

**OUTOKUMPU TO CHANGE THE ALLOY SURCHARGE CALCULATION METHOD FOR STAINLESS STEEL STARTING WITH DELIVERIES FOR JANUARY 2008**

In order to bring more stability in the stainless steel market and to reduce the effects of the raw material price volatility, Outokumpu has decided to change the calculation method for the alloy surcharge in its stainless steel pricing. The alloy surcharge reflects the changes in the prices of raw materials for stainless steel and is added on top of the so called base price resulting in transaction price, which is payable by the customer.

Currently, the alloy surcharge is based on the average raw material prices two and three months prior to delivery. Starting with stainless steel deliveries for January 2008, Outokumpu's alloy surcharge will be based on the 30-day average price of raw materials calculated back from the previous month's 20<sup>th</sup> day. In the new method, only the reference period will change, and all other parameters will remain as before.

Outokumpu will apply the new alloy surcharge calculation method in its home markets, i.e. the Nordic countries and the UK, as well as in markets where there are no local producers. In markets, which have a local producer, Outokumpu already follows the method used by that producer.

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