

OUTOKUMPU ANNOUNCES RESULTS OF ITS INTERNAL INVESTIGATION ON TORNIO WORKS' EXPORTS TO RUSSIA

The independent investigator, Roschier Attorneys Ltd, that Outokumpu retained for an internal investigation has in their examination not found evidence that Tornio Works employees would have committed the crimes alleged by the Finnish Customs.

Outokumpu and exports to Russia

Outokumpu is one of the world's largest stainless steel producers with an annual production capacity of 1.9 million tons of finished products. Outokumpu's Tornio Works business unit is the largest of the Group's units with an annual capacity on 1.2 million tons of finished products. In 2006, the Group delivered some 18 600 tons of stainless steel to Russian customers, out of which Tornio's share was some 8 300 tons. Tornio's deliveries to Russia in 2006 represent some 0.7% of its annual production capacity.

Customs' investigation into stainless steel exports from Tornio to Russia

In March 2007, the Finnish Customs launched an investigation into Outokumpu Stainless' ("Tornio Works") export trade of stainless steel to Russia. The Customs authorities made a search in the Tornio Works premises in Tornio, and seized a large amount of documentation from its offices, and questioned eleven of Outokumpu personnel. According to information received from the Customs authorities, seven of the persons have been interrogated under suspicion of gross forgery and gross accounting offence.

According to a press release by the Finnish Customs on April 10, 2007, "The preliminary investigation by Customs targeted at the export to Russia by Outokumpu Stainless is connected to another preliminary investigation concerning a forwarding agency based in Southeastern Finland. It is suspected that defective and/or forged invoices have been prepared at the forwarding agency as regards export of stainless steel to Russia. The preliminary investigation is focused on the complicity of Outokumpu Stainless in the preparation of defective and/or forged invoices in the forwarding agency in question."

Following the start of the investigation, Outokumpu has co-operated fully with the Customs authorities and has volunteered any additional documentation requested and granted electronic access to any databases pertinent to the inquiry.

Outokumpu immediately initiated its own investigation

Immediately after the start of the investigation by Finnish Customs, Outokumpu initiated its own investigation into the trade practices of stainless steel exports from Tornio to Russia. Roschier, a leading law firm based in Helsinki, was retained to carry out an independent investigation.

On the investigation, Roschier has concentrated on Tornio Works' export trade process to Russia and, in particular, whether there is any basis for the Finnish Customs authorities'

suspicions against Outokumpu's personnel regarding the alleged gross forgery and gross accounting offence.

Roschier was granted full access to any documentation it wanted to review and to all personnel it wanted to interview. However, documentation confiscated by the Customs and the Customs' interrogation minutes were not available to Roschier. No further instructions as to how the investigation should be carried out were given to Roschier.

Conclusions of the Roschier investigation

As a result of the investigation, Roschier has concluded that it has not found evidence that any of Tornio Works employees or the company would have committed any of the crimes, alleged by the Customs.

Process going forward

The management of Outokumpu welcomes the conclusion of Roschier's investigation and is confident that neither the company nor its employees are guilty of wrongdoing as alleged by the Finnish Customs. However, as the investigation by the Finnish Customs is on going and is estimated to last until the end of 2007, Outokumpu will continue to cooperate with the authorities in order to reach a conclusive outcome on the issue at hand.

For further information, please contact

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