downstream's distribution system in the US.

PERFORMANCE

Downstream delivered strong 2010 results as margins improved and sales to core markets increased. 2010 Downstream earnings included several positive special items, but the underlying result represents the second best year for Downstream so far.

Margins increased substantially from last year as a result of a continual focus on commercial optimization, along with strong demand. Average realized sales prices were up 14 percent for nitrates and eight percent for urea, while NPK prices were in line with 2009, as lower potash prices offset the effect of higher nitrogen and phosphate prices. However, the improved market situation for NPK with lower stocks enabled improved margins. In 2009, Yara incurred substantial position losses primarily due to the drop in phosphate and potash prices during the first half of 2009.

Variance *analysis*

NOK million	**2010**
EBITDA 2010	7,796
EBITDA 2009	963
Variance EBITDA	6,832
Volume	234
Price/margin	2,380
Special items	4,239
Other	61
Conversion (NOK vs. USD) [1]	(81)
Total variance explained	6,832

[1] Based on quarterly average NOK per USD rates as detailed in Yara 2010 reports.

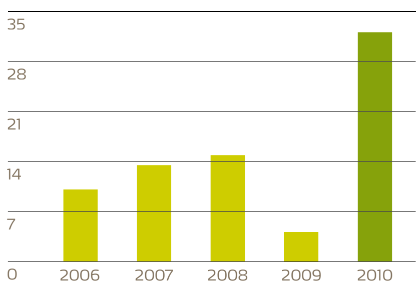
Global Yara volumes were in line with last year. NPK sales increased by seven percent, while urea increased by eight percent. Nitrates deliveries were down ten percent in 2010, as less nitrate stock was available and product availability was reduced due to the Ambes turnaround.

European deliveries were three percent above last year, mainly driven by higher NPK sales in core European markets. The increase was partly offset by lower nitrates sales due to reduced nitrates availability. Yara's Ammonium Nitrate fertilizer plant in Ambes, France, was taken down for a planned major turnaround in September 2010. Ambes restarted production in February 2011.

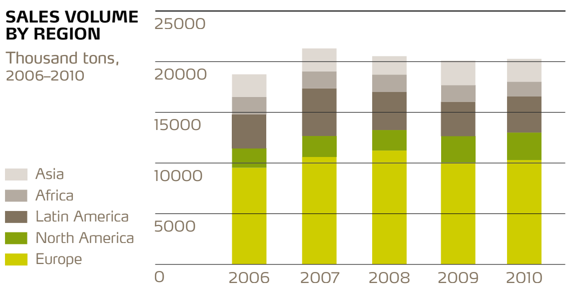
Volumes outside Europe were similar to last year's levels. The sale of own-produced premium NPK in Brazil and Thailand increased significantly from last year, reflecting new business models and a successful focus on high-value crops. The sale of NPK blends in Brazil decreased in line with the new strategy.

2010 special items impacting EBITDA were a positive NOK 4,016 million, primarily reflecting the sale of the Fosfertil asset in Brazil and the fair value adjustment of Yara's existing owner-

DOWNSTREAM CROGI
Percent, 2006–2010



SALES VOLUME BY REGION
Thousand tons, 2006–2010



Downstream *projects*

Downstream aims to grow profitably based on its comprehensive product portfolio, global distribution network and extensive application expertise. Downstream's completed and ongoing projects include:

Australia

In January 2011, Yara exercised an option to acquire the remaining 60 percent of Yara Nipro, the market leader in several bulk liquid fertilizer segment in Eastern Australia. Yara Nipro had an EBITDA of AUD 5.6 million for the financial year ending June 2010.

Tanzania

In 2011, Downstream will begin the construction of a USD 20 million fertilizer terminal in Dar es Salaam, Tanzania. The terminal will have bulk handling and bagging facilities, and a total storage capacity of 45,000 tons. It is expected to be completed in 2013.

ship in Balderton. 2009 net special items were a negative NOK 224 million, primarily reflecting restructuring in France and Brazil and bad debts in Africa.
For further details on special items, see page 58.

The "Other" variance mainly reflects fixed cost improvements, from structural changes made during 2009, as well as a focus on continuous cost reduction in 2010.

STRATEGIC FOCUS

The priority for Downstream is to sell Yara-sourced products and joint venture products at the best possible return for Yara. Another key objective is to grow profitable trade with acceptable risk, further capitalizing on the full ownership of Balderton Fertilizers. The trade activity supports our sales of own-produced products by completing the product portfolio and increasing Yara's presence in the market.

The key foundation of Downstream's objective to drive profitable growth, is its complete and high-quality product portfolio, its global fertilizer distribution network, and its extensive application competence. Downstream will continue to increase productivity through tight control of fixed cost and operating capital. As part of its continued efforts to improve operations, Yara will focus on optimizing the product portfolio of the plants while at the same time meeting market demands. Another key improvement project to be started in 2011 is the transfer of best practice across smaller sites, such as blenders and terminals, to further improve efficiency.

Innovation is the key to staying competitive. By developing knowledge, technology and tools to reduce nitrogen emissions while also achieving increased productivity, Yara has demonstrated that there need not be a conflict between addressing environmental issues and delivering improved profitability for farmers.

The Yara Crop Nutrition concept focuses on nutritional management of the crop, in contrast to the traditional approach of feeding the soil. Yara Crop Nutrition brings together Yara's global crop knowledge, product portfolio and application competence for the benefit of growers globally, increasing nutrient efficiency and reducing environmental impacts.

As a response to the global trends of water scarcity and food quality, Yara is increasing its initiatives in fertigation products and solutions, a priority area for innovation going forward. In January 2011, Yara acquired the remaining 60 percent of Yara Nipro Pty Ltd, the market leader in bulk liquid fertilizers to many crops in Eastern Australia. Yara Nipro's unique liquid fertilizer concept makes it particularly attractive in regions of water scarcity, and the innovative technology and business model fits well with Yara's aim to provide the best crop nutrition solution for the global challenges facing farmers today.

In 2011, Downstream will start the construction of a USD 20 million fertilizer terminal in Dar es Salaam, Tanzania. The new terminal is linked to Yara's continued efforts to develop the Southern Agricultural Growth Corridor of Tanzania (SAGCOT) in cooperation with several partners, including the Government of Tanzania, development partners and the private sector. By improving infrastructure and financing, the corridor aims to harness the largely underutilized agricultural potential of Tanzania, linked to the port of Dar es Salaam, and to neighboring countries. Yara also has several other ongoing initiatives in Africa focused at driving agricultural development and contributing to economic growth.

OPERATING SEGMENTS

Industrial *performance*

Industrial creates value over and above the established Yara Upstream platform by developing and selling chemical products and CO_2 to non-fertilizer industries such as chemicals, utilities, civil explosives and food and beverages.

Yara occupies a leading position in these nitrogen applications, creating value in its markets with a "Total Service Provider" approach. Beyond the chemicals and CO_2, this encompasses services and technology solutions that Yara's customers are not able to provide themselves. Reliability in supply and strict adherence to quality specifications are essential for industrial clients who need products on a 24/7 basis throughout the year.

The Industrial portfolio includes a growing environmental applications segment for emissions abatement in transport, power generation, water utility and other sectors. This market is driven by stricter legislation and GDP growth. Yara has been a pioneer in several applications for nitrogen oxides (NO_x) abatement.

BUSINESS DEVELOPMENT

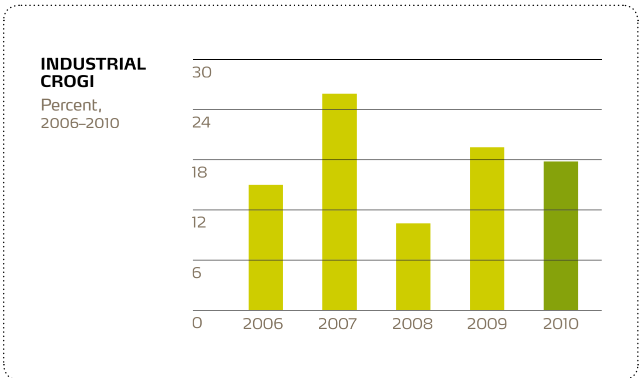
In 2010, Yara Industrial was re-organized into five business units, reflecting its ambition to grow the business globally from its existing strong European base. Many future growth markets lie outside Europe, with North America offering the biggest

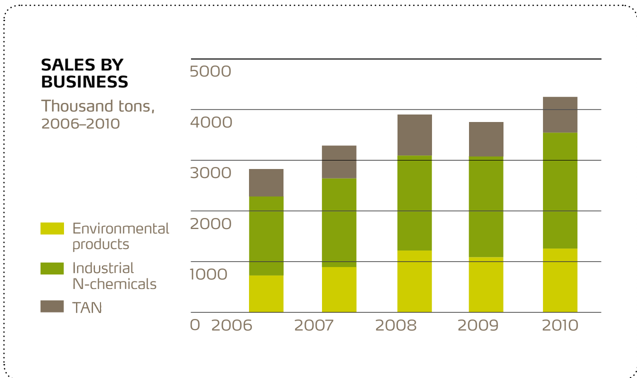
Financial *highlights*

NOK million, except where otherwise indicated	2010	2009	2008	2007	2006
Revenue and other income	9,366	8,615	10,995	8,563	6,118
Operating income	850	940	401	1,441	537
EBITDA	1,135	1,248	629	1,645	736
EBITDA excl. special items	1,104	1,290	534	860	770
CROGI (12-month rolling average)	17.8%	19.5%	10.4%	25.9%	15.0%
ROCE (12-month rolling average)	22.8%	23.4%	10.2%	40.1%	20.5%

Key *statistics*

Thousand tons	2010	2009	2008	2007	2006
Sales by product group (excl. industrial gases)					
Environmental products	1,258	1,088	1,219	893	727
Industrial N-chemicals (incl. TAN)	2,992	2,668	2,678	2,396	2,098
of which TAN	*705*	*674*	*805*	*646*	*534*
Total	4,251	3,756	3,898	3,289	2,825





near-term potential for environmental applications. The EPA Clean Air Act, implemented in the USA during 2010, sets North America up to become the world's largest NO_X abatement market for heavy-duty vehicles, expected to hit the billion gallon mark in 2019. Yara is the largest producer of the high-purity urea solution used to reduce NO_X emissions from trucks and has partnered with Mansfield Oil, the leading independent fuel distributor in the USA. By the end of 2010, a multi-sourcing platform and a nationwide distribution network was in place for DEF (Diesel Exhaust Fluid), bringing the solution to customers across the USA and Canada.

Industrial's global TAN business retained its leadership position in developing markets such as Africa. In Asia, Industrial developed its foothold by opening a CN production plant in Malaysia and pursuing market opportunities for latex gloves manufacturing and for waste water odor control. In Australia, the development of the Burrup TAN project proceeded according to schedule, unaffected by the investigations into financial irregularities in Burrup Fertilisers.

Industrial's strong European base was maintained in 2010, as the chemicals and CO_2 business grew in line with GDP. Yara's new liquid CO_2 plant in Wilton was successfully commissioned and put into operation in 2010. The plant has an annual capacity of 250.000 tons of liquid CO_2 based on raw gas from Ensus, a UK bio-energy producer.

PERFORMANCE

Industrial EBITDA excluding special items was down 14 percent from last year despite a 13 percent volume increase. The strong volume improvement was reflected across all product groups. However, margins were considerably lower than last year due to increasing raw material prices, especially ammonia. 2010 also benefited from contractual time lag effects.

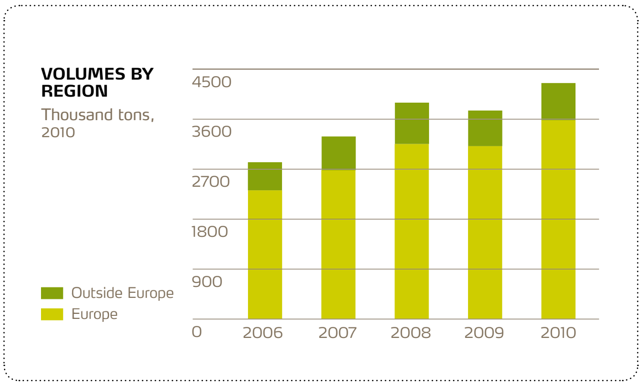
All product groups except liquid CO_2 suffered from a significant drop in margins, in contrast to last year, when margins benefited from contractual lag effects as contracts entered into at higher prices were still in force. Towards the end of 2010 environmental products and technical ammonium nitrates saw a significant drop in margins as ammonia and urea prices increased sharply. The industrial gas business did not experience the same margin squeeze and was able to maintain strong margins throughout the year.

The lower margins were compensated by a strong volume growth of 13 percent compared to 2009 when the economic downturn affected sales volumes. The volume growth was seen in all product groups, but with environmental products and sales of ammonia, urea and nitric acid to the European process industry contributing most, with 16 percent and 13 percent respectively. Technical ammonium nitrate sales were up five percent from last year, but declined towards the end of the year as deliveries to key mining countries such as Australia and Colombia were impacted by heavy floods. Liquid CO_2 sales to European end-users increased by 12 percent, primarily due to new sales in UK from the Wilton bioethanol plant.

2010 special items reflect a NOK 31 million gain from a settlement following the Pardies ammonia plant closure in France, while the related plant closure cost of NOK 42 million was recognized in 2009.

FORWARD FOCUS

Industrial growth is based on innovation that meets market needs, driven by GDP growth and increasingly stringent environmental legislation. Future profitable growth requires the strength of Yara's production capability, innovation in technology, product development and operational excellence, to bring the right product and expertise to the customer, at the right time, at the lowest



Variance *analysis*

NOK million	2010
EBITDA 2010	1,135
EBITDA 2009	1,248
Variance EBITDA	(113)
Volume & mix	200
Price/margin	(379)
Special items	73
Other	71
Conversion (NOK vs. USD) [1]	(78)
Total variance explained	(113)

[1] Based on quarterly average NOK per USD rates as detailed in Yara 2010 reports.

cost. All of these elements will be in focus in 2011, in line with Yara's Leadership agenda.

Alongside North America, countries in Latin America will progressively implement legislation that will pave the way for market development. Industrial will also be targeting growth in the Middle East and Turkey. All these regions need Industrial chemical solutions to support GDP growth. Yara's Upstream platform will upgrade its production capacity in Sluiskil, Netherlands in mid 2011, and Belle Plaine, Canada to secure product sourcing needs for Industrial growth markets.

In 2011, Industrial will position itself for the launch of the Brazilian NO_X abatement market. This market is set to become the third-largest in the world for AdBlue, the high purity urea solution that eliminates toxic NO_X emissions from heavy duty vehicles. Yara will bring expertise to this market, as the leading supplier and a pioneer in the DEF markets in Europe, North America Australia, and several Asian countries.

2011 should see the ownership structure of the Burrup TAN production site in Western Australia finalized. The planned annual capacity of 350,000 metric tons will meet demand from iron ore, copper and diamond mines in the region and elsewhere in Australia.

Industrial *projects*

Industrial aims to grow by providing innovative solutions to increasingly strict environmental requirements and the needs of rapidly growing economies around the world. Industrial's pipeline projects and focus areas include:

Australia

The Burrup TAN project, with a planned capacity of 350,000 metric tons annual will serve demand from iron ore, copper and diamond mines in the region and elsewhere in Australia. The development of the project proceeded according to schedule, unaffected by the investigations into financial irregularities in Burrup Fertilisers.

USA

Yara aims to expand the market for DEF in North America, leveraging the sourcing platform and distribution network, established in 2010. North America is expected to become the world's largest market for NO_X abatement solutions for heavy-duty vehicles.

Globally

With annual deliveries of AdBlue/DEF already exceeding a million tons globally, Yara is targeting further growth in the market for NO_X abatement solutions in Europe and the USA. Environmental legislation is also paving the way in other regions, most notably in Latin America and Asia.

OPERATING SEGMENTS

Upstream *performance*

Upstream is the backbone of Yara's production system, including world-scale ammonia and fertilizer plants, phosphate mines and global trade of ammonia.

Upstream produces ammonia, urea, nitrates, NPKs and other nitrogen-based products as well as phosphoric acid and feed phosphates. Products are mainly sold through the Downstream and Industrial segments. Yara is the world's number one producer of ammonia, nitrates and NPKs, and largest global trader of ammonia. World-class operational efficiency and competitive raw material sourcing gives Upstream significant competitive advantages, providing a world-class manufacturing base for Yara's business.

BUSINESS DEVELOPMENT

In Siilinjärvi, Finland, a EUR 60 million investment to increase phosphate rock production by 150 kilotons per annum was com-

Financial *highlights*

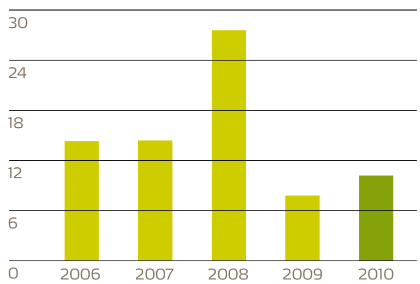
NOK million, except where otherwise indicated		2010	2009	2008	2007	2006
Revenue and other income		31,663	25,899	45,826	23,659	22,124
Operating income		2,884	856	8,342	1,649	1,552
Share net income equity-accounted investees		1,335	1,308	2,482	1,316	1,287
EBITDA		5,975	4,013	12,372	3,797	3,563
EBITDA excl. special items		6,096	3,690	12,665	3,842	2,783
CROGI (12-month rolling average)		10.2%	7.8%	27.9%	14.4%	14.3%
ROCE (12-month rolling average)		10.1%	6.4%	40.5%	26.5%	28.7%
Oil & gas cost (weighted average) [1]	*USD per MMBtu*	5.7	4.8	9.6	5.6	5.6
Oil & gas cost Europe (weighted average) [1]	*USD per MMBtu*	7.6	6.6	12.0	7.4	7.5

Key *statistics*

Thousand tons	2010	2009	2008	2007	2006
Production by category [1]					
Ammonia	7,335	6,639	6,167	5,546	5,091
Finished fertilizer	12,282	10,642	10,905	8,718	7,900
Total	19,617	17,281	17,072	14,264	12,991

[1] Including Yara share of production in equity-accounted investees.

UPSTREAM CROGI
Percent, 2006–2010



NATURAL GAS COST
USD/MMBtu, 2006–2010

pleted during 2010, reducing Yara's dependency on imported phosphate rock for its NPK plants.

Yara management has established Process Safety as a separate focus area in 2010. The aim is to maintain Yara's industry-leading position and further improve operational safety mechanisms. In addition to the mandatory alignment to our defined technical and operational standards, Yara has intensified and standardized training and competence requirements for operational leaders, engineers and operators. This strengthens hazard and risk awareness and understanding within the company.

To further improve plant reliability and productivity, Yara is leading the way in the field of Risk Based Inspection (RBI). These programs aim to assess the true equipment condition and customize plant inspection programs to specific needs and conditions, following a risk-based approach which considers probability of failure together with consequence of failure. The program has been running for two years, with clearly positive results in the approximately 60 percent of our production units covered to date.

PERFORMANCE

Upstream delivered a strong financial result in 2010, with significant increase in both production volumes and fertilizer prices.

Ammonia production increased ten percent mainly as a result of lower production curtailments compared to last year, limited primarily by lower production in Tertre, Belgium. The Tertre ammonia plant resumed production late May 2010, after an accident that had halted ammonia production since June 2009. The insurance claim covering both business interruption and property damage is successfully concluded, with the proportional share being included in 2010 results.

Finished fertilizer production increased 15 percent compared with 2009 as production ran at close to full capacity.

European oil and gas costs increased 14 percent, while Yara's global average gas cost increased 21 percent. Energy cost outside Europe was higher than a year ago primarily due to higher ammonia and urea prices and higher natural gas prices in North America.

Special items this year reflect mainly the NOK 165 million from Burrup write downs in Australia, the NOK 39 million gain on the Tertre property damage insurance settlement and NOK 69 million related to the sale of Carbonor shares during first-quarter 2010. Last year special items relate mainly to the Tertre property damage insurance claim settlement of NOK 244 million and NOK 118 million gain related to the sale of Yara's remaining shares in China Blue Chemical Ltd.

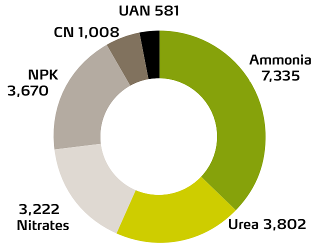
STRATEGIC FOCUS

The Upstream Segment in Yara focuses both on ensuring safe and sustainable first class operation of its existing asset base, as well as pursuing the increase of production capacity, mainly through exploring potential projects in areas with competitive and sustainable feedstock for its nitrogen and NPK business.

Yara will continue its long-term strategy of increasing production capacity in areas with competitive and sustainable feedstock for its business portfolio. This includes nitrogen production based on competitively priced natural gas and also production of phosphate and potash for its NPK plants. Efforts are mainly

UPSTREAM PRODUCTION

Thousand tons, 2010



Variance *analysis*

NOK million	2010
EBITDA 2010	5,975
EBITDA 2009	4,013
Variance EBITDA	1,962
Volume & mix	522
Price/margin	2,847
Oil & gas costs in Europe	(758)
Special items	(444)
Other	(11)
Conversion (NOK vs. USD) [1]	(195)
Total variance explained	1,962

[1] Based on quarterly average NOK per USD rates as detailed in Yara 2010 reports.

Upstream *projects*

Upstream is fine-tuning existing operations and expanding capacity in locations that offer secure and competitive raw material sources. Upstream's projects include:

Netherlands

In Sluiskil, the Netherlands, Yara is completing a EUR 400 million urea expansion project, with start-up planned for the second quarter of 2011. The project will increase capacity by 45 percent, reduce energy consumption and increase reliability.

Qatar

Qatar Fertiliser Company, which is 25 percent owned by Yara, has made a USD 3.2 billion investment in the Qafco-5 ammonia and urea expansion. Start-up is planned for the fourth quarter of 2011. The Qafco-6 urea project entered the construction phase during 2010, with completion planned for the end of 2012.

focused on the Middle East, Africa and Canada, but any areas with potential competitive feedstock are of interest.

From 2013, all European ammonia and nitric acid plants will be regulated under the European Emission Trading Scheme (ETS). This will lead to added production costs for Yara and other European producers, especially in the ammonia sector. The European industry is deeply concerned that this will lead to competitive distortion versus non-European producers, resulting in carbon leakage and more global emission of greenhouse gases. Yara expects to meet the new requirements for our nitric acid plants by having installed the company's N_2O reduction technology, and examins the possibility for further technical improvements in some of the ammonia plants.

Other *and eliminations*

2010 EBITDA was a positive NOK 410 million, compared with a negative NOK 676 million in 2009. The positive result primarily reflects the NOK 666 million gain generated by the break-up fee paid to Yara following the termination of the merger agreement with Terra Industries.

Definitions *and variance analysis*

The fertilizer season in Western Europe referred to in this discussion starts 1 July and ends 30 June.

Several of Yara's purchase and sales contracts for commodities are, or have embedded terms and conditions which under IFRS are, accounted for as derivatives. The derivative elements of these contracts are presented under "Commodity-based derivatives gain/(loss)" in the condensed consolidated interim statement of income, and are referenced in the variance analysis (see below) as "Special items".

"Other and eliminations" consists mainly of cross-segment eliminations, in addition to Yara's headquarter costs. Profits on sales from Upstream to Downstream and Industrial are not recognized in the consolidated Yara condensed consolidated interim statement of income before the products are sold to external customers. These internal profits are eliminated in the "Other and eliminations" segment. Changes in "Other and eliminations" EBITDA therefore usually reflect changes in Upstream-sourced stock (volumes) held by Downstream and Industrial, but can also be affected by changes in Upstream margins on products sold to Downstream and Industrial, as transfer prices move in line with arms-length market prices. With all other variables held constant, higher stocks would result in a higher (negative) elimination effect in Yara's results, as would higher Upstream margins. These effects tend to even out over time, to the extent that stock levels and margins normalize.

In the discussion of operating results, Yara refers to certain non-GAAP (generally accepted accounting principles) financial measures including EBITDA and CROGI. Yara's management regularly uses these measures to evaluate performance, both in absolute terms and comparatively from period to period. These measures are viewed by management as providing a better understanding - for both management and for investors – of the underlying operating results of the business segments for the period under evaluation. Yara manages long-term debt and taxes on a group basis. Therefore, net income is discussed only for the Group as a whole.

Yara's management model, referred to as Value Based Management, reflects management's focus on cash flow-based performance indicators. EBITDA, which Yara defines as income/(loss) before tax, interest expense, foreign exchange gains/losses, depreciation, amortization and write-downs, is an approximation of cash flow from operating activities before tax and net operating capital changes. EBITDA is a measure that in addition to operating income, also includes interest income, other financial income, and results from equity-accounted investees. It excludes depreciation, write-downs and amortization, as well as amortization of excess values in equity-accounted investees. Yara's definition of EBITDA may differ from that of other companies. EBITDA should not be considered an alternative to operating income and income before tax, for measuring the company's operations in accordance with GAAP. Nor is EBITDA an alternative to cash flow from operating activities in accordance with generally accepted accounting principles.

Yara management uses CROGI (Cash Return On Gross Investment) to measure performance. CROGI is defined as gross cash flow, divided by average gross investment and is calculated on a 12-month rolling basis. "Gross cash flow" is defined as EBITDA less total tax expense, excluding tax on net foreign exchange gains/losses. "Gross Investment" is defined as total assets (exclusive of deferred tax assets, cash and cash equivalents, other liquid assets and fair value adjustment recognized in equity) plus accumulated depreciation and amortization, less all short-term interest-free liabilities, except deferred tax liabilities. ROCE (Return on capital employed) has been included as an additional performance measure to CROGI to simplify benchmarking with other companies. ROCE is defined as EBIT minus tax divided by average capital employed and is calculated on a 12-month rolling average basis. Capital employed is defined as total assets adjusted for deferred tax assets minus other current liabilities.

In order to track underlying business developments from period to period, Yara's management also uses a variance analysis methodology, developed within the company ("Variance Analysis"), which involves the extraction of financial information from the accounting system, as well as statistical and other data from internal management information systems. Management considers the estimates produced by the Variance Analysis, and the identification of trends based on such analysis, sufficiently precise to provide useful data to monitor our business. However, these estimates should be understood to be a less than exact quantification of the changes and trends indicated by such analysis.

Yara defines "special items" as material items in the results which are not regarded as part of underlying business performance for the period. These fall into two categories, namely "non-recurring items" and "contract derivatives". "Non-recurring items" comprise restructuring-related items and other gains or losses which are not primarily related to the period in which they are recognized, subject to a minimum value of NOK 20 million per item within a 12-month period. "Contract derivatives" are commodity-based derivatives gains or losses (see above) which are not the result of active exposure or position management by Yara.

Due to the impracticality of obtaining financial reports that are fully synchronized with Yara's own reporting dates, the results for some of Yara's equity-accounted investees are included in Yara results with a one-month time lag.

Special *items*

NOK million	2010	2009
EBITDA effect		
Balderton fair value adjustment	185	–
Fosfertil sale	3,578	–
Anitapolis sale	122	–
Terni sale	72	–
Insurance settlement Brazil	33	–
Peremarton sale	32	–
Demolition provision Brazil	–	–
Restructuring France	(34)	(60)
Baria Serece sale	38	–
Environmental provisions	(8)	–
Bad debt Africa	–	(105)
Restructuring Brazil	–	(28)
Sales tax Brazil	–	(30)
Contract derivatives	(2)	–
Total Downstream	4,016	(224)
Compensation Pardies closure	31	–
Restructuring France	–	(42)
Total Industrial	31	(42)
Sale of shares Carbonor	69	–
Sluiskil asset decommissioning	–	–
Environmental provisions	(10)	–
Property damage insurance Tertre	39	244
Write-down Burrup	(165)	–
Sale of shares China BlueChemical	–	118
Contract derivatives	(55)	(39)
Total Upstream	(122)	323
Terra break fee	666	–
Environmental provisions	(24)	–
Total Other and eliminations	643	–
Total Yara	4,568	57

NOK million	2010	2009
Operating income effect		
Balderton fair value adjustment	185	–
Fosfertil sale	–	–
Anitapolis sale	122	–
Terni sale	72	–
Insurance settlement Brazil	33	–
Peremarton sale	32	–
Demolition provision Brazil	(28)	–
Restructuring France	(40)	(91)
Baria Serece sale	38	–
Environmental provisions	(8)	–
Bad debt Africa		(135)
Restructuring Brazil		(67)
Sales tax Brazil		(30)
Contract derivatives	(2)	–
Total Downstream	403	(323)
Compensation Pardies closure	31	–
Restructuring France	–	(101)
Total Industrial	31	(101)
Sale of shares Carbonor	69	–
Sluiskil asset decommissioning	(39)	–
Environmental provisions	(10)	–
Property damage insurance Tertre	39	244
Write-down Burrup	–	–
Sale of shares China BlueChemical		–
Contract derivatives	(29)	(20)
Total Upstream	31	223
Terra break fee	666	–
Environmental provisions	(24)	–
Total Other and eliminations	643	–
Total Yara	1,108	(201)

Operational *data*

Thousand tons	2010	2009	2008	2007	2006
Purchase of raw materials [1]					
Rock Phosphate	1,025	615	1,051	1,276	963
Potassium	1,971	879	1,646	1,641	1,194
Downstream production					
Ammonia	–	–	82	71	83
Nitrates	2,553	2,847	2,693	2,619	2,513
NPK	1,573	1,194	2,125	2,087	1,890
CN	175	106	242	223	181
UAN	232	281	304	488	337
Upstream production [2]					
Ammonia	7,335	6,639	6,167	5,546	5,091
Urea	3,802	3,627	2,684	2,543	2,362
Nitrates	3,222	2,951	3,227	2,224	1,947
NPK	3,670	2,787	3,688	2,550	2,246
CN	1,008	797	956	1,049	1,019
UAN	581	480	351	350	326
Industrial production					
Ammonia	–	97	128	141	122
Nitrates (TAN)	380	388	425	415	362

[1] Purchased for consumption in Yara plants, including blending in Yara Brazil.
[2] Including Yara share of production in equity-accounted investees.

The Yara *share*

Yara aims to be an attractive investment for shareholders, and to provide competitive returns compared to other investment alternatives. The Yara share shall be liquid and an attractive investment opportunity.

Yara is committed to serving all our shareholders and potential investors by providing consistent, open and prompt disclosure of relevant information. Yara´s policy is to treat all stakeholders equally, including analysts, banks, institutional investors and private shareholders. All information that may be important and relevant to Norwegian and international markets is published via notices to the Oslo Stock Exchange (OSE) and press releases. Yara presents quarterly results as live webcasts and at its headquarters at Bygdøy allé 2 in Oslo. In addition, Yara holds regular meetings with investors, in Europe and in North America.

SHARE PERFORMANCE AND DISTRIBUTION

In 2010, a total of 702 million Yara shares were traded on the OSE, at a total value of NOK 173.1 billion, making Yara the second most traded company on the exchange. The average daily trading volume for Yara shares on the OSE during 2010 was 2.8 million.

The highest closing price during the year was NOK 337.5 and the lowest was NOK 173.5. The year-end closing price was NOK 337.5, representing an increase of 28 percent from the 2009 year-end close. Yara's market value as of 31 December 2010 was NOK 97.33 billion, making Yara the fourth-largest company quoted on the Oslo Stock Exchange.

At year-end 2010, Yara had 37,420 shareholders. Non-Norwegian investors owned approximately 42 percent of the total stock, of which 17 percent were from the United States and eight percent from the United Kingdom. The Norwegian State, through the Ministry of Trade and Industry, is the largest single owner with 36.21 percent of the shares. Norwegian private ownership of Yara shares was approximately 22 percent.

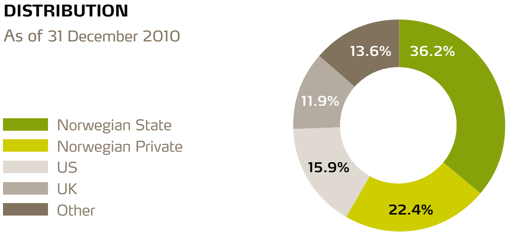
ADR PERFORMANCE AND VOTING RIGHTS

Yara has a sponsored level 1 ADR (American Depository Receipt) program in the USA. The ADRs are not listed, but are bought and sold OTC, i.e. through any broker licensed to buy and sell US securities. One ADR represents one ordinary Yara share.

On 31 December 2009, the Yara ADR was quoted at USD 45.55. On 31 December 2010, the ADR was quoted at USD 58, a 27 percent increase for the year. To find a recent price quote for Yara ADRs please go to *www.adr.com*. The ticker symbol is YARIY.

Yara requires that shareholders or their authorized representatives be physically present at the General Meeting present in order to vote. Shares must be registered with the Norwegian Registry of Securities in the name of the real owner if the holders want

SHAREHOLDING DISTRIBUTION
As of 31 December 2010



Shareholding *distribution, end 2010*

Ownership structure

No. of shares	No. of shareholders	Percentage of share capital
1–100	21,385	0.28
101–1,000	13,003	1.52
1,001–10,000	2,209	2.22
10,001–100,000	500	5.64
100,001–one million	192	20.89
Over one million	37	69.45

Yara's *20 largest shareholders* [1)]

As of 31 December 2010

Shareholders	Holding (%)
Norwegian Ministry of Petroleum and Energy	36.2
Folketrygdfondet	6.4
Fidelity Investments	2.7
BlackRock	2.4
Storebrand Investments	1.5
People's Bank of China	1.5
DnB NOR Asset Management	1.5
Vital Forsikring ASA	1.0
Invesco Perpetual	1.0
Pareto AS	1.0
Allianz Global Investors	0.9
Odey Asset Management	0.8
KLP	0.8
SSGA	0.8
Van Eck Global	0.8
Kuwait Investment Office	0.7
Neptune Investment Management	0.7
Nordea Asset Management	0.7
Societe Generale, Paris (PB)	0.7
APG Asset Management	0.6

[1)] This shareholder list is delivered by RD:IR and VPS through their service Nominee ID. The list is made analyzing information provided by registered shareholders on request from Yara International. Neither RD: IR, or VPS guarantee that the information is complete. For a list of the 20 largest registered shareholders as of 31 December 2010, see note 14 on page 141 in this report.

to vote for their shares at the shareholders' meeting. Holders of Yara ADRs should check their voting rights with JPMorgan, which is the depository bank for Yara ADRs. The contact details are given on the next page.

CASH DISTRIBUTION POLICY

Yara expects to return 40–45 percent of average net income to shareholders over a business cycle. Dividends should be a minimum of 30 percent of average net income, with share buy-backs making up the balance. Total cash returned to shareholders in 2010 was NOK 1,415.1 million or roughly 37 percent of 2009 net income. Dividends accounted for NOK 1,300 million, representing 34 percent of 2009 net income, while share buy-backs amounted to NOK 115.1 million, representing three percent of 2009 net income.

Yara believes it is beneficial to shareholders for the company to aim for a predictable, steadily rising absolute dividend level over time, independent of the business cycle. The dividend pertaining to each fiscal year will be declared at Yara's Annual General Meeting the following year.

The Board of Directors will propose a dividend payment of NOK 5.50 per share for 2010 to the Annual General Meeting.

The General Meeting on 11 May 2010 authorized Yara's Board to buy back up to 5 percent of total shares (14,441,595 shares) before 7 May 2010, at a purchase price not less than NOK 10 and not more than NOK 1,000. A precondition for the program was that an agreement was entered into with the Norwegian State where the State committed to sell a proportional share of its holdings leaving its ownership (36.21 percent) unchanged.

As of 31 December 2010 Yara had bought 450,000 shares under the existing authorization.

2010 ANNUAL GENERAL MEETING

Yara´s shareholder meeting will take place at 18:00 (CET) Tuesday 10 May 2011, at Yara headquarters in Bygdøy allé 2, Oslo. Shareholders who wish to attend the Annual General Meeting are asked to inform Yara's registrar by 12:00 CET on Friday 6 May 2011.

Shareholders may also register electronically on the Yara webpage *www.yara.com/register* or at the Verdipapirservice investor services site at *www.vps.no.*

For more information on how to vote, consult our proxy voting form or visit our website.

ANALYST COVERAGE

32 financial analysts provide market updates and estimates for Yara's financial results. This includes 19 analysts located outside Norway, close to half of them in London.

RATING

Rating agencies Moody's and Standard & Poor's have rated Yara as solid investment grade. Reflecting its strong market position and cost leadership, Yara is rated investment grade 'Baa2' with Moody's and 'BBB' with Standard & Poor's.

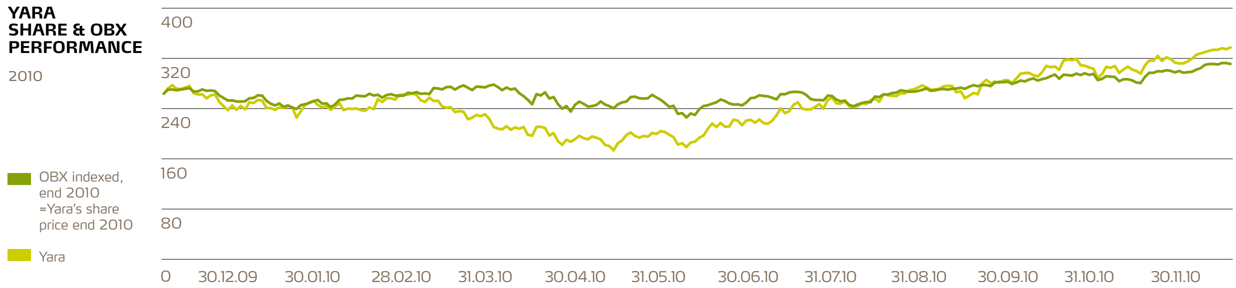
CHANGE OF ADDRESS

Shareholders registered in the Norwegian Registry of Securities should send information on changes of address to their registrars and not directly to the company.

Continuously updated information on shareholder related matters can be found on our website *www.yara.com/en/investor_relations*

REGISTRAR INFORMATION

Registered shareholders may contact our Registrar in Norway regarding share transfers, address change and other issues related to their holding of Yara shares. The contact details are shown on the right:



Common *share data*

NOK, except where otherwise indicated	Q1	Q2	Q3	Q4	2010	2009
Basic earnings per share	5.27	12.86	6.68	5.42	30.24	13.08
Average number of shares outstanding [1]	288,831,251	288,831,251	288,658,968	288,408,968	288,680,758	289,174,859
Period end number of shares outstanding [1]	288,831,251	288,831,251	288,481,251	288,381,903	288,381,903	288,831,918
Average daily trading volume	2,723,362	3,388,351	2,707,456	2,374,592	2,786,312	3,498,031
Average closing share price	250.7	206.1	241.0	303.9	251.2	185.3
Closing share price (end of period)	258.0	185.0	266.0	337.5	337.5	271.3
Closing share price high	277.3	252.7	276.9	337.5	337.5	462.0
Market capitalization (end of period NOK billion)	74.5	53.4	76.7	97.3	97.3	43.4
Dividend per share					5.50[2]	4.50

[1] Excluding own shares
[2] Proposed

Share *facts*

Symbol: YAR
Listing: Oslo Stock Exchange (OSE)

YARA'S REGISTAR IN NORWAY
DnB Nor ASA
Verdipapirservice
Stranden 21
N-0021 Oslo
Phone: +47 22 48 35 90
Fax: +47 22 48 11 71
www.dnbnor.com

YARA'S ADR DEPOSITARY BANK
JPMorgan is the depositary bank for Yara ADRs:
JPMorgan ADR Group
4 New York Plaza, 13th Fl.
New York, NY 10004
USA
Phone (US): 800-990-1135
Phone (outside US): +1-201-680-6630
E-mail: adr@jpmorgan.com
www.adr.com

2011 DIVIDEND SCHEDULE
Ex-dividend date: 11 May 2011
Payment date: 23 May 2011

2011 QUARTERLY EARNINGS RELEASE DATES
First quarter: 29 April 2011
Second quarter: 19 July 2011
Third quarter: 21 October 2011
Fourth quarter: 10 February 2012

Financial statements

Consolidated *financial statements*

Financial statements *for Yara International ASA*

» Due to rounding differences, figures or percentages may not add up to the total.

Consolidated *statement of income*

NOK millions, except share information	Notes	2010	2009
Revenue	4	64,006	60,867
Other income	2,11	1,429	401
Commodity based derivatives gain/(loss)	1,27,28	(61)	151
Revenue and other income	4	65,374	61,418
Raw materials, energy cost and freight expenses	30	(49,247)	(47,366)
Change in inventories of own production		104	(3,710)
Payroll and related cost	5,6,22	(4,579)	(4,602)
Depreciation, amortization and impairment loss	4,9,11	(2,440)	(2,425)
Other operating expenses	5,16,31,32,33	(1,746)	(2,044)
Operating cost and expenses	4	(57,908)	(60,147)
Operating income	4	7,467	1,271
Share of net income in equity accounted investees	4,12	1,515	1,412
Interest income and other financial income	7,27,28	3,822	376
Earnings before interest expense and tax (EBIT)	4	12,804	3,058
Foreign exchange gain/(loss)	7,27,28	(676)	1,364
Interest expense and other financial items	7,22,27,28	(948)	(945)
Income before tax		11,179	3,477
Income tax expense	8	(2,386)	337
Net income		8,793	3,814
Attributable to			
Shareholders of the parent		8,729	3,782
Non-controlling interests	21	64	32
Net income		8,793	3,814
Earnings per share [1]	20	30.24	13.08
Weighted average number of shares outstanding [2]	19,20	288,680,758	289,167,113

1) Yara currently has no share-based compensation that results in a dilutive effect on earnings per share.
2) Weighted average number of shares outstanding was reduced in second and fourth quarter 2009 and third and fourth quarter 2010, due to share buy-back program.

Consolidated *statement of comprehensive income*

NOK millions	Notes	2010	2009
Net income		8,793	3,814
Exchange differences on translation of foreign operations	27	517	(3,979)
Actuarial gain/(loss) on defined benefit pension plans	22	105	1
Available-for-sale investments - change in fair value	13,28	(30)	809
Hedge of net investments	28	(13)	275
Share of other comprehensive income of equity accounted investees		(66)	29
Reclassification adjustments related to:			
- cash flow hedges	7,28	10	(46)
- exchange differences on foreign operations disposed of in the year		(119)	-
- available-for-sale investments disposed of in the year	13,28	(1,244)	(121)
Total other comprehensive income, net of tax		(839)	(3,033)
Total comprehensive income		7,955	781
Total comprehensive income attributable to			
Shareholders of the parent		7,895	776
Non-controlling interests		59	5
Total		7,955	781

Consolidated *statement of changes in equity*

NOK millions	Share Capital [1]	Premium paid-in capital	Translat-ion of foreign operations	Available-for-sale financial assets	Cash flow hedges	Hedge of net invest-ments	Total other reserves	Retained earnings	Attribu-table to sharehold-ers of the parent	Non-controlling interests	Total equity
Balance at 1 January 2009	493	1,092	3,531	589	(249)	(173)	3,697	24,192	29,474	164	29,638
Net income	-	-	-	-	-	-	-	3,782	3,782	32	3,814
Other comprehensive income, net of tax	-	-	(3,956)	689	(46)	275	(3,036)	1	(3,035)	(27)	(3,062)
Share of other comprehensive income of equity accounted investees	-	-	2	-	140	-	142	(113)	29	-	29
Total other comprehensive income, net of tax	-	-	(3,954)	689	94	275	(2,894)	(112)	(3,006)	(27)	(3,033)
Companies purchased/sold	-	-	-	-	-	-	-	(2)	(2)	4	2
Treasury shares	-	-	-	-	-	-	-	1	1	-	1
Redeemed treasury shares	-	(419)	-	-	-	-	-	419	-	-	-
Redeemed shares, Norwegian State	(2)	(238)	-	-	-	-	-	-	(240)	-	(240)
Dividends distributed	-	-	-	-	-	-	-	(1,304)	(1,304)	(15)	(1,319)
Balance at 31 December 2009	491	435	(423)	1,278	(155)	103	803	26,976	28,705	158	28,863
Net income	-	-	-	-	-	-	-	8,729	8,729	64	8,793
Other comprehensive income, net of tax	-	-	404	(1,274)	10	(13)	(873)	105	(768)	(5)	(773)
Share of other comprehensive income of equity accounted investees	-	-	(7)	-	(75)	-	(82)	16	(66)	-	(66)
Total other comprehensive income, net of tax	-	-	397	(1,274)	(66)	(13)	(955)	121	(833)	(5)	(839)
Companies purchased/sold [2]	-	-	-	-	-	-	-	(1)	(1)	-	(1)
Treasury shares [3]	(1)	-	-	-	-	-	(1)	(114)	(115)	-	(115)
Share capital increase in subsidiary, non-controlling interest	-	-	-	-	-	-	-	-	-	4	4
Dividends distributed	-	-	-	-	-	-	-	(1,300)	(1,300)	(71)	(1,371)
Balance at 31 December 2010	490	435	(26)	4	(221)	90	(152)	34,411	35,185	149	35,334

1) Par value 1.70.
2) Related to purchase of remaining 30 percent of shares in Yara Servicios Logisticos
3) As approved by General Meeting 11 May 2010

Consolidated *statement of financial position*

31 DECEMBER

NOK millions	Notes	2010	2009
ASSETS			
Non-current assets			
Deferred tax assets	1,8	1,650	1,920
Intangible assets	1,3,9,10	4,937	3,591
Property, plant and equipment	1,3,11,29	23,470	22,121
Equity accounted investees	4,12,34	10,223	10,083
Other non-current assets	1,13,14,22,28	2,269	5,577
Total non-current assets	4	42,549	43,292
Current assets			
Inventories	1,15	9,644	7,853
Trade receivables	1,16,28	6,644	5,934
Prepaid expenses and other current assets	17,28	2,866	3,610
Other liquid assets	18,28	802	2
Cash and cash equivalents	18,28	2,946	974
Non-current assets classified as held-for-sale		12	-
Total current assets	4	22,915	18,372
Total assets	4	65,464	61,665

Consolidated *statement of financial position*

31 DECEMBER

NOK millions, except number of shares	Notes	2010	2009
EQUITY AND LIABILITIES			
Equity			
Share capital reduced for treasury stock	19	490	491
Premium paid-in capital		435	435
Total paid-in capital		926	926
Other reserves		(152)	803
Retained earnings	19	34,411	26,976
Total equity attributable to shareholders of the parent		35,185	28,705
Non-controlling interests	21	149	158
Total equity		35,334	28,863
Non-current liabilities			
Employee benefits	1,22,32	2,254	2,358
Deferred tax liabilities	1,8	3,660	4,062
Other long-term liabilities	6,28	283	311
Long-term provisions	1,23	430	300
Long-term interest-bearing debt	24,28	11,139	13,936
Total non-current liabilities		17,766	20,966
Current liabilities			
Trade and other payables	4,25,28	8,111	6,883
Current tax liabilities		1,019	551
Short-term provisions	1,4,23	321	360
Other short-term liabilities	4,28	763	774
Bank loans and other interest-bearing short-term debt	26,28	1,968	3,185
Current portion of long-term debt	24,28	180	82
Total current liabilities		12,363	11,836
Total equity and liabilities		65,464	61,665
Number of shares outstanding	19	288,381,903	288,831,251

The Board of Directors of Yara International ASA
Oslo, 22 March 2011

Øivind Lund
Chairperson

Elisabeth Harstad
Board member

Leiv L. Nergaard
Board member

Hilde Merete Aasheim
Board member

Bernt Reitan
Board member

Kristine Haukalid
Board member

Svein Flatebø
Board member

Geir O. Sundbø
Board member

Jørgen Ole Haslestad
President and CEO

Consolidated *statement of cash flows*

NOK millions	Notes	2010	2009
Operating activities			
Operating income	4	7,467	1,271
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation and amortization	4,9,11	2,440	2,425
Impairment loss and write-down		(193)	(1,603)
Tax paid		(727)	(2,178)
Dividend from equity accounted investees	12	827	409
Interest and bank charges received/(paid)		(615)	(926)
Gain/(loss) on sale of non-current assets		(567)	(41)
Other		(304)	(698)
Working capital changes that provided/(used) cash			
Receivables		(631)	2,753
Inventories		(1,621)	12,604
Prepaid expenses and other current assets		879	857
Payable		547	(547)
Other interest-free liabilities		(407)	(2,403)
Net cash provided by operating activities		7,093	11,925
Investing activities			
Purchases of property, plant and equipment	4,11	(3,090)	(4,260)
Net cash outflow on acquisition of subsidiary	3	(560)	-
Purchases of other long-term investments	2,3,4	(147)	(1,824)
Net sales/(purchases) of short-term investments	18	(800)	-
Proceeds from sales of property, plant and equipment	11	84	319
Net cash inflow on disposal of subsidiary	2	44	-
Proceeds from sales of other long-term investments	2	4,993	298
Net cash used in investing activities		524	(5,467)
Financing activities			
Loan proceeds		15,835	29,547
Principal payments		(20,178)	(36,736)
Purchase of treasury shares	19	(115)	(240)
Dividend		(1,300)	(1,304)
Net cash transfers (to)/from non-controlling interests	21	(67)	(15)
Net cash used in financing activities		(5,825)	(8,747)
Foreign currency effects on cash flows		180	69
Net increase/(decrease) in cash and cash equivalents		1,972	(2,221)
Cash and cash equivalents at 1 January		974	3,195
Cash and cash equivalents at 31 December	18	2,946	974
Bank deposits not available for the use of other group companies	18	196	154

Accounting *policies*

GENERAL
Yara (the Group) consists of Yara International ASA and its subsidiaries. Yara International ASA is a public limited company incorporated in Norway. The Company's registered office is at Bygdøy Allé 2, Oslo, Norway.

The consolidated financial statements consist of the Group and the Group's interests in associated companies and jointly controlled entities. The principal activities of the Group are described in note 4 and note 12.

STATEMENT OF COMPLIANCE
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB) and approved by the European Union (EU).

BASIS OF PREPARATION
The consolidated financial statements have been prepared under the historical cost convention; modified to include revaluation to fair value of investment property, of available-for-sale financial assets and derivative financial instruments.

BASIS OF CONSOLIDATION
The consolidated financial statements include Yara International ASA and entities controlled by Yara International ASA (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Controlling interest is usually achieved when Yara has more than 50 percent of voting rights. In some situations de facto control of an entity may be achieved through other means than voting rights, such as through contractual agreements.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of Yara International ASA and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra group transactions, balances, income and expenses are eliminated in full on consolidation. Profit or losses from transactions with associated companies and jointly controlled entities are recognized in the Group's consolidated financial statements only to the extent of interest in the associate or jointly controlled entity that is not related to the Group.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

FOREIGN CURRENCIES
Translation to Norwegian krone (NOK) of foreign companies
The individual financial statements of a subsidiary company are prepared in the company's functional currency, normally the currency of the country where the company is located. Yara International ASA uses NOK as its functional currency, which is also used as the presentation currency for the consolidated financial statements. In preparing the consolidated financial statements, the financial statements of foreign operations are translated using the exchange rates at year-end for statement of financial position items and monthly average exchange rates for statement of income items. Translation gains and losses, including effects of exchange rate changes on transactions designated as hedges of net foreign investments, are included in shareholder's equity as a separate component. The translation difference derived from each foreign subsidiary, associated company or jointly controlled entity, accumulated from 1 January 2004, is reversed through the statement of income as part of the gain or loss arising from the divestment or liquidation of such a foreign entity.

In individual companies, transactions in currencies other than the entity's functional currency are recorded at the exchange rate at the date of transaction. Monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Assets and liabilities in foreign currency
Gains and losses arising on transactions, assets and liabilities other than the translation gains/losses, are recognized in the statement of income, except for gains and losses on transactions designated and effective as hedge accounting.

Foreign exchange hedges
To hedge the Group's currency exposure the Group enters into currency-based derivative financial instruments. The Group's accounting policies for such contracts are explained below under financial instruments.

BUSINESS COMBINATIONS
Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except for deferred tax assets and liabilities, share-based payment arrangements and held-for-sale assets or disposal groups. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquire's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Business combinations that took place prior to 1 January 2010 were accounted for in accordance with the previous version of IFRS 3.

GOODWILL

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination.

Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit prorated on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

The Group's accounting policy for goodwill arising on the acquisition of an associate or jointly controlled entity is described under associated companies.

REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for products provided in the normal course of business, net of discounts and sales related taxes.

Sale of goods

Revenue from the sale of products, including products sold in international commodity markets, is recognized when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- the amount of revenue can be measured reliably
- it is probable that the economic benefits associated with the transaction will flow to the Group
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Yara's rebate arrangements include fixed-rate rebates or variable rate rebates increasing with higher volumes. For variable rate rebates, the estimated rebate is accrued at each revenue transaction, and the accrual is adjusted at the end of each rebate period, which typically is the end of a fertilizer season.

In arrangements where Yara acts as an agent, such as commission sales, only the net commission fee is recognized as revenue.

Government grants

Government grants are recognized in the consolidated financial statement when the Group has reasonable assurance that it will receive them and comply with conditions attached to them. Government grants that compensate the Group for expenses are recognized in the statement of income as the expenses are incurred. Government grants that compensate the Group for the cost of an asset are recognized in the statement of income on a systematic basis over the useful life of the asset.

Dividends received

Dividends from investments are recognized in the statement of income when the Group has a right to receive the dividends.

Interest income

Interest income is recognized in the statement of income as it is accrued, based on the effective interest method.

TAX

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Current and deferred tax for the period

Current and deferred tax are recognized as expense or income in the statement of income, except when they relate to items recognized directly to equity, in which case the tax is also recognized as other comprehensive income, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of Yara's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

INTANGIBLE ASSETS

Separately acquired intangible assets are recognized at fair value at the time of acquisition. As part of business combinations, intangible assets acquired as a result of contracts or legal rights, or rights that can be separated from the acquired entity, are recognized at fair value.

Research costs are expensed as incurred. Costs incurred in development of certain internally generated intangible assets, such as software, are expensed until all the recognition criteria are met. Qualifying costs incurred subsequent to meeting the recognition criteria are capitalized.

Intangible assets are amortized on a straight-line basis over their expected useful life. If the asset life is indefinite and useful life cannot be estimated, the asset is not amortized but tested for impairment annually.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at historic cost less accumulated depreciation and any impairment loss. If a legal or constructive obligation exists to decommission property, plant and equipment, the carrying value of the assets is increased with the discounted value of the obligation when it arises.

Expenses in connection with periodic maintenance on property, plant and equipment are recognized as assets and depreciated on a systematic basis until the next periodic maintenance, provided the criteria for capitalizing such items have been met. Expenses in connection with ordinary maintenance and repairs are recognized in the statement of income as they are incurred. Expenses incurred in connection with major replacements and renewals that materially extend the life of property, plant and equipment are capitalized and depreciated on a systematic basis.

Property, plant and equipment are depreciated on a straight-line basis over their expected useful life. If individual parts of property, plant and equipment have different useful lives they are accounted for and depreciated separately. Expected useful life and residual value is, unless immaterial, reassessed annually. An asset's carrying amount is written down to its recoverable amount if the assets carrying amount is higher than its estimated recoverable amount. Gain or loss due to sale or retirement of property, plant and equipment is calculated as the difference between sales proceeds and carrying value and is recognized in the statement of income.

Interest is capitalized as part of the historical cost of major assets constructed.

ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES

Associated companies are investments in companies where the Group has significant influence, but not control. Significant influence normally exists when the Group controls between 20 percent and 50 percent of the voting rights. Yara has currently no investments with ownership level less than 20 percent classified as an associate.

A jointly controlled entity is a contractual arrangement whereby the Group and one or more parties undertake an economic activity that is subject to joint control, which is when the strategic, financial and operating policy decisions relating to the activities of the jointly controlled entity require the unanimous consent of the parties sharing control. A jointly controlled entity is a jointly controlled entity that involves the establishment of a corporation, partnership or other entity in which each venture has an interest.

The share of results, assets and liabilities of associated companies and jointly controlled entities are incorporated into the consolidated financial statements using the equity method of accounting. Under the equity method of accounting, investments are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associated companies and jointly controlled entities, less any impairment in the value of the investment.

The consolidated statement of income reflects the Group's share of the results after tax of the associated companies and jointly controlled entities. The consolidated statement of comprehensive income reflects the Group's share of any income and expense recognized by the associate or jointly controlled entity outside the statement of income. Any excess of the cost of acquisition of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Yara reviews the carrying amount of equity accounted investments for impairment if indications of loss in value are identified. Impairment indicators may be operating losses or adverse markets conditions. As Yara's associated companies and jointly controlled entities are generally not listed on a stock exchange or regularly traded, the impairment review for such investments can rarely be based on observable market prices. Fair value of the investment is estimated based on valuation model techniques. If it is considered probable that the fair value is below Yara's carrying value, an impairment loss is recognized. In preparing their individual financial statements, the accounting policies of some associated companies and jointly controlled entities do not conform with the accounting policies of Yara. Where appropriate, adjustments are therefore made in order to present the consolidated financial statements on a consistent basis.

INVENTORY

Inventories are stated at the lower of cost, using the first-in, first-out method ("FIFO"), and net realizable value. Net realizable value is estimated sales price reduced by costs of completion and other sales costs. Cost is direct materials, direct labor, other direct cost and an appropriate portion of production overhead, or the price to purchase inventory.

IMPAIRMENT OF NON-CURRENT ASSETS OTHER THAN GOODWILL

The Group assesses the carrying amount of tangible assets and identifiable intangible assets annually, or more frequently if events or changes in circumstances indicate that such carrying amounts may not be recoverable. Factors considered material by the Group and that could trigger an impairment test include:

- significant under performance relative to historical or projected future results, or
- significant changes in the manner of the Group's use of the assets or the strategy for the overall business, or
- significant negative industry or economic trends.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less cost to sell and value in use. When it is determined that the carrying amount of tangible assets and identifiable intangible assets may not be recoverable based upon the existence of one or more of the above indicators of impairment, any impairment is measured based on discounted projected cash flows using a pre-tax discount rate. An impairment loss is recognized to the extent that the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.

Previously recognized impairment losses, except for goodwill, are reversed if the assumptions for impairment are no longer present. Impairment losses are only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment had been recognized.

OWN SHARES

When own shares are repurchased, the amount of consideration paid, including directly attributable costs, is recognized as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity. Gain/loss from the sale of own shares is recognized as a change in equity.

DIVIDENDS PAID

Dividends are recognized as a liability in the period that they are declared by the Annual General Meeting.

EMPLOYEE BENEFITS

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan. The amount is an estimation of future benefits that the employees have earned in return for their service in current and prior periods. The benefit is discounted to determine its present value, and the fair value of the plan assets and unvested past service cost is deducted. The discount rate is the yield at the balance sheet date on AA credit rated corporate bonds or government bonds where no market for AA credit rated corporate bonds exist. If the bond has a different maturity from the obligation, the discount rate is adjusted. Qualified actuaries using the projected credit unit method perform the calculations.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in statement of income as an expense on a straight-line basis over the average period until the benefits become vested. To the extent benefits vest immediately, the expense is recognized immediately in the statement of income. Gains or losses arising from curtailments and settlements of pension plans are recognized immediately in the statement of income. Actuarial gains and losses in the period are recognized as other comprehensive income.

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an expense in the statement of income when employees have rendered services entitling them to the contributions. Prepaid contributions are recognized as an asset to the extent that a cash refund or deduction in future payments is available.

Other long-term benefits

The Group's obligation in respect of other long-term benefits is the amount of future benefits that the employees have earned in return for their service in current and prior periods. The obligation is discounted based on the same principles as defined benefit plans.

Share-based compensation

The Group's cash-settled share-based incentive program Share Incentive Rights (SIRs) is recognized as an expense at fair value. Fair value is initially measured at grant date and spread over the period during which the employees become unconditionally entitled to the payments. The fair value of the SIRs is measured based on the Black Scholes Merton option pricing model, taking into account the terms and conditions upon which the instruments were granted. The liability is re-measured at each balance sheet date and at settlement date. Any changes in fair value are recognized in the statement of income.

The Group may also give employees the possibility to purchase shares in Yara at a reduced price. The related cost is recognized when the employee exercises this possibility.

PROVISIONS

A provision is recognized when the Group has a present obligation (legal or constructive) following a past event and it is likely that this will result in an outflow of cash or transfer of other assets to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Restructuring

A restructuring provision is recognized when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as a provision. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceeds the economic benefits expected to be received from it.

Site restoration

A provision for an obligation to restore a site is recognized when it occurs as a consequence of a constructive or legal obligation.

Guarantees

A provision for guarantees is recognized when the products or services are sold. The provision is based on historical information on actual guarantee payments incurred and the probability that claims will be made.

Environmental expenditures

Environmental expenditures that increase the life, capacity, safety or efficiency of a facility are capitalized. Expenditures that relate to an existing condition caused by past operations are expensed. When environmental assessments, clean-ups or restoration are probable and the cost can be reliably measured, a provision is recognized.

Emission rights

Due to EU regulations in regard to greenhouse gas emissions, Yara receives annual emissions rights. These emission rights can be used to settle the Group's obligation that arises as a result of actual emissions. Granted emission rights received in a period are initially recognized at nominal value (nil value). Purchased emission rights are initially recognized at cost (purchase price) within intangible assets. A provision is recognized when the level of emissions exceeds the level of allowances granted.

If Yara's emissions are less than the emission rights allocated to its operations, these may be sold in the market. Gains are recognized if and when such transactions occur.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized when the Group becomes part to the contractual obligations of the instrument.

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and monetary items which are due in less than three months.

Other liquid assets

Other liquid assets comprise bank deposits and all other monetary items which are due between three and twelve months.

Trade receivables and other short-term receivables

Trade receivables and other short-term receivables are measured at initial recognition at fair value and subsequently measured at amortized cost. Short-term receivables, which are due within three months, are normally not discounted.

Available-for-sale financial assets

Available-for-sale financial assets are initially recognized at fair value. Available-for-sale financial assets are subsequently recognized at fair value, with gains and losses arising from changes in fair value recognized in the statement of comprehensive income, until the asset is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the consolidated statement of income for the period.

Impairment of financial assets
Financial assets, other than those recognized at fair value through the statement of income, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced directly by the impairment loss for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of income. With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In addition to the above impairment of available-for-sale equity securities, impairment may occur if the decline in fair value is significant or prolonged. In respect of available-for-sale equity securities, any increase in fair value subsequent to an impairment loss is recognized as other comprehensive income.

Trade payables and other short-term liabilities
Trade payables are initially measured at fair value and are subsequently measured at amortized cost. Short-term payables, which are due within three months, are normally not discounted.

Interest-bearing borrowings
Interest-bearing borrowings are recognized initially at fair value less direct transaction costs. Subsequent to initial recognition, interest-bearing borrowings are measured at amortized cost with any difference between cost and redemption being recognized in the statement of income over the period of the borrowings on an effective interest basis.

Derivative financial instruments
The Group uses derivative financial instruments to hedge exposure against foreign exchange risk, interest-rate risk and commodity risk arising in operating, financing and investment activities. Derivatives are initially recognized at fair value at the date a derivative contract is entered into, and are subsequently remeasured to their fair value at each balance sheet date. The Group routinely enters into sale and purchase transactions for physical gas, ammonia and other commodities. The majority of these transactions take the form of contracts that were entered into and continue to be held for the purpose of receipt or delivery of the physical position in accordance with the Group's expected sale, purchase or usage requirements, and are therefore not within the scope of IAS 39 (own use exemption). Certain purchase and sales contracts are within the scope of IAS 39 as they can be settled net and do not qualify for the own use exemption. Such contracts are accounted for as derivatives under IAS 39 and are recognized in the statement of financial position at fair value. Gains and losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are recognized in the consolidated statement of income.

Fair value for derivatives is measured based on quoted market prices when these are available. When quoted prices from active markets are not available, the Group estimates fair value by using valuation models that make maximum use of observable market data. The resulting change in fair value is recognized immediately in the statement of income unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in the consolidated statement of income depends on the nature of the hedge relationship.

Derivatives are classified as short- or long-term subject to the same assessments as other items in the statement of financial position.

Embedded derivatives
Derivatives embedded in other financial instruments or other non-financial host contracts are separated and treated as derivatives when the risks and characteristics of the derivative are not closely related to the host contract and the host contract is not measured at fair value with changes in fair value recognized in the consolidated statement of income.

Hedge accounting
The Group designates certain derivatives as either hedges of the fair value of recognized assets or liabilities (fair value hedges), hedges of foreign currency risk of recognized assets or liabilities (cash flow hedges), or hedges of net investments in foreign operations.

The fair value of hedging derivatives is classified as a non-current asset or a non-current liability if the remaining maturity of the hedge relationship is more than 12 months and as a current asset or a current liability if the remaining maturity of the hedge relationship is less than 12 months.

Cash flow hedges
Changes in fair value of financial instruments used as hedging instrument in a cash flow hedge are recognized in equity until the hedged transaction is recognized. The ineffective part of the hedge is recognized in the statement of income.

Fair value hedges
Changes in fair value of financial instruments designated as fair value hedges are recognized in the consolidated statement of income. The carrying amount of the hedged item is adjusted for changes in the fair value attributable to the hedged risk.

Hedge of net investment
Changes in fair value of financial instruments used as hedges of net investment in foreign operations are recognized as other comprehensive income. The ineffective part of the hedge is recognized in the consolidated statement of income.

Hedge accounting ceases when the hedging instrument expires, is sold, terminated or exercised or the hedge relationship does not fulfill the requirements for hedge accounting.

LEASING
Property, plant and equipment which is leased on conditions which substantially transfer all the economic risks and rewards to Yara (finance lease) are accounted for as property, plant and equipment at the present value of minimum lease payments or fair value if this is lower. The corresponding finance lease liabilities are included in long-term debt. Property, plant and equipment is depreciated over the estimated useful lives of the assets. The related liabilities are reduced by the amount of lease payments less the effective interest expense.

Other leases are accounted for as operating leases with lease payments recognized as an expense over the lease terms.

NEW AND REVISED STANDARDS - ADOPTED
The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations effective as of 1 January 2010:

IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)
Including consequential amendments to IFRS 2, IFRS 5 IFRS 7, IAS 7, IAS 21, IAS 28, IAS 31 and IAS 39
IFRS 3 (revised) introduces significant changes in the accounting for busi-

ness combinations occurring after 1 January 2010. Changes affect the valuation of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs and future reported results. IAS 27 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Yara had one business combination during 2010, and the accounting treatment was significantly affected by the new requirements for business combination achieved in stages. Yara recognized a gain in the consolidated statement of income of NOK 185 million related to remeasurement of the ownership held before it gained control over the entity. Under the previous policies, no gain would have been recognized in this transaction and the goodwill would have been correspondingly lower. See note 3 for further information. Yara has, under the new and revised policies, recognized non-controlling interest's share of loss in subsidiaries of NOK 10 million. Under the previous policies, this share of loss would have been allocated to the shareholders of the parent.

Other new and revised standards that has had minor or no impact on Yara's accounting policies and presentation requirements:

- IFRS 2 Share-based Payment: Group Cash-settled Share-based Payment Transactions
- IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items
- IFRIC 12 Service Concession Arrangements
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation.
- IFRIC 17 Distributions of Non-cash Assets to Owners
- IFRIC 18 Transfer of Assets from Customers
- Improvements to IFRSs (May 2008)
- Improvements to IFRSs (April 2009)

NEW AND REVISED STANDARDS – NOT YET EFFECTIVE

At the date of authorization of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

- IAS 24 Related Party Disclosures (as revised in 2009). Adoption 1 January 2011.
- IAS 32 Financial Instrument: Presentation – Classification of Rights Issues (as amended in 2009). Adoption 1 January 2011.
- IFRIC 14 Prepayments of a Minimum Funding Requirement (as amended in 2009). Adoption 1 January 2011.
- IFRIC 19 Extinguishing Financial Liabilities. Adoption 1 January 2011.
- Improvements to IFRSs (issued in May 2010). Adoption 1 January 2011.
- IFRS 7 Financial Instruments: Disclosures — Amendments enhancing disclosures about transfers of financial assets (issued in October 2010). Estimated adoption 1 January 2012.
- IAS 12 Income Taxes – Limited scope amendment, recovery of underlying assets (issued December 2010). Estimated adoption 1 January 2012.
- IFRS 9 Financial Instruments (issued 2009). Estimated adoption 1 January 2013.

The directors anticipate that all of the above Standards and Interpretations will be adopted in the Group's financial statements in the relevant period commencing and that the adoption of those Interpretations will have no material impact on the financial statements of the Group in the period of initial application.

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of this project is expected in 2011. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

EU-DIRECTIVE 83/349

YARA GmbH & Co. KG with legal seat in Dülmen/Germany and its directly and indirectly owned subsidiaries are included in the consolidated financial statement of Yara International ASA as defined by sec. 291 HGB (German commercial code). For the purpose of sec. 264b HGB, YARA GmbH & Co. KG makes use of the relief to not disclose any independent financial statement and notes.

Notes *to the accounts*

Note 1

Key sources of estimation uncertainty, *judgements and assumptions*

GENERAL

The preparation of consolidated financial statements in accordance with IFRSs and applying the chosen accounting policies requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The accounting policies applied by Yara in which judgements, estimates and assumptions may significantly differ from actual results are discussed below.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

Yara has significant carrying amounts related to property, plant and equipment recognized in the consolidated statement of financial position. The value in use of some of these assets could be influenced by changes in market conditions where Yara carries out its business. Significant and prolonged adverse market condition related for example to increases in natural gas cost and/or lower market prices for products sold could lead to temporary or permanent closures of production facilities. Such closures will be considered as an impairment indicator and an impairment test will be carried out. The outcome of such impairment tests may be that significant impairment losses are recognized in the statement of income. Yara has recognized impairment write-down of NOK 88 million in 2010, mainly related to decommissioning. In addition, Yara has carried out impairment tests for several production facilities during 2010, mainly due to adverse energy costs. None of these were temporary or permanent closed at the end of 2010. The testing has determined that there is no need to recognize additional impairment loss. The carrying amount of property, plant and equipment at 31 December 2010 is NOK 23,470 million. See note 11.

IMPAIRMENT OF EQUITY ACCOUNTED INVESTEES

Yara has a number of associated entities and jointly controlled entities. These are recognized in the financial statements based on the equity method. In addition to being influenced by changes in market conditions, for example increases in natural gas costs and/or lower market prices for products sold, the carrying value will to some degree be subject to partner risk. Yara carries out impairment testing if and when there are impairment indicators. At the end of 2010, Yara tested the Burrup investment of NOK 1,676 million for impairment. The uncertainties are further explained in note 12. The test determined that there is no need to recognize additional impairment loss. Total carrying value of equity accounted investees at 31 December 2010 is NOK 10,223 million. Post balance sheet uncertainties related to Yara's investment in Lifeco following the recent unrest in Libya are described in note 34.

IMPAIRMENT OF GOODWILL

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at 31 December 2010 is NOK 3,989 million. Details of recognized goodwill are provided in note 9 and the impairment loss calculation, including sensitivity disclosures, are provided in note 10.

BUSINESS COMBINATIONS

Yara is required to allocate the purchase price of acquired companies to the assets acquired and liabilities assumed based on their estimated fair values. In case of business combination achieved in stages, Yara must also estimate the fair value of the existing ownership interest when it gains control. The change in fair value is recognized in the consolidated statement of income. For our larger acquisitions, we engage independent third-party firms to assist us in determining the fair values of the assets acquired and liabilities assumed. Such valuations require management to make judgements in selecting valuation methods, estimates and assumptions. Management's estimates of fair value and useful lives are based upon assumptions believed to be reasonable, but which are inherently uncertain and, as a result, actual results may differ from estimates. Yara had one business combination in 2010. Control was achieved in stages, resulting in a gain in the consolidated statement of income of NOK 185 million. Further details are provided in note 3.

SITE RESTORATION AND OTHER ENVIRONMENTAL EXPENDITURES

Yara's future environmental cost depends on a number of uncertain factors, such as the extent and type of remediation required. Due to uncertainties inherent in the estimation process, it is possible that such estimates could be revised in the near term. In addition, conditions that could require future expenditures may exist for various sites, including Yara's major production facilities and product storage terminals. Such future costs are not determinable due to the unknown timing and extent of corrective actions that may be required. Yara's operations are subject to environmental laws and regulations. These laws and regulations are subject to change, and such changes may require that the Group makes investments and/or incurs costs to meet more stringent emissions standards or to take remedial action related to e.g. soil contamination. The carrying amount of provisions for environmental issues at 31 December 2010 is NOK 181 million. See note 23.

DEFERRED TAX

Judgement is required in determining the Group's deferred tax assets and liabilities. Yara recognizes deferred tax assets if it is probable that sufficient taxable income will be available in the future against which the temporary differences and unused tax losses can be utilized. Management has considered future taxable income in assessing whether deferred income tax assets as well as the outcome of tax cases should be recognized. The carrying amounts of deferred tax assets and deferred tax liabilities are NOK 1,650 million and NOK 3,660 million, respectively, at 31 December 2010. See note 8.

PENSION LIABILITIES

The fair value of pension liabilities is calculated based on several actuarial and economic assumptions. Any changes in the assumptions used would affect on the estimated pension obligation. Changes in the discount rate have the most significant impact. The discount rate is determined locally for each individual pension plan, based on the economic environment in which the plan is established. The discount rate and other assumptions are normally reviewed annually when the actuarial calculation is carried out, unless there are significant changes during the year. The carrying amount of the net pension liabilities at 31 December 2010 is NOK 1,797 million. Detailed information, including sensitivity disclosures, are provided in note 22.

DERIVATIVES
Commodity-based derivatives and certain embedded derivatives in normal purchase and sales contracts require fair value recognition in the consolidated financial statement. Some of these fair values are subject to uncertainty due to non-quoted market prices and the use of valuation models. In these models Yara uses information based on external sources to the greatest possible extent. The most significant assumptions incorporated in the valuation techniques used are forward prices for commodity products like ammonia, natural gas and naphtha. For natural gas and gas related prices further liberalization of the European gas market could also impact on the valuation. Detailed information, including sensitivity disclosures, are provided in note 27 and 28.

AVAILABLE-FOR-SALE FINANCIAL ASSETS
Where the fair value of available-for-sale financial assets recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Total fair value of available-for-sale financial assets based on unobservable market data inputs (level 3) at 31 December 2010 is NOK 337 million. Detailed information, including sensitivity disclosures, are provided in note 28.

INVENTORY
Yara has significant carrying amounts related to inventory recognized in the consolidated statement of financial position. As most of Yara's products are traded in markets where there are limited observable market references available this required judgement in setting net realizable value. Management has used its best estimate in setting net realizable value for inventory. The carrying amount of inventory at 31 December 2010 is NOK 9,644 million and write-down at year-end is NOK 98 million. See note 15 for more information.

Note 2

Business *initiatives*

ACQUISITIONS AND OTHER RELATED INITIATIVES
In January 2010, Yara acquired the remaining 51 percent ownership in the Geneva-based Balderton Fertilisers SA. See Note 3 for further information.

Yara signed a cash merger agreement with Terra Industries Inc. (Terra) in February 2010. Terra terminated this agreement in March 2010 after receiving a superior bid from CF Industries Inc. In accordance with the cash merger agreement, Yara International ASA received a break fee of NOK 717 million. Directly related transaction costs amounted to NOK 51 million. The net break fee of NOK 666 million after transaction costs is presented as part of other income in the consolidated statement of income and as part of operating activities in the consolidated statement of cash flows.

DISPOSALS AND OTHER RELATED INITIATIVES
In January 2010, Yara sold its shares in Carbonor, a jointly controlled entity. The investment was recognized based on the equity method until the date of de-recognition. The sale gave Yara a gain of NOK 69 million, presented as part of other income in the consolidated statement of income. The cash consideration received was NOK 99 million and is presented as part of investing activities in the consolidated statement of cash flows.

In May 2010, Yara sold its shares in the Brazilian phosphate producer Fosfertil. Yara's direct and indirect ownership in Fosfertil was 15.5 percent. At the same time, Yara also sold its 50 percent stake in the Anitapolis phosphate rock project. The gain from the Fosfertil sale of NOK 3,578 million before tax was presented as part of interest income and other financial income in the consolidated statement of income. The gain from the sale of Yara's stake in Anitapolis of NOK 122 million before tax was presented as part of other income. The available-for-sale shares in Fosfertil have been recognized at estimated fair value in prior reported periods, with changes in fair value recognized directly in equity as other comprehensive income. The cumulative gain previously recognized directly in equity was reclassified to profit or loss when the shares were sold. The cash inflows after tax paid from the sales of Fosfertil of NOK 4,383 million and Anitapolis of NOK 164 million are presented as part of investing activities in the consolidated statement of cash flows.

During second quarter 2010, Yara sold two subsidiaries, Nuova Terni Industrie Chimiche S.p.A (Italy) and Peremartoni Fertilizers Kft (Hungary). The total gain of NOK 109 million before tax was presented as part of other income in the consolidated statement of income, including cumulative exchange gains of NOK 12 million reclassified from equity. The total assets of subsidiaries sold were NOK 8 million and total liabilities NOK 61 million, mainly related to short-term provisions. The net cash inflows on disposals were NOK 44 million and are presented as part of investing activities in the consolidated statement of cash flows.

During third quarter 2010, Yara sold its shares in the equity-accounted investee Agrico Canada Ltd. The transaction gave Yara a gain of NOK 8 million, mainly related to cumulative exchange gains reclassified from equity. The net cash inflow on disposal was NOK 63 million and is presented as part of investing activities in the consolidated statement of cash flows.

In May 2010, Yara announced an agreement to sell its fertilizer retail assets in South Africa and its 50 percent ownership in the South African retail company Sidi Parani. Sidi Parani was sold during third quarter with a loss of NOK 4 million, mainly related to cumulative currency translation loss reclassified from equity. This sale had minor impact on the consolidated statement of cash flows. Yara completed the sale of fertilizer retail assets in South Africa during fourth quarter 2010. The transaction had minor impact on the consolidated statement of income as the agreed sales prices were mainly equal to the carrying amounts. Yara will continue to sell fertilizer delivered to harbor South Africa after the divestment. Proceeds from sale of non-current assets had minor impact on the consolidated statement of cash flows.

During fourth quarter 2010, Yara sold its 20 percent ownership in the equity-accounted investee Baria Serece. The transaction gave Yara a gain of NOK 38 million presented as part of other income in the consolidated statement of income. The net cash in-flow on disposal was NOK 68 million and is presented as part of investing activities in the consolidated statement of cash flows.

Note 3

Business *combinations*

BUSINESS COMBINATIONS 2010

On 27 January 2010, Yara acquired the remaining 51 percent ownership interest of the holding company to Balderton Fertilisers SA (Balderton). Balderton is an unlisted ammonia and fertilizer trading company based in Geneva, Switzerland. The holding company, Yara Swiss Investment BV, is based in the Netherlands. After the transaction, Yara owns and controls all shares of Balderton. Yara Swiss Investment BV holds no other assets or liabilities.

The primary reason for the business combination is that full ownership will simplify and increase the integration and optimization of Balderton in Yara, and support further growth through improved sourcing capabilities and position taking.

The acquisition has been accounted for using the purchase method of accounting. The purchase price allocation of the tangible and intangible assets is preliminary and may be adjusted as a result of obtaining additional information regarding the preliminary estimates of fair values made at the date of purchase. The condensed consolidated financial statements include the results of Balderton for the period from the acquisition date.

Balderton was an associated entity to Yara before the acquisition in January 2010. The ownership was incorporated using the equity method. According to IFRS 3 (revised), the previously held equity interest in the acquiree at acquisition date shall be re-measured at its fair value with resulting gain or loss in statement of income. The fair value of the previously held 49 percent equity interest has been derived from the consideration paid per share for the 51 percent ownership interest, reduced with a 30 percent discount for lack of control.

NOK millions	Opening balance 27 Jan 2010	Fair value adjustment	Adjusted balance 27 Jan 2010
Assets			
Customer relationships, part of intangible assets	-	473	473
Property, plant and equipment	4	-	4
Trade receivables	155	-	155
Prepaid expenses and other current assets	446	-	446
Cash and cash equivalents	560	-	560
Total assets	1,166	473	1,639
Liabilities			
Deferred tax liabilities	-	60	60
Trade and other payables	430	-	430
Current tax liabilities	12	-	12
Other short-term liabilities	71	-	71
Total liabilities	513	60	573
Total identifiable net assets at fair value			1,066
Goodwill arising on acquisition			813
Fair value of previously held 49% equity interest in Balderton			(760)
Purchase consideration transferred for 51% ownership interest			1,119

The table above sets out carrying amounts and the amounts recognized at the acquisition date for each class of Baldertons assets, liabilities and contingent liabilities.

The goodwill comprises the value of synergies arising from the acquisition, in addition to assembled workforce and relations with suppliers which does not meet the criteria for recognition as intangible assets under IAS 38 Intangible assets. None of the goodwill recognized is expected to be deductible for income tax purposes.

The gross amount of receivables is equal to carrying value. None of the trade receivables have been impaired and it is expected that the full contractual amount can be collected.

NOK millions	2010
Analysis of cash flows on acquisition	
Cash consideration for 51 percent ownership interest (included in cash flows from investing activities)	(1,119)
Net cash acquired with the subsidiary (included in cash flows from investing activities)	560
Transaction costs of the acquisition (included in cash flows from operating activities)	-
Net cash flow on acquisition	(560)
Gain recognized on previously held 49 percent ownership interest	
Estimated fair value	760
Carrying value	(597)
Currency translation gain of foreign operation, previously recognized as other comprehensive income	22
Gain recognized as other income	185

From the date of acquisition, Balderton has contributed NOK 2,118 million of revenue and NOK 54 million to the income before tax of the Group. If the business combination had taken place at the beginning of the year, Yara's consolidated revenue and income before tax would have been NOK 64,102 million and NOK 11,180 million, respectively.

For Business Combinations after the balance sheet date, please see note 34

BUSINESS COMBINATIONS 2009

During 2009 Yara had no business combinations with material impact, neither individually nor collectively.

Note 4

Segment *information*

The operating segments presented are the key components of Yara's business. These are evaluated on a regular basis by Yara's senior management on the basis of financial and operational information prepared specifically for each segment for the purpose of assessing performance and allocating resources. The information disclosed is on the same basis as presented internally and used for follow up of Yara's development by Yara management.

SEGMENT STRUCTURE

The current segment structure was implemented 1 october 2003. Yara's segments are managed as separate and strategic businesses. The segment information is presented for operating segments . In addition, information about geographical areas is provided.

DOWNSTREAM

The Downstream segment consists of Yara's worldwide marketing organization and global distribution network for fertilizer products and agronomic solutions. With a global network of sales offices, terminals and warehouses, Downstream is present in about 50 countries and sells to more than 120 countries. The segment also includes smaller production facilities upgrading intermediate products to finished fertilizers, which are primarily marketed in the regions where production takes place. While approximately ¼ of the sales volume is sourced from own production plants in Downstream, the remaining sales volume is purchased on an arm's-length basis from the Upstream segment or third parties. The Downstream segment is mainly a margin business, which over time provides additional and more stable margins and reduces volatility in earnings. With a relatively lower investment in chemical manufacturing capacity, the downstream operation, particularly outside of Europe, is more focused on distribution margins and operating capital management than on manufacturing margins. The segment is characterized by a high capital turnover, a low ratio of property, plant and equipment to total assets compared to a traditional, production-oriented fertilizer operation, and by a relatively low EBITDA margin in relation to revenues.

INDUSTRIAL

The Industrial segment creates value by developing and selling chemical products and industrial gases to non-fertilizer market segments. Industrial offers nitrogen chemicals, including ammonia derived products, as well as industrial explosives and environmental applications which are growing strongly. Sales of nitrogen chemicals to the European process industry and the global industrial explosives industry constitute the segments main markets, while sales of chemicals for environmental applications is the main growth segment.

UPSTREAM

The Upstream segment comprises ammonia and urea production in different parts of the world, phosphate mining, the global trade and shipping of ammonia, as well as nitrate and NPK fertilizer production co-located with ammonia production and is serving both the domestic and international markets. The Upstream segment includes our large equity accounted investees (e.g., Qafco, Tringen, Grow How UK, Burrup, Lifeco and Rossosh). Because of the level of ownership in these companies, their operating results are not reflected in our operating income, but Yara's share of the net income in the equity accounted investees, are included in EBITDA and net income. The Upstream segment's operating results are, to a great degree, based on the segment's production margins, which are primarily affected by the price levels for ammonia, urea, nitrates, NPK and phosphoric acid and the price level of energy and raw materials such as phosphate rock and potash. In addition, operating results can be greatly influenced by movements in currency exchange rates. The fluctuation of the Upstream segment's operating results is typical of that of traditional fertilizer producers and is normally less stable than the operating results of Yara's Downstream and Industrial segments.

OPERATING SEGMENT INFORMATION

Yara's steering model reflects management's focus on cash flow-based performance indicators, before and after taxes. EBITDA is an approximation of cash flows from operating activities before tax and is considered an important measure of performance for the company's operating segments. Yara defines EBITDA as operating income plus interest income, other financial income and results from associated companies and jointly controlled entities. It excludes depreciation, write-downs and amortization as well as amortization of excess value in associated companies and jointly controlled entities. In addition the segments are followed up on CROGI (defined as gross cash flow after tax divided by gross investment). ROCE (Return on capital employed) has been included as an additional performance measure to CROGI to simplify benchmarking with other companies. ROCE is defined as EBIT minus tax divided by average capital employed. See also page 148 - 149 for more information.

Inter-segment sales and transfers reflect arm's-length prices as if sold or transferred to third parties. Results of activities considered incidental to Yara's main operations as well as revenues, expenses, liabilities and assets not originating in, or defined as part of, either the Upstream, Downstream or Industrial segment, are reported separately under the caption "other and eliminations". These amounts principally include interest income and expenses, realized and unrealized foreign exchange gains and losses and the net effect of pension plans. In addition, elimination of gains and losses related to transactions between the segments will be accounted as part of "other and eliminations". General corporate overhead costs and costs related to cash management and finance function, are also charged to "other and eliminations".

OPERATING SEGMENT INFORMATION, CONSOLIDATED STATEMENT OF INCOME

NOK millions	Notes	2010	2009
External revenues and other income			
Downstream		46,569	45,061
Industrial		9,216	8,465
Upstream		8,791	7,884
Other and eliminations		798	8
Total		65,374	61,418
Internal revenues and other income			
Downstream		1,680	508
Industrial		150	150
Upstream		22,871	18,015
Other and eliminations		(24,701)	(18,673)
Total		-	-
Revenues and other income			
Downstream		48,249	45,569
Industrial		9,366	8,615
Upstream		31,663	25,899
Other and eliminations		(23,903)	(18,665)
Total		65,374	61,418
Operating expenses excl depreciation and amortization			
Downstream		(44,330)	(44,834)
Industrial		(8,321)	(7,442)
Upstream		(27,071)	(23,360)
Other and eliminations		24,255	17,914
Total		(55,467)	(57,722)
Depreciation and amortization			
Downstream		(495)	(473)
Industrial		(195)	(234)
Upstream		(1,707)	(1,683)
Other and eliminations		(43)	(36)
Total	9,11	(2,440)	(2,425)
Operating Income			
Downstream		3,424	262
Industrial		850	940
Upstream		2,884	856
Other and eliminations		308	(787)
Total		7,467	1,271
Share of net income in equity accounted investees			
Downstream		92	37
Industrial		89	67
Upstream		1,335	1,308
Other and eliminations		(1)	-
Total	12	1,515	1,412
Interest income and other financial income			
Downstream		3,757	175
Industrial		1	2
Upstream		5	123
Other and eliminations		59	75
Total	7	3,822	376
EBITDA			
Downstream		7,796	963
Industrial		1,135	1,248
Upstream		5,975	4,013
Other and eliminations		410	(676)
Total		15,315	5,549

OPERATING SEGMENT INFORMATION, OTHER

NOK millions	Notes	2010	2009
Reconciliation of EBITDA to Income before tax			
EBITDA		15,315	5,549
Depreciation and amortization [1]		(2,511)	(2,490)
Foreign exchange gain/(loss)		(676)	1,364
Interest expense and other financial items		(948)	(945)
Income before tax		11,179	3,477
EBIT			
Downstream		7,273	473
Industrial		941	1,009
Upstream		4,224	2,287
Other and eliminations		367	(711)
Total		12,804	3,058
Investments [2]			
Downstream		1,095	869
Industrial		197	443
Upstream		2,998	4,812
Other and eliminations		83	68
Total		4,373	6,192

1) Including amortization of excess value in equity accounted investees.
2) Investments include the acquisition cost for property, plant and equipment, goodwill, intangible assets, and investments in subsidiaries and equity accounted investees.

OPERATING SEGMENT INFORMATION, CONSOLIDATED STATEMENT OF CASH FLOWS AND OTHER NON-GAAP MEASURES

NOK millions, except percentages	Notes	2010	2009
Gross cash flow after tax [1]			
Downstream		5,642	832
Industrial		880	965
Upstream		5,108	3,721
Other and Eliminations		1,086	783
Total		12,716	6,302
Gross investment [2]			
Downstream		17,593	20,427
Industrial		4,943	4,946
Upstream		50,202	47,778
Other and eliminations		536	1,207
Total		73,274	74,358
Cash Return on Gross Investment (CROGI)			
Downstream		32.1%	4.1%
Industrial		17.8%	19.5%
Upstream		10.2%	7.8%
Total		17.4%	8.5%

1) Defined as EBITDA less total tax expense, excluding tax on net foreign exchange gain/(loss)
2) 12 month average

NOK millions, except percentages	Notes	2010	2009
Earnings before interest, after tax			
Downstream		5,119	342
Industrial		685	727
Upstream		3,357	1,995
Other and eliminations		1,043	747
Total		10,204	3,812
Capital employed [1]			
Downstream		13,102	15,914
Industrial		3,000	3,110
Upstream		33,257	31,230
Other and eliminations		265	954
Total		49,624	51,208
Return on capital employed (ROCE)			
Downstream		39.1%	2.2%
Industrial		22.8%	23.4%
Upstream		10.1%	6.4%
Total		20.6%	7.4%

1) Capital employed is defined as total assets adjusted for deferred tax assets minus other current liabilities, and is calculated on a 12-month rolling average basis.

OPERATING SEGMENT INFORMATION, CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOK millions	Notes	2010	2009
Assets [1]			
Downstream		19,018	19,157
Industrial		3,853	3,734
Upstream		37,558	35,178
Other and eliminations		5,034	3,595
Total		65,464	61,665
Current assets [1]			
Downstream		12,838	10,122
Industrial		2,297	2,202
Upstream		5,797	5,740
Other and eliminations		1,982	309
Total		22,915	18,372
Non-current assets			
Downstream		6,180	9,036
Industrial		1,555	1,533
Upstream		31,762	29,438
Other and eliminations		3,052	3,286
Total		42,549	43,292
Equity accounted investees			
Downstream		447	1,098
Industrial		92	13
Upstream		9,699	8,983
Other and eliminations		(15)	(11)
Total	12	10,223	10,083
Debt [2]			
Downstream		6,063	5,731
Industrial		978	933
Upstream		4,073	3,970
Other and eliminations		(1,919)	(2,616)
Total		9,196	8,018

1) Assets excludes internal cash accounts and accounts receivable related to group relief
2) Segment debt is defined as short-term interest-free liabilities excluding income taxes payable and short-term deferred tax liabilities.

INFORMATION ABOUT PRODUCTS AND MAJOR CUSTOMERS

Revenues by product group:

NOK millions	2010	2009
Ammonia	6,535	4,886
Nitrate	8,946	9,163
NPK	16,796	16,738
Urea	9,425	8,642
CN	1,822	1,739
UAN	1,310	1,549
Other fertilizer products	6,026	6,731
Industrial products	9,176	8,460
Feed phosphates	1,129	1,194
Other products	2,841	1,765
Total	64,006	60,867

Yara serves a large number of customers. No revenues from transactions with any single customer amount to 10 per cent or more of Yara's total revenues.

INFORMATION ABOUT GEOGRAPHICAL AREAS, REVENUES 1)

NOK millions	2010	2009
Belgium	1,338	1,152
Denmark	1,025	1,316
Finland	1,687	1,724
France	5,825	5,130
Germany	3,568	3,396
Great Britain	4,116	4,089
Italy	2,945	2,862
Spain	1,529	1,558
Sweden	1,561	1,173
The Netherlands	1,473	1,424
Other	2,442	2,637
Total EU	27,510	26,461
Norway	1,314	1,309
Other Europe	1,840	2,801
Total Europe	30,664	30,571
Africa	4,950	5,714
Asia	6,983	5,609
Australia and New Zealand	1,201	623
North America	8,811	7,714
South and Central America	11,397	10,637
Total outside Europe	33,342	30,297
Total	64,006	60,867

1) Revenues are identified by customer location

INFORMATION ABOUT GEOGRAPHICAL AREAS, CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Assets 1)		Long-lived assets 1)		Investments 1)	
NOK millions	2010	2009	2010	2009	2010	2009
Belgium	2,139	2,691	1,010	820	520	269
Denmark	399	388	183	199	1	45
Finland	5,228	5,726	3,320	3,264	268	716
France	2,864	2,955	1,043	1,123	219	233
Germany	2,523	2,087	1,344	1,167	433	274
Great Britain	3,476	3,149	2,072	1,767	159	203
Italy	2,428	2,257	889	921	154	97
Spain	728	512	34	44	2	5
Sweden	1,115	1,073	481	453	57	69
The Netherlands	6,028	5,216	4,686	4,103	1,303	1,160
Other	727	699	-	-	2	4
Total EU	27,653	26,751	15,061	13,860	3,119	3,076
Norway	5,764	4,985	2,104	1,832	319	547
Other Europe	3,901	2,490	770	1,336	539	-
Total Europe	37,317	34,226	17,936	17,029	3,977	3,623
Africa	2,744	3,127	1,590	1,479	7	1,595
Asia	5,908	4,761	4,052	3,673	2	73
Australia and New Zealand	1,791	1,742	1,724	1,617	-	2
North America	13,339	12,917	9,201	9,123	128	721
South and Central America	5,639	7,904	1,460	4,860	258	178
Total outside Europe	29,420	30,452	18,026	20,752	396	2,569
Eliminations	(1.274)	(3,014)	-	-	-	-
Total	65,464	61,665	35,962	37,781	4,373	6,192

1) The identification of assets, long-lived assets and investments is based upon location of operation. Included in long-lived assets are investments in equity accounted investees; property, plant and equipment (net of accumulated depreciation) and non-current financial assets. Eliminations are related to internal transactions between geographical areas. Investments include the acquisition cost for property, plant and equipment, goodwill, intangible assets, and investments in subsidiaries and equity accounted investees.

Note 5

Operating *expense*

NOK millions	Notes	2010	2009
Payroll and related costs			
Salaries		(3,519)	(3,466)
Social security costs		(635)	(650)
Social benefits		(59)	(54)
Net periodic pension cost	22	(366)	(433)
Total		(4,579)	(4,602)
Other operating expenses			
Selling and administrative expense		(966)	(1,317)
Rental of buildings etc.		(166)	(180)
Travel expense		(189)	(50)
Loss on trade receivables	16	(2)	(144)
Fees auditors, lawyers, consultants		(191)	(193)
Other expenses		(231)	(159)
Total		(1,746)	(2,044)
Research and development [1]		(102)	(88)

1) Over the last few years, Yara has focused on orienting research and development resources towards commercial activities, both with respect to process and product improvements and agronomical activities. It is impracticable to give a fair estimate of possible future financial returns of these activities.

Note 6

Stock-based *compensation*

LONG-TERM INCENTIVE PROGRAM

A long-term incentive program (LTIP) were approved by the board in 2008 for Yara Management and Top Executives to increase the alignment between Executives and Shareholder's interests, to ensure retention of key talent in the company. The program provides a fixed LTIP cash amount to the eligible top executive, who is required to invest the net amount, after tax, in Yara shares within a period of one month. The employee holds all shareholder rights during the vesting period of three years, or limited by certain events occurring during the three year lock-in period. After this period, the executive is free to keep or sell their owned discretion, observing possible limitations set by internal policies and/or legal restriction. The program plans for annual grants but it remains the CEO's decision to apply the program in any given year and to make the final decision on each individual grant.

As of 31 December 2010, 58 top executives are part of the program. The total cost under this program recognized in 2010, amount to approximately NOK 29 million (2009: NOK 20 million).

SHARE INCENTIVE PROGRAM

A one-time cash-settled share-based incentive program was established in 2004 and nine persons in Yara's Executive Management were granted 2,055,000 share incentive rights (SIRs) for a period covering 6 years. The SIRs vesting schedule is based on the performance of the Yara share on the Oslo Stock Exchange (OSE). Under the share-based incentive program the employees will receive a payment if certain market performance criteria are met. Executive Management who are eligible for the share-based incentive program must remain in service for the whole vesting period. The SIRs vests after two and three years, with 1/3 (grant A) and 2/3 (grant B) respectively, the exercise period was 8 May 2007 to 8 May 2010. To participate in the SIRs, it was mandatory for the Executive Management to hold a certain number of Yara shares throughout the period of the program. The Executive Management has consented to invest half of the payment net of taxes in the company's shares and not sell the shares within one year from the exercise date. Number of shares held by Executive Management 31 December 2010 is disclosed below.

SHARE INCENTIVE RIGHTS

During 2010, no major change in the expense has been recognized in the income statement in relation to the incentive program (2009: income NOK 18 million).The estimated fair values of grant A and B were at the time of granting NOK 12-17 per right. At 31 December 2010, there are no outstanding rights under this program.

Executive Management	Number of SIRs outstanding 1 Jan 2010	Granted 2010	Exercised 2010 [2]	Forfeited 2010	Expired 2010	Number of SIRs outstanding 31 Dec 2010	Strike per share NOK	Fair Value NOK 31 Dec 2010 [1]
Jørgen Ole Haslestad	-	-	-	-	-	-	-	-
Hallgeir Storvik	119,241	-	(19,616)	-	(99,625)	-	46.16	-
Tor Holba	119,241	-	(19,616)	-	(99,625)	-	46.16	-
Egil Hogna	-	-	-	-	-	-		-
Yves Bonte	-	-	-	-	-	-		-
Terje Bakken	89,431	-	(14,712)	-	(74,719)	-	46.16	-
Håkan Hallén	-	-	-	-	-	-	-	-
Bente Slåtten	-	-	-	-	-	-	-	-
Trygve Faksvaag	-	-	-	-	-	-	-	-

Not part of Executive Management	Number of SIRs outstanding 1 Jan 2010	Granted 2010	Exercised 2010 [3]	Forfeited 2010	Expired 2010	Number of SIRs outstanding 31 Dec 2010	Strike per share NOK	Fair Value NOK 31 Dec 2010 [1]
Total	490,966	-	(80,347)	-	(410,619)	-	46.16	-

1) All of the Executive Management group had annual payout' caps in their SIRs agreement. The total cap is the maximum annual payout the employee is entitled to under the SIRs program. During 2010 the caps were fully exploited and the remaining SIR's are expired.

2) The Share Incentive Rights were exercised in February at the closing share price of NOK 235.80 with a strike price of NOK 46.16 per right.

3) The Share Incentive Rights were exercised in January and February at the closing share price of NOK 235.80, 273.40 and 262.40 with a strike price of NOK 46.16 per right.

The Yara Executive Management ownership of shares at 31 December 2010

	Number of shares
Jørgen Ole Haslestad	11,598
Hallgeir Storvik	17,359
Tor Holba	15,000
Egil Hogna	8,603
Yves Bonte	1,467
Terje Bakken [1]	27,758
Håkan Hallén	1,852
Bente Slåtten	1,375
Trygve Faksvaag	3,883

1) Includes shares owned directly and through fully owned companies.

SIMPLIFIED SHARE INCENTIVE PROGRAM

Within the scope of the program approved by the Board of Directors in 2004, a simplified share incentive program was introduced in 2005 for some managers who have signed an employment contract with Yara International Employment Company, to make themselves fully mobile on the request of the company. The fair value of the share incentive rights at 31 December 2010 is NOK 2.5 million (2009: NOK 4.2 million). The calculation of fair value of these is based on the Black Schools Merton option pricing model. The strike prices are NOK 76.50 and expected life of 0.1 year. In 2008 an individual cap was introduced limiting the aggregate maximum payout, at 31 December 2010 this was amounting to NOK 2.9 million.

During 2010 14.750 share incentive rights under this program was exercised at a share price of NOK 277.30 strike price NOK 76.50.

Note 7

Financial income *and expense*

NOK millions	Notes	2010	2009
Interest income on customer credits	4,27	112	130
Interest income, other	4,27	130	121
Dividends and net gain/(loss) on securities [1]	2	3,580	124
Interest income and other financial income		3,822	376
Net foreign exchange gain/(loss)	27	(676)	1,364
Interest expense	27	(707)	(757)
Capitalized interest	11,27	54	37
Return on pension plan assets	22	419	377
Interest expense re. pension liabilities	22	(486)	(494)
Reversal of value of interest rate swap [2]	27	(14)	(21)
Other financial expense	27	(214)	(89)
Interest expense and other financial expense		(948)	(945)
Net financial income/(expense)		2,197	794

1) Mainly gain on sale of shares in Fosfertil of NOK 3,578 million. See note 2.
2) Interest rate swap designated as cash flow hedge transferred from equity.

Note 8

Income *taxes*

The major components of income tax expense for the years ended 31 December 2010 and 2009 are:

CONSOLIDATED INCOME STATEMENT

NOK millions	2010	2009
Current taxes		
Current year	(1,989)	(271)
Prior years adjustment	(29)	160
Total	(2,018)	(111)
Deferred taxes		
Deferred tax expense recognized in the current year	(536)	318
Adjustments to deferred tax attributable to changes in tax rates and laws	(19)	(11)
Write-downs (reversal of previous write-downs) of deferred tax assets	188	141
Total	(368)	448
Total income tax expense	(2,386)	337

Taxable income differs from net income before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in future years (temporary differences). It also excludes items that are never taxable or deductible (permanent differences). The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOK millions	2010	2009
Current tax		
Hedge of net investment	(5)	107
Intercompany currency effect on debt treated as part of net investment	190	180
Total current tax	185	287
Deferred tax		
Pensions	40	(8)
Other non-current liabilities and accruals	-	11
Available-for-sale financial assets	(18)	377
Total	22	380
Transfers to profit and loss		
Available-for-sale financial assets [1)]	(717)	-
Cash flow hedges	4	3
Total	(713)	3
Total tax recognized directly in other comprehensive income	(506)	664

1) Yara sold its ownership in Fosfertil in 2010. See note 2 for more information.

RECONCILIATION OF NORWEGIAN NOMINAL STATUTORY TAX RATE TO EFFECTIVE TAX RATE

NOK millions	2010	2010	2009
Income before taxes and non-controlling interests		11,179	3,477
Expected income taxes at statutory tax rate [1]	28.0%	(3,130)	(974)
Tax law changes	0.2%	(19)	(3)
Foreign tax rate differences	0.0%	5	39
Effect of unused tax losses and tax offsets not recognized as deferred tax assets	2.0%	(222)	(530)
Effect of previously unrecognized and unused tax losses and deductible temporary differences now recognized as deferred tax assets	(3.1%)	342	650
Non-deductible expenses	0.6%	(69)	(94)
Tax free income equity accounted investees	(3.8%)	424	675
Tax free income miscellaneous	(1.5%)	170	250
Tax free gain sale of investments	(1.3%)	142	33
Prior year assessment	0.3%	(28)	160
Withholding and capital tax	0.8%	(93)	(34)
Other, net	(0.8%)	92	164
Total income tax expense		(2,386)	337
Effective tax rate		21.3%	(9.7%)

1) Calculated as Norwegian nominal statutory tax rate of 28 percent applied to income before taxes and non-controlling interests.

SPECIFICATION OF DEFERRED TAX ASSETS/(LIABILITIES)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

2010

NOK millions	Opening balance	Charged to income	Recognized in other comprehensive income	Reclassified from equity to profit or loss	Acquisitions/ disposals	Changes in tax rate	Other	Exchange differences	Closing balance
Non-current items									
Property, plant & equipment	(2,423)	(170)	-	-	(8)	(2)	-	(101)	(2,705)
Pensions	487	(36)	(40)	-	-	(6)	-	(7)	397
Equity securities available-for-sale	(709)	-	18	717	-	-	-	(31)	(5)
Other non-current assets	81	152	-	-	(62)	1	-	(4)	168
Other non-current liabilities and accruals	(352)	226	-	(4)	-	4	-	6	(120)
Total	(2,916)	172	(22)	713	(70)	(3)	-	(137)	(2,264)
Current items									
Inventory valuation	(34)	(57)	-	-	-	(6)	-	12	(86)
Accrued expenses	189	(85)	-	-	(18)	(4)	-	(2)	80
Total	155	(142)	-	-	(18)	(10)	-	10	(6)
Tax loss carry forwards	1,580	(553)	-	-	(18)	(6)	-	34	1,038
Unused tax credits	-	30	-	-	-	-	-	(1)	29
Valuation allowance	(961)	144	-	-	44	1	-	(37)	(809)
Net deferred tax asset/(liability)	(2,142)	(348)	(22)	713	(62)	(19)	-	(131)	(2,010)

2009

NOK millions	Opening balance	Charged to income	Recognized in other comprehen-sive income	Reclassified from equity to profit or loss	Acquisitions/ disposals	Changes in tax rate	Other [1]	Exchange differences	Closing balance
Non-current items									
Property, Plant & Equipment	(2,428)	(135)	-	-	-	(12)	-	152	(2,423)
Pensions	663	(177)	8	-	-	5	-	(12)	487
Available-for-sale financial assets	(287)		(377)	-	-	2	-	(47)	(709)
Other non-current assets	(326)	410	-	-	(2)	(5)	-	3	81
Other non-current liabilities and accruals	(157)	(229)	-	(11)	-	(1)	-	47	(352)
Total	(2,534)	(132)	(369)	(11)	(2)	(11)	-	143	(2,916)
Current items									
Inventory valuation	376	(393)	-	-	-	2	-	(20)	(34)
Accrued expenses	622	(340)	-	-	(73)	1	-	(19)	189
Total	998	(733)	-	-	(73)	3	-	(39)	155
Tax loss carry forwards	1,074	855	-	-	(45)	7	(209)	(102)	1,580
Valuation allowance	(1,672)	469	-	-	119	(10)	-	133	(961)
Net deferred tax asset/(liability)	(2,134)	459	(369)	(11)	(1)	(11)	(209)	135	(2,142)

1) Other changes in 2009 is related to a court ruling, making it possible to settle a non-income tax liability with tax loss carry forward.

UNRECOGNIZED DEDUCTIBLE TEMPORARY DIFFERENCES, UNUSED TAX LOSSES AND UNUSED TAX CREDITS

NOK millions	2010	2009
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognized are attributable to the following:		
Tax losses	562	873
Deductible temporary differences	248	87
Total	809	961

NET DEFERRED TAX IS PRESENTED IN THE STATEMENT OF FINANCIAL POSITION

NOK millions	2010	2009
Net deferred tax is presented in the balance sheet		
Deferred tax assets	1,650	1,920
Deferred tax liabilities	(3,660)	(4,062)
Net deferred tax asset/(liability)	(2,010)	(2,142)

Undistributed earnings of foreign subsidiaries and in foreign non-consolidated investees is amounting to approximately NOK 39 billion that for the main part can be distributed as tax-free dividends.

SPECIFICATION OF EXPIRATION OF TAX LOSS CARRY FORWARDS AND UNUSED TAX CREDITS

NOK millions	
2011	8
2012	66
2013	18
2014	708
2015	123
After 2015	386
Without expiration	2,366
Total tax loss carry forwards	3,674
Deferred tax effect of tax loss carry forwards	1,038
Valuation allowance	(562)
Deferred tax assets recognized in statement of financial position	476

Yara's recognized tax losses carried forwards primarily relates to the business in Belgium, Italy and Brasil.

Note 9

Intangible *assets*

NOK millions, except percentages and years	Goodwill	Indefinite intangibles	Patents/ trademarks	Software	Other intangibles	Total
Cost						
Balance at 1 January 2010	3,138	-	167	316	445	4,066
Addition at cost	-	-	12	83	6	101
Disposal	-	-	-	(2)	(5)	(8)
Acquisition new companies [1]	813	-	-	-	473	1,286
Transfer	-	-	-	10	38	48
Foreign currency translation	81	-	(3)	2	(3)	77
Balance at 31 December 2010	4,031	-	176	408	954	5,570
Amortization/impairment						
Balance at 1 January 2010	(39)	-	(115)	(170)	(151)	(475)
Amortization	-	-	(7)	(66)	(92)	(165)
Impairment loss [2]	(5)	-	-	-	-	(5)
Disposal	1	-	-	2	5	8
Foreign currency translation	-	-	-	(3)	6	4
Balance at 31 December 2010	(43)	-	(122)	(236)	(232)	(634)
Carrying value						
Balance at 1 January 2010	3,100	-	51	146	294	3,591
Balance at 31 December 2010	3,989	-	54	172	722	4,937
Useful life in years			3 - 15	3 - 15	3 - 15	
Depreciation rate			5 - 35%	5 - 35%	5 - 35%	
Cost						
Balance at 1 January 2009	3,341	-	293	291	471	4,395
Addition at cost	45	-	-	59	7	111
Disposal	-	-	(98)	(1)	(27)	(126)
Transfer	-	-	(4)	(29)	42	9
Foreign currency translation	(248)	-	(24)	(5)	(47)	(324)
Balance at 31 December 2009	3,138	-	167	316	445	4,066
Amortization/impairment						
Balance at 1 January 2009	(32)	(6)	(197)	(126)	(127)	(488)
Amortization	-	-	(28)	(49)	(43)	(121)
Impairment loss [2]	(7)	5	(16)	-	2	(16)
Disposal	-	-	108	-	15	124
Transfer	-	-	2	6	(17)	(10)
Foreign currency translation	-	1	16	(1)	19	35
Balance at 31 December 2009	(39)	-	(115)	(170)	(151)	(475)
Carrying value						
Balance at 1 January 2009	3,309	(6)	95	165	344	3,907
Balance at 31 December 2009	3,100	-	51	146	294	3,591
Useful life in years			3 - 15	3 - 15	3 - 15	
Depreciation rate			5 - 35%	5 - 35%	5 - 35%	

1) Additions to goodwill and other intangibles as a result of acquisition of new companies is related to the purchase of the remaining 51 percent of Balderton. See note 3 for more information.
2) Impairment of goodwill is related to the cash generating unit Kaltenbach. See note 10 for more information.

Note 10

Impairment testing *of goodwill*

Goodwill acquired through business combinations have been allocated for impairment testing to these cash-generating units (CGUs), presented together with the applicable discount rates used in the impairment testing:

	Carrying value NOK millions		Discount rate after tax (WACC)		Discount rate before tax	
	2010	2009	2010	2009	2010	2009
Yara Belle Plaine (Saskferco) acquisition:						
Upstream Yara Belle Plaine	2,059	1,934	7.9%	8.2%	10.0%	10.0%
Downstream Yara Belle Plaine	116	109	8.7%	9.2%	11.6%	13.1%
Kemira GrowHow acquisition:						
Upstream Finland	619	658	8.3%	8.4%	11.0%	10.6%
Industrial Belgium	58	62	7.8%	8.2%	10.3%	11.5%
Upstream Belgium	46	49	8.0%	8.2%	11.6%	11.5%
Downstream Northern Europe	41	43	6.7%	6.7%	8.8%	8.8%
Downstream Continental Europe	32	35	6.7%	6.8%	8.8%	9.3%
Balderton acquisition:						
Downstream Balderton, other trade	484		10.3%		11.6%	
Downstream Ammonia Trade	323		10.3%		11.6%	
Others						
Downstream Yara Brasil	113	106	10.6%	10.7%	17.0%	14.7%
Downstream Yara Ghana	43	44	13.6%	13.1%	16.4%	16.9%
Downstream Yara Mexico	19	17	9.1%	9.5%	12.3%	13.8%
DownstreamYara Phosyn	11	12	9.1%	8.9%	12.0%	11.9%
Kaltenbach	-	4		8.1%		9.6%
Other	26	28				
Total	3,989	3,100				

DETERMINATION OF RECOVERABLE AMOUNT:

Yara has used “value in use” to determine the recoverable amounts of all cash generating units. Key assumptions used in the calculation of value in use are:

- EBITDA
- Growth rates
- Capital expenditures
- Discount rate

EBITDA

EBITDA represents the operating margin before depreciation and amortization and is estimated based on the expected future development in the market. Committed operational efficiency programs are taken into consideration. Changes in the outcome of these initiatives may affect future estimated EBITDA margin. EBITDA for the first year is based on the most recent business plan for the CGU. For most Downstream CGUs, a steady growth of 2.5 percent have been used for years 2 to 5. For other CGUs, mainly Upstream units, management projections based on available forecasts for volumes, sales prices, energy and other cost components have been used for the same period.

GROWTH RATES

Yara uses a growth rate of 1.5 percent for all cash generating units after year 5. This rate is estimated not to exceed the growth rate for the industry.

CAPITAL EXPENDITURE

Capital expenditure necessary to meet the expected growth in output levels is taken into consideration. To the best of management’s judgment, estimated capital expenditures do not include capital expenditures that enhance the current performance of assets and related cash flows have been treated consistently.

DISCOUNT RATE

Discount rates reflect the current market assessment of the risks specific to each cash generating unit. The discount rates were estimated based on the weighted average cost of capital for the industry. This rate was further adjusted to reflect the currency in which the CGU operates and market assessments of any risk specific to the CGU for which future estimates of cash-flows have not been adjusted.

CGU INFORMATION

Yara Belle Plaine

Goodwill arising from the Saskferco acquisition in 2008 was allocated to two CGUs. Changes in carrying values of goodwill are only related to currency translation effects (CAD/NOK). It has been concluded that the future cash flows are sufficient to support the carrying values of recognized goodwill.

Kemira GrowHow

Goodwill arising from the Kemira GrowHow acquisition in 2007 was allocated to five CGUs. Changes in carrying values of goodwill are only related to currency translation effects (EUR/NOK). It has been concluded that the future cash flows are sufficient to support the carrying values.

Balderton

Goodwill arising from the Balderton transaction in 2010 is allocated to two CGUs. The former ammonia trade activity of Balderton has been integrated in Yara's existing activity from 2010. See note 3 for more information related to the business combination. Goodwill has decreased from the time of acquisition to year end due to currency translation effects (USD/NOK). It has been concluded that the future cash flows are sufficient to support the carrying values.

Yara Brasil

Goodwill arising from the Fertibras acquisition in 2006 and 2007 was allocated to Yara's Brazilian business. The change from last year is related to currency translation (BRL/NOK). It has been concluded that the future cash flows are sufficient to support the carrying value.

Others

During 2010, it was concluded that the future cash flows of Kaltenbach did not support the remaining carrying value. An impairment write-down of NOK 4 million is recognized in the 2010 consolidated statement of income. Management did not identity any impairment of goodwill related to other CGUs.

SENSITIVITY TO CHANGES IN ASSUMPTIONS

Overall, there is significant headroom between the recoverable amounts of goodwill and the carrying amounts.

As a basis for the sensitivity evaluation, Yara has used the following changed assumptions for all CGUs:

- Increase of discount rate by 1.0 percent points (after tax)
- Reduction of management projected EBITDA by 10 percent each year, in the period years 1 to 5
- No growth after year 5 (in stead of 1.5 percent steady growth)

A change of one of the assumptions in accordance with the percentages above would not create impairment for any of the CGUs. A combined change to all three assumptions would create a total impairment of around NOK 100 million.

Note 11

Property, plant *and equipment*

2010

NOK millions, except percentages and year	Land	Machinery and Equipment [2)]	Buildings [3)]	Plant under construction	Other	Total
Cost						
Balance at 1 January 2010	666	35,451	4,829	3,101	426	44,473
Addition at cost	-	1,691	116	1,869	12	3,688
Disposal	(9)	(783)	(109)	(7)	(5)	(913)
Aquisition new companies	-	4	-	-	-	4
Transfer [1)]	(4)	880	516	(1,467)	-	(75)
Foreign currency translation	(21)	(469)	(56)	(140)	(17)	(703)
Balance at 31 December 2010	632	36,774	5,296	3,356	417	46,474
Depreciation and impairment						
Balance at 1 January 2010	(29)	(19,667)	(2,504)	-	(152)	(22,352)
Depreciation	-	(1,982)	(190)	-	(22)	(2,194)
Impairment loss	1	(30)	(60)	-	-	(88)
Reversed impairment	-	2	10	-	-	12
Disposal	2	783	91	-	5	881
Transfer	-	2	9	-	-	11
Foreign currency translation	1	672	51	-	2	726
Balance at 31 December 2010	(24)	(20,220)	(2,594)	-	(166)	(23,005)
Carrying value						
Balance at 1 January 2010	637	15,784	2,324	3,101	275	22,121
Balance at 31 December 2010	607	16,554	2,702	3,356	251	23,470
Useful life in years		4 - 20	20 - 50		5 - 10	
Depreciation rate		5 - 25%	2 - 5%		10 - 20%	

2009

NOK millions, except percentages and year	Land	Machinery and Equipment [2)]	Buildings [3)]	Plant under construction	Other	Total
Cost						
Balance at 1 January 2009	993	37,137	5,430	1,760	475	45,794
Addition at cost	-	1,551	138	2,715	7	4,411
Disposal	(207)	(663)	(136)	(2)	(3)	(1,012)
Transfer	-	1,144	(145)	(1,060)	-	(61)
Foreign currency translation	(120)	(3,718)	(458)	(311)	(52)	(4,659)
Balance at 31 December 2009	666	35,451	4,829	3,101	426	44,473
Depreciation and impairment						
Balance at 1 January 2009	(30)	(20,502)	(2,600)	-	(139)	(23,271)
Depreciation	-	(1,987)	(197)	-	(21)	(2,205)
Impairment loss	(4)	(62)	(46)	-	-	(112)
Reversed impairment	-	29	-	-	-	29
Disposal	-	504	103	-	3	610
Transfer	-	4	2	-	-	6
Foreign currency translation	5	2,347	234	-	4	2,590
Balance at 31 December 2009	(29)	(19,667)	(2,504)	-	(152)	(22,352)
Carrying value						
Balance at 1 January 2009	963	16,635	2,829	1,760	336	22,524
Balance at 31 December 2009	637	15,784	2,324	3,101	275	22,121
Useful life in years		4 - 20	20 - 50		5 - 10	
Depreciation rate		5 - 25%	2 - 5%		10 - 20%	

1) Transfer is mainly related to transfer from plant under construction to machinery and equipment.
2) Includes net carrying value related to finance leases of NOK 180 million and NOK 216 million as of 31 December 2010 and 2009, respectively.
3) Includes net carrying value related to finance leases of NOK 10 million and NOK 11 million as of 31 December 2010 and 2009, respectively.

Property, plant and equipment pledged as security were 188 NOK million at 31 December 2010 and NOK 225 million at 31 December 2009.

Government grants related to assets have been recognized as deduction to the carrying value of plant under construction by reducing "Addition at cost" with NOK 0 million in 2010 and NOK 136 million in 2009.

The amount of contractual commitment for the aquisition of property, plant and equipment was NOK 527 million at 31 December 2010 and NOK 636 million at 31 December 2009.

Asset impairment is mainly related to operations in the Netherlands NOK 39 million and Brazil NOK 28 million. Total impairment related to property, plant and equipment amounted to NOK 88 million.

The amount of borrowing cost capitalized amounted to NOK 54 million in 2010 and NOK 37 million in 2009. The average rate for the borrowing cost capitalized was 4.04 percent in 2010.

Compensations from insurance companies recognized in the consolidated income statement amounted to NOK 39 million in 2010 and NOK 236 million in 2009.

Note 12

Associated companies *and jointly controlled entities*

2010

NOK millions	Balance at 1 January	Investments / (sale), net and long-term loans	Transfers to/from subsidiary	Yara's share of net income/ (loss)	Amortization, depreciation and write-down	Total share of net income in equity accounted investees	Dividends received	Posted directly in equity	Foreign currency translation and other	Balance at 31 December
Qafco	3,525	-	-	729	-	729	(295)	(75)	38	3,923
Burrup	1,584	75	-	(116)	(40)	(156)	(56)	-	229	1,676
GrowHow UK	1,401	-	-	221	-	221	-	28	(50)	1,600
Lifeco	1,413	-	-	179	-	179	(72)	-	18	1,539
Yaibera	769	-	-	138	-	137	(154)	-	4	756
Tringen	179	(88)	-	227	-	227	(193)	(9)	4	120
NU3	88	-	-	16	-	16	(8)	-	(5)	90
Synagri	45	-	-	12	-	12	-	-	2	59
Yara Praxair Holding	(41)	-	-	71	-	71	-	(6)	-	23
Carbonor [1)]	28	(28)	-	-	-	-	-	-	(1)	-
Balderton [1)]	577	-	(574)	4	(1)	3	-	-	(6)	-
Agrico [1)]	67	(63)	-	10	(20)	(10)	-	-	6	-
Other	448	(61)	-	95	(10)	85	(49)	3	10	437
Total	10,083	(164)	(574)	1,587	(71)	1,515	(827)	(61)	250	10,223

1) Yara acquired all the remaining shares of Balderton, sold shares Carbonor and sold shares Agrico in 2010. Further details are shown in note 2.

2009

NOK millions	Balance at 1 January	Investments / (sale), net and long-term loans	Transfers to/from subsidiary	Yara's share of net income/ (loss)	Amortization, depreciation and write-down	Total share of net income in equity accounted investees	Dividends received	Posted directly in equity	Foreign currency translation and other	Balance at 31 December
Qafco	3,573	-	-	561	-	561	(77)	137	(669)	3,525
Burrup	1,263	-	-	347	(35)	311	(85)	-	95	1,584
Lifeco	-	1,528	-	124	-	124	-	-	(238)	1,413
GrowHow UK [1)]	1,525	-	-	112	-	112	-	(110)	(126)	1,401
Yaibera	1,016	-	-	82	-	81	(131)	-	(197)	769
Balderton	615	-	-	87	(14)	73	-	-	(111)	577
Tringen	156	-	-	118	-	118	(56)	(7)	(32)	179
NU3	108	-	-	1	-	1	(4)	-	(16)	88
Agrico	54	23	-	(4)	(3)	(7)	-	-	(3)	67
Synagri	78	-	-	(25)	-	(25)	-	-	(8)	45
Carbonor	35	-	-	(2)	-	(2)	1	-	(5)	28
Yara Praxair Holding	(105)	-	-	59	-	59	-	5	-	(41)
Other	511	61	35	17	(13)	5	(69)	1	(96)	448
Total	8,827	1,611	35	1,477	(65)	1,412	(422)	26	(1,406)	10,083

1) Yara acquired all the remaining shares of Balderton in 2010.

Due to it being impractical to obtain financial report at the same reporting date as Yara uses, there are for some of the associated companies and jointly controlled entities a lag of 1-3 month for the numbers included.

OWNERSHIP, SALES AND RECEIVABLES/PAYABLES

NOK millions, except ownership	Place of incorporation and operation	Percentage owned by Yara (equals voting rights)	Sales from Investees to Yara Group [1]		Yara's current receivable/ (payable) net with investees	
		2010	2010	2009	2010	2009
Qafco	Qatar	25.0%	(2,797)	(2,502)	(36)	(406)
Burrup	Australia	35.0%	(1,816)	(1,044)	(60)	(2)
GrowHow UK Ltd	Great Britain	50.0%	(723)	(458)	(62)	-
Lifeco	Libya	50.0%	(1,523)	(975)	-	(102)
Yaibera	Cyprus	37.7%	(1,894)	(1,425)	(81)	(53)
Tringen	Trinidad and Tobago	49.0%	(2,125)	(1,272)	(377)	(158)
NU3	Belgium	50.0%	(352)	(356)	-	-
Synagri	Canada	50.0%	-	-	(37)	(55)
Yara Praxair Holding	Norway	50.0%	(6)	(12)	(6)	7
Other			(92)	(1,056)	49	174
Total			(11,328)	(9,099)	(612)	(594)

1) Included in raw materials, energy cost and freight expenses.

BUSINESS IN EQUITY-ACCOUNTED INVESTEES

Qafco

Qatar Fertiliser Company (S.A.Q.), ("Qafco"), owns and operates a fertilizer complex for which Yara provides marketing support and technical assistance. Yara has 25 percent ownership stake in Qafco, the remaining 75 percent of Qafco is owned by Industries Qatar, a Doha Stock Market listed company, owned 70 percent by Qatar Petroleum and 30 percent by general public. Qafco operates 4 ammonia plants and 4 urea plants. Qafco has under construction two ammonia plants and one urea plant which will commence production in 2011 and one additional urea plant with planned start-up in 2012. QAFCO has ownership interests in Gulf Formaldehyde Company (70 percent), which produces and sell Urea Formaldehyde Concentrate, mainly used in the urea production process, and in Qatar Melamine Company (60 percent) having under construction at the Qafco site a melamine plant with a capacity of 60 000 tons per year. This new plant is expected to commence production in first quarter 2011.

Burrup

Yara has a 35 percent ownership interest in Burrup Holdings Ltd (Burrup). Burrup is an Australian company based in Burrup Peninsula in Western Australia. The ammonia plant is world scale with a capacity of 760,000 tons per year and started production in 2006. The natural gas supply to the plant is provided by an undersea field off the north-western coast of Australia. In addition to its ownership interest, Yara markets the entire output of the plant pursuant to a long-term exclusive marketing agreement. During 2010, Yara initiated legal action against the associate and its wholly-owned subsidiary Burrup Fertilisers Pty Ltd. (BFL), after those companies blocked attempts to allow an independent auditor to undertake a full inspection of their accounts. Yara believed the inspection was necessary to address a number of concerns, including high cost levels, a persistent lack of transparency and adherence to corporate governance principles and serious allegations raised by the media of misuse of Burrup funds. In December 2010, the main financier of BFL appointed receivers and managers to the assets of, and shares in, BFL. Receivers and managers have also been appointed over certain shares in Burrup Holdings Limited owned by Pankaj and Radhika Oswal. Receivers and managers have not been appointed to any of Yara's shares in Burrup. Included in Yara's share of net loss in 2010 is NOK 165 million share of impaired balance sheet items in BHL's accounts following the Yara-initiated investigations. Yara has tested the carrying value of the investment for impairment at the end of 2010 and determined that there was no need to recognize additional charges. Yara will continue to take into consideration all new relevant information from the ongoing investigations. The carrying value is highly sensitive to adverse changes in estimated future cash flows of Burrup. The most important assumptions used in the calculation are future ammonia selling prices and future natural gas costs. BFL is in litigation in Australia against its contract partners to the long-term gas contract.

GrowHow UK

Yara has a 50 percent interest in GrowHow UK Group Limited a jointly controlled entity with CF Industries Inc. with a turnover in excess of 500 million euros. The company is based in Ince and is the UK's leading manufacturer of ammonium nitrate and compound fertilizers, and a major supplier for process chemicals and utilities. GrowHow UK Group Ltd operates production sites in Billingham and Ince . The company is responsible for the sales of the jointly controlled entities' fertilizer and associated process chemical products in the UK.

Lifeco

Libyan Norwegian Fertiliser Company (Lifeco) started its operations in 2009. Yara owns 50 percent of the fertilizer jointly controlled entity, with Oil Corporation of Libya (NOC) and the Libyan Investment Authority (LIA) each holding a 25 percent stake. NOC transferred to Lifeco the existing Marsa El Brega fertilizers assets in 2009, valued at USD 225 million, while Yara contributed to Lifeco the corresponding value in cash. NOC supplies natural gas to Lifeco under a long-term agreement, with the gas price linked to fertilizer product prices. Yara handles all urea and ammonia exports from Lifeco. In 2011, Lifeco's operations have been temporarily suspended following the recent unrest in Libya. See note 34 for more information.

Yaibera

Yara owns 30 percent of OAO Minudobrenyia ("Yaibera"), a Russian nitrogen fertilizer producer based in Rossosh in the Voronesh region. The position is owned through a 37.692 percent interest in Yaibera Holdings Limited, a company registrated in Cyprus, which owns 79.59 percent in OAO Minudobreniya, The minority position is combined with a marketing agreement for NPK fertilizers to be exported from the Russian plant.

Tringen

Tringen owns an Ammonia complex consisting of two separate Ammonia plants which are managed and operated by Yara under a management and operating agreement. In addition YARA provides marketing support through Sales Agency agreements. Yara has a 49 percent ownership stake in Tringen, the remaining 51 percent of Tringen is owned by National Enterprises Limited, which is a publicly listed Company, in which the Government of the Republic of Trinidad and Tobago has majority shareholding.

NU3

NU3 owns and operates two specialty fertilizers production facilities, one in the Netherlands and one in Belgium. NU3, which is a 50/50 jointly controlled entity between Yara and NutriSi (owned by SQM of Chile and Rotem, an Israeli company), is part of a worldwide alliance between Yara and SQM. NU3 sells specialty fertilizers through the Yara - SQM sales and marketing network.

Synagri

Synagri LP provides products and services to the retail agricultural sector. Yara has a 50 percent ownership in Synagri and Cargill Limited owns the remaining 50 percent. The jointly controlled entity sells in the Canadian provinces of Eastern Ontario and Quebec.

Yara Praxair Holding

Yara has a 50 percent interest in Yara Praxair Holding AS, a jointly controlled entity with Praxair, Inc. Yara Praxair is one of the leading industrial gases companies in Scandinavia. The company supplies atmospheric, process and speciality gases to a wide variety of industries: Food and beverages, healthcare, fish farming, chemicals, refining, primary metals and metal fabrication as well as other areas of general industry. The jointly controlled entity comprises Yara's previous industrial gases business located in Norway, Denmark and Sweden.

Carrying value and share of net income by segment for associated companies and jointly controlled entities is disclosed in note 4.

ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES - 100 PERCENT BASIS

The following table sets forth summarized unaudited financial information of Yara's associated companies and jointly controlled entities on a 100 percent combined basis. Yara's share of these investments, which is also specified above, is accounted for using the equity method.

NOK millions (unaudited)	2010	2009
Current assets	11,923	13,611
Non-current assets	35,132	29,801
Current liabilities	(7,384)	(5,211)
Non-current liabilities	(12,087)	(11,716)
Net assets	27,584	26,484
Yara's share of total equity	8,795	8,587
Operating revenues	26,227	20,531
Operating expenses	(21,123)	(15,822)
Net income	5,104	4,709
Yara's share of net income	1,587	1,477

Note 13

Equity *securities*

NOK millions	Notes	2010	2009
1 January		3,885	2,794
Foreign currency translation		161	236
Additions		24	23
Disposals [1]		(3,660)	(157)
Reclassification		(23)	-
Net gain/(loss) transferred to equity		(48)	988
Total at 31 December		340	3,885
Listed securities			
Fosfertil [1]	2	-	3,540
Other		3	3
Unlisted equity securities	28	337	340
Total at 31 December		340	3,885

1) The disposal is related to the sale of directly and indirectly owned shares in Fosfertil. Amount includes accumulated unrealized gain from ownership of shares in Fosfertil of NOK 2,129 million before tax that was transferred from equity at disposal of shares. See note 2 for more information.

Note 14

Other non-current *assets*

NOK millions, except percentages	Notes	2010	2009
Prepayments for defined benefit plans	22	457	195
Equity investments available-for-sale	2,13,28	340	3,885
Interest rate swap designated as hedging instrument	27,28	66	48
Freestanding interest rate swap	27,28	64	28
Long-term loans and receivables	28	1,341	1,422
Total		2,269	5,577
Long-term loans and receivables			
Effective interest rate, interest-bearing loans and receivables		2.2%	3.0%

The long-term loans and receivables bear interest at variable rates with minimum annual repricing.

Note 15

Inventories

NOK millions	2010	2009
Finished goods	5,617	4,933
Work in progress	395	260
Raw materials	3,632	2,660
Total	9,644	7,853
Write-down		
Balance at 1 January	(291)	(2,336)
Write-down	(112)	(1,415)
Products sold (previously written down)	245	3,027
Reversal	60	149
Foreign currency translation	(1)	284
Closing Balance 31 December	(98)	(291)

Note 16

Trade *receivables*

NOK millions	Notes	2010	2009
Trade receivables		7,278	6,663
Allowance for impairment loss		(634)	(729)
Total	28	6,644	5,934

MOVEMENT IN THE ALLOWANCE FOR IMPAIRMENT LOSS

NOK millions	Notes	2010	2009
Balance at 1 January		(729)	(1,079)
Impairment reversal / (loss) recognized this year		93	53
Currency translation effects		(2)	58
Other changes (including disposal of companies)		3	238
Balance at 31 December		(634)	(729)

Total impairment loss on trade receivables recognized in the statement of income amounts to NOK 2 million (loss of NOK 144 million in 2009).

AGEING ANALYSIS OF TRADE RECEIVABLES AT 31 DECEMBER

Gross trade receivables

NOK millions	Total	Not past due gross trade receivables	Past due gross trade receivables			
			< 30 days	30 - 90 days	91 - 180 days	> 180 days
2010	7,278	5,664	678	254	81	602
2009	6,663	5,149	468	240	78	729

Net trade receivables

NOK millions	Total	Neither past due nor impaired	Past due but not impaired			
			< 30 days	30 - 90 days	91 - 180 days	> 180 days
2010	6,644	5,601	666	239	65	74
2009	5,934	5,119	449	226	60	80

Impairment of trade receivables

NOK millions	Total	Impairment on not past due receivables	Impairment on past due receivables			
			< 30 days	30 - 90 days	91 - 180 days	> 180 days
2010	(634)	(63)	(11)	(16)	(16)	(528)
2009	(729)	(29)	(19)	(14)	(18)	(649)

Note 17

Prepaid expenses *and other current assets*

NOK millions	Notes	2010	2009
VAT and sales related taxes	28	625	621
Financial derivatives	28	81	50
Commodity derivatives and embedded derivatives	28	139	171
Prepaid income taxes		762	976
Prepaid expenses		732	803
Other current assets	28	526	989
Total		2,866	3,610

Note 18

Cash, cash equivalents *and other liquid assets*

NOK millions	Notes	2010	2009
Cash and cash equivalents	28	2,946	974
Other liquid assets	28	802	2

Cash and cash equivalents have maturity of three months or less. External bank deposits in subsidiaries that are not available for the use of the Group at 31 December 2010 are NOK 196 million (NOK 154 million at 31 December 2009).

Other liquid assets comprise of bank deposits with maturity between three months and one year.

The average interest rate for liquid assets is approximately 2.9 percent as of 31 December 2010 (0.5 percent as of 31 December 2009).

Note 19

Share *information*

On 11 May 2010, the General Meeting of Yara approved a share buy-back program, authorizing the Board of Directors for a period of 12 months to let the Company acquire up to 5 percent of total shares in the open market and from the Norwegian State. The purchase price shall not be less than NOK 10 nor more than NOK 1,000. Shares acquired can be used for cancellation, or, according to decision by the Board of Directors, as consideration in commercial transactions. The 2010 buy-back program is similar to previous years programs.

Yara's largest shareholder, the Norwegian State, has committed to sell a proportional part its shares, leaving the State's ownership unchanged at 36.21 percent. The compensation to the State will be equal to the average price paid in the market for the buy-back shares, plus interests of NIBOR +1 percent, calculated from the date of the acquisition of the corresponding shares.

During 2010, Yara purchased 450,000 shares for a total consideration of NOK 115.4 million under the current share-buy back program. Yara also purchased own shares that were reissued to employees. At 31 December 2010, 15 shares were still with the employee trust which was established for this special purpose. The trust is included in the consolidated financial statements.

Information related to shares buy-back transactions in 2011 is provided in note 34.

In 2009, Yara purchased 993,439 shares from the Norwegian State for a total consideration of NOK 240 million. These and other treasury shares under the 2008 buy-back program was cancelled during 2009. Yara did not purchase own shares under the 2009 buy-back program.

Dividend proposed for 2010 is NOK 5.50 per share, amounting to NOK 1,584 million. Dividend approved for 2009 and paid out in 2010 was NOK 1,300 million.

	Ordinary shares	Own shares [1]
Total at 31 December 2008	291,575,357	(1,757,446)
Redeemed shares Norwegian State [2]	(993,439)	-
Shares cancelled [2]	(1,750,000)	1,750,000
Treasury shares - employee trust		6,779
Total at 31 December 2009	288,831,918	(667)
Treasury shares - share buy-back program [3]	-	(450,000)
Treasury shares - employee trust	-	652
Total at 31 December 2010	288,831,918	(450,015)

1) Including employee trust.
2) As approved by Annual General Meeting 7 May 2009.
3) As approved by Annual General Meeting 11 May 2010.

Note 20

Earnings *per share*

NOK millions, except number of shares	2010	2009
Earnings		
Net income for the purposes of basic earnings per share (profit for the year attributable to the equity holders of Yara International ASA)	8,729	3,782
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	288,680,758	289,167,113

The denominators for the purposes of calculating basic earnings per share have been adjusted for the buy-back of own shares, see note 19. In 2009, the weighted average of outstanding shares was reduced with redemption of shares held by the Norwegian State.

Note 21

Non-controlling *interests*

NOK millions	2010	2009
Total at 1 January 2010	(158)	(164)
Share of profit for the year	(64)	(32)
Dividends distributed [1]	71	15
Share capital increase	(4)	-
Companies acquired	-	(4)
Currency effect	5	27
Total at 31 December 2010	(149)	(158)

1) Mainly related to dividend from Yara Brasil Fertilizantes S.A.

NON-CONTROLLING INTERESTS ARE MAINLY RELATED TO THE FOLLOWING UNITS

Company name	Registered office	Non-controlling interest	2010	Non-controlling interest	2009
AS Ammonia	Denmark	33.3%	(58)	33.3%	(62)
Yara Agri Trade Misr SAE	Egypt	49.0%	(39)	49.0%	(34)
Yara East Africa Ltd	Kenya	30.0%	(30)	30.0%	(37)
Yara Cameroun s.a.	Cameroun	35.0%	(13)	35.0%	(12)
Yara Brasil Fertilizantes S.A.	Brazil	1.5%	(4)	1.7%	(5)
Other			(6)		(8)
Total at 31 December 2010			(149)		(158)

Note 22

Employee retirement plans *and other similar obligations*

The Group companies provide various retirement plans in accordance with the local regulations and practices in the countries in which they operate.

Defined benefit plans are generally based on years of service and final salary levels, offering retirement benefits in addition to what is provided by state pension plans. Most of the defined benefit plan obligations are covered by external insurance companies or by pension funds that are legally separated from the companies. By definition, investment risk as well as actuarial risk (i.e. the actual level of benefits to be paid in the future) are retained by the companies.

Defined contribution plans require the companies to make agreed contributions to a separate fund when employees have rendered services entitling them to the contributions. The companies have no legal or constructive obligation to pay further contributions.

Some companies make contributions to multi-employer pension plans included in a joint arrangement with others. All multi-employer plans are accounted for as defined contribution plans.

Some companies have recognized provisions for jubilee benefits, which are classified as Other long-term employee benefits.

LONG-TERM EMPLOYEE BENEFIT OBLIGATIONS RECOGNIZED IN THE STATEMENT OF FINANCIAL POSITION

NOK millions	Notes	2010	2009
Defined benefit plans		(2,077)	(2,179)
Prepayments for defined benefit plans	14	457	195
Net liability for defined benefit plans		(1,620)	(1,984)
Termination benefits		(92)	(118)
Other long-term employee benefits		(86)	(61)
Net long-term employee benefit obligations recognized in Statement of financial position		(1,797)	(2,163)

EXPENSES FOR LONG-TERM EMPLOYEE BENEFIT OBLIGATIONS RECOGNIZED IN THE STATEMENT OF INCOME

NOK millions	Notes	2010	2009
Defined benefit plans		(199)	(245)
Defined contribution plans		(92)	(120)
Multi-employer plans		(41)	(42)
Termination benefits		(63)	(105)
Other long-term employee benefits		(38)	(34)
Net expenses recognized in Statement of income		(433)	(546)
Of which classified as Payroll and related costs	5	(366)	(429)
Of which classified as Interest expense and other financial items	7	(67)	(116)

DEFINED BENEFIT PLANS

Yara International ASA and Norwegian subsidiaries have incurred obligations under a funded defined benefit plan. The pension plan was closed to new entrants in 2006 and employees below the age of 55 received a paid-up policy for previously earned benefit entitlements. The defined benefit plan was replaced by a defined contribution plan from the same date. Further pension obligations in Norway include certain unfunded pension arrangements as well as an early retirement scheme. Normal retirement age is 67 with the option for early retirement from the age of 62.

A majority of Yaras obligations under defined benefit plans are related to subsidiaries within the Eurozone.

Employees of Yaras Dutch subsidiaries are members of a funded pension plan. Employees born before 1950 and who were in service before 2006 are entitled to a pension scheme based on final salary at the age of retirement. Normal retirement age is 65 with the option for early retirement from the age of 61. All other employees are members of an Average Pay scheme.

Obligations in Finland include the statutory TyEL pension scheme as well as a further defined benefit plan which is closed to new entrants. Both schemes are covered by pension funds. The TyEL pension scheme provides for a flexible retirement age from 63 to 68 based on the employee's salary each year and with accelerated earning of retirement benefits beyond the age of 63. There is also a possibility for early retirement at the age of 62 with a permanent decrease in benefits.

Subsidiaries of Yara are also liable to retirement benefits in France, Germany, Belgium and Italy within the Eurozone.

The pension plan in Great Britain is funded and provides retirement benefits based on final salary. Normal retirement age is 62 except for some contracts with retirement age of 65.

Other defined benefit plan obligations include employees of subsidiaries in Sweden, USA, Trinidad and South Africa.

Most defined benefit plans include benefits in case of disability, death in service and death after retirement, which are included in the valuation of liabilites.

The provision for defined benefit plans also includes liabilities for medical plans in United Kingdom, Trinidad and South Africa with a total of NOK 34 million. The decrease from 2009 (NOK 46 million) is largely related to disposal of business in South Africa.

Specification of recognized liability

NOK millions	2010	2009
Eurozone	(5,545)	(5,678)
Great Britain	(2,182)	(2,091)
Norway	(1,829)	(1,717)
Other	(315)	(322)
Total	(9,870)	(9,808)

VALUATION OF DEFINED BENEFIT OBLIGATIONS

The defined benefit plans are valued at 31 December using updated financial and demographical assumptions and taking into account the relevant economic environment of each pension plan.

The discount rate is a weighted average of the yields at the balance sheet date on AA credit rated corporate bonds, or government bonds where no deep market exists for AA credit rated corporate bonds. The discount rate is adjusted by extrapolation if neccessary, to take into account differences in maturities.

The following financial assumptions have been applied for the valuation of liabilities (weighted average in percent)

	2010	2009
Discount rate	4.7	5.1
Expected rate of salary increases	3.6	3.6
Future rate of pension increases	2.2	2.3

Actuarial valuations provided the following results

NOK millions	2010	2009
Present value of fully or partially funded liabilities for defined benefit plans	(8,323)	(8,398)
Present value of unfunded liabilities for defined benefit plans	(1,547)	(1,410)
Present value of liabilities for defined benefit plans	(9,870)	(9,808)
Fair value of plan assets	8,355	7,975
Past service cost not recognized in the Statement of financial position (unvested)	16	21
Increase in defined benefit obligation due to regulations in IFRIC 14 [1)]	(61)	(105)
Social security tax liability on defined benefit plans	(60)	(68)
Net liability recognized for defined benefit plans	(1,620)	(1,984)

1) Yara is committed to making future contributions to the pension fund in Great Britain that exceed the amount that will be recoverable through future benefit payments, based on current valuation. IFRIC 14 therefore requires the recognition of an additional liability.

PENSION COST RECOGNIZED IN STATEMENT OF INCOME

The assumptions used to value the defined benefit obligations as of 31 December are used in the following year to determine the net pension cost.

The expected long-term rate of return on plan assets is based on forecasts of expected return for individual asset classes and the determined long-term portfolio structure for each of the pension funds. Forecasts are based on long-term historical average returns, taking into account current yield level and expected inflation.

The following financial assumptions have been applied for the valuation of pension cost items (weighted average in percent)

	2010	2009
Discount rate	5.1	5.3
Expected rate of return on plan assets	5.6	5.3
Expected rate of salary increases	3.6	3.3
Future rate of pension increases	2.3	2.2

The following items have been recognized in the Statement of income

NOK millions	2010	2009
Current service cost	(173)	(165)
Contribution by employees	15	16
Past service cost (vested)	(4)	(7)
Settlements [1]	32	23
Social security cost	(4)	3
Payroll and related costs	(134)	(128)
Interest on obligation	(484)	(494)
Expected return on plan assets	419	377
Interest expense and other financial items	(65)	(116)
Net pension cost recognized in Statement of income	(199)	(245)

1) Settlements are related to termination of certain employee benefit obligations in Norway and France (2009: Finland and France)

SENSITIVITY OF ASSUMPTIONS

Measurement of defined benefit obligations and pension costs requires the use of a number of assumptions and estimates. Below table indicates the sensitivity of the most material financial assumptions applied to the defined benefit obligation (DBO) and pension cost items, by showing the result from an increase or decrease in any one of the assumptions applied (all other assumptions held constant).

NOK millions	DBO at 31 Dec 2010	Service Cost 2010	Interest cost 2010
Actual valuation	(9,870)	(173)	(484)
Discount rate +0.5%	(9,189)	(156)	(522)
Discount rate -0.5%	(10,629)	(191)	(445)
Expected rate of salary increase +0.5%	(10,044)	(180)	(499)
Expected rate of salary increase -0.5%	(9,705)	(166)	(470)
Expected rate of pension increase +0.5%	(10,444)	(184)	(501)
Expected rate of pension increase -0.5%	(9,355)	(162)	(469)

Development of defined benefit obligations

NOK millions	2010	2009
Defined benefit obligation as of 1 January	(9,808)	(10,339)
Current service cost	(173)	(165)
Interest cost	(484)	(494)
Actuarial gains / (losses)	(340)	(597)
Past service cost	-	(18)
Obligation transferred on disposal of subsidiaries [1]	20	-
Settlements [2]	32	122
Benefits paid	495	492
Other	(7)	-
Exchange difference on foreign plans	394	1,189
Defined benefit obligation as of 31 December	(9,870)	(9,808)

1) Obligations transferred are related to disposal of subsidiaries in Italy and South Africa
2) Settlements are related to termination of certain employee benefit obligations in Norway and France (2009: Finland, France, Netherlands and USA)

Development of plan assets

NOK millions	2010	2009
Fair value of plan assets as of 1 January	7,975	7,827
Expected return on plan assets	419	377
Actuarial gains / (losses) on plan assets	444	516
Employer contributions	207	651
Employees' contributions	15	16
Settlements	-	(54)
Benefits paid	(357)	(389)
Other	5	-
Exchange difference on foreign plans	(353)	(969)
Fair value of plan assets as of 31 December	8,355	7,975

The actual return on plan assets in 2010 was a positive NOK 863 million (2009: positive 894 million).

Plan assets are comprised as follows:

NOK millions	2010	2010	2009	2009
Equity instruments	2,981	36%	2,439	31%
Debt instruments	4,389	53%	4,679	59%
Investments/lending to Yara Group companies [1]	147	2%	215	3%
Property	177	2%	56	1%
Bank deposits	134	2%	178	2%
Other	527	6%	408	5%
Total plan assets	8,355	100%	7,975	100%

1) Loan from Pension fund to Yara Suomi Oy (Finland)

Contributions expected to be paid to the defined benefit plans for 2011 are NOK 500 million. The increase from 2010 company contributions total of NOK 345 million, is primarily due to an additional contribution required to meet coverage ratio requirements of the Dutch pension plan.

Actuarial (gains) / losses recognized in other comprehensive income

NOK millions	2010	2009
Actuarial (gains) / losses on obligation for defined benefit plans	340	597
Actuarial (gains) / losses on plan assets for defined benefit plans	(444)	(516)
Increase / (decrease) in social security tax liability on actuarial (gains) / losses for defined benefit plans (Norway only)	(1)	(29)
Increase/ (decrease) in recognized liability for defined benefit plans due to regulations in IFRIC 14 (current period)	(41)	(49)
Other	2	-
Net change in actuarial (gains) / losses for defined benefit plans	(144)	3
Change in deferred tax related to actuarial (gains) / losses for defined benefit plans	41	(4)
Actuarial (gains) / losses recognized from Equity Accounted Investees (net of tax)	(16)	113
Total actuarial (gains) / losses recognized in other comprehensive income	(119)	112

Actuarial gains and losses include experience adjustments, reflecting the difference between estimated and actual changes in obligations and plan assets during the year, as well as the impact of change in assumptions when measuring the present value of pension liabilities at year-end with revised assumptions.

Actuarial gains and losses are permanently recognized directly in retained earnings in the period in which they occur. The cumulative amount of actuarial losses recognized in other comprehensive income is NOK 1,224 million (2009: NOK 1,343 million).

Historical information

NOK millions	2009	2008	2007	2006	2005
Present value of the defined benefit obligation	(9,870)	(9,808)	(10,339)	(8,759)	(7,665)
Of which impact of experience adjustments	113	81	(380)	53	15
Fair value of plan assets	8,355	7,975	7,827	7,761	5,995
Of which impact of experience adjustments	444	516	(1,204)	(183)	219
Deficit in the plan [1]	(1,515)	(1,833)	(2,513)	(997)	(1,670)

1) Social security cost is not included

Note 23

Provisions *and contingencies*

NOK millions	Environmental	Restructuring	Legal Claims	Decommission	Other	Total
Balance at 1 January 2009, restated [1]	186	255	373	164	7	984
Additional provision in the year	33	137	94	41	133	438
Interest expense on liability	-	-	20	-	-	20
Reclassification [2]	-	-	4	-	-	4
Unused provision	(1)	(23)	(127)	(25)	(96)	(272)
Utilisation of provision	(46)	(188)	(209)	(23)	(11)	(477)
Currency translation effects	(24)	(30)	32	(25)	10	(37)
Balance at 31 December 2009	148	152	186	131	43	660
Additional provision in the year	63	85	32	87	134	401
Interest expense on liability	1	-	13	-	-	14
Reclassification [2]	1	(1)	1	-	(1)	-
Unused provision	(3)	(8)	(48)	(5)	(12)	(76)
Utilisation of provision	(23)	(90)	(53)	(19)	(16)	(201)
Companies purchased/sold	-	-	-	(45)	-	(45)
Currency translation effects	(6)	(7)	8	(8)	12	(1)
Balance at 31 December 2010	181	131	138	142	160	751

1) Due to restatement of previous reported figures for 'other', there has been an reduction of NOK 134 million in 2008.
2) Reclassification of items previously presented as other liabilities.

PROVISIONS AND CONTINGENCIES PRESENTED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOK millions	2010	2009
Current liabilities	321	360
Non-current liabilities	430	300
Total	751	660

ENVIRONMENTAL
Yara's future cost for environmental clean-up depends on a number of uncertain factors, such as the extent and type of remediation's required. Due to uncertainties inherent in the estimation process, it is possible that such estimates could be revised in the near term. In addition, conditions which could require future expenditures may be determined to exist for various sites, including Yara's major production facilities and product storage terminals. The amount of such future costs is not determinable due to the unknown timing and extent of corrective actions which may be required.

Yara's operations are subject to environmental laws and regulations. These laws and regulations are subject to change, and such changes may require that the company make investments and/or incur costs to meet more stringent emissions standards or to take remedial actions related to e.g. soil contamination.

RESTRUCTURING
Restructuring mainly relates to closure or significant reorganisation of business locations in a country or region. The provision is a best estimate based on the detailed formal plan for the business and location affected.

LEGAL CLAIMS
Yara is party to a number of lawsuits in various jurisdictions arising out of the conduct of its business. None of these lawsuits, individually or in aggregate, is anticipated to have a material adverse effect on Yara.

A subsidiary has received a claim for payment of local sales taxes of approximately NOK 150 million. Yara contests the claim, both as to the actual liability and the amount, and has undertaken appropriate legal actions to reject the claim. Yara has recognized total costs associated with the claim of NOK 20 million. Based on external legal advice, the remaining part of the claim has not been recognized. The case is ongoing and subject to uncertainty with regard to timing and final outcome.

DECOMMISSION
Provisions have been made where Yara has legal or constructive obligations for decommission as a result of past events.

OTHER
Other consists of various provisions for constructive obligations as a result of past events.

Note 24

Long-term debt *by currencies*

NOK millions, except percentages and denominated amounts	Weighted average interest rates	Denominated amounts 2010	Balance in NOK 2010	Balance in NOK 2009
NOK (Coupon NIBOR + 2.50%) [1]	5.2%	300	300	299
NOK (Coupon NIBOR + 3.75%) [1]	6.4%	299	299	299
NOK (Coupon 7.40%) [2]	7.5%	324	324	324
NOK (Coupon 8.80%) [3]	8.9%	998	998	997
USD (Coupon 5.25%) [2]	5.9%	497	2,969	2,902
USD (Coupon 7.88%) [4]	8.3%	493	2,879	2,839
Total unsecured debenture bonds			7,769	7,661
USD	0.8%	510	2,955	5,451
EUR	1.8%	20	156	223
BRL (Brazil)	5.6%	12	43	21
COP (Colombia)	6.5%	1,500	5	-
MXN (Mexico)	7.4%	114	53	-
Total unsecured bank loans [1]			3,212	5,695
Lease obligation			191	217
Mortgage loans			147	156
Other long-term debt			-	288
Total			337	660
Outstanding long-term debt			11,319	14,017
Less: Current portion			(180)	(82)
Total			11,139	13,936

1) Repricing within a year.
2) Fixed interest rate until 2014.
3) Fixed interest rate until 2016.
4) Fixed interest rate until 2019.

At 31 December 2010, the fair value of the long-term debt, including the current portion, was NOK 12,348 million and the carrying value was NOK 11,319 million.

Yara builds its funding on a negative pledge structure with the basic funding ranging pari passu. Substantially all unsecured debenture bonds and unsecured bank loan agreements therefore contain provisions restricting the pledging of assets to secure future borrowings. Of the long-term debt at the end of 2010, the USD 990 million bond debt originated from Yara's December 2004 and June 2009 bond issues according to 144A/Regulation S. A further NOK 1,921 million originated from Yara's March 2009 bond issues in the Norwegian market. These balances include issuance discount and capitalised issuance costs.

Yara's additional long-term funding is based on bank loans. At year end, USD 330 million was drawn on the bank facility due 2013 in the Belgian subsidiary Yara SA/NV. The USD 180 million term loan from the Nordic Investment Bank to Yara International ASA remained fully drawn and will be repaid with linear instalments between June 2012 and December 2023. A minor portion of the long-term debt was borrowed in emerging markets.

The syndicated bank loan of USD 1 billion due 2012 and the USD 300 million facility due 2015, both in Yara International ASA, were undrawn at year end. The maturity of the USD 300 million facility was extended from 2012 to 2015 in September. In May, the Finnish subsidiary Yara Suomi Oy signed a new loan agreement of EUR 50 million with final maturity in 2012. This facility also remained undrawn at year end. During the fourth quarter, Yara used the strong cash inflow to repay and cancel the USD 170 million bank facility due 2015. The unutilized NOK 1,575 million bank facility due 2015 was also terminated.

Of the fixed interest rate debenture bonds, NOK 1,322 million and USD 100 million is exposed to floating interest rates through interest rate swaps.

CONTRACTUAL PAYMENTS ON LONG-TERM DEBT

NOK millions	Debentures	Bank Loans	Capital lease and other long-term loans	Total
2011	-	165	16	180
2012	300	100	16	415
2013	-	2,073	14	2,087
2014	3,593	94	13	3,700
2015	-	73	14	87
Thereafter	3,877	707	265	4,848
Total	7,769 [1]	3,212 [2]	337	11,319

1) Of which Yara International ASA is responsible for NOK 7,769 million.
2) Of which Yara International ASA is responsible for NOK 1,031 million.

Note 25

Trade payables *and other payables*

NOK millions	Notes	2010	2009
Trade payables	27	5,605	5,313
Payroll and value added taxes	27	855	756
Prepayments from customers		1,392	595
Other liabilities	27	260	219
Total	28	8,111	6,883

Note 26

Bank loans *and other short-term interest-bearing debt*

NOK millions	Notes	2010	2009
Bank loans and overdraft facilities [1]		804	1,651
Commercial papers		577	1,383
Other [1]		587	151
Total	28	1,968	3,185
Weighted Average Interest Rates			
Bank loans and overdraft facilities [2]		3.0%	6.7%
Commercial papers		3.0%	2.2%
Other		1.1%	3.3%

1) Repricing minimum annually
2) Overdraft facilities mainly in emerging markets

As of 31 December 2010, Yara has unused short-term credit facilities with various banks totalling approximately NOK 1.2 billion.

Note 27

Risk management *and hedge accounting*

RISK MANAGEMENT POLICIES

Risk management in Yara is based on the principle that risk evaluation is an integral part of all business activities. Yara has established procedures for determining appropriate risk levels for the main risks and monitoring these risk exposures. Based on the overall evaluation of risk, Yara may use derivative instruments such as forward contracts, options and swaps to reduce exposures.

Yara's business model and positions provide natural hedges to reduce business risks inherent in the market. The most important of these is the quality and efficiency of Yara's production facilities, which ensures its competitive position. Furthermore, Yara's geographical spread supports a diversified gas supply, reducing the impact of regional price changes, and a reduced exposure to the inherent seasonality of the fertilizer business. Yara's substantial sales of differentiated products, comprising specialty fertilizers and industrial products, also contribute to more stable margins for the business as a whole. Finally, a certain correlation between energy prices and fertilizer prices reduces the volatility in Yara's results.

Yara is focused on maintaining a sound funding structure. Main elements of the funding strategy are to secure long-term debt and to base the funding of Yara on diversified capital sources to avoid dependency on single markets.

The financial structure of Yara gives Yara the necessary flexibility to capture the right industrial opportunities when they arise. As such opportunities typically materialize in periods characterized by industry margins and earnings below peak levels, Yara will seek to maintain adequate financial capacity throughout the business cycle. Yara aims to maintain a long-term mid investment grade rating level, i.e. minimum BBB according to Standard & Poor's methodology and Baa2 according to Moody's methodology. Yara maintained the Baa2 rate from Moody's and the BBB rate from Standard & Poor's during 2010.

The debt/equity ratio at the end of 2010, calculated as net interest-bearing debt divided by shareholders' equity plus non-controlling interests, was 0.27 compared with 0.56 at the end of 2009. The Yara Group is not subject to any externally imposed capital requirements.

There were no principal changes in the Group's approach to capital management during the years ending 31 December 2010 and 31 December 2009. However, due to strong cash flow and significant divestments, including sale of Fosfertil, the Group has from the middle of the year 2010 accumulated a liquidity surplus kept in short-term liquid deposits.

Yara's Finance function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and commodity price risk), credit risk and liquidity risk. The Finance function reports regularly to the Group's management.

The Group may seek to manage the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity.

CURRENCY RISK

Prices of Yara's most important products are either directly denominated or determined in US dollars. In markets outside the US, local prices will generally adjust to fluctuations in the US dollar exchange rate, however with a certain time lag. Yara's raw materials costs, such as natural gas used in the production of ammonia, are either denominated in US dollars or highly correlated to changes in the US dollar exchange rate. In order to hedge Yara's long-term exposure to fluctuations in the US dollar exchange rate, Yara incurs most of its debt in US dollars. A certain portion of the total debt is, however, kept in various local currencies in order to finance local currency exposed business positions.

Yara manages foreign currency exchange rate risks by adjusting the composition of the debt portfolio to changes in Yara's overall risk exposure. Derivative instruments are also utilized to manage foreign currency exchange rate risk related to forecasted purchases and sales or to offset short-term liquidity needs in one currency with surplus liquidity in another currency. Such forward contracts are not designated as hedging instruments for accounting purposes. Changes in fair value are therefore recognized in the income statement.

The foreign exchange loss for the year was NOK 676 million, compared with a gain of NOK 1,364 million in 2009. Throughout the year, Yara's US dollar debt generating currency exposure was kept in the range of USD 1,100-1,400 million (2009: USD 1,000-1,300 million).

Exchange differences from foreign operations resulted in a loss of NOK 517 million recognized in the statement of comprehensive income (2009: gain NOK 3,979 million). Yara's exposure is mainly related to subsidiaries with functional currencies USD, CAD and EUR. At 31 December 2010 Yara's equity exposure to USD was 37 percent of the total book value of equity, to CAD 28 percent and to EUR 18 percent (2009: USD: 27 percent, CAD: 27 percent, EUR: 11 percent).

Sensitivity

A 10 percent weakening of USD or EUR against NOK and other functional currencies at 31 December would have increased/(decreased) profit or loss by the amounts shown below. This analysis is done for illustrative purposes only, taking into consideration only the effect on financial instruments in the balance sheet at year-end. Since all other variables are assumed to remain constant, the analysis does not reflect subsequent effects on operating income, EBITDA or equity. The analysis was performed on the same basis for 2009.

NOK millions	2010	2009
USD	757	1,692
EUR	(214)	(315)

A 10 percent weakening of the Norwegian krone against the above currencies at 31 December would have had the equal but opposite effect to the amounts shown above.

A 10 percent weakening of USD, CAD or EUR against NOK and other functional currencies at 31 December would have increased/(decreased) other comprehensive income by the amounts shown below. This analysis is done for illustrative purposes only, taking into consideration only the effect on equity in foreign operations at year-end. Since all other variables are assumed to remain constant, the analysis does not reflect subsequent effects on equity. The analysis was performed on the same basis for 2009.

NOK millions	2010	2009
USD	(1,113)	(772)
CAD	(840)	(775)
EUR	(538)	(313)

A 10 percent weakening of the Norwegian krone against the above currencies at 31 December would have had the equal but opposite effect to the amounts shown above.

INTEREST RATE RISK

Yara's exposure to changes in interest rates is mainly linked to fair value risk and cash flow risk from its debt portfolio as disclosed in note 24. Yara has chosen to retain a significant part of its debt at fixed interest rates. During 2010, Yara has kept USD 400 million of the USD 500 million fixed interest bond issue in 2004 and the entire USD 500 million fixed interest bond issue in 2009 as fixed interest rate debt. Information about financial instruments designated as hedge instruments is presented in the derivative section below. NOK 1,325 million of the NOK 1,925 million bond issue in March 2009 are also kept with a fixed interest rate, but Yara has freestanding fixed-to-floating interest rate derivatives - not classified as designated for hedging - with the same nominal amount as the fixed rate bonds.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was

NOK millions	2010	2009
Net interest-bearing debt at 31 December	9,540	16,227
Fixed portion of bonds	5,257	5,160
Net interest-bearing debt less fixed portion of bonds	4,283	11,066

Sensitivity

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore changes in interest rates will not affect the interests on the USD 900 million portion of the bond debts which are not hedged. Yara Group has no interest-bearing financial instruments where effects are booked directly to equity. Therefore equity will not be directly affected by interest rate changes.

An increase of 100 basis points in USD interest rates at the reporting date would have decreased profit or loss by NOK 36 million (2009: NOK 63 million). An increase of 100 basis points in NOK interest rates at the reporting date would have decreased profit or loss by NOK 8 million (2009: NOK 28 million). All other variables remain constant. This analysis is done for illustrative purposes only, taking into consideration only the effect on financial instruments in the balance sheet at year-end. The analysis is performed on the same basis for 2009. A decrease of 100 basis points at the reporting date would have increased profit or loss with the same amounts.

COMMODITY PRICE RISK

A major portion of Yara's operating revenues is derived from the sale of ammonia, urea and other fertilizers that may generally be classified as commodities. Yara also purchases natural gas, electricity and other commodities. The prices of these commodities can be volatile and may create fluctuations in Yara's earnings. To manage this risk, Yara's financial policy prioritizes maintaining a low debt/equity ratio and maintaining liquidity reserves. Periodically Yara utilizes derivative instruments to manage certain price risk exposures and also for some position taking within the limits established by the risk management policies. A limited number of ordinary sales and purchase contracts contain price links against other products that are regarded as embedded derivatives recognized at fair value. The reason for embedding other price links in these contracts is normally to secure a margin for Yara. Information about commodity derivatives is presented in the derivative section below. Besides that, there are no other financial instruments that are exposed to the commodity price risk.

CREDIT RISK

Yara has a well-established system for credit management with established limits at both customer and country level. Yara's geographically diversified portfolio reduces the overall credit risk of the Group. Credit risk arising from the inability of the counterparty to meet the terms of Yara's financial instrument contracts is generally limited to amounts, if any, by which the counterparty's obligations exceed Yara's obligations. Yara's policy is to enter into financial instruments with various international banks with established limits for transactions with each institution. Due to Yara's geographical spread and significant number of customers there are no significant concentrations of credit risk. Therefore, Yara does not expect to incur material credit losses on its financial assets.

The exposure to credit risk is represented by the carrying amount of each class of financial assets, including derivative financial instruments, recorded in the statement of financial position. Yara undertakes a number of measures that reduce credit risk of particular receivables. Such measures include letters of credit, bank guarantees and credit insurance agreements. Effect of credit risk reduction from these measures is not considered to be material for the Group.

FUNDING AND LIQUIDITY RISK

The capital structure of the Group consists of debt, which includes the borrowings disclosed in notes 24 and 26, cash and cash equivalents and equity attributable to equity holders of the parent, comprising paid-in capital and retained earnings as disclosed in notes 19, 20 and statement of changes in equity.

Main elements of the funding strategy are the establishment of a long-term debt base and the security and flexibility obtained by funding through diversified capital sources and avoidance of dependency on single institutions or markets. Yara manages liquidity risk by maintaining adequate reserves and committed bank facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Yara aims at an even debt repayment schedule and has secured committed undrawn credit facilities to provide sufficient reserves to meet unforeseen liquidity needs.

Included in notes 24 and 26 is information about undrawn facilities that the Group has at its disposal.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements

31 DECEMBER 2010

NOK millions	Carrying amount	Contractual cash flows	On demand	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities								
Short-term interest-bearing debt	(1,968)	(2,016)	(477)	(1,393)	(146)	-	-	-
Long-term interest-bearing debt	(11,128)	(14,738)	-	(187)	(458)	(952)	(7,091)	(6,050)
Obligations under finance leases	(191)	(293)	-	(15)	(16)	(55)	(77)	(130)
Accrued interest expense	(121)	(121)	-	(121)	-	-	-	-
Accounts payable	(5,605)	(5,607)	(133)	(5,472)	(1)	-	-	-
Payroll and value added taxes	(855)	(855)	(51)	(760)	(43)	-	-	-
Other short-term liabilities	(190)	(192)	(6)	(81)	(105)	-	-	-
Other long-term liabilities	(72)	(75)	(6)	(1)	(1)	(8)	(27)	(32)
Derivative financial instruments								
Freestanding financial derivatives	105							
Outflow		(5,763)	-	(5,504)	(52)	(57)	(150)	-
Inflow		5,874	-	5,618	-	60	156	40
Commodity derivatives	105							
Outflow		(35)	-	(35)	-	-	-	-
Inflow		143	-	73	46	24	-	-
Hedge designated derivatives	66							
Outflow		-	-	-	-	-	-	-
Inflow		70	-	13	10	23	24	-
Total	(19,854)	(23,608)	(674)	(7,867)	(766)	(965)	(7,166)	(6,171)

31 DECEMBER 2009

NOK millions	Carrying amount	Contractual cash flows	On demand	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities								
Short-term interest-bearing debt	(3,185)	(3,193)	(478)	(2,436)	(279)	-	-	-
Long-term interest-bearing debt	(13,800)	(18,819)	-	(315)	(389)	(1,128)	(9,243)	(7,745)
Obligations under finance leases	(217)	(345)	-	(16)	(16)	(59)	(85)	(169)
Accrued interest expense	(125)	(125)	-	(125)	-	-	-	-
Accounts payable	(5,313)	(5,329)	(53)	(5,270)	(5)	-	-	-
Payroll and value added taxes	(756)	(768)	(63)	(643)	(62)	-	-	-
Other short-term liabilities	(164)	(164)	(4)	(62)	(98)	-	-	-
Other long-term liabilities	(104)	(104)	(27)	(23)	(1)	(20)	(22)	(12)
Derivative financial instruments								
Freestanding financial derivatives	34							
Outflow		(4,658)	-	(4,341)	(51)	(55)	(163)	(47)
Inflow		4,721	-	4,415	-	59	164	83
Commodity derivatives	160							
Outflow		(11)	-	(11)	-	-	-	-
Inflow		-	-	-	-	-	-	-
Hedge designated derivatives	48							
Outflow		-	-	-	-	-	-	-
Inflow		91	-	12	12	23	45	-
Total	(23,423)	(28,703)	(625)	(8,814)	(889)	(1,180)	(9,305)	(7,890)

DERIVATIVE INSTRUMENTS

NOK millions	2010	2009
Fair value of derivatives		
Share options	(5)	-
Forward foreign exchange contracts	45	6
Interest rate swaps	64	28
Interest rate swaps designated for hedging	66	48
Embedded derivatives in sales and purchase contracts [1)]	102	166
Commodity derivatives [1)]	3	(6)
Balance 31 December	276	242
Derivatives presented in the statement of financial position		
Non-current assets	130	76
Current assets	221	221
Non-current liabilities	(5)	-
Current liabilities	(70)	(55)
Balance 31 December	276	242

1) Mainly natural gas and oil products.

Yara is committed to outstanding forward foreign exchange contracts as follows

NOK millions	2010	2009
Forward foreign exchange contracts, notional amount	6,591	5,546

All outstanding foreign exchange contracts at 31 December 2010 have maturity in 2011. Buy positions are mainly in Norwegian kroner and US dollars. Sell positions are in various operating currencies, mainly euros and Canadian dollars.

The total net gain recognized in the consolidated income statement during the year on derivatives that are not designated for hedging and recognized at fair value through profit or loss was NOK 182 million (2009: gain NOK 9 million). The total gain recognized in the net income on derivative designated as fair value hedge was NOK 26 million (2009: gain NOK 18 million).

HEDGE ACCOUNTING

Fair value hedge

The interest rate swap designated as a hedge instrument outstanding at 31 December 2010 is a fixed to floating interest rate swap for USD 100 million. The hedged risk is the change in fair value due to changes in risk-free interest rates (LIBOR) of a USD 100 million portion of the US dollar bond debt from 2004. The swap has identical interest basis, interest payment dates and maturity (2014) to the hedged debt and is assessed to be highly effective. The change in fair value of the derivative is recognized in statement of income, and is offset by an opposite change in fair value of the corresponding portion of the bond debt. At 31 December 2010 the loss on the fair value hedge included in the carrying amount of the fixed rate debt was NOK 66 million (2009: loss NOK 48 million). There is not recognized any ineffectiveness in 2009 or 2010.

Cash flow hedges

In 2004, Yara used interest rate swaps to hedge the future cash flows of a USD 300 million portion of the December 2004 bond issue. The loss on these contracts was recognized directly against equity and will be reclassified into interest expense and income tax over the duration of the bond (due in 2014). The reclassification into interest expense for 2010 was NOK 11 million (2009: NOK 10 million) and the related deferred tax benefit was NOK 3 million (2009: NOK 3 million).

In 2007, Yara used interest rate derivatives to hedge the future cash flows of a USD 300 million portion of the June 2009 bond issue. The loss on these contracts was recognized directly against equity and will be reclassified into interest expense and income tax over the duration of the bond (due in 2019). The reclassification into interest expense for 2010 was NOK 2.8 million (2009: NOK 1.5 million) and the related deferred tax benefit was NOK 0.8 million (2009: NOK 0.4 million).

Hedge of net investment

At 31 December 2010, the Group held in total USD 490 million (2009: USD 315 million) of debt designated as hedges of net investments in foreign entities. The hedges were assessed to be highly effective. At 31 December 2010 the hedges had a fair value of NOK 90 million recognized as a gain in other comprehencive income (2009: gain NOK 103 million). There is not recognized any ineffectiveness in 2009 and 2010.

Note 28

Financial *instruments*

CARRYING AMOUNTS SHOWN IN THE STATEMENT OF FINANCIAL POSITION, PRESENTED TOGETHER WITH FAIR VALUE PER CATEGORY 31 DECEMBER 2010

NOK millions	Notes	Derivatives at fair value through profit and loss	Derivatives designated as hedging instruments	Loans and receivables	Available-for-sale financial assets	Financial liabilities at amortized cost	Non-financial assets and liabilities	Total
Non-current assets								
Other non-current assets	13,14,22,27	64	66	1,341	340	-	457	2,269
Current assets								
Trade receivables	16	-	-	6,644	-	-	-	6,644
Prepaid expenses and other current assets	17,27	221	-	1,151	-	-	1,494	2,866
Other liquid assets	18	-	-	802	-	-	-	802
Cash and cash equivalents	18	-	-	2,946	-	-	-	2,946
Non-current liabilities								
Other long-term liabilities		(5)	-	-	-	(72)	(206)	(283)
Long-term interest-bearing debt	24	-	-	-	-	(11,139)		(11,139)
Current liabilities								
Trade and other payables	25	(70)	-	-	-	(6,649)	(1,392)	(8,111)
Other short-term liabilities		-	-	-	-	(121)	(642)	(763)
Bank loans and other interest-bearing debt	26	-	-	-	-	(1,968)	-	(1,968)
Current portion of long-term debt	26	-	-	-	-	(180)	-	(180)
Total		210	66	12,885	340	(20,130)	(288)	(6,917)
Fair value		210	66	12,886	340	(21,159)		
Unrecognized gain/loss		-	-	2	-	(1,029) 1)		

1) Unrecognized loss on financial instruments at amortized cost is mainly related to long-term interest-bearing debt with fixed interest rate. See note 24.

31 DECEMBER 2009

NOK millions	Notes	Derivatives at fair value through profit and loss	Derivatives designated as hedging instruments	Loans and receivables	Available-for-sale financial assets	Financial liabilities at amortized cost	Non-financial assets and liabilities	Total
Non-current assets								
Other non-current assets	13,14,22,27	28	48	1,422	3,885	-	195	5,577
Current assets								
Trade receivables	16	-	-	5,934	-	-	-	5,934
Prepaid expenses and other current assets	17,27	221	-	1,610	-	-	1,779	3,610
Other liquid assets	18	-	-	2	-	-	-	2
Cash and cash equivalents	18	-	-	974	-	-	-	974
Non-current liabilities								
Other long-term liabilities		-	-	-	-	(104)	(207)	(311)
Long-term interest-bearing debt	24	-	-	-	-	(13,936)	-	(13,936)
Current liabilities								
Trade and other payables	25	(55)	-	-	-	(6,233)	(595)	(6,883)
Other short-term liabilities		-	-	-	-	(125)	(649)	(774)
Bank loans and other interest-bearing debt	26	-	-	-	-	(3,185)	-	(3,185)
Current portion of long-term debt	26	-	-	-	-	(82)	-	(82)
Total		194	48	9,941	3,885	(23,665)	524	(9,074)
Fair value		194	48	9,941	3,885	(24,189)		
Unrecognized gain/loss		-	-	-	-	(523) 1)		

1) Unrecognized loss on financial instruments at amortized cost is mainly related to long-term interest-bearing debt with fixed interest rate. See note 24.

Below is an overview of gains and losses from financial instruments recognized in the consolidated statement of income and the consolidated statement of comprehensive income, including amounts recognized on disposal of financial instruments

NOK millions	Notes	Derivatives at fair value through profit and loss	Derivatives designated as hedging instruments	Loans and receivables [2]	Available-for-sale financial assets	Financial liabilities at amortized cost [2]	Total
2010							
Consolidated statement of income							
Commodity based derivatives gain/(loss)	27	(61)	-	-	-	-	(61)
Interest income/(expense) and other financial income/(expense)	27	49	12	-	3,580	-	3,641
Foreign exchange gain/(loss) [2]	27	190	-	-	-	-	190
Consolidated statement of comprehensive income							
Available-for-sale investments - change in fair value [1]	13	-	-	-	(48)	-	(48)
Hedge of net investments [1]	27	-	-	-	-	(17)	(17)
Reclassification adjustments related to:							
- cash flow hedges [1]	27	-	14	-	-		14
- available-for-sale investments disposed of in the year [1]	13	-	-	-	(1,961)		(1,961)
		-	-	-		-	
Total		178	26	-	1,571	(17)	1,758
2009							
Consolidated statement of income							
Commodity based derivatives gain/(loss)	27	151	-	-	-	-	151
Interest income/(expense) and other financial income/(expense)	27	291	61	-	124	-	476
Foreign exchange gain/(loss) [2]	27	(434)	-	-	-	-	(434)
Consolidated statement of comprehensive income							
Available-for-sale investments - change in fair value [1]	13	-	-	-	1,186	-	1,186
Hedge of net investments [1]	27	-	-	-	-	382	382
Reclassification adjustments related to:							
- cash flow hedges [1]	27	-	(43)	-	-	-	(43)
- available-for-sale investments disposed of in the year [1]	13	-	-	-	(121)	-	(121)
Total		9	18	-	1,189	382	1,597

1) Amounts are presented before tax
2) Effects of foreign currency exchange on other financial instruments than derivatives are not included in the overview.

PRINCIPLES FOR ESTIMATING FAIR VALUE

The following summarizes the major methods and assumptions used in estimating fair values of financial instruments reflected in the tables.

Equity securities available-for-sale

The fair value of investments in listed companies is based on year-end quoted market prices. Available-for-sale instruments that are not traded in active markets are measured based on recent market transactions and valuation techniques. An approach to maximize the use of market inputs and rely as little as possible on entity-specific inputs is used when measurements are based on valuation techniques.

Trade receivables and other receivables

Interest-free receivables are discounted if it has material impact on fair value. The carrying amount has been reduced for impaired receivables and reflects a reasonable approximation of fair value.

Cash and cash equivalents

Fair value is assumed to be equal to the carrying amount.

Long-term interest-bearing debt and other long-term liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows. Since there is no active market with quoted prices, we have used valuation techniques to estimate the fair value. It is estimated by using LIBOR with different maturities as a benchmark rate and adding a credit margin derived from recent transactions or other information available.

Trade payables and other short-term debt

Interest-free short-term payables are discounted if it has material impact on fair value. Fair value is assumed to be equal to the carrying amount.

Foreign exchange contracts and interest rate swaps

The fair value of foreign exchange contracts and interest rate swaps is based on their listed market price, if available. If a listed market price is not available, fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds) if this has material impact on fair value.

Commodity derivatives and embedded derivatives

Certain of the Group's purchase and sales contracts constitute derivatives or contain embedded derivatives within the scope of IAS 39. Derivatives under IAS 39 are recognized at fair value in the statement of financial position with changes through the statement of income. The commodity derivative category constitute derivatives with a wide range of different caracteristics and comprise both commodity based financial contracts as well as non-financial purchase and sale contracts with maturity mainly from 3 months to 15 months.

The fair value of commodity contracts constitute the unrealized gains and losses represented by the present value of future gains and losses for which the price is fixed in advance of delivery. Fair value of the embedded derivatives is calculated as present value of the difference between the price of non-closely related commodity (embedded derivative) and a pricing model which in the best way reflects market price of the contract commodity. All commodity contracts are bilateral contracts, or embedded derivatives in bilateral contracts, for which there are no active markets. Fair value of all items in this category, is therefore calculated using valuation techniques, with maximum use of market inputs and assumptions that reasonably reflect factors that market participants would consider in setting a price, relying as little as possible on entity-specific inputs. Fair values of commodity contracts are especially sensitive to changes in forward commodity prices. None of the derivatives in this category are designated in hedge relationships.

FAIR VALUE HIERARCHY

The table below analyses financial instruments carried at fair value, by valuation method at 31 December 2010. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOK millions	Level 1	Level 2	Level 3	Total
Equity securities available-for-sale	3	-	337	340
Foreign exchange contracts	-	81	-	81
Interest rate derivative contracts	-	64	-	64
Interest rate contracts designated as hedging instrument	-	66	-	66
Commodity derivatives and embedded derivatives	-	3	136	139
Total assets at fair value	3	215	473	691
Foreign exchange contracts	-	(36)	-	(36)
Commodity derivatives and embedded derivatives	-	-	(34)	(34)
Share options	-	-	(5)	(5)
Total liabilities at fair value	-	(36)	(39)	(75)

There were no transfers between Level 1 and 2 in the period.

The following table shows a reconciliation from the opening balances to the closing balances at 31 December 2010 for fair value measurements in Level 3 of the fair value hierarchy:

NOK millions	Equity securities available-for-sale	Derivatives - assets	Derivatives - liabilities	Share option	Total
Opening balance	341	171	(5)	-	507
Total gains or (losses):					
in profit or loss	-	(35)	(29)	(5)	(69)
in other comprehensive income	(6)	-	-	-	(6)
Purchases	24	-	-	-	24
Disposals	(3)	-	-	-	(3)
Foreign currency translation	(19)	-	(0)	-	(19)
Closing balance	337	136	(34)	(5)	434

Sensitivity of fair value measurement for Level 3 financial instruments

Although Yara believes that its estimates of fair values are appropriate, the use of different assumptions could lead to different measurements of fair value. For fair value measurements in Level 3 of the fair value hierarchy, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects:

	Effect on profit or loss		Effect on other comprehensive income	
NOK millions	Favourable	(Unfavourable)	Favourable	(Unfavourable)
Embedded derivative in energy contract	45	(27)	-	-
Unlisted equity securities	-	-	50	(50)
Total	45	(27)	50	(50)

The favourable and unfavourable effects on the embedded derivative in an energy contract are calculated by an increasing/decreasing of the input of relevant oil-product forward prices with 20 percent. All other variables remain constant.

The favourable and unfavourable effects on the fair value of the unlisted equity securities are calculated using the same model but with an increasing/decreasing of the electricity prices used in the model with 20 percent. All other variables remain constant.

Note 29

Secured debt *and guarantees*

NOK millions	2010	2009
Amount of secured debt	147	156
Assets used as security		
Machinery and equipment, etc.	1	2
Buildings and structural plant	183	223
Other (including land and shares)	5	-
Total	188	225
Guarantees (off-balance sheet)		
Contingency for discounted bills	15	11
Guarantees of debt in the name of equity accounted investees	218	277
Non-financial guarantees	4,335	4,189
Total	4,568	4,477

Guarantees of debt include parent company guarantees issued on behalf of equity accounted investees covering external credit facilities in the name of the equity accounted investees. Yara could be required to perform in the event of a default by the entity guaranteed.

Guarantees of debt issued on behalf of consolidated companies are not included since at any time the drawings under such credit lines are included in the consolidated statement of financial position. The guarantee obligations under such guarantees are at any time limited to the amount drawn under the credit facility.

Non-financial guarantees consist of commercial guarantees related to contract obligations (Bid Bonds, Performance Guarantees and Payment Guarantees) and various mandatory public guarantees (Customs Guarantees, Receivable VAT Guarantees) recorded as off-balance sheet liabilities. These guarantees are issued on behalf of Yara International ASA, its subsidiaries and equity accounted investees. The guarantor could be required to perform in the event of a default of a commercial contract or non-compliance with public authority regulations. NOK 3,520 million of the non-financial guarantees are issued as parent company guarantees, while NOK 815 million are issued as bank guarantees, mainly on behalf of Yara International ASA.

Guarantees issued to public authorities covering tax and VAT liabilities are not included as these obligations are already included in the consolidated statement of financial position.

Non-financial guarantees increased by NOK 146 million from last year end. The increase was mainly due to higher product prices combined with establishment of some new payment guarantees related to energy contracts.

CONTINGENT LIABILITIES RELATED TO THE DE-MERGER FROM NORSK HYDRO ASA

Under the Norwegian Public Limited Companies Act, Yara may be contingently liable for obligations established by Norsk Hydro ASA prior to the de-merger, unless the right to enforce against Yara any rights to payments (or other rights) has been specifically waived by the party holding the right. Following the de-merger of Hydro's oil and gas division in 2007, these obligations may now be allocated to either Hydro or Statoil ASA. At the end of 2010, Yara remains contingently liable for approximately NOK 1.5 billion of such outstanding guarantees.

Hydro also has unfunded pension liabilities. To the extent such liabilities have accrued prior to the consummation of the de-merger, Yara is contingently liable for such liabilities as a matter of the joint and several liability provided by Norwegian law. Hydro's unfunded pension liabilities, calculated in accordance with Hydro's accounting policies, amounted to approximately NOK 2 billion at demerger March 24, 2004 and have been reduced by payments thereafter.

Note 30

Contractual obligations *and future investments*

NOK millions	Investments 2011	Investments Thereafter	Investments Total
Contract commitments for investments in property, plant and equipment	527	323	850
Additional authorized future investments in property, plant and equipment	715	151	866
Contract commitments for other future investments	33	-	33
Total	1,275	475	1,750

Additional authorized future investments include projects formally approved for development by the Board of Directors or management given the authority to approve such investments. General investment budgets are excluded from these amounts.

TAKE-OR-PAY AND LONG-TERM CONTRACTS [1]

Yara has entered into take-or-pay and long-term contracts providing for future payments to transportation capacity, raw materials and energy.

THE NON-CANCELABLE FUTURE OBLIGATION AS OF 31 DECEMBER 2010

NOK millions	Transport and other	Raw materials	Energy related	Total
2011	(332)	(778)	(1,045)	(2,155)
2012	(294)	(721)	(561)	(1,576)
2013	(286)	(717)	(559)	(1,562)
2014	(286)	(498)	(558)	(1,342)
2015	(122)	(328)	(421)	(871)
Thereafter	-	-	(10)	(10)
Total	(1,320)	(3,042)	(3,155)	(7,516)

1) The amounts are calculated based on minimum contracted quantities and market prices as of 31 December 2010.

The total purchases under the take-or-pay agreements and long-term contracts were as follows (in NOK million): 2010 (841); 2009 (1 218)

NOK millions	2011	2012	2013	2014	2015	Total
Sales commitments	1,081	775	283	5	2	2,147

Sales commitments are mainly related to industrial products.
See note 22 for future obligations related to pensions.
See note 23 for provisions and contingencies.
See note 31 for future commitments related to lease arrangements

Note 31

Operating lease *commitments*

Operating leases related to buildings, offices, equipment and vessels. Total minimum future rentals due under non-cancelable operating leases are:

NOK millions	2010	2009
Within year 1	945	972
Within year 2	609	653
Within year 3	508	471
Within year 4	446	409
Within year 5	426	394
After 5 years	859	1,168
Total	3,793	4,067

Due to the strategic importance of shipping capacity of ammonia for Yara's business, Yara has a number of operating leases on vessels. The commitments in relation to this are the main part of total minimum future rentals amounting to NOK 2,345 million. The commitments due to these arrangements vary depending on the contract length for each vessel.

No purchase options exist on the vessels. There are no restrictions imposed by lease arrangements, such as those concerning dividends and additional debt. For some of the vessels there are renewal options that Yara can exercise.

OPERATING LEASE EXPENSES INCLUDED IN OPERATING COST AND EXPENSES ARE

NOK millions	2010	2009
Operating lease expense	(1,107)	(1,364)

Note 32

Related *parties*

THE NORWEGIAN STATE
At 31 December 2010 the Norwegian State owned 104,590,276 shares, representing 36.2 percent of the total number of shares issued. The National Insurance Fund, Norway owns 18,483,741 shares, representing 6.4 percent of the total number of shares issued.

EQUITY ACCOUNTED INVESTEES
Transactions with equity accounted investees are described in note 12.

YARA PENSION FUND
Yara International ASA has arranged most of the company's pension plans through Yara Pension Fund and Yara has during 2010 contributed premium to the pension plans.

BOARD OF DIRECTORS
Members of the Board of Directors are elected for two year terms. Their rights and obligations as board members are solely and specifically provided for the company's articles of association and Norwegian law. The company has no significant contracts in which a board member has a material interest.

BOARD OF DIRECTORS COMPENSATION 2010 AND NUMBER OF SHARES OWNED 31 DECEMBER 2010

NOK thousands, except number of shares	Compensation	Number of shares
Øyvind Lund, Chairperson 3)	454	6,000
Elisabeth Harstad 3)	275	-
Lone Fønss Schrøder 1) 4) (until May 2010)	135	-
Leiv L. Nergaard 1) 4)	331	26,923
Kristine Haukalid 2) (from February 2011)		352
Svein Flatebø 2)	241	1,410
Torgeir Kvidal, Board secretary 2)		1,481
Hilde Merete Aasheim (from May 2010)	142	-
Bernt Reitan	260	-
Geir Olav Sundbø 2)	124	119

1) Includes shares owned directly and through fully owned companies.
2) Interest-free loan of NOK 5,954 given through a trust in accordance with a Yara share purchase offer.
3) Members of the compensation committee in 2010
4) Members of the audit committee in 2010

Compensation of Board of Directors was NOK 2,216 thousand in 2009.

The chairperson and the members of the board have no agreements for further compensation due to termination or changes in the position.

COMPENSATION 2010 AND NUMBER OF SHARES OWNED BY THE DEPUTY BOARD MEMBERS AT 31 DECEMBER 2010

NOK thousands, except number of shares	Compensation	Number of shares
Frank Andersen	269	396
Geir Dahlman	-	398
Tone Petersheim	-	198
Stig Myrland	-	119
Karl Edvard Juul	60	119
Per Rosenberg	-	119

EXECUTIVE MANAGEMENT

NOK thousands	Salary	Performance bonus related to 2009	Share incentive rights (1)	Long-term incentive plan (2)	Other benefits	Pension benefits
Jørgen Ole Haslestad	5,206	752	-	1,515	319	2,392
Hallgeir Storvik	3,077	1,002	3,720	730	225	1,023
Tor Holba	2,501	593	3,720	626	1,310	1,781
Egil Hogna	2,771	899	-	655	248	745
Yves Bonte (from 1 January 2010)	3,962	-	-	998	877	497
Terje Bakken	2,274	486	2,790	569	1,242	503
Trygve Faksvaag	1,875	367	-	351	267	435
Hakan Hallén	2,267	198	-	454	623	949
Bente Slaatten	1,551	164	-	301	195	354

1) Last Exercise of Share Incentive rights granted under the 2004 Share Incentive Program.
2) Fixed cash amount as part of new long-term incentive plan (see description below)

The total salary, including performance-based bonuses for Yara Executive Management was NOK 30,365 thousand in 2009. Other benefits amounted to NOK 12,334 thousand in 2009. In addition pension benefits earned during 2009 were NOK 10,630 thousand. Remuneration related to share incentive rights were in 2009 NOK 13,578 thousand.

Of the Executive Management two members are currently on international assignment contracts, namely Tor Holba and Terje Bakken. The base salary in the international assignment contracts is a guaranteed net compensation. Yara covers any taxes and/or social security premiums due. In the above table the net compensation is grossed-up using the applicable tax-rate. Included in other benefits are company car, travel allowances etc. For the international assignment contracts, the benefits linked to their agreement are included in 'other benefits' and are grossed-up using the applicable tax rate.

PERFORMANCE RELATED BONUS

For managers a performance related bonus scheme is established. Awards are depending on the achievement of specified performance criteria for Yara and the individual. The on-target bonuses range from 28 percent to 35 percent of the base salary depending on management position. The maximum bonus is 50 percent of the base salary.

PENSIONS BENEFITS

Jørgen Ole Haslestad participates in the ordinary pension scheme of employees in Norway (as described in note 22) with retirement age of 65 years. He is also entitled to an early retirement benefit at age 62 of 70 percent of the pensionable income calculated on a 10 years earning period. A deduction shall be deducted pro rata in case of less than 10 years earning period.

Terje Bakken and Tor Holba are both members of the Yara IEC (Internation Employment Company) Pension Plan. This plan is a defined contribution plan and provide the members with a lump sum when they reach the age of 60. The employer contribution amounts to 25 percent of the individual's annual pensionable income.

Yves Bonte is part of the Yara Belgium pension plan. This plan is a defined contribution plan and provide the members with a lump sum when they reach the age of 65. The employer contribution is calculated on the annual base salary and amounts to 4.79 percent up to the legal ceiling and 15 percent above that.

The other members of Yara Executive Management are included in Yara's ordinary pension scheme for employees in Norway. Until 1 July 2006 this was a final salary based defined benefit scheme. From 1 July 2006 it has been switched to a defined contribution scheme for all employees under the age of 55.

TERMINATION AGREEMENTS

The members of Yara Executive Management are subject to termination in accordance to applicable law. There are however a few specific termination agreements. For Jørgen Ole Haslestad a notice of 6 months and a minimum severance payment of 6 months base salary is applicable in case of termination. For Terje Bakken and Tor Holba a notice of 3 months and a minimum severance payment of 1,5 months per year of service with a maximum of 24 months is applicable in case of termination. Tor Holba has a guaranteed employment until the age of 55.

GUIDELINES FOR REMUNERATION TO MEMBERS OF EXECUTIVE MANAGEMENT

In accordance with the Norwegian Public Limited Companies Act § 6-16 a, the Board of Directors will prepare a separate statement related to the determination of salary and other benefits for the Executive Management. The statement will be presented for the Annual General Assembly. The guidelines for the coming accounting year are unchanged from the previous year and the remuneration to Executive Management has been in accordance with these guidelines.

Yara's policy concerning remuneration of the CEO and the other members of Yara's Executive Management Group is to provide remuneration opportunities which:

- Are competitive to recruit and retain executives
- Reward the Executives' performance, measured as his/her contribution to the overall success of Yara
- Support the creation of sustainable shareholder value

Yara's remuneration of the Executive Management Group consists of the following elements: Base pay, an annual incentive bonus, a long-term incentive bonus, a retirement plan, death and disability coverage and other components such as car, phone expenses, etc. In addition, executives on expatriate contracts can have costs such as housing, school, home trips etc. covered by the company.

The annual incentive bonus represents performance-driven variable compensation components based on financial and non-financial performance, such as profitability and HES (Health, Environment and Safety) results, at Company and/or Segment level. The maximum pay-out will not exceed 50 percent of Annual Base Salary, unless special circumstances dictate otherwise.

The 2004 Share Incentive Program has ended. No new share incentive rights will be granted in the coming year.

To increase the alignment between Executives and Shareholder's interests and to ensure retention of key talent in the company, a long-term incentive plan has been approved by the Board. This long-term incentive program provides a fixed cash amount to the eligible top executive, who is required to invest the net amount in Yara shares within a period of one month after grant. The acquired shares are locked in for a period of three years after the purchase. After this period the executive is free to keep or sell the shares at his or her discretion.

All new pension plans in Yara shall be Defined Contribution plans. All Executives below age 55 (per 1 July 2006) on Norwegian employment contracts are part of the Defined Contribution Retirement plan. The retirement age is 65 and there are no special severance clauses in the contract.

Salary and other benefits earned in 2010 are disclosed above. For additional information regarding share incentive rights granted see note 6. For additional information about existing penson plans see note 22.

Note 33

External audit *remuneration*

Deloitte AS (Deloitte) is Yara's auditor. A few subsidiaries of Yara International ASA have appointed other audit firms. The following table shows total audit and other services delivered to the Group by the appointed auditor.

NOK thousands	Audit fee	Assurance services	Tax services	Other audit services	Total
2010					
Deloitte Norway	4,822	664	46	17	5,549
Deloitte Abroad	22,523	635	1,106	1,220	25,484
Total Deloitte	27,345	1,299	1,152	1,237	31,033
Others	841	120	106	134	1,201
Total	28,186	1,419	1,258	1,371	32,234
2009					
Deloitte Norway	5,562	734	-	37	6,333
Deloitte Abroad	22,204	1,376	1,187	235	25,002
Total Deloitte	27,766	2,110	1,187	272	31,335
Others	2,083	46	413	1,051	3,593
Total	29,849	2,156	1,600	1,323	34,928

Note 34

Post balance sheet *events*

LIFECO

Yara's jointly controlled entity Lifeco has temporary suspended its operations following the recent unrest in Libya. Yara has performed an impairment test of the investment that had a carrying value of NOK 1,539 million at the end of 2010. The conclusion at this stage is that no impairment will be recognized in Yara's first quarter results for 2011. The main uncertainty in this calculation is the estimated length of the suspension period. Other important assumptions are estimated prices of ammonia and urea, stability of deliveries of natural gas and the discount rate. Yara has used internal and external sources of information when estimating selling prices and natural gas cost. Provided necessary maintenance can be carried out also in the event of a prolonged shutdown, management does not believe that the investment will be impaired unless Lifeco operations are suspended for a period significantly longer than one year.

Future developments might have adverse effects and lead to impairment losses at an earlier stage, including physical damage or other depletion of assets. Approximately NOK 809 million of the carrying value of Yara's investment is related to bank deposits in Libyan banks and NOK 659 million is related to the plant in Marsa el Brega. The plant is insured by a Libyan insurance company. The policy does not cover damage caused by war, civil war, revolution or terrorism. At this point in time, Yara has no information about material physical damage to or depletion of Lifeco assets. Yara will continue to take all new information into consideration going forward.

YARA NIPRO ACQUISTION

On 10 January 2011 it was announced that Yara purchased the remaining 60 percent of shares in Yara Nipro Pty Ltd. in Australia. Yara Nipro represents a business which is complementary to the already strong position held by Yara within the horticultural segment in Australia, and Yara Nipro's operations will be integrated with those of Yara Australia. The company had in the financial year ending June 2010 a turnover of AUD 46 million and an EBITDA of AUD 5.6 million. Yara's existing 40 percent ownership interest will be recognized at fair value through the consolidated statement of income at the time Yara gain control of Yara Nipro. As at 31 December 2010, the carrying value of Yara's investment is AUD 7.7 million. Total consideration for the remaining 60 percent is AUD 29.5 million, indicating that Yara will recognize a gain in first quarter 2011 when measuring the existing 40 percent at fair value. Any gain will be recognized in the Downstream segment. Final calculation is not available when this report is authorized for issue.

SHARE BUY-BACK

In February 2011, Yara purchased 300,000 own shares for a total consideration of NOK 89 million under the current share buy-back program described in note 19.

PROPOSED DIVIDEND

The Board of Directors propose a dividend for 2010 of 5.50 per share. If approved by the General Meeting, the total dividend payment will be NOK 1.584 million based on current outstanding shares.

Yara International ASA
Income statement

NOK millions	Notes	2010	2009
Revenues	6	757	692
Other income	6	667	-
Revenues and other income		1,424	692
Raw materials, energy costs and freight expenses		(31)	(31)
Change in inventories of own production		(7)	(11)
Payroll and related costs	2,3	(384)	(283)
Depreciation and amortization	4,5	(27)	(27)
Other operating expenses	6	(576)	(635)
Operating costs and expenses		(1,025)	(988)
Operating income		399	(296)
Financial income (expense), net	7	4,706	3,322
Income before tax		5,106	3,026
Income tax expense	8	(409)	(846)
Net income		4,697	2,180
Appropriation of net income and equity transfers			
Dividend proposed	14	1,584	1,300
Retained earnings		3,113	880
Total appropriation		4,697	2,180

Yara International ASA
Balance sheet

31 DECEMBER

NOK millions	Notes	2010	2009
ASSETS			
Non-current assets			
Deferred tax assets	8	188	140
Intangible assets	5	72	82
Property, plant and equipment	4	13	15
Shares in subsidiaries	9	5,352	5,310
Intercompany receivables	16	21,013	21,489
Shares in associated companies	10	20	18
Other non-current assets	11,13	153	125
Total non-current assets		26,812	27,179
Current assets			
Inventories	11	39	38
Trade receivable		59	27
Intercompany receivables	16	11,599	12,623
Prepaid expenses and other current assets	13	175	150
Other liquid assets	11	800	-
Cash and cash equivalents		1,486	211
Total current assets		14,158	13,049
Total assets		40,970	40,229

Yara International ASA
Balance sheet

31 DECEMBER

NOK millions	Notes	2010	2009
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity			
Share capital reduced for treasury stock		490	491
Premium paid-in capital		435	435
Total paid-in capital		926	926
Retained earnings		8,044	4,920
- Treasury shares		(115)	-
Shareholders' equity	14	8,855	5,847
Non-current liabilities			
Employee benefits	2	388	409
Other long-term liabilities		155	84
Intercompany payables	16	-	559
Long-term interest-bearing debt	15	8,800	10,983
Total non-current liabilities		9,344	12,035
Current liabilities			
Bank loans and other interest-bearing short-term debt	11	1,764	1,370
Dividends payable	14	1,584	1,300
Intercompany payables	16	18,632	19,242
Current income tax	8	424	81
Other current liabilities	13	367	354
Total current liabilities		22,772	22,347
Total liabilities and shareholders' equity		40,970	40,229

The Board of Directors of Yara International ASA
Oslo, 22 March 2011

Øivind Lund
Chairperson

Elisabeth Harstad
Board member

Leiv L. Nergaard
Board member

Hilde Merete Aasheim
Board member

Bernt Reitan
Board member

Kristine Haukalid
Board member

Svein Flatebø
Board member

Geir O. Sundbø
Board member

Jørgen Ole Haslestad
President and CEO

Yara International ASA
Cash flow statement

NOK millions	Notes	2010	2009
Operating activities			
Operating Income		399	(296)
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation and amortization	4	27	27
Tax received/(paid)		(41)	(88)
Dividend received from subsidiary and associated companies		312	37
Group relief received		2,081	2,797
Interest and bank charges recived/(paid)		786	1,301
Other		(15)	(53)
Change in working capital			
Trade receivables		(31)	14
Short-term intercompany receivables/payables		2,364	9,779
Prepaid expenses and other current assets		730	1,051
Trade payable		26	(12)
Other current liabilities		(383)	(1,541)
Net cash provided by operating activities		6,254	13,016
Investing activities			
Acqiusition of property, plant and equipment	4	(1)	(10)
Acquisition of other long-term investments		(18)	(7)
Net sales/(purchases) of short-term investments	11	(800)	
Group relief paid			(87)
Net cash from/(to) long-term intercompany loans		(678)	(7,894)
Proceeds from sales of long-term investments		22	(0)
Net cash from/(to) investing activities		(1,475)	(7,999)
Financing activities			
Loan proceeds		6,784	18,973
Principal payments		(8,923)	(24,472)
Purchase of treasury stock	14	(115)	(240)
Dividend paid	14	(1,300)	(1,304)
Net cash from/(to) financing activities		(3,554)	(7,043)
Foreign currency effects on cash flows		50	180
Net increase/(decrease) in cash and cash equivalents		1,276	(1,846)
Cash and cash equivalents as of beginning of period		211	2,057
Cash and cash equivalents at the end of period		1,486	211

Notes *to the accounts*

Note 1

Accounting *policies*

GENERAL

The financial statements for Yara International ASA have been prepared in accordance with the rules of the Norwegian Accounting Act and generally accepted accounting practice in Norway (NGAAP). 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.

Yara International ASA was established on 10 November 2003, for the purpose of acting as the transferee company in the demerger of Hydro Agri from Norsk Hydro ASA. Until the completion of the de-merger, there were no subsidiaries or operational activity in Yara International ASA.

For information about risk management see note 13 to the Yara International ASA financial statements and note 26 to the consolidated financial statements.

Yara International ASA provides financing to most of the subsidiary companies in Norway as well as abroad. See note 15. The information given in note 24 to the consolidated financial statements on payments on long-term debt also applies to Yara International ASA.

The accompanying notes are an integral part of the financial statements.

FOREIGN CURRENCY TRANSACTIONS

Realized and unrealized gains and losses on transactions, assets and liabilities denominated in a currency other than the functional currency of Yara International ASA that do not qualify for hedge accounting treatment, are included in net income.

REVENUE

Sale of goods

Revenue from sale products including products sold in international commodities markets is recognized when the products are delivered to the customer, assuming the risk and rewards have been transferred to the customer. Yara's rebate arrangements include fixed-rate rebates or variable rate rebates increasing with increasing volumes. For variable rate rebates, the estimated rebate is accrued at each revenue transaction, and the accrual is adjusted at the end of each "rebate period", which typically is the end of a fertilizer season.

Sale of services

Revenues from the sale of intercompany services are recognized when the services are delivered.

Dividends and group contribution

Dividends and group contribution from subsidiaries are recognized in the income statement when the subsidiary has proposed these.

Interest income

Interest income is recognized in the income statement as it is accrued, based on the effective interest method.

RECEIVABLES

Trade receivables and other receivables are recognized at nominal value, less the accrual for expected losses of receivables. The accrual for losses is based on an individual assessment of each receivable.

COST OF SALES AND OTHER EXPENSES

In principle, cost of sales and other expenses are recognized in the same period as the revenue to which they relate. In instances where there is no clear connection between the expense and revenue, the apportionment is estimated. Other exceptions to the matching criteria are disclosed where appropriate.

INCOME TAXES

Deferred income tax expense is calculated using the liability method in accordance with Norsk RegnskapsStandard ("NRS") regarding Income Taxes ("Resultatskatt"). Under this standard, deferred tax assets and liabilities are measured based on the differences between the carrying values of assets and liabilities for financial reporting and their tax basis, which is considered temporary in nature. Deferred income tax expense represents the change in deferred tax asset and liability balances during the year except for deferred tax related to items charged directly to equity. Changes resulting from amendments and revisions in tax laws and tax rates are recognized when the new tax laws or rates are enacted.

INTANGIBLE ASSETS

Intangible assets acquired individually or as a group are recorded at fair value when acquired. Intangible assets with finite useful lives are amortized on a straight-line basis over their benefit period.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at historical cost less accumulated depreciation. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Depreciation is determined using the straight-line method.

SUBSIDIARIES AND ASSOCIATED COMPANIES

Shares in subsidiaries and associated companies are in Yara International ASA's financial statements presented according to the cost method. Group relief received is included in dividends from subsidiaries. Yara reviews subsidiaries and associated companies for impairment if indications of loss in value are identified. Impairment indications may include operating losses, or adverse market conditions. Fair value of the investment is estimated based on valuation model techniques. If it is considered probable that the fair value is below Yara's carrying value, the investment is written down as impaired.

INVENTORIES

Inventories are valued at the lower of cost, using the "first-in, first-out method" ("FIFO"), and net realizable value. Cost includes direct materials, direct labor, other direct cost, and the appropriate portion of production overhead or the price to purchase inventory.

CASH AND CASH EQUIVALENTS

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

LEASED ASSETS

Leases that provide Yara with substantially all the rights and obligations of ownership are accounted for as finance leases. Such leases are valued at the present value of minimum lease payments or fair value if this is lower, and recorded as assets under property, plant and equipment. The liability is included in long-term debt. The assets are subsequently depreciated and the related liabilities are reduced by the amount of the lease payments less the effective interest expense. Other leases are accounted for as operating leases with lease payments recognized as an expense over the lease term.

FINANCIAL ASSETS AND LIABILITIES

Financial assets are initially recognized in the balance sheet at fair value (cost) and subsequently at the lower of cost or fair value. Financial liabilities are initially recognized in the balance sheet at fair value (cost) and subsequently at cost.

FORWARD CURRENCY CONTRACTS

Forward currency contracts are initially recognized in the balance sheet at fair value and are subsequently recognized at fair value with changes in fair value recognized in the income statement.

INTEREST RATE AND FOREIGN CURRENCY SWAPS

Interest income and expense relating to swaps that are not designated as hedge instruments are netted and recognized as income or expense over the life of the contract. Foreign currency swaps are translated into Norwegian krone at applicable exchange rates at the balance sheet date with the resulting unrealized exchange gain or loss recorded in interest expense and foreign exchange gain/(loss).

SHARE-BASED PAYMENTS

The Company's cash-settled share based incentive program Share Incentive Rights (SIRs) is recognized as an expense at fair value. Fair value is initially measured at grant date and spread over the period during which the employees become unconditionally entitled to the payments. The fair value of the SIRs is measured based on the Black Scholes Merton option pricing model, taking into account the terms and conditions upon which the instruments were granted. The liability is remeasured at each balance sheet date and at settlement date. Any changes in fair value are recognized in the income statement.

The Company also gives employees the possibility to purchase share in Yara at a reduced price. The cost of this is recognized when the employee exercises this possibility.

EMPLOYEE RETIREMENT PLANS

Pension costs are calculated in accordance with the NRS no. 6A. Prior service costs are amortized on a straight-line basis over the average remaining service period of active participants. Actuarial gains and losses are recognized directly in equity.

Note 2

Employee retirement plans *and other similar obligations*

Yara International ASA has incurred obligations under a funded defined benefit plan. The pension plan was closed to new entrants in 2006 and employees below the age of 55 received a paid-up policy for previously earned benefit entitlements. The defined benefit plan was replaced by a defined contribution plan from the same date, which requires Yara International ASA to make agreed contributions when employees have rendered service entitling them to the contributions. Yara International ASA has no legal or constructive obligation to pay further contributions. This new plan applies to the future pension earnings of existing employees below the age of 55 in 2006 and all new employees.

Other long-term employee benefits include a provision for jubilee benefits.

Yara International ASA is obliged to and does fulfill the requirements of the act regarding mandatory occupational pension scheme ("Lov om obligatorisk tjenestepensjon").

LONG-TERM EMPLOYEE BENEFIT OBLIGATIONS RECOGNIZED IN THE STATEMENT OF FINANCIAL POSITION

NOK millions	Notes	2010	2009
Pension liabilities defined benefit plans		(367)	(384)
Termination benefits and other long-term employee benefits		(21)	(25)
Net long-term employee benefit obligations recognized in Statement of financial position		(388)	(409)

EXPENSES FOR LONG-TERM EMPLOYEE BENEFIT OBLIGATIONS RECOGNIZED IN THE STATEMENT OF INCOME

NOK millions	2010	2009
Defined benefit plans	(38)	(34)
Defined contribution plans	(14)	(18)
Termination benefits and other long-term employee benefits	1	(4)
Net expenses recognized in Statement of income	(51)	(55)

DEFINED BENEFIT PLANS

Yara International ASA is the sponsor of a funded pension plan which also covers employees of its subsidiaries Yara Norge AS and Yaraship Services AS. Plan benefits are based on years of service and final salary levels. Determination of the required annual contribution to the pension fund from each of the participating legal entities is defined by the bylaws of the pension fund, and is based on actuarial calculations. The distribution of pension costs to the participating entities is based on the same calculations. As of 31 December 2010, the number of active participants in the funded defined benefit plan was 60 and the number of retirees was 76. In addition, 339 existing and previous employees of Yara International ASA have earned paid-up policies in the pension fund (Yara Pensjonskasse).

Further pension obligations include certain unfunded pension arrangements as well as an early retirement scheme. Normal retirement age is 67 with the option for early retirement from the age of 62. Benefits earned from defined benefit plans are generally based on years of service and final salary levels.

Yara International ASA participates in a multi-employer plan (AFP - "Avtalefestet pensjon") which entitles most of its employees the right to retire from the age of 62. Participating entities are required to pay an annual fee for each of its active employees. As the information required to account for this part of the plan as a defined benefit plan is not available from the plan administrator, it is rather accounted for as if it were a defined contribution plan. The provision for defined benefit plans includes however the calculated obligation to pay a percentage of benefits paid to its employees who choose early retirement under this plan. A further defined benefit obligation is recognized to account for a gratuity offered by Yara International ASA to its employees who retire with the AFP scheme.

Following a change in the AFP scheme in 2010 Yara International ASA has recognized a curtailment and settlement gain of NOK 5 million in 2010. The legislative changes are concluded to impose a discontinuation of the old plan and the introduction of a new plan for accounting purposes. The new plan is also a defined benefit plan, but it is accounted for as if it were a defined contribution plan due to the fact that sufficient information is not available to use defined benefit accounting. The net gain from curtailment and settlement includes an additional liability recognized to cover Yara International ASA's estimated share of the current underfunding of the old plan. The underfunding will be recovered from the participating employers through additional premiums to be paid from 2011 until 2015.

VALUATION OF DEFINED BENEFIT OBLIGATIONS

The defined benefit plans are valued at 31 December using updated financial and demographical assumptions and taking into account relevant economic environment factors.

Since there is no deep market for high quality corporate bonds in Norway, the discount rate used is a weighted average of the yields at the balance sheet date of Norwegian government bonds. If the bonds have different maturities than the obligations, the discount rate is adjusted. Normal assumptions for demographical and retirement factors have been used by the actuary when calculating the obligation. Estimated future mortality is based on published statistics and mortality tables. The actuary has used the K2005 mortality table.

The following financial assumptions have been applied for the valuation of liabilities (in percent)

	2010	2009
Discount rate	3.6	4.4
Expected rate of salary increases	4.0	4.0
Future rate of pension increases	1.6	2.1

Actuarial valuations provided the following results

NOK millions	2010	2009
Present value of unfunded obligations	(551)	(522)
Present value of wholly or partly funded obligations	(569)	(527)
Total present value of obligations	(1,119)	(1,049)
Fair value of plan assets	797	713
Social security on defined benefit obligations	(45)	(47)
Total recognized liability for defined benefit plans	(367)	(384)

PENSION COST RECOGNIZED IN STATEMENT OF INCOME

The assumptions used to value the defined benefit obligations as of 31 December are used in the following year to determine the net pension cost.

The expected long-term rate of return on plan assets is based on forecasts of expected return for individual asset classes and the determined long-term portfolio structure. Forecasts are based on long-term historical average returns, taking into account current yield level and expected inflation.

The following financial assumptions have been applied for the valuation of pension cost items (in percent)

	2010	2009
Discount rate	4.4	3.9
Expected rate of return on plan assets	6.3	6.1
Expected rate of salary increases	4.0	3.6
Future rate of pension increases	2.1	1.9

The following items have been recognized in the Statement of income

NOK millions	2010	2009
Current service cost	(37)	(33)
Settlements [1)]	5	-
Social security cost	(5)	5
Payroll and related costs	(37)	(28)
Interest on obligation	(46)	(42)
Expected return on plan assets	45	37
Interest expense and other financial items	(1)	(5)
Total expense recognized in income statement	(38)	(34)

1) Gain on settlement of early retirement plan (AFP)

SENSITIVITY OF ASSUMPTIONS

Measurement of defined benefit obligations and pension costs requires the use of a number of assumptions and estimates. Below table indicates the sensitivity of the most material financial assumptions applied to the defined benefit obligation (DBO) and pension cost items, by showing the result from an increase or decrease in any one of the assumptions applied (all other assumptions held constant).

NOK millions	DBO at 31 Dec 2010	Service Cost 2010	Interest cost 2010
Actual valuation	(1,119)	(37)	(46)
Discount rate +0.5%	(1,050)	(36)	(51)
Discount rate -0.5%	(1,197)	(39)	(41)
Expected rate of salary increase +0.5%	(1,166)	(38)	(46)
Expected rate of salary increase -0.5%	(1,077)	(36)	(46)
Expected rate of pension increase +0.5%	(1,169)	(38)	(46)
Expected rate of pension increase -0.5%	(1,073)	(37)	(46)

Development of defined benefit obligations

NOK millions	2010	2009
Defined benefit obligation as of 1 January	(1,049)	(1,078)
Current service cost	(37)	(33)
Interest cost on obligation	(46)	(42)
Actuarial gains / (losses) on obligation	(26)	80
Settlements [1]	5	-
Benefits paid	34	24
Defined benefit obligation as of 31 December	(1,119)	(1,049)

1) Gain on settlement of early retirement plan (AFP)

Development of plan assets

NOK millions	2010	2009
Fair value of plan assets as of 1 January	713	597
Expected return on plan assets	45	37
Actuarial gains / (losses) on plan assets	28	42
Employer contributions	21	44
Benefits paid	(9)	(7)
Fair value of plan assets as of 31 December	797	713

The actual return on plan assets in 2010 was a positive NOK 73 million (2009: positive NOK 79 million).

Plan assets are comprised as follows:

NOK millions	2010	2010	2009	2009
Equity instruments	348	44%	269	38%
Debt instruments	440	55%	440	62%
Bank deposits	10	1%	4	1%
Total plan assets	797	100%	713	100%

Yara Pensjonskasse (the pension fund) does not hold any financial instruments issued by Yara Group companies.

Contributions expected to be paid to the defined benefit plans for 2011 are NOK 40 million.

Movement in actuarial (gains) / losses recognized directly in retained earnings

NOK millions	2010	2009
Cumulative amount recognized directly in retained earnings pre tax at 1 January	68	208
Actuarial (gain) / loss recognized during the period	(2)	(140)
Cumulative amount recognized directly in retained earnings pre tax at 31 December	66	68
Deferred tax related to actuarial (gains) / losses recognized directly in retained earnings	(19)	(19)
Cumulative amount recognized directly in retained earnings after tax at 31 December	48	49

Historical information

NOK millions	2010	2009	2008	2007	2006
Present value of the defined benefit obligation	(1,119)	(1,049)	(1,078)	(920)	(850)
Fair value of plan assets	797	713	597	497	443
Deficit in the plan [1]	(322)	(336)	(481)	(423)	(407)
Experience adjustments arising on plan liabilities	27	39	(37)	30	(4)
Experience adjustments arising on plan assets	28	42	(116)	13	3

1) Social security cost is not included.

Note 3

Remunerations *and other*

Remuneration and direct ownership of shares of the chairperson and of the Board of Directors are disclosed in note 32 to the consolidated financial statement.

Remuneration to the President and Yara management, as well as number of shares owned, SIRs and long-term incentive plan, are disclosed in notes 6 and 32 to the consolidated financial statements.

Partners and employees of Yara's independent auditors, Deloitte AS, own no shares in Yara International ASA, or in any of its subsidiaries. Yara International ASA's fee to Deloitte AS (Norway) for ordinary audit was NOK 3,974 thousand (2009: 4,665 thousand), fee for assurance services NOK 562 thousand (2009: 682 thousand), fee for tax services NOK 46 thousand and fee for non-audit services NOK 0 (2009: 21 thousand). Audit remuneration for the Group is disclosed in note 33 to the consolidated financial statement.

At 31 December 2010 the number of employees in Yara International ASA was 246 (2009: 231).

NOK millions	2010	2009
Payroll and related costs		
Salaries	(343)	(261)
Social security costs	(46)	(47)
Social benefits	0	5
Net periodic pension costs	(51)	(55)
Internal invoicing of payroll related costs	55	74
Sum	(384)	(283)

External commercial banks provide the Norwegian employees with a range of banking services, including unsecured personal loans at favorable rates of interest. Yara does not compensate the banks for these services. In connection with the replacement of transferred employee loans related to the demerger from Hydro, Yara provides a guarantee for all such loans as well as of new unsecured loans by the banks to the Norwegian employees. For most employees the amount guaranteed will not exceed NOK 100,000. At 31 December 2010, the aggregate balance of all the outstanding loans for which Yara are providing a guarantee is approximately NOK 4 million, and the number of loans is 54.

Yara continued to give employees in Norway an opportunity to take part in a share purchase program in 2010. All permanent employees in Norway have been offered shares with a discount and given an interest-free loan with a 12-month repayment profile. In order to handle this arrangement in an efficient way, Yara has established a foundation for employees' shares in Yara. The fundation owned 667 shares in Yara at the beginning of 2010 and has purchased additional 15,500 shares during the year. In total 16,152 shares have been sold during 2010 to 673 persons, and each person was alloted 24 shares. At 31 December 2010 the foundation owns 15 shares in Yara.

Note 4

Property, plant *and equipment*

NOK millions, except percentages and years	Machinery and Equipment	Buildings	Plant under construct.	Total
Cost				
Balance at 1 January 2010	39	8	-	47
Addition at cost	-	-	1	1
Disposal	-	(1)	-	(1)
Balance at 31 December 2010	39	7	1	47
Depreciation				
Balance at 1 January 2010	(30)	(2)	-	(32)
Depreciation	(2)	(1)	-	(3)
Balance at 31 December 2010	(32)	(3)	-	(35)
Carrying value				
Balance at 1 January 2010	9	6	-	15
Balance at 31 December 2010	7	4	1	13
Cost				
Balance at 1 January 2009	34	1	3	38
Addition at cost	4	7	-	11
Transfer	1	-	(3)	(2)
Balance at 31 December 2009	39	8	-	47
Depreciation				
Balance at 1 January 2009	(28)	(1)	-	(30)
Depreciation	(2)	(1)	-	(3)
Balance at 31 December 2009	(30)	(2)	-	(32)
Carrying value				
Balance at 1 January 2009	6	-	3	9
Balance at 31 December 2009	9	6	-	15
Useful life in years	4 - 20	20 - 50		
Depreciation rate	5 - 25%	2 - 5%		

Total assets pledged as security was NOK 0.6 million at 31 December 2010 and NOK 0.8 million at 31 December 2009.

Note 5

Intangible *assets*

NOK millions, except percentages and years	Intangible assets
Cost	
Balance at 1 January 2010	159
Addition at cost	14
Balance at 31 December 2010	172
Amortization	
Balance at 1 January 2010	(76)
Amortization	(24)
Balance at 31 December 2010	(100)
Carrying value	
Balance at 1 January 2010	82
Balance at 31 December 2010	72
Cost	
Balance at 1 January 2009	150
Addition at cost	6
Disposal	3
Balance at 31 December 2009	159
Amortization	
Balance at 1 January 2009	(52)
Amortization	(24)
Balance at 31 December 2009	(76)
Carrying value	
Balance at 1 January 2009	98
Balance at 31 December 2009	82
Useful life in years	3 - 5
Depreciation rate	20 - 35%

Intangible assets are amortized on a straight line basis over their benefit period.

The intangible assets basically consist of computer software systems.

Note 6

Specification *of items in the income statement*

REVENUE

Information about sales to geographical areas

NOK millions	2010 External	2010 Internal	2010 Total	2009 External	2009 Internal	2009 Total
Norway	9	23	32	8	19	27
European Union	23	622	644	29	598	628
Europe, outside European Union	3	1	4	-	1	1
Asia	7	-	7	7	-	7
North America	41	-	41	6	-	6
South America	29	-	29	24	(2)	23
Africa	-	-	-		1	1
Total	111	646	757	75	617	692

OTHER INCOME

Yara International ASA signed a cash merger agreement with Terra Industries Inc. (Terra) in February 2010. Terra terminated this agreement in March 2010 after receiving a superior bid from CF Industries Inc. In accordance with the cash merger agreement, Yara International ASA received a break fee of NOK 717 million. Directly related transaction costs amounted to NOK 51 million. The net break fee of NOK 666 million after transaction costs is recognized as part of other income in the income statement and as part of operating activities in the cash flow statement.

OTHER OPERATING EXPENSE

NOK millions	2010	2009
Selling and administrative expense	(480)	(538)
Rental and leasing [1]	(34)	(33)
Travel expense	(38)	(41)
Other	(24)	(23)
Total	(576)	(635)
Research and development expense [2] [3]	(45)	(45)

1) Expenses mainly relate to property and lease contracts for company cars.
2) Over the last few years, Yara has focused on orienting research and development resources towards commercial activities, both with respect to process and product improvements and agronomical activities. It is impracticable to give a fair estimate of possible future financial returns of these activities.
3) Included in other operating expense.

Note 7

Financial income *and expense*

NOK millions	2010	2009
Dividends and group relief from subsidiaries	3,799	21
Sale of subsidiaries	(73)	-
Write-down shares subsidiaries	(67)	-
Loss on receivables from subsidiaries	(143)	-
Dividend from associated companies	13	16
Interest from group companies	1,566	2,323
Other interest income	36	42
Interest paid to group companies	(77)	(192)
Other interest expense	(552)	(355)
Interest expense defined pension liabilities	(47)	(45)
Return on pension plan assets	45	37
Net foreign exchange gain/(loss)	325	1,733
Other financial income/(expense)	(119)	(258)
Financial income/(expense), net	4,706	3,322

Note 8

Income *taxes*

SPECIFICATION OF INCOME TAX EXPENSE

NOK millions	2010	2009
Current tax expense	(462)	(637)
Deferred tax income/(expense)	52	(209)
Income tax expense	(409)	(846)

RECONCILIATION OF NORWEGIAN NOMINAL STATUTORY TAX RATE TO EFFECTIVE TAX RATE

NOK millions	2010	2009
Income before taxes	5,106	3,026
Expected income taxes at statutory tax rate, 28%	(1,430)	(847)
Non-deductible expenses	(1)	(1)
Dividend exclusion	83	6
Loss and write-down of shares, not tax deductible	(39)	-
Tax exempted group contribution from subsidiaries	980	-
Other, net	(3)	(4)
Income tax expense	(409)	(846)

RECONCILIATION OF CURRENT TAX LIABILITY

	Current tax	
NOK millions	2010	2009
Balance at 1 January	(81)	(104)
Payments	39	83
Current year [1)]	(367)	(61)
Adjustment in relation to the current tax of prior years	(15)	2
Balance at 31 December	(424)	(81)

1) Current year tax liability is deducted with NOK 95 million related to group relief.

SPECIFICATION OF DEFERRED TAX ASSETS/(LIABILITIES)

	Deferred tax	
NOK millions	2010	2009
Non-current items		
Accrued expenses	46	(56)
Pension liabilities	156	161
Total	201	106
Current items		
Other accrued expenses	(51)	26
Receivables	35	6
Inventory	2	2
Total	(13)	35
Net deferred tax asset/(liability)	188	140
Change in deferred tax		
Balance at 1 January	140	391
Charge (credit) to equity for the year	(4)	(42)
Charge (credit) to profit or loss for the year	52	(209)
Balance at 31 December	188	140

Note 9

Shares *in subsidiaries*

Company name	Ownership [1]	Ownership by other group companies	Registered office	Local currency	Total equity in the company 2010 local currency thousands	Net income in 2010 local currency thousands	Carrying value 2010 NOK thousands
Subsidiaries owned by Yara International ASA							
Yara China Ltd.	100%	-	China	HKD	(66,566)	(18,969)	-
Yara Guatemala S.A.	100%	-	Guatemala	GTQ	23,210	29,887	24,258
Yara Colombia Ltda.	100%	-	Colombia	COP	47,592,024	9,644,107	16,749
Hydro Agri Russland AS	100%	-	Norway	NOK	39,929	266	21,200
Yaraship Services AS	100%	-	Norway	NOK	18,429	809	1,039
Yara Hellas S.A.	100%	-	Greece	EUR	10,606	2,458	20,942
Yara Norge AS	100%	-	Norway	NOK	2,230,246	189,144	1,303,377
Fertilizer Holdings AS	100%	-	Norway	NOK	2,691,213	2,842,291	2,315,200
Yara Lietuva UAB	100%	-	Lithuania	LTL	29,279	(127)	66,058
Yara Rus Ltd.	100%	-	Russia	RUB	(42,131)	1,100	-
Yara North America Inc.	100%	-	USA	USD	132,934	26,310	467,948
Yara Asia Pte. Ltd.	100%	-	Singapore	USD	371,259	95,757	1,114,364
Yara International Employment Co. AG	100%	-	Switzerland	EUR	937	185	1,076
Yara México Profesionales / Operativos S. de R.L. de C.V.	10%	90%	Mexico	MXN	(11,435)	(1,015)	6
Total							5,352,217

1) Percentage of shares owned equals percentage of voting shares owned. A number of the above mentioned companies also own shares in other companies as specified in their annual reports.

Proposed group relief of NOK 330 million from Yara International ASA to Fertilizer Holdings AS has been recognized as increased investment in the subsidiary.

Note 10

Shares *in associated companies*

NOK millions, except ownership	Ownership [1]	Country	Total equity in the company in 2010	Net income in 2010	Carrying value in 2010	Carrying value in 2009
Name						
Abonos del Pacifico, S.1A.	34%	Costa Rica	211	17	18	18
ZAO Nordic Rus Holding	49%	Russia	4	-	2	-
Talconor AS	50%	Norway	1	-	-	-
Total			216	17	20	18

1) Equals voting rights.

Note 11

Specification *of items in the balance sheet*

NOK millions	2010	2009
Other non-current assets		
Long-term loans, mortgage bonds and non-marketable shares 0-20%	23	49
Interest rate swap designated as hedging instrument	130	76
Total	153	125
Inventories		
Raw materials	12	5
Finished goods	27	34
Total	39	38
Other liquid assets		
Bank deposits with maturity between three months and one year	800	-
Total	800	-
Bank loans and other short-term interest-bearing debt		
Bank overdraft, external bank loans and commercial paper	(1,764)	(1,370)
Total	(1,764)	(1,370)

Note 12

Guarantees

NOK millions	2010	2009
Guarantees (off-balance sheet)		
Guarantees in the name of equity accounted investees	218	277
Non-financial guarantees	4,239	3,730
Total	4,457	4,007

Yara International ASA provides guarantees arising in the ordinary course of business, including performance bonds and various payment or financial guarantees. See note 29 to the consolidated financial statements for further information about guarantees.

Note 13

Risk management *and hedge accounting*

Risk management in Yara and the use of derivative instruments are described in note 27 to the consolidated financial statement. Yara International ASA has the following derivative instruments outstanding at 31 December.

NOK millions	2010	2009
Fair value of derivatives		
Forward foreign exchange contracts (external)	56	31
Forward foreign exchange contracts (Yara Group internal)	153	(100)
Interest rate swaps (external)	64	28
Interest rate swaps designated for hedging (external)	66	48
Balance at 31 December	338	7
Derivatives presented in the balance sheet		
Non-current assets	130	76
Current assets	229	50
Current liabilities	(21)	(119)
Balance at 31 December	338	7

FORWARD FOREIGN EXCHANGE CONTRACTS

Yara International ASA is committed to outstanding forward foreign exchange contracts as follows

NOK millions	2010	2009
Forward foreign exchange contracts (external), notional amount	5,542	4,346
Forward foreign exchange contracts (Yara Group internal), notional amount	12,975	14,986

All outstanding foreign exchange contracts at 31 December 2010 have maturity in 2011. Buy positions are mainly in Norwegian kroner and US dollars. Sell positions are in various operating currencies, mainly euros and Canadian dollars.

HEDGE ACCOUNTING

Fair value hedge

The interest rate swap designated as a hedge instrument outstanding at 31 December 2010 is a fixed to floating interest rate swap for USD 100 million. The hedged risk is the change in fair value due to changes in risk-free interest rates (LIBOR) of a USD 100 million portion of the US dollar bond debt from 2004. The swap has identical interest basis, interest payment dates and maturity (2014) to the hedged debt and is assessed to be highly effective. The change in fair value of the derivative is recognized in statement of income, and is offset by an opposite change in fair value of the corresponding portion of the bond debt. At 31 December 2010 the loss on the fair value hedge included in the carrying amount of the fixed rate debt was NOK 66 million (2009: loss NOK 48 million). There is not recognized any ineffectiveness in 2009 or 2010.

Cash flow hedge

In 2004, Yara used interest rate swaps to hedge the future cash flows of a USD 300 million portion of the December 2004 bond issue. The loss on these contracts was recognized directly against equity and will be reclassified into interest expense and income tax over the duration of the bond (due in 2014). The reclassification into interest expense for 2010 was NOK 11 million (2009: NOK 10 million) and the related deferred tax benefit was NOK 3 million (2009: NOK 3 million).

In 2007, Yara used interest rate derivatives to hedge the future cash flows of a USD 300 million portion of the June 2009 bond issue. The loss on these contracts was recognized directly against equity and will be reclassified into interest expense and income tax over the duration of the bond (due in 2019). The reclassification into interest expense for 2010 was NOK 2.8 million (2009: NOK 1.5 million) and the related deferred tax benefit was NOK 0.8 million (2009: NOK 0.4 million).

Note 14

Number of shares outstanding, *shareholders, equity reconciliation etc.*

Yara International ASA was established 10 November 2003. The company was established with a share capital of 108,610,470 consisting of 63,888,512 shares at NOK 1.70 per share. At 31 December 2010, the company has a share capital of 491,014,261 consisting of 288,831,918 ordinary shares at NOK 1.70 per share. For further information on these issues see note 19 to the consolidated financial statement.

The 20 largest shareholders as of 31 December 2010 are according to information in the Norwegian securities' registry system (Verdipapirsentralen):

Name	Number of shares	Holding (%)
Norwegian Ministry of Trade and Industry	104,590,276	36.2%
Folketrygdfondet	18,483,741	6.4%
Clearstream banking S.A. (nominee)	7,755,883	2.7%
State Street Bank & Trust Co. (nominee)	6,212,279	2.2%
State Street Bank and Trust Co. (nominee)	5,487,362	1.9%
Brown Brothers Harriman & Co	5,000,000	1.7%
Bank of New York Mellon (nominee)	4,179,570	1.4%
State Street Bank and Trust Co. (nominee)	3,256,004	1.1%
JPMorgan Chase Bank (nominee)	3,222,794	1.1%
J.P.Morgan Chase Bank (nominee)	3,154,040	1.1%
Vital Forsikring ASA	2,955,738	1.0%
State Street Bank and Trust Co (nominee)	2,541,474	0.9%
Bank of New York Mellon SA/NV (nominee)	2,456,582	0.9%
DWPBank AG (nominee)	2,014,164	0.7%
Bank of New York Mellon (nominee)	1,851,967	0.6%
Pareto aksje Norge	1,688,400	0.6%
Statoil pensjon	1,565,294	0.5%
DnB NOR Bank ASA	1,545,787	0.5%
The Northern Trust Co. (nominee)	1,542,002	0.5%
DnB NOR Norge (IV)	1,530,987	0.5%

SHAREHOLDERS EQUITY

NOK millions	Paid-in capital	Retained earnings	Total shareholders equity
Balance 31 December 2008	1,585	3,513	5,098
Net income of the year	-	2,180	2,180
Dividend proposed	-	(1,300)	(1,300)
Cash flow hedges	-	8	8
Actuarial gain/(loss) [1]	-	100	100
Allocated to fund	(419)	419	-
Repayment to shareholders	(240)	-	(240)
Balance 31 December 2009	926	4,920	5,847
Net income of the year	-	4,697	4,697
Dividend proposed	-	(1,584)	(1,584)
Cash flow hedges	-	10	10
Actuarial gain/(loss) [1]	-	1	1
Treasury shares	(1)	(114)	(115)
Balance 31 December 2010	926	7,929	8,855

1) Yara International ASA has decided to use the option in NRS 6A to adopt IAS19. For further information, see the accounting principles note 1.

Note 15

Long-term *debt*

LONG-TERM DEBT PAYABLE IN VARIOUS CURRENCIES

NOK millions, except percentages and denominated amounts	Weighted average interest rates	Denominated amounts 2010	Balance in NOK 2010	Balance in NOK 2009
Unsecured debenture bonds in NOK (Coupon NIBOR + 2.50%) 1)	5.2%	300	300	299
Unsecured debenture bonds in NOK (Coupon NIBOR + 3.75%) 1)	6.4%	299	299	299
Unsecured debenture bonds in NOK (Coupon 7.40%) 2)	7.5%	324	324	324
Unsecured debenture bonds in NOK (Coupon 8.80%) 3)	8.9%	998	998	997
Unsecured debenture bonds in USD (Coupon 5.25%) 4)	5.9%	497	2,969	2,902
Unsecured debenture bonds in USD (Coupon 7.88%) 4)	8.3%	493	2,879	2,839
Unsecured bank loans in USD 1)	1.1%	177	1,031	3,034
Mortgage loans			-	-
Other long-term debt			-	288
Outstanding long-term debt			8,800	10,983
Less: Current portion			-	-
Total			8,800	10,983

1) Repricing within a year.
2) Fixed interest rate until 2014.
3) Fixed interest rate until 2016.
4) Fixed interest rate until 2019.

At 31 December 2010, the fair value of the long-term debt, including the current portion, was NOK 9,830 million and the carrying value was NOK 8,800 million. See note 24 to the consolidated financial statements for further information about long-term debt.

PAYMENTS ON LONG-TERM DEBT FALL DUE AS FOLLOWS:

NOK millions	Debentures	Bank loans	Other long-term debt	Total
2011	-	-	-	-
2012	300	86	-	386
2013	-	86	-	86
2014	3,593	86	-	3,679
2015	-	73	-	73
Thereafter	3,877	700	-	4,577
Total	7,769	1,031	-	8,800

Note 16

Intercompany receivables *and payables*

NOK millions	2010	2009
Non-current assets		
Yara Nederland B.V.	10,318	11,720
Fertilizer Holdings AS	5,838	6,000
Yara Holding Netherlands	2,919	2,878
Yara UK Limited	1,298	409
Other	640	482
Intercompany receivables	21,013	21,489
Current assets		
Yara Suomi Oy	2,000	275
Yara Italia S.p.A.	1,314	1,083
Yara Norge AS	1,311	1,699
Fertilizer Holdings AS	923	7,485
Yara UK Limited	814	471
Yara France	352	463
Yara Holdings Spain S.A.	284	40
Yara Switzerland Ltd	232	-
Yara Phosphates Oy	183	99
Chapa Meli Tanzania Limited	145	1
Yara North America Inc.	101	55
Other	3,940	951
Intercompany receivables	11,599	12,623
Non-current liabilities		
Agri Sluiskil Ammonia	-	(559)
Intercompany payable	-	(559)
Current liabilities		
Yara Suomi Oy	(3,885)	(319)
Yara Norge AS	(1,863)	(1,510)
Yara AS	(1,751)	(1,310)
Yara GmbH & Co. KG	(1,626)	(2,073)
Yara Caribbean Ltd	(1,365)	(1,162)
Yara Nederland B.V.	(1,287)	(4,299)
Yara Belle Plaine Inc.	(1,220)	(171)
Yara France	(1,107)	(1,015)
Yara Trinidad Ltd.	(643)	(604)
Yara s.a.	(558)	(2,011)
Fertilizer Holding AS	-	(1,086)
Other	(3,327)	(3,681)
Intercompany payable	(18,632)	(19,242)

Note 17

Post balance sheet *events*

In February 2011, Yara purchased 300,000 own shares for a total consideration of NOK 89 million under the current share buy-back program described in note 19 to the consolidated financial statement.

Directors responsibility statement

2010

WE CONFIRM TO THE BEST OF OUR KNOWLEDGE THAT:

- the consolidated financial statements for 2010 have been prepared in accordance with IFRS as adopted by the EU, as well as additional information requirements in accordance with the Norwegian Accounting Act, and that
- the financial statements for the parent company for 2010 have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway, and that
- the information presented in the financial statements gives a true and fair view of the Company's and Group's assets, liabilities, financial position and result for the period viewed in their entirety, and that
- the Board of Directors' report gives a true and fair view of the development, performance and financial position of the Company and Group, and includes a description of the principle risks and uncertainties.

The Board of Directors of Yara International ASA
Oslo, 22 March 2011

Øivind Lund
Chairperson

Elisabeth Harstad
Board member

Leiv L. Nergaard
Board member

Hilde Merete Aasheim
Board member

Bernt Reitan
Board member

Kristine Haukalid
Board member

Svein Flatebø
Board member

Geir O. Sundbø
Board member

Jørgen Ole Haslestad
President and CEO

Deloitte.

Deloitte AS
Karenslyst alle 20
Postboks 347 Skøyen
NO-0213 Oslo
Norway

Tel: +47 23 27 90 00
Fax: +47 23 27 90 01
www.deloitte.no

To the Annual Shareholders' Meeting of Yara International ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Yara International ASA, which comprise the financial statements for the parent company and the financial statements for the group. The financial statements for the parent company comprise the balance sheets as at 31 December 2010, the income statement and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information. The financial statements for the group comprise the statement of financial position as at 31 December 2010, the statement of income, the statement of comprehensive income, the statement of changes in equity and the statement of cash flow for the year then ended and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the President and CEO's Responsibility for the Financial Statements
The Board of Directors and the President and CEO is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian accounting act and accounting standards and practices generally accepted in Norway for the company accounts and in accordance with International Financial Reporting Standards as adopted by EU for the group accounts, and for such internal control as the Board of Directors and the President and CEO determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

page 2

Deloitte.

Opinion on the financial statements for the parent company

In our opinion, the financial statements of the parent company give a true and fair view of the financial position of Yara International ASA as at 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian accounting act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements for the group

In our opinion, the financial statements of the group give a true and fair view of the financial position of the group Yara International ASA as at 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and the allocation of the profit

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report concerning the financial statements and the going concern assumption, and the proposal in the financial statements for the allocation of the profit complies with the law and regulations and that the information is consistent with the financial statements.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo 22 March 2011
Deloitte AS

Ingebret G. Hisdal
State Authorised Public Accountant (Norway)

Reconciliation of *non-GAAP measures*

2010

RECONCILIATION OF OPERATING INCOME TO GROSS CASH FLOW

NOK millions	2010	2009
Operating income	7,467	1,271
Share of net income in equity accounted investees	1,515	1,412
Interest income	242	252
Net gain on securities	3,578	118
Dividends from 0-20% companies	2	6
Earnings before interest expense and tax (EBIT)	12,804	3,058
Depreciation, amortization and impairment loss	2,440	2,425
Amortization of excess value in equity accounted investees	71	65
Earnings before interest, tax and depreciation/amortization (EBITDA)	15,315	5,549
Income tax less tax on net foreign exchange gain/(loss)	(2,600)	753
Gross Cash Flow	12,716	6,302

RECONCILIATION OF NET INCOME AFTER NON-CONTROLLING INTERESTS TO GROSS CASH FLOW

NOK millions	2010	2009
Net income attributable to shareholders of the parent	8,729	3,782
Non-controlling interests	64	32
Interest expense and foreign exchange gain/(loss)	1,625	(419)
Depreciation, amortization and impairment loss	2,440	2,425
Amortization of excess value in equity accounted investees	71	65
Tax effect on foreign exchange gain/(loss)	(213)	417
Gross Cash Flow	12,716	6,302

RECONCILIATION OF TOTAL ASSETS TO GROSS INVESTMENTS

12 months average

NOK millions, except percentages	2010	2009
Total assets	64,839	67,531
Cash and cash equivalents	(2,615)	(2,144)
Other liquid assets	(356)	(3)
Deferred tax assets	(1,816)	(2,847)
Fair value adjustment recognized in equity	(729)	(1,922)
Other current liabilities	(9,699)	(9,406)
Accumulated depreciation and amortization	23,650	23,150
Gross investment 12 months average	73,274	74,358
Cash Return on Gross Investment, CROGI	17.4%	8.5%

RECONCILIATION OF EBIT TO EBIT AFTER TAX

NOK millions	2010	2009
Earnings before interest expense and tax (EBIT)	12,804	3,058
Income tax less tax on net foreign exchange gain/(loss)	(2,600)	753
EBIT after tax (EBITAT)	10,204	3,812

RECONCILIATION OF TOTAL ASSETS TO CAPITAL EMPLOYED

12 months average

NOK millions, except percentages	2010	2009
Total assets	64,839	67,531
Cash and cash equivalents	(2,615)	(2,144)
Other liquid assets	(356)	(3)
Deferred tax assets	(1,816)	(2,847)
Fair value adjustment recognized in equity	(729)	(1,922)
Other current liabilities	(9,699)	(9,406)
Capital employed 12 months average	49,624	51,208
Return on capital employed, ROCE	20.6%	7.4%

RECONCILIATION OF EBITDA TO INCOME BEFORE TAX AND NON-CONTROLLING INTERESTS

NOK millions	2010	2009
EBITDA Downstream	7,796	963
EBITDA Industrial	1,135	1,248
EBITDA Upstream	5,975	4,013
EBITDA Other and eliminations	410	(676)
EBITDA Yara	15,315	5,549
Depreciation, amortization and impairment loss	(2,440)	(2,425)
Amortization of excess value in equity accounted investees	(71)	(65)
Interest expense	(1,207)	(1,269)
Capitalized interest	54	37
Net foreign exchange gain/(loss)	(676)	1,364
Other financial income/expense, net	205	287
Income before tax and non-controlling interest	11,179	3,477

RECONCILIATION OF OPERATING INCOME TO EBITDA

NOK millions	2010	2009
Operating Income	7,467	1,271
Equity accounted investees	1,515	1,412
Interest income	242	252
Selected financial items	3,580	124
EBIT	12,804	3,058
Depreciation and amortization [1)]	2,512	2,490
EBITDA	15,315	5,549

1) Including amortization of excess value in non-consolidated investees.

Yara has been awarded the Information Symbol and the English Symbol by the Oslo Stock Exchange. The “i” is awarded to companies that meet, i.a., defined standards for information on their web-site. The “e” is awarded to companies that meet all the requirements for the “I” in the English language.

TSE Group confirms that Yara has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index company FTSE Group, FTSE4Good is an equity index series that is designed to facilitate investment in companies that meet globally recognised corporate responsibility standards. Companies in the FTSE4Good Index Series have met stringent social and environmental criteria, and are positioned to capitalise on the benefits of responsible business practice.

FTSE4Good

Yara has signed the United Nations Global Compact, embracing its principles. The UN GC is a strategic policy initiative for businesses committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption.

THE GLOBAL COMPACT
WE SUPPORT

Financial *calendar 2011*

First quarter results	29 April 2011
Annual General Meeting	10 May 2011
Ex-dividend date	11 May.2011
Dividend payment date	23 May 2011
Second quarter results	19 July 2011
Third quarter results	21 October 2011
Fourth quarter results	10 February 2012

Our *addresses*

HEADQUARTERS:
Yara International ASA
Bygdøy allé 2
P.O. Box 2464 Solli
NO-0202 Oslo
Norway
Tel: + 47 24 15 70 00
Fax: + 47 24 15 70 01
Web: www.yara.com

REGISTRAR IN NORWAY:
DnB Nor ASA
Verdipapirservice
Stranden 21
N-0021 Oslo
Norway
Phone: +47 22 48 35 90
Fax: +47 22 48 11 71
Web: www.dnbnor.com

DEPOSITARY BANK IN THE USA:
JPMorgan ADR Group
4 New York Plaza, 13th Fl.
New York, NY 10004
USA
Phone (US): 800-990-1135
Phone (outside US): +1-201-680-6630
E-mail: adr@jpmorgan.com
Web: www.adr.com

Text: Yara, Styrkr
Photo: Ole Walter Jacobsen
and Getty Images
Concept: Styrkr, Creuna
Design: Creuna
Prepress: Artbox
Print: Zoom-Grafisk

Yara International ASA
Bygdøy allé 2
P. O. Box 2464, Solli
NO–0202 Oslo
Norway
Tel: +47 24 15 70 00
Fax: +47 24 15 70 01

www.yara.com

GLOBAL GAPS are part of the challenges towards which Yara has committed to contribute solutions. Employing our core business and key knowledge, harnessing our global position and presence, we offer agronomic concepts that increase food production through improved agricultural productivity. Creating value from better yields, in a climate compatible – sustainable – way.

GLOBAL CHALLENGES – GLOBAL OPPORTUNITIES – GLOBAL CONTRIBUTIONS