OUTOKUMPU

Annual Report 2008

AIMING FOR SUSTAINABLE BALANCE

OUR CHALLENGES

MAINTAIN COST LEADERSHIP IN STANDARD GRADES

Tornio Works is a global leader in cost efficiency in high-volume standard grades due to its integrated production from chrome to stainless steel melting, cold rolling and hot rolling.

ROUTE TO MARKET

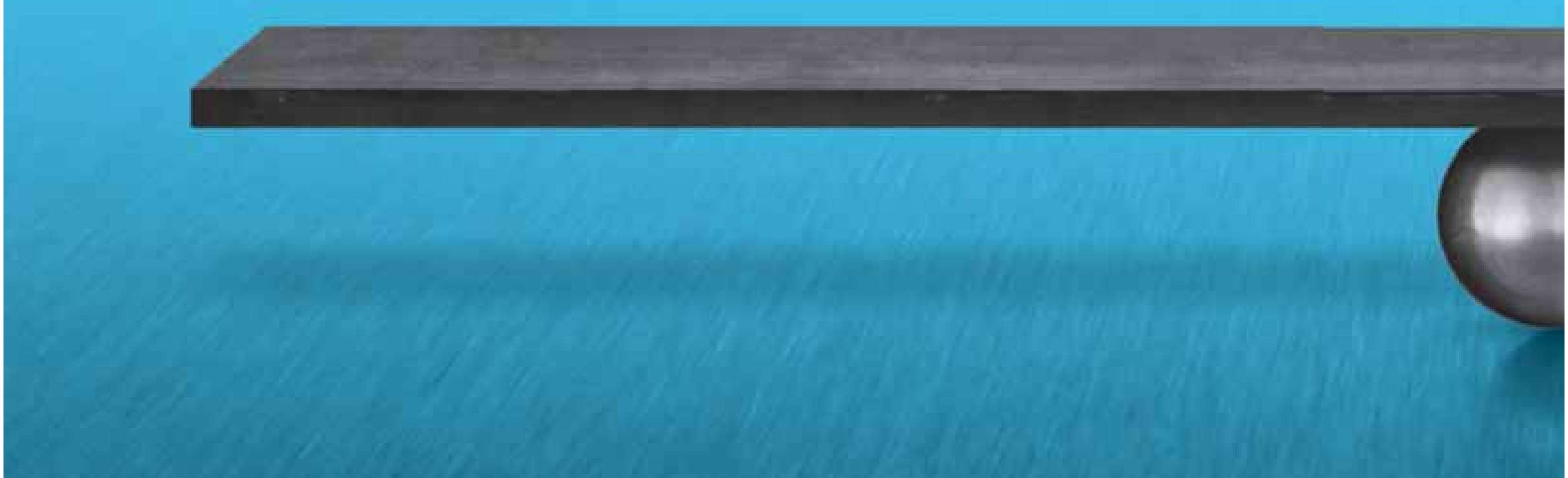
A majority of Outokumpu's sales is reaching the end-user of stainless steel through distributors and further processors.

DEPENDENCE ON NICKEL

The Group's current product portfolio consists to a large extent of nickel containing stainless steel grades. As nickel price is very volatile, demand for these grades and products also tends to vary a lot.

EUROCENTRIC

The majority of Outokumpu's sales and almost all production sites are located in Europe.



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OUR MOVES

FOCUS ON OPERATIONAL EXCELLENCE

Our excellence programs are aiming at an improved overall efficiency in production and supply chain. We have a tight cost control and active cost saving measures ongoing. Also the investment program has been optimized to master the difficult market situation.

CLOSER TO THE CUSTOMER

In order to create a more stable business environment we intend to increase the share of sales to end-user customers & projects and to key distributors with more predictable order volumes. Our sales organization has been aligned and our service center network has been strengthened with the aim to better serve the different industries using stainless steel.

DIVERSIFIED PRODUCT PORTFOLIO

In order to have a more balanced product portfolio, we are increasing our sales of special grades and entering the market for non-nickel containing grades. Focus is also on optimizing the utilization of existing production capacity.

GROWTH OUTSIDE OF EUROPE

Outokumpu is a market leader in special grades and we aim to expand the global market for special grades and products further. We are establishing service centers and increasing our production outside of Europe.

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Our move

FOCUS ON OPERATIONAL EXCELLENCE

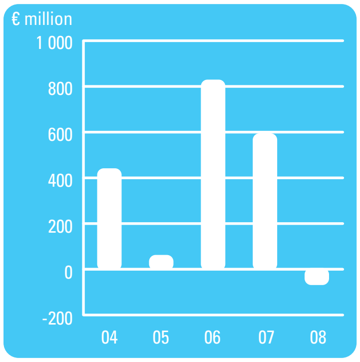
Outokumpu in brief

OUTOKUMPU is a global leader in stainless steel. Our vision is to be the undisputed number one in stainless, with success based on operational excellence. Customers in a wide range of industries worldwide use our stainless steel and services. Being fully recyclable, maintenance-free, as well as very strong and durable material, stainless steel is one of the key building blocks for sustainable future.

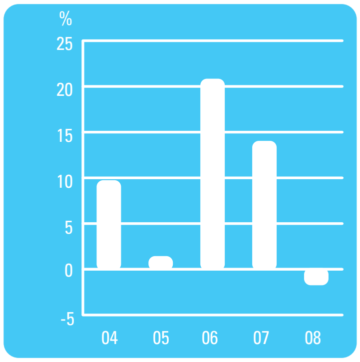
Outokumpu operates in some 30 countries and employs more than 8 000 people. The Group's head office is located in Espoo, Finland. Outokumpu has been listed on the NASDAQ OMX Helsinki since 1988.

www.outokumpu.com

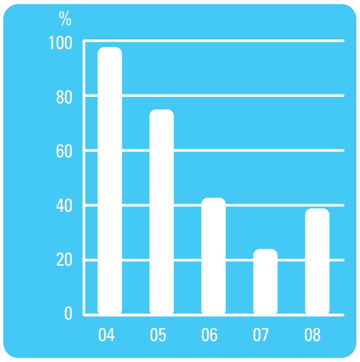
OPERATING PROFIT



RETURN ON CAPITAL EMPLOYED



DEBT-TO-EQUITY RATIO



OUTOKUMPU – AN INTERNATIONAL STAINLESS STEEL COMPANY

Sales (2008)	EUR 5 474 million
Stainless steel deliveries (2008)	1 423 thousand tons
Personnel (Dec. 31, 2008)	8 471
Main products	Cold and hot rolled stainless steel coil, sheet and plate, quarto plate, thin strip, tubular and long products.
Grades	Full range of standard and high alloyed austenitic grades, as well as ferritic duplex, and manganese grades.
Dimensions	Cold rolled flat products in thickness range from 0.12 mm to 6.5 mm. White hot strip and hot rolled plate in varying widths and thicknesses. Full range of tubular products from hygienic tubes to heavy walled pipes.
Customers	Distributors, re-rollers and further processors, tube makers as well as end-user and project customers in different industrial segments.
Typical customer industries using stainless steel	Architecture, Building and Construction, Chemical, Petrochemical and Energy, Transportation, Catering and Appliances, Process Industries and Resources and various other industries and applications.
Main production facilities	Finland, Sweden, the UK, the US, the Netherlands
Sales companies and service centers	A comprehensive network of sales companies and service centers in some 30 countries.

Stainless steel is used in various end-user industries

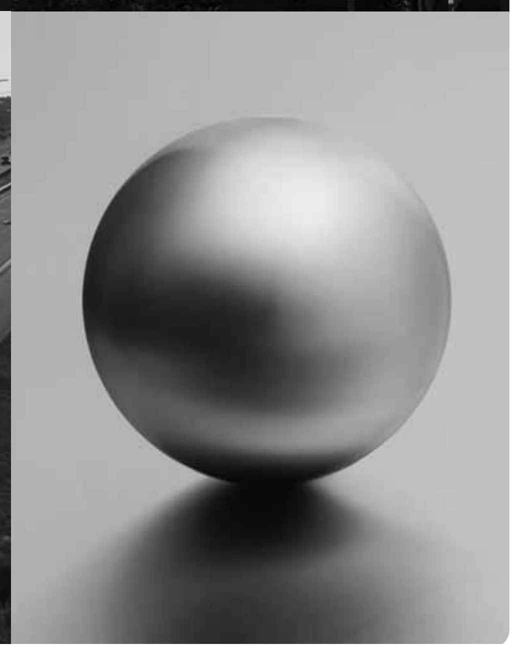

Process Industries and Resources

Chemical, Petrochemical and Energy


Architectural, Building and Construction


Catering and Appliances


Transportation



STAINLESS STEEL AS A MATERIAL

Stainless steel is corrosion resistant, strong, hygienic and fully recyclable. These properties make it an ideal choice for a variety of demanding industrial and consumer applications. Several life-cycle studies indicate that in many applications the total cost of stainless steel is lower than that of competing materials, since stainless steel hardly needs any maintenance.

The consumption of stainless steel has been growing faster than any other metal in the world. Consumption of stainless steel increases with economic growth as both its properties and aesthetic image are highly competitive. The stainless business covers both austenitic (300-series) and ferritic (400-series) grades. All stainless steel grades contain chromium which makes the steel stainless. Austenitic stainless typically contains nickel in addition to chromium. Ferritic stainless steel does not contain nickel. The 300-series stainless steel accounted for some 58% of the global stainless steel market in 2008.

The unique properties of stainless steel make it difficult to find substitutes.

Outokumpu's market position

THE CONSUMPTION of stainless steel has been growing more rapidly than any other metal in the world. Outokumpu is one of the largest producers of stainless steel and is widely recognized as a world leader in technical support, research and development.

According to the current strategic phase, Outokumpu is increasing the share of special grades and special products in its product mix.

The global stainless steel market totals 27 million tons or some EUR 80 billion. During the last twenty years, consumption has grown at a rate of 5–6% per annum. In Europe, the Group's main market area, the market totals 4.2 million tons and consumption has grown by 2% annually. In recent years, the largest growth globally has occurred in China with a growth rate of some 15% annually.

Outokumpu is one of the world's largest producers of stainless steel with main production facilities located in Finland, Sweden, the UK, the US and the Netherlands. Outokumpu's melting capacity totals 2.55 million tons and the finished products capacity for cold rolled material and white hot strip is 1.6 million tons. Outokumpu also has annual production capacity of 0.3 million tons of long products and plate.

In global terms, Outokumpu's biggest site, Tornio Works in Finland, is one of the world's most cost-efficient and the most integrated single-site stainless steel production facilities. At Tornio Works in Finland, Outokumpu produces mainly high volume standard grades of stainless steel while the Avesta integration in Sweden is focusing more on customer tailored special grades and products.

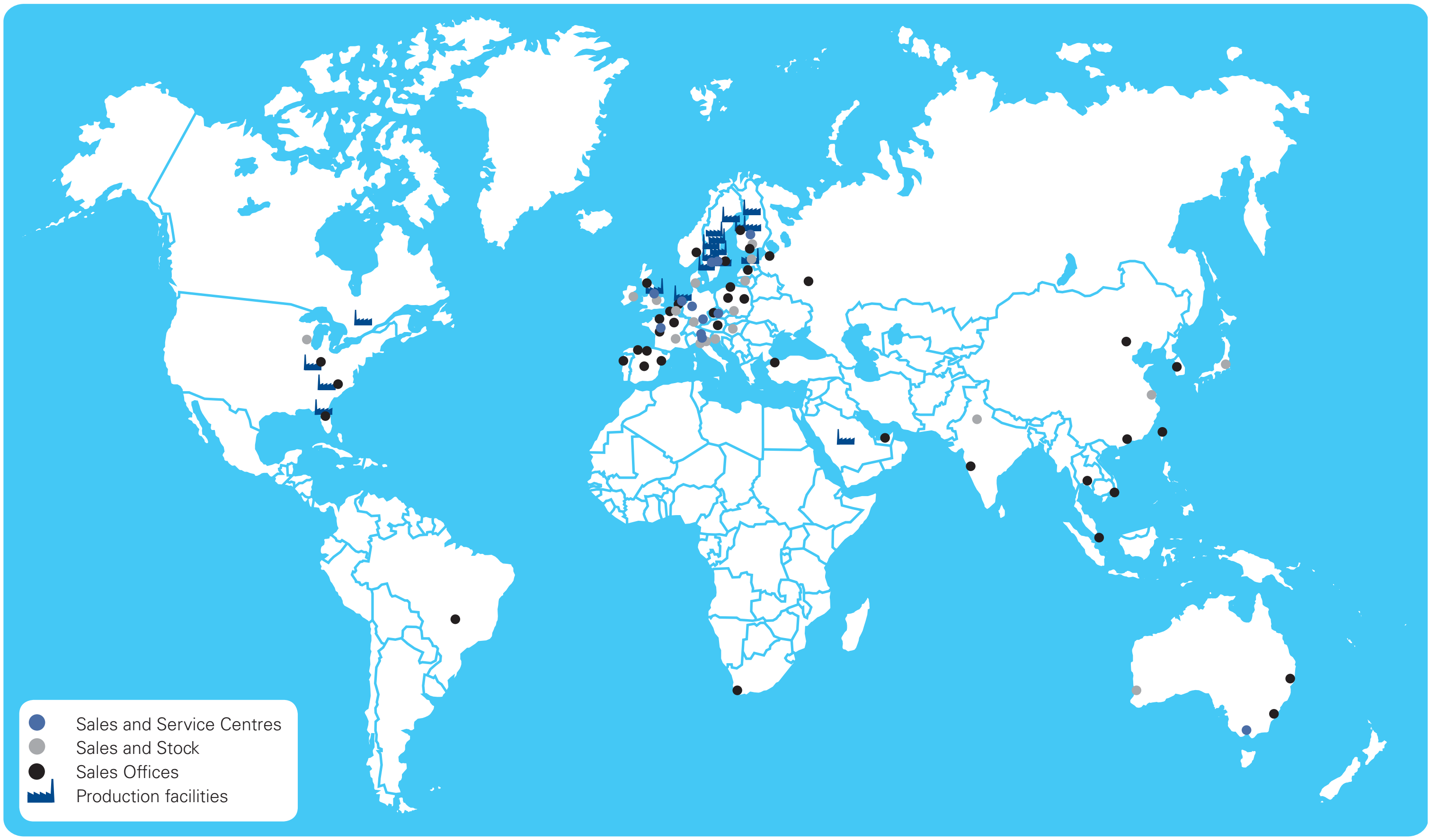
Outokumpu has a 18% share of the stainless steel coil market in Europe and a 6% share worldwide. Outokumpu's main markets are Europe (78% of sales in 2008), Asia (8%) and North and South America (11%).

GROUP KEY FIGURES

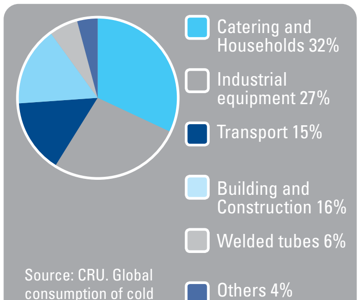
		2008	2007
Sales	€ million	**5 474**	6 913
Operating profit	€ million	**-63**	589
Non-recurring items in operating profit	€ million	**-83**	14
Profit before taxes	€ million	**-134**	798
Non-recurring items in financial income	€ million	**-21**	252
Net profit for the period from continuing operations	€ million	**-110**	660
Net profit for the period from discontinued operations	€ million	**-79**	-18
Net profit for the period	€ million	**-189**	641
Capital employed on Dec. 31	€ million	**3 867**	4 125
Return on capital employed	%	**-1.6**	13.9
Net cash generated from operating activities	€ million	**656**	676
Capital expenditure	€ million	**544**	190
Net interest-bearing debt on Dec. 31	€ million	**1 072**	788
Equity-to-assets ratio	%	**52.4**	56.5
Debt-to-equity ratio	%	**38.4**	23.6
Earnings per share	€	**-1.05**	3.52
Earnings per share from continuing operations	€	**-0.61**	3.63
Earnings per share from discontinued operations	€	**-0.44**	-0.10
Equity per share	€	**15.50**	18.53
Dividend per share	€	**0.50** [1]	1.20
Share price on Dec. 31	€	**8.28**	21.21
Market capitalization on Dec. 31	€ million	**1 502**	3 845
Stainless steel deliveries	1 000 tons	**1 423**	1 419
Stainless steel base price [2]	€ /ton	**1 185**	1 304
Personnel on Dec. 31, continuing operations		**8 471**	8 108

[1] 2008: The Board of Directors' proposal to the Annual General Meeting.

[2] Stainless steel: CRU – German base prices (2 mm cold rolled 304 sheet). Please note: Between July–October 2007, European prices for some stainless grades were quoted on a transaction price basis, therefore base prices are the calculated value of transaction price minus alloy surcharge for this time period (CRU).



END-USES OF STAINLESS STEEL



Source: CRU. Global consumption of cold rolled flat products 2008.

MAJOR STAINLESS STEEL PRODUCERS

Estimated slab capacity, million tons	2008	2011
ArcelorMittal, The Netherlands	**3.16**	3.16
Acerinox, Spain	**2.90**	3.23
ThyssenKrupp, Germany	**2.90**	3.14
TISCO, China	**2.60**	2.60
POSCO, South Korea	**2.60**	2.80
Outokumpu, Finland	**2.55**	2.55

Source: CRU and Outokumpu

RAW MATERIALS

Recycled stainless and carbon steel as well as ferrochrome and nickel are the main raw materials used in producing stainless steel. Ferrochrome, and especially nickel, are the most valuable of the raw materials. Outokumpu operates its own chromite mine at Kemi and a ferrochrome smelter at Tornio, both in Finland. Recycled stainless and carbon steel as well as nickel and some of the ferrochrome are purchased on the open market.

See the table on raw material use on page 42.

ENERGY

Electrical energy accounts for some 4% of total production costs. The largest consumers of electrical energy in the Group are the Tornio ferrochrome smelter and the stainless steel meltshops in Tornio in Finland, Avesta in Sweden and Sheffield in Britain.

CEO's review

THE YEAR 2008 turned out to be very exceptional. During the first part of the year the stainless steel markets were rather normal with stable demand and healthy prices. The second half of the year, however, was anything but normal – very weak demand and falling alloy and product prices, which resulted in a very difficult operating environment.

The reason behind the drastic change in business environment was the turmoil in global financial markets. This had a major impact on the behavior of stainless steel customers. Shortage of financing and the overall uncertainty caused several companies to cancel or postpone their investments, consumers to avoid spending and many customers to reduce their inventories. This behavior led to very weak demand for stainless steel in the latter part of the year. Financially the situation was made worse by the collapse in the price of some of the alloying materials, mainly nickel and molybdenum, resulting in very poor financial results for us during the third and fourth quarter of the year.

SHORT-TERM ACTIONS

It is very difficult to make reliable forecasts for the short-term future, but one has to assume that markets will remain challenging. Outokumpu is facing this situation from a strong financial position: we have a healthy balance sheet, our debt maturity profile is balanced and our cash flow is good. As a company, however, we have to be prepared for a scenario in which markets will remain weak for some time ahead. Thus we made some decisions on decisive actions in December and January that aim at maximizing our short-term cashflow and ensuring financial flexibility. The key actions are:

- Cost reductions: both variable and fixed costs are reduced. The target for fixed cost savings is in the range of EUR 100 million for 2009.
- Efficient management of inventories and procurement to ensure working capital reduction.
- Postponement of investments in 2009. The investment program is limited to some EUR 300 million in 2009, a reduction of more than EUR 500 million compared to the original plan.

STRATEGY REMAINS VALID

Outokumpu's strategy aims at creating a more stable and predictable business model. Some of the key components in this strategy are increasing sales to end-users and project customers, creating more stable deliveries to distributors, and raising sales of special products and ferritic (non-nickel containing) grades.

To support the realization of these strategic goals, a new commercial organization structure was introduced. A key concept in this new structure is the creation of customer segment teams whose main tasks are to understand the needs of different customer industries and to tailor our offering accordingly. The segment teams combine the expertise of customer and product knowledge, R&D support and supply chain competence.

The acquisition of the Italian distributor SoGePar during the summer of 2008 was a major step forward in increasing our business activity with end-user customers. The acquisition brought us a large customer base and high-quality service center operations in Italy and the UK, both of which are strategically important markets for Outokumpu.

The strategy to develop a more stable business model remains valid even though some of the related, earlier decided investments are now postponed. Currently, we have enough available capacity to sell more special products and ferritic grades, and to increase both end-user and project business. Our new organization is well suited for this challenge.

THE YEAR OF CORPORATE RESPONSIBILITY

To highlight its importance, we named year 2008 the year of corporate responsibility. We started the year by setting some clear and tangible goals for all of corporate responsibility's three dimensions.

In the environmental dimension, targets were established for e.g. reducing wastes and improving energy efficiency, both in production and in offices. Some of the related targets became less relevant due to reduced volumes during the latter part of the year. However, clear progress was made especially in waste reduction.

In the social dimension, encouraging improvements were made in safety. Lost-time accident frequency was improved from a level of 11 in 2007 to a level of 9 in 2008. Even more demanding targets are set for 2009, with the ultimate aim of zero accidents in the future.

In the economic dimension, the year 2008 was a clear disappointment. Low volumes and prices during the second half of the year and collapsing alloy prices were the main reasons for this.

THE WAY AHEAD

Although visibility into the future is poor, it seems likely that markets will remain difficult in both the short and medium term. I am confident that Outokumpu will perform relatively well even in these challenging conditions. Our key strengths will demonstrate their importance now more than ever:

- Cost efficiency at our biggest production plant, Tornio Works
- A strong market position in special grades
- Strive for Operational Excellence
- Customer-focused organization

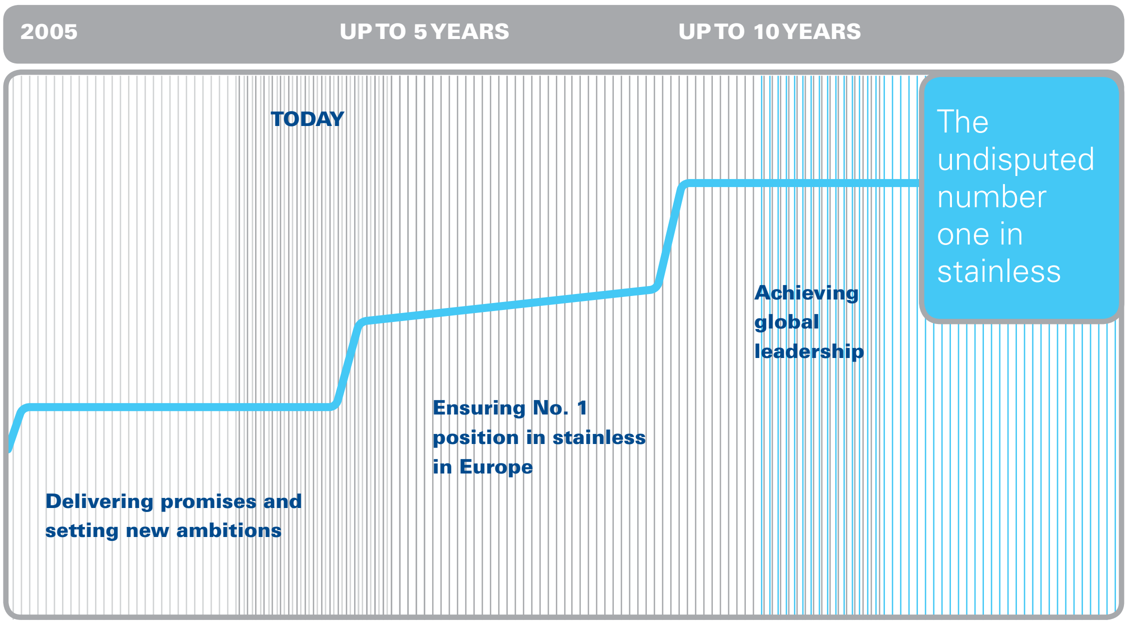
Our strengths and our short-term actions will enable us to manage the tough times and come out even stronger once markets return to normal.

Finally, I want to thank our customers for their support and loyalty and our shareholders for their patience in these turbulent times. I also want to thank the Outokumpu people for their excellent contribution and continuing commitment to high quality work.

Juha Rantanen
CEO

Vision and strategic direction

OUTOKUMPU is an international stainless steel company. Our vision is to be the undisputed number one in stainless steel, with success based on operational excellence.



STRATEGIC OBJECTIVES

To direct our way of becoming the undisputed number one, we have defined three key strategic objectives:

- Value creation through building superior production and distribution capabilities in all major markets in the world
- Value realization through commercial and production excellence
- Sustaining value by continuously developing our people and putting customers at the heart of everything we do

The path to achieving our vision is divided into three main phases: firstly, delivering our promises and setting new ambitions, secondly, ensuring the number one position in Europe by multiplying operational excellence, and thirdly, achieving global leadership in stainless. The ultimate goal is to secure a significant and sustained increase in shareholder value.

In the first phase of the Group's strategic development, focus was on simplifying Outokumpu's business portfolio, strengthening the Group's balance sheet and financial flexibility, and improving internal efficiency and competitiveness by building and strengthening operational excellence. Outokumpu's position in the stainless steel industry is already strong. In Tornio in Finland, Outokumpu has one of the world's most cost-efficient and the most integrated production sites ensuring cost leadership in standard grades. Furthermore, Outokumpu's long history and comprehensive knowledge as well as well-tailored production facilities in Sweden give the Group a leading position in specialized stainless steel products. In accordance with the plan, the emphasis was on internal improvements and strengthening of financial performance, as well as on improving the quality of the current asset base. During this first phase also the Group's Excellence programs were initiated and are currently proceeding at full speed. Outokumpu is today a pure-play stainless steel company with a strong balance sheet and is well positioned to accelerate its profitable growth.

BEING THE UNDISPUTED NUMBER ONE IN STAINLESS STEEL

- Best financial performance in the industry
- Industry benchmark in customer relationship management
- Most efficient production operations
- Most attractive employer

OUTOKUMPU'S KEY STRENGHTS

- Fully-integrated and globally cost-competitive production site in Tornio
- A leading position in specialty products
- Strong customer orientation
- Highly-recognized product and process development
- Focus on continuous improvement and excellence

Outokumpu's position in the stainless steel industry is already strong.

OUTOKUMPU'S STRATEGY AIMING FOR A MORE STABLE AND PROFITABLE BUSINESS MODEL

In 2007, Outokumpu moved into the next phase in its strategy development, with the aim to ensure the number one position in Europe. In this phase, focus is on developing and securing a more stable and profitable business model in order to balance out the effects of volatility in the market for stainless steel standard products. Growth opportunities related to both the Group's size and geographical coverage will also be considered. This second phase in Outokumpu's strategy aims at

- increasing the proportion of direct end-user and project sales from the current level of 35% to at least 50% over the next five years

- stabilizing sales volumes to key distributors

- increasing the proportion of value-added special products and ferritic (non-nickel) grades from one third to a half

- maintaining cost leadership in standard grade volume production

Shifting Outokumpu's production capacity into more value-added special products will include both a broadening in the range of products and grades produced and an increase in the production of duplex grades with low nickel content. Growth targets also include a scaling up of the Group's production capacity in ferritic grades to assist in reducing the earnings cyclicality that is driven by volatile nickel prices.

In 2007 and 2008, a major investment program of some EUR 2 billion supporting the strategy development was announced. Initiatives included investment in the expansion of the stock and processing network by expanding existing service centers and establishing new ones in both Europe and Asia. The program also included a broadening of the Group's product range by investing in production capacity for value-added special products, especially duplex grades and ferritic non-nickel grades. In addition to these, an investment to expand ferrochrome production in Tornio was part of the program. As a result of the turmoil in the global financial markets and consequently the weakening market for stainless steel in 2008, the Group's investment program was reviewed at the end of the year and a decision was made to postpone the investment program almost entirely. Projects totaling some EUR 1.5 billion were postponed for a period of at least 12 months. Outokumpu's target of balancing the Group's product mix can still be achieved in coming years by higher utilization of current production capacity and by making some changes to the existing product mix.

The transformation towards increased end-user and project customer sales requires expansion of the Group's stock and processing capabilities. In 2008, Outokumpu acquired the SoGePar Group, an independent distributor in Italy. As synergy benefits from the acquisition turned out to be greater than

LEADERSHIP PRINCIPLES

Outokumpu has defined Group-wide leadership principles. The main principles are:

- Making sound decisions
- Achieving ambitious targets
- Creating a winning team
- Inspiring to perform
- Building trust and respect

Outokumpu is moving forward on the path towards the vision of becoming the undisputed number one in stainless.

expected, Outokumpu was able to postpone the majority of its planned organic service center investments.

Currently, the only investments which are continuing are the expansion of a service center in Willich, Germany, and the establishment of a new plate service center in China and the investment into production capacity of quarto plate in New Castle in the US.

In 2007, the longer-term Operational Excellence programs launched in 2005 and originally comprising Commercial and Production Excellence, were expanded to include also Supply Chain Excellence. By the end of 2008, the combined cumulative benefits achieved totaled some EUR 86 million compared to 2005 cost levels. The benefit target of EUR 200 million for 2009 from the programs will not be reached with the current market outlook as benefits are highly depending on delivery volumes and raw material prices. However, Outokumpu aims at reaching these targeted benefits, but with a delay.

Outokumpu is moving forward on the path towards the vision of becoming the undisputed number one in stainless. As a result of the economic market outlook, the Group has to prepare for a weak market and focus on profitability and cash generation in the short term. Actions decided on cover the priority areas of developing stability over the business cycle, ensuring the competitiveness of the Group's European asset base, focusing further on managing the customer interface and on steps towards growth and readiness for global consolidation. Outokumpu's operational strength makes it well positioned to make progress in its pursuit of global leadership.

FINANCIAL OBJECTIVES

Outokumpu's overall financial objective is to generate the maximum sustainable economic value added. The Group's financial objectives in line with the vision in terms of growth, profitability and financial strength are as follows:

- To continue growing faster than the market
- A return on capital employed of over 13% and always the best among peers
- Gearing below 75%

DIVIDEND POLICY

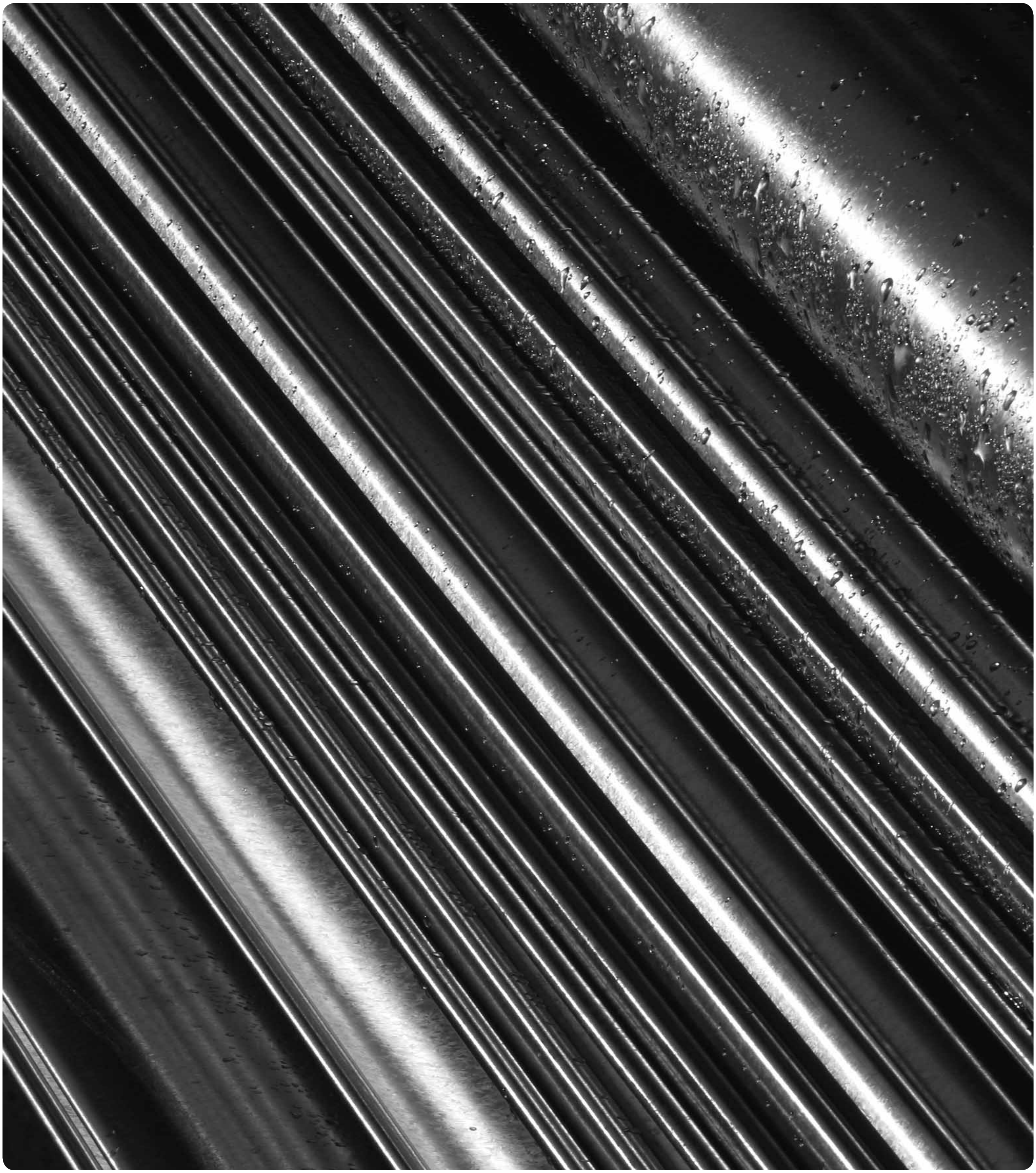
The dividend policy established by the Board of Directors states that the dividend payout ratio over a business cycle should be at least one-third of the company's net profit for that period with the aim to have stable annual payments to shareholders. In its annual dividend proposal, the Board will, in addition to financial results, take into consideration the Group's investment and development needs.

ETHICAL PRINCIPLES

Outokumpu honors human dignity and diversity and condemns discrimination and intolerance of all kinds.

In all its operations, Outokumpu strives to achieve sustainable human, economic, social and ecological development. The Group observes the laws and other regulations of countries in which it operates, and complies with agreements and commitments it has made. Furthermore, Outokumpu condemns corruption and bribery and complies strictly with competition legislation.

A healthy and positive workplace is a source of strength for all employees, and benefits families, friends and colleagues as well.



Highlights in 2008

Q1

In the first quarter of 2008, demand from distributors and end-user segments is healthy and stable. Base prices increase during the quarter and average 1 243 EUR/t. Delivery volumes are at a good level, close to full production capacity. The nickel price is around 30 000 USD/t. Operating profit totals EUR 100 million including nickel-related inventory losses of some EUR 60 million. The decision is made to invest in high-quality ultra-clean ferritic and austenitic production capacity in Tornio.

Q2

Base prices peak at 1 325 EUR/t and average 1 307 EUR/t in the second quarter. In May, the nickel price starts to fall resulting in weakening demand especially from distributors. Operating profit totals EUR 174 million including net raw material-related inventory gains of some EUR 20 million. To enable increased sales to end-user and project customers, Outokumpu acquires the SoGePar Group, an Italian distributor of stainless steel. Outokumpu decides to invest in a doubling of ferrochrome production.

Q3

The financial crisis hits globally and markets weaken further. Demand for stainless steel from both distributors and end-user segments, especially construction and white goods, slows significantly. The nickel price falls to levels around 16 000 USD/t. In the seasonally weak Q3, stainless steel delivery volumes are low and base prices decline to 1 143 EUR/t. Outokumpu reports an operating loss of EUR 66 million including raw material-related inventory losses of some EUR 60 million and non-recurring costs of EUR 66 million. An announcement is made that the Group intends to close its thin strip business in Sheffield in the UK. The increasing financial turmoil results in a review of most of the elements in Outokumpu's EUR 2 billion investment program.

Q4

Global financial markets collapse and demand for stainless steel weakens further with base prices declining to historically low levels around 1 000 EUR/t. Delivery volumes correspond to some 60% of full production capacity. Outokumpu issues a downward revision of its Q4 guidance. Operating loss in Q4 is EUR 271 million, including some EUR 185 million of raw material-related inventory losses and EUR 17 million of non-recurring provisions. Prices for all raw materials decline and the nickel price drops below 10 000 USD/t. Almost the entire investment program is being postponed for at least 12 months and Group-wide cost-saving measures, including personnel reductions, are announced.

Market review

GLOBAL ECONOMIC GROWTH DECLINES

Following four consecutive years of strong global growth in GDP, 2008 marked a downward step in the fortunes of the world economy. During September 2008, a year after the initial onset of the financial crisis, the global financial system suffered a series of shocks with a variety of banks and financial institutions filing for bankruptcy. This in turn created concern over the capitalization of many other financial institutions. A credit and confidence crisis then ensued which threatened the stability of the world banking system. Governments around the world acted to stem the crisis by providing massive lending and financial support to the banking sector, in an attempt to alleviate the effects on the real economy. However, the collapse in credit availability severely impacted business conditions and industrial production, and confidence indicators plummeted in the last quarter of 2008.

NICKEL PRICE

Source: LME. Including January 2009.

FERROCHROME PRICE

Source: Metal Bulletin. Including January 2009.

STAINLESS STEEL DEMAND NEGATIVELY AFFECTED BY FINANCIAL CRISIS

Stainless steel demand and prices during the course of 2008 were heavily influenced by the global financial crisis. The first part of 2008 was reasonably good – European stainless steel production for instance increased by 4.7% year-on-year during the first three quarters of 2008. Business conditions deteriorated significantly from September due to the financial crisis, the abrupt reduction in credit, and subsequent impact on stainless steel demand. The uncertainty over the length, magnitude and real impacts of the financial crisis also severely clouded business conditions. This uncertainty, combined with the deterioration of consumer spending and household purchases caused many stainless steel consumers to introduce a variety of temporary and permanent production stoppages and cost reduction measures. These actions obviously impacted the stainless steel demand and the industry was operating at low capacity utilization rates during the fourth quarter.

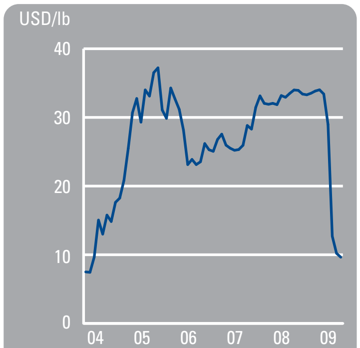
Worldwide stainless steel flat products apparent consumption declined by 5.9% in 2008 to a level of 17.9 million tons (CRU Feb. 2009). Global production of stainless steel decreased by 4.8% in 2008.

The benchmark average annual German cold rolled 304 base price (CRU) declined 9% year-on-year from 1 304 EUR/t in 2007 to 1 185 EUR/t in 2008. From a level of 1 125 EUR/t at the end of 2007, monthly base prices increased to 1 275 EUR/t in June 2008 due to good demand during the first half of the year. Base prices moderated during the seasonally slow summer period and were impacted further by the financial crisis in Q4, ending 2008 at 1 045 EUR/t. The cold rolled 304 transaction price decreased by 27% year-on-year to 2 801 EUR/t, down from 3 828 EUR/t in 2007. The alloy surcharge component of the transaction price declined by 36% year-on-year from 2 534 EUR/t in 2007 to 1 616 EUR/t in 2008, due in particular to the decline in the cost of nickel which occurred during the course of the year. Towards the end of the year also prices for molybdenum and recycled steel declined significantly.

RAW MATERIAL PRICES DECLINED IN 2008

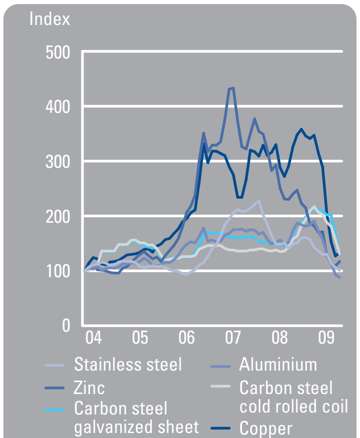
Following six consecutive years of increase, the average annual LME (London Metals Exchange) nickel price declined to 21 111 USD/t in 2008, down 43% from 37 230 USD/t in 2007. The monthly price was on an increasing trend during the first three months of 2008, but then posted declines throughout the remaining months of the year. Nickel stocks held in LME warehouses ended the year at 78 000 tons, up 63% year-on-year. Nickel production and refining capacity increased during the course of 2008, however due to demand side limitations production and consumption declined year-on-year. World production of nickel declined by 5% year-on-year in 2008 and consumption by 3.2% (CRU Jan. 2009). The imbalance of capacity and demand caused many nickel producers to implement temporary and permanent production cutbacks or stoppages during the course of the year.

MOLYBDENUM PRICE



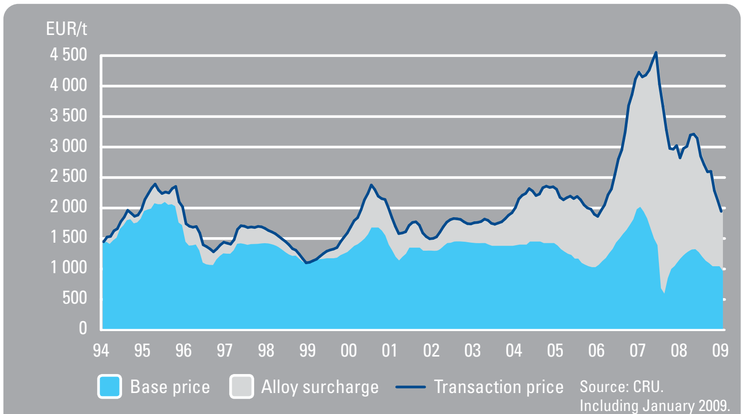
Source: Metal Bulletin.
Including January 2009.

MARKET PRICE COMPARISON WITH COMPETING MATERIALS



Source: CRU, LME and Metal Bulletin.
Including January 2009.

STAINLESS STEEL PRICE



Source: CRU.
Including January 2009.

Note: Between July–October 2007, European prices for some stainless steel grades were quoted on a transaction price basis, therefore base prices are the calculated value of transaction price minus alloy surcharge for this time period (CRU).

Stainless steel demand and prices during the course of 2008 were heavily influenced by the global financial crisis.

Average annual ferrochrome contract prices advanced by 93% in 2008 to 1.76 USc/lb, following a 26% increase in 2007. Quarterly contract prices (agreed between South African producers and European consumers) were on a continual rising trend from the second quarter of 2006 to the third quarter of 2008, rising 1.42 USc/lb or 225% over the period. Growing demand from stainless steel production helped to strengthen ferrochrome prices. Price increases were however exacerbated at the end of 2007 and during the first half of 2008 by limitations in the capability to produce ferrochrome in South Africa, caused by the curtailment of energy usage as a result of the country's energy supply shortage. Global consumption of ferrochrome declined by 9% in 2008. Supply decreased by 5%. (CRU Jan. 2009.)

The average annual molybdenum price declined by 3.3% year-on-year to 29.56 USD/lb. This small annual decline does not highlight however the steep reduction in prices which occurred at the end of the year. After being stable at the level of 33–34 USD/lb during the first nine months of the year, the molybdenum price declined steeply in the months proceeding the 2008 financial crisis, and finished the year at 10 USD/lb. Global consumption of molybdenum declined by 0.6% in 2008, whereas supply increased by 3.4%. (CRU Jan. 2009.)

Recycled steel prices increased by 43% year-on-year to 401 USD/t in 2008, following a 22% increase in 2007. Monthly average prices ended 2007 at 299 USD/t and advanced to 596 USD/t in June 2008. Prices then trended down to a low of 151 USD/t in November before recovering to 200 USD/t in December.

OUTLOOK FOR STAINLESS STEEL DEMAND CONTINUES BRIGHT

Given the gloomy economic outlook and remaining challenges within the financial sector, 2009 is expected to be a challenging year for industrial activity and as a consequence stainless demand and prices.

The long term prospects for stainless steel demand however remain robust. The long term average annual growth of stainless steel consumption has been 5–6% (CAGR over the period 1988–2008) and this long term growth rate is expected to continue. With growth expected to undershoot this long term average in 2008 and 2009, a period of above trend growth can be expected when the global economy recovers from its recession.

Stainless steel will continue to play an important role in the development of the world's infrastructure – buildings, bridges, airports, metro and train stations – areas that will receive significant fiscal stimulus by governments over the next years.

Stainless steel continues to be a hygienic and aesthetic solution in the production of foods, beverages, and various chemicals, as well as highly desired in domestic appliances, catering equipment and utensils.

Stainless steel also continues to be an important part in the solutions to address the world's growing appetite for energy and water. Two of the world's key challenges in the future will be to meet the growing demand for energy and potable water. Stainless steel is used extensively in energy production industries such as Oil and Gas as well as renewable sources such as bio-fuels. Stainless steel is also a key material within desalination processes. Outokumpu's leading position in austenitic (nickel-containing) and special grades of stainless steel will ensure that the Group will continue to make positive contributions to the world's future development.

ANNUAL AVERAGE METAL MARKET PRICES

		2008	Change %	2007	2006	2005	2004
Stainless steel							
Base price	EUR/t	1 185	-9.1	1 304	1 470	1 174	1 424
Alloy surcharge	EUR/t	1 616	-36.2	2 534	1 341	942	828
Transaction price	EUR/t	2 801	-26.8	3 828	2 811	2 116	2 252
Nickel	USD/t	21 111	-43.3	37 230	24 254	14 744	13 852
	EUR/t	14 353	-47.2	27 161	19 317	11 851	14 649
Ferrochrome (Cr-content)	USD/lb	1.76	93.4	0.91	0.72	0.74	0.69
	EUR/kg	2.63	80.1	1.46	1.26	1.32	1.22
Molybdenum	USD/lb	29.56	-3.3	30.57	25.10	32.51	16.39
	EUR/kg	44.31	-9.9	49.17	44.08	57.61	29.05
Recycled steel	USD/t	401	43.2	280	230	204	219
	EUR/t	273	33.8	204	183	164	176

Sources:
Stainless steel: CRU – German base price, alloy surcharge and transaction price (2 mm cold rolled 304 sheet), estimates for deliveries during the period. Please note: Between July–October 2007, European prices for some stainless grades were quoted on a transaction price basis, therefore base prices are the calculated value of transaction price minus alloy surcharge for this time period (CRU).
Nickel: London Metal Exchange (LME) cash quotation.
Ferrochrome: Metal Bulletin – Quarterly contract price, ferrochrome lumpy chrome charge, basis 52% chrome.
Molybdenum: Metal Bulletin – Molybdenum oxide, Europe.
Recycled steel: Metal Bulletin – Steel scrap HMS 1&2 fob Rotterdam.

Management discussion on financial performance

A YEAR LABELED BY A DISAPPOINTING LOSS AND ACTIONS PREPARING FOR DIFFICULT TIMES

Outokumpu's strategy is aiming at achieving a more stable and profitable business model by increasing the share of sales to end-user and project customers as well as to stable key distributors. Increasing the share of value-added special products and non-nickel containing grades is of equal importance. The very difficult market conditions in 2008 limited progress towards these strategic targets. The modest recovery of the stainless steel market in the beginning of the year turned into a dramatic collapse as a consequence of the global economic crisis. Despite the satisfactory result in the first half of 2008, the annual result turned negative as a consequence of very low levels of deliveries and base prices, and significant raw-material-related inventory losses resulting from declining metal prices. Good progress was however made in the Group's Excellence programs.

In late 2008, Outokumpu decided to postpone almost its entire investment program designed to increase production capacity in special grades and products and expand the Group's service center network. Steps that are less capital-intensive will now be taken to implement Group strategy, with profitability and cash flow being given priority in the short-term. With support of strong cash flow from operations in 2008, Outokumpu's balance sheet remained strong. Several cost-cutting actions including personnel adjustments have been taken with the aim of saving some EUR 100 million in fixed costs in 2009. Outokumpu is prepared to face the difficult times but is at the same time maintaining a readiness to make strategic investments when confidence on the market returns.

STEPS TOWARDS A MORE STABLE BUSINESS MODEL

In July, Outokumpu took a major step towards a more stable business model by acquiring SoGePar Group, an independent European stainless steel distributor. The acquired operations include stainless steel service centers in Castelleone in Italy and in Rotherham in the UK. SoGePar also has stock operations in Italy, the UK, Belgium, Finland, France and Ireland, as well as a commercial office in Germany and a representatives office in Turkey. The acquisition of SoGePar enables Outokumpu to better serve its customers through the expanded service center network, expand its customer base and positively develop end-user and project sales which in turn should bring more stability. It will also significantly strengthen Outokumpu's position in stainless steel distribution in Italy, which, together with Germany, are Europe's largest markets for stainless steel. SoGePar was operationally fully integrated into Outokumpu by the end of 2008 and was consolidated into Outokumpu's accounts as of August 1, 2008, contributing sales of EUR 143 million and a net loss of EUR 37 million, mainly due to raw material related inventory losses.

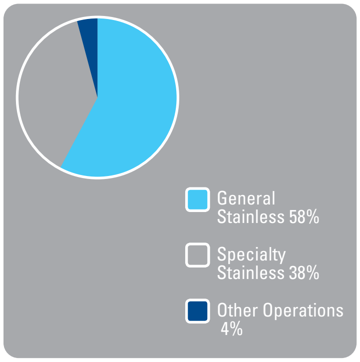
Cost efficiency remains a continuous priority. The Operational Excellence programs made positive contributions to the profitability throughout the Group whereas overall costs increased, primarily as a result of higher energy and oil-related prices. There was an increase in the number of personnel employed, mainly as a consequence of the SoGePar acquisition.

There was limited progress in the increase of sales directly to end-users and in sales of non-nickel containing grades in the turbulent year of 2008. Outokumpu's newly-established joint venture in Saudi-Arabia selling tubular products and the service center to be opened in China are expected to increase sales outside Europe. With these measures and a renewed organization, Outokumpu has taken some important actions towards a more stable business model.

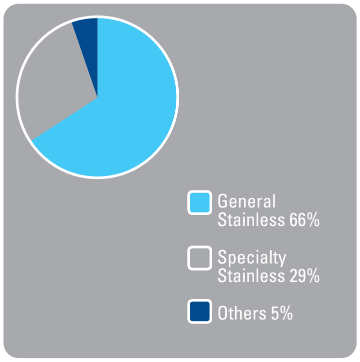
GOOD PROGRESS IN THE OPERATIONAL EXCELLENCE PROGRAMS

The Operational Excellence programs, launched in 2005 and originally comprising Production and Commercial Excellence were expanded to include also Supply Chain Excellence in 2007. The targeted benefits have been achieved in both 2007 and 2008. The targets set were to improve the Group's performance by EUR 40 million in 2007 and by EUR 80 million in 2008 compared to 2005. In 2008, the Production and Commercial Excellence programs delivered benefits totaling some EUR 86 million (2006: EUR 25 million, 2007: EUR 45 million) compared to 2005. More efficient utilization of raw materials, additional capacity in production bottlenecks, better pricing discipline, release of working capital due to shorter payment terms and profitable growth

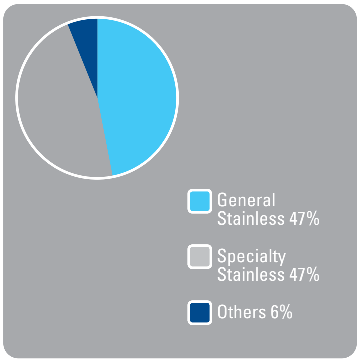
SALES, 5 474 € MILLION



OPERATING CAPITAL, 4 046 € MILLION



PERSONNEL AT YEAR-END, 8 471



being achieved with key customers are some examples of profitability improvements achieved from the Excellence programs.

As improvements resulting from the Excellence programs are highly dependent on delivery volumes and raw material prices, the 2009 target of EUR 200 million in benefits from all three programs (including Supply Chain Excellence) will not be reached with the current market outlook. In the short term, the Operational Excellence program will focus on working capital reduction, on raw materials and other cost-saving related projects instead of on capacity enhancement. Outokumpu will proceed the Excellence programs even with a stronger focus and aims at reaching the targeted benefits but with a delay.

TURBULENCE IN STAINLESS STEEL MARKETS

2008 was an exceptional year for the stainless steel industry in many ways. It began with the stainless steel market recovering from the collapse seen in 2007. During the first quarter, Outokumpu's delivery volumes reached normal levels and base prices were approaching the long term average. This development was however interrupted in the spring by signs of weakening demand. The deterioration in market sentiment was accelerated by the decline in the nickel price, which caused a continuous incentive for customers, especially distributors, to postpone their purchases. The global financial crisis hit the stainless steel market hard in the autumn. Compared to 2007, apparent consumption of stainless steel in 2008 is estimated to have decreased by 4% in Europe and by 6% globally.

The average German base price for 2mm 304 cold rolled sheet in 2008 was 1 185 EUR/t, 9% lower than in 2007. The recovery of the base price started in early 2008 from the level of 1 000 EUR/t, but prices did not hold and turned to a decline after reaching 1 325 EUR/t in May. By the end of the year, the price had again fallen to around 1 000 EUR/t. The transaction price for stainless steel averaged 2 801 EUR/t in 2008, 27% lower than in the previous year because of the much higher nickel price in 2007 (CRU). Prices for special grades and project-related products were more stable but weakening demand had a negative impact on these as well. While Outokumpu's average base prices exceeded the CRU reference price in 2007, the CRU price indication in 2008 was somewhat higher compared to Outokumpu's average realized base prices.

Prices of alloying materials were very volatile in 2008. The nickel price fell from a level of 30 000 USD/t in the beginning of the year to some 10 000 USD/t, lowest since 2003. The ferrochrome contract price was boosted to an all-time high of 1.93 USD/lb because of a shortage of electricity in South Africa. However, due to the collapse in the stainless steel market, the contract price declined to 0.79 USD/lb by early 2009. Molybdenum, which is used in certain stainless steel grades to improve the corrosion resistance even further, collapsed from the levels of 30 USD/lb to one third in just few weeks.

FINANCIAL DEVELOPMENT

€ million	2008	2007
Sales		
General Stainless	4 147	5 321
Specialty Stainless	2 705	3 456
Other operations	258	237
Intra-group sales	-1 636	-2 101
The Group	5 474	6 913
1 000 tons		
Stainless steel deliveries		
Cold rolled	739	703
White hot strip	330	314
Quarto plate	120	146
Tubular products	70	65
Long products	55	54
Semi-finished products	109	137
Total deliveries	1 423	1 419
€ million		
Operating profit		
General Stainless	-6	220
Specialty Stainless	-101	337
Other operations	38	21
Intra-group items	6	11
The Group	-63	589
€ million		
Major non-recurring items in operating profit		
Specialty Stainless		
Thin Strip restructuring in the UK	-66	-11
Redundancy provisions	-17	-
Other operations		
Gain on the sale of Hitura mine in Finland	-	25
Total	-83	14
€ million		
Major non-recurring items in financial income		
Impairment of Belvedere shares	-21	-
Gain on the sale of Outotec shares	-	142
Gain on the Talvivaara transaction	-	110
Total	-21	252

SHARE-RELATED KEY FIGURES

€	2008	2007
Earnings per share	**-1.05**	3.52
- From continuing operations	**-0.61**	3.63
- From discontinued operations	**-0.44**	-0.10
Equity per share	**15.50**	18.53
Dividend per share	**0.50** [1]	1.20
Share price on Dec. 31	**8.28**	21.21
Market capitalization Dec. 31, € million	**1 492**	3 820

[1] Board's proposal to the Annual General Meeting

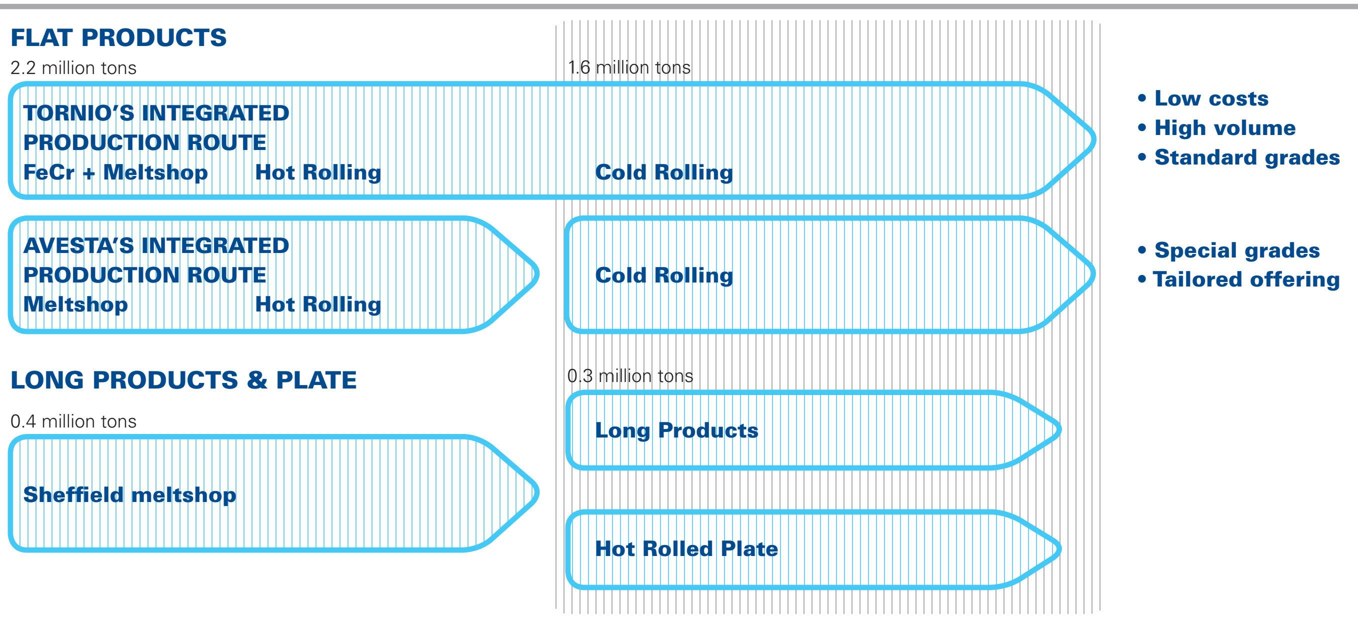
OUTOKUMPU'S SENSITIVITY – EFFECT OF SUSTAINED CHANGE ON ANNUAL OPERATING PROFIT

€ million	
Stainless steel base price, +100 EUR/ton	**180**
Ferrochrome price, +5 USc/lb	**10**
USD/EUR, +10%	**30**
SEK/EUR, +10%	**-50**
GBP/EUR, +10%	**-15**

Source: CRU and Outokumpu

The figures are estimates and they do not take into account the impact of hedging. They have been calculated on the basis of the average exchange rates in 2008 and highest achieved delivery volumes.

OUTOKUMPU'S PRODUCTION STRUCTURE



- **Good balanced structure based on optimization of material flow and scale**
- **Main production facilities:**
  - two efficient integrated production routes for flat products; Tornio (Finland) and Avesta (Sweden)
  - production route from Sheffield meltshop in the UK to the long products and plate units in Sweden, the UK and the US

- **Production capacity for finished products depending on product mix**
- **Broad range of stainless steel grades**
  - standard austenitic (cold rolled, semi cold rolled, white hot strip)
  - ferritic (cold rolled, semi cold rolled, white hot strip)
  - duplex grades and other special grades

OUTOKUMPU'S FINANCIAL OBJECTIVES

Outokumpu's overall financial objective is to generate the maximum sustainable economic value added. The specific group-level financial objectives in line with the vision in terms of growth, profitability and financial strength are as follows:

- To continue growing faster than the market
- A return of capital employed of over 13% and always the best among peers
- Gearing below 75%

A DISAPPOINTING LOSS IN SEVERE MARKET CONDITIONS

Due to lower transaction prices for stainless steel in 2008, Group sales for the year declined to EUR 5 474 million (2007: EUR 6 913 million). Stainless steel deliveries totaled 1 423 000 tons, almost at the same level as in the previous year (2007: 1 419 000 tons).

Operating profit in 2008 was EUR 63 million negative (2007: EUR 589 million positive). In 2008, net non-recurring costs of some EUR 83 million are included in the operating loss (EUR 66 million of provisions and writedowns related to the closure of the Thin Strip business in Sheffield and some EUR 17 million of provisions related to personnel reductions in Sweden). In 2007, operating profit included net non-recurring gains of EUR 14 million (EUR 11 million of costs related to restructuring at Thin Strip in the UK and EUR 25 million gains on the sale of the Hitura mine in Finland). Raw material-related inventory losses of some EUR 285 million are included in the 2008 operating profit (2007: some EUR 230 million). The underlying operational result for 2008 was some EUR 305 million (2007: EUR 800 million). The primary reason for the decline in operating profit was clearly lower base prices. Exceptionally high base prices and relatively good deliveries in early 2007 boosted Outokumpu's average prices compared to 2008. Variable costs were also somewhat higher in 2008, mainly due to higher energy and oil-related expenses. In addition, there were less financial benefits from optimising raw material use and pricing because of clearly lower metal prices in 2008. Record high ferrochrome price improved Group profitability in 2008, but the full potential did not materialize as delivery volumes were low.

Excluding non-recurring items, net financial income and expenses in 2008 were EUR 47 million negative (2007: EUR 39 million negative). In 2008, an impairment loss of EUR 21 million (EUR 12 million in the first quarter and EUR 9 million in the fourth quarter) was booked in other financial expenses due to the decline in the share price of Belvedere Resources Ltd which is classified as an available-for-sale financial asset. Financial income in 2007 included a EUR 142 million non-recurring gain from the sale of the remaining 12% holding in Outotec Oyj and a EUR 110 million non-recurring gain from the Talvivaara transaction. Net interest expenses fell slightly to EUR 54 million (2007: EUR 58 million). Profit before taxes was EUR 134 million negative (2007: EUR 798 million positive).

Net profit in 2008 was EUR 189 million negative (2007: EUR 641 million positive) and the net profit from continuing operations was EUR 110 million negative (2007: EUR 660 million positive). The net loss includes a capital loss of EUR 66 million from the sale of the Group's remaining copper tube assets (Discontinued operations) to Cupori Group in June 2008. Earnings per share was EUR 1.05 negative (2007: EUR 3.52) and earnings per share from continuing operations was EUR 0.61 negative (2007: EUR 3.63 positive). The return on capital employed in 2008 was -1.6% (2007: 13.9%).

PROFITABILITY TARGETS WERE NOT MET, BUT BALANCE SHEET REMAINS STRONG

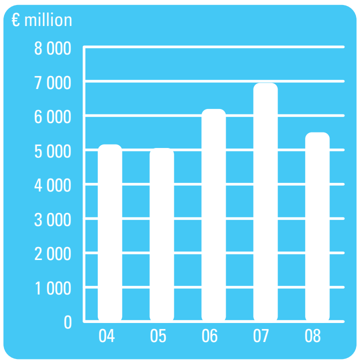
Even though Outokumpu's return on capital employed of -1.6% failed to meet the target of 13%, gearing at 38.4% stayed clearly below the target level of 75%. Net cash generated from operating activities in 2008 was good and totaled EUR 656 million (2007: EUR 676 million). This includes a EUR 370 million positive effect from the release of working capital resulting from the declining nickel price. Capital expenditure totaled EUR 544 million. The largest investment in 2008 was the acquisition of the SoGePar Group for EUR 224 million. Other major investments during 2008 were the replacement of the No.2 annealing and pickling line in Tornio and the started expansion of quarto plate production capacity.

Despite the Group's disappointing financial performance in 2008, Outokumpu's financial and liquidity position remains strong. At the end of 2008, the Group's equity-to-assets ratio stood at 52.4%. Net interest bearing debt totaled EUR 1 072 million (2007: EUR 788 million) with most of the Group's debt maturities extending to the 2009–2013 period. Group cash and cash equivalents stood at EUR 224 million (2007: EUR 86 million) at the end of the year, and committed undrawn credit facilities totaled some EUR 1.0 billion. To maximize cash flow and maintain balance sheet flexibility, investments totaling some EUR 1.5 billion have been postponed.

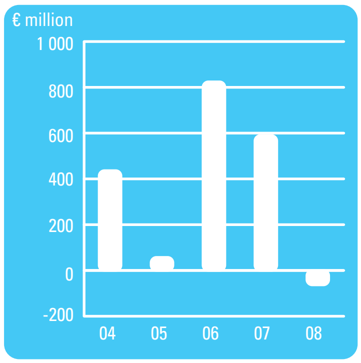
A REASONABLE DIVIDEND DESPITE LOSSES

Group earnings per share in 2008 totaled EUR -1.05, with earnings per share from continuing operations EUR -0.61 and from discontinued operations EUR -0.44. Total shareholder return (TSR) was -58.6% (2007: -24.8%). TSR is calculated as the annual change in share price plus the dividend, divided by the starting share price for the year. Outokumpu's share price reached an all-time high of EUR 33.99 in May 19, 2008, but declined to EUR 8.28 by the end of

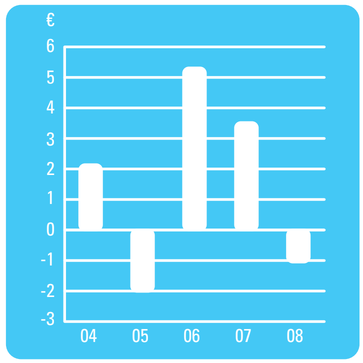
SALES



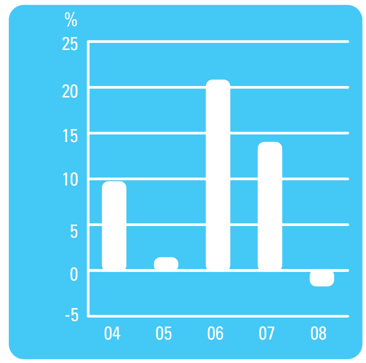
OPERATING PROFIT



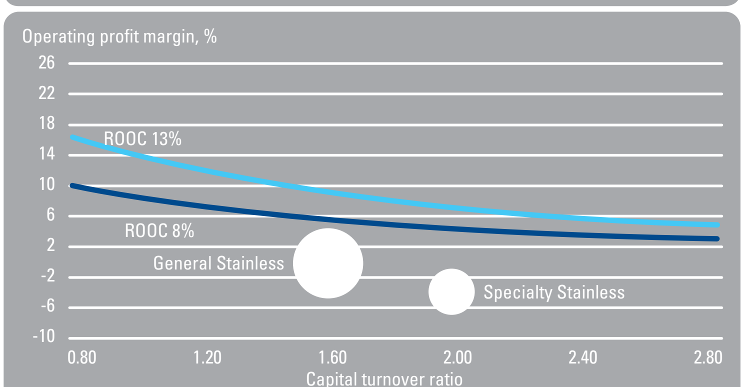
EARNINGS PER SHARE



RETURN ON CAPITAL EMPLOYED

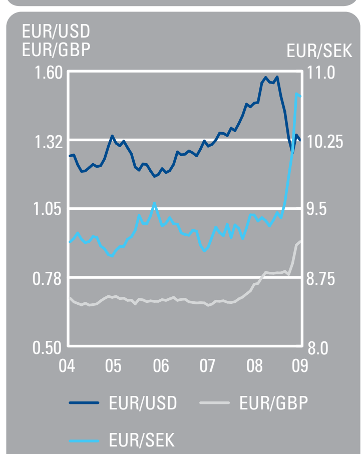


OPERATING CAPITAL AND RETURN ON OPERATING CAPITAL 2008



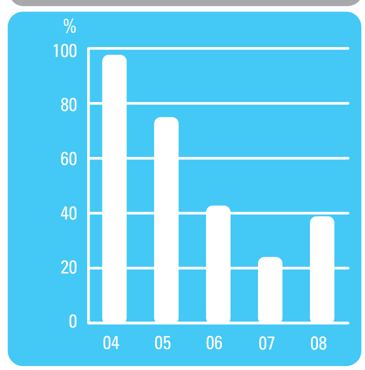
The return on operating capital (ROOC) in the chart above comprises two components: the operating profit margin and the capital turnover ratio. There are two curves for ROOC. Each point on the upper curve gives a 13% target return on operating capital and, similarly, the lower curve indicates the Group's calculatory 8% weighted average cost of capital before taxes. If a division does not cover the weighted average cost of capital, it generates negative economic value added. The higher the capital turnover ratio, the smaller change in operating profit margin will impact ROOC. The size of the circle reflects the amount of operating capital tied up into a division.

EXCHANGE RATES



Including January 2009.

DEBT-TO-EQUITY RATIO



the year (respective market capitalization of EUR 1 520 million). Dividends totaling EUR 216 million (EUR 1.20 per share) were paid in 2008 for the year of 2007.

In accordance with the Board of Directors' established dividend policy, the payout ratio over a business cycle should be at least one-third of the Group's profit for the period with the aim to have stable annual payments to shareholders. In its annual dividend proposal, the Board of Directors will, in addition to financial results, take into consideration the Group's investment and developing needs. The Board of Directors is proposing to the Annual General Meeting to be held on March 24, 2009 that a dividend of EUR 0.50 per share be paid for 2008. The dividend yield is 6.0%, and Outokumpu's average dividend payout ratio over the past five years has been appr. 47%.

ECONOMIC VALUE ADDED NEGATIVE

Outokumpu's overall financial objective is to generate the maximum sustainable economic value added on capital invested by its shareholders. Outokumpu uses the weighted average cost of capital (WACC) in defining the capital charge for economic value added (EVA), and applies this when estimating the profitability of investment projects and defining the economic and commercial value of the Group's business operations. In 2008, Outokumpu's WACC after taxes was approximately 6%. This figure was obtained using a target capital structure in which the weight given to equity is 60% and the weight of debt 40%. The cost of equity was

8.4% and the after-tax cost of debt was 3.3%. In 2008, economic value added by Outokumpu's continuing operations was EUR -293 million (2007: EUR 152 million).

FACTORS AFFECTING OUTOKUMPU'S PROFITABILITY

The stainless steel business is cyclical. In addition to the company's own actions, the Group's profitability depends on the economic cycle in the world economy and especially on levels of industrial investment activity. In the long term, demand for stainless steel has been growing at a rate of 5–6% per annum. Changes in regional or global production capacity can sometimes have an adverse effect on stainless markets, resulting in temporary imbalances between supply and demand. Increasing stainless steel production capacity in China will continue to have an effect on the global supply situation in coming years.

A key factor directly affecting Outokumpu's profitability is the development of stainless steel base prices. The price level is linked to the economic cycle, and to the level of industrial investment in the Group's main customer segments. Changes in the base prices have also been attributable to strong fluctuations in demand from distributors who are either de-stocking or re-stocking their inventories. Outokumpu's current dependence on traditional nickel-containing standard austenitic grades exposes the Group to demand volatility caused by fluctuations in the nickel price. The distributor sector in particular has postponed placing orders of stainless steel when nickel – and thus stainless steel transaction prices – are expected to fall, resulting in unnecessary volatility without any changes in the underlying demand.

The transaction price of stainless steel comprises the base price plus the alloy surcharge. The alloy surcharge applied in Europe and North America includes the cost of alloying materials when the prices of these exceed predefined trigger-price levels. The cost of alloying materials for stainless steel – nickel, chrome, molybdenum, iron and titanium – is invoiced by stainless steel producers to customers through the alloy surcharge mechanism thus reducing the alloying materials price risk for the stainless steel producers. Even so, the price paid for alloying materials feeds through into the amounts of capital tied up as working capital. As Outokumpu's throughput time is longer than the time period applied in the alloy surcharge mechanism, changes in the price of alloying materials may lead to timing differences that impact profitability. The alloy surcharge is based on 30-day average of raw material prices calculated backwards from the 20th day of the preceding month.

The Group's chromium mine near Tornio supplies Outokumpu with the majority of its needs for ferrochrome at the cost of production. This has a direct positive impact on Group profitability.

Stainless steel is fully recyclable. Alloying materials can usually be bought at a discount when sourced as recycled stainless steel and Outokumpu is therefore constantly maximizing it's usage of recycled steel in the Group's manufacturing process. The size of the discount varies based on the tightness of the market. When prices of alloying materials are high, financial benefits of using recycled material can thus be significant. Some 60% of raw materials used by the Group are sourced as recycled stainless steel.

Outokumpu's operating profit is affected not only by changes in base prices but also by unit costs, delivery volumes and the product mix. When manufacturing stainless steel, capacity utilization rates also have a major impact on operating profit. Production volumes depend on demand for stainless, and products are mostly produced to fulfill orders. The product mix also has an impact on profitability. Higher value added products are more profitable.

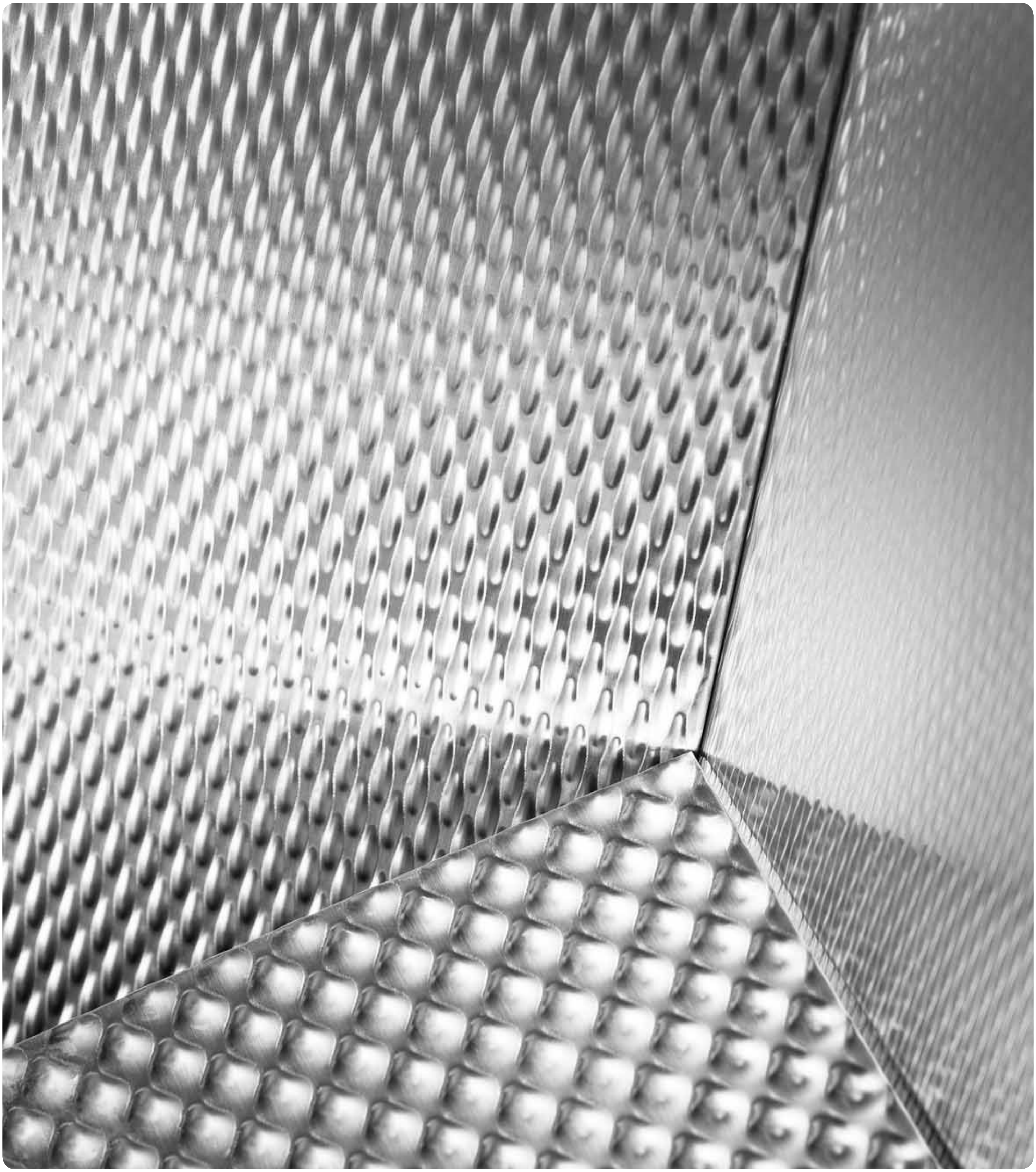
As a general rule, currencies in which stainless steel products are priced are determined by the market areas: euros in Europe and US dollars in the US and Asia. Price levels in Europe, the US and Asia may differ. Outokumpu is exposed to fluctuations in currency exchange rates primarily because of sales to the Asian and US markets and the Group's own ferrochrome production, which is priced in US dollars. Exchange rates may also impact the relative competitiveness of stainless steel producers on different continents. For the most part, Outokumpu's production costs are in euros, Swedish crowns and British pounds. Prices of raw materials are determined primarily in US dollars, the alloy surcharge mechanism transfers changes in exchange rates to the euro price in Europe.

The table on page 21 shows the approximate sensitivity of Outokumpu's operating profit in 2009 to changes in stainless steel base prices, in ferrochrome prices and in exchange rates between the main currencies and the euro. These sensitivities have been calculated on the basis of the average exchange rates in 2008 and highest achieved delivery volumes.

OUTOKUMPU AND STAINLESS STEEL MARKETS GOING FORWARD

Despite the short-term turbulence, long-term annual growth in consumption of stainless steel is expected to continue at a rate of 5–6%. Capacity increases taking place in growing Chinese markets are significant. There may be periods of imbalance when supply exceeds demand in China, having an impact on the global market situation including Europe.

Visibility in stainless steel markets has been poor in early 2009, and the deepening of the global financial crisis has had a clear negative impact on stainless steel consumption in the short term. The Group's Operational Excellence programs have delivered strong, well-proven results. With the addition of Supply Chain Excellence in 2008, Outokumpu remains dedicated to building Operational Excellence in the future. Despite the postponement of the investment program and the short-term focus being on cashflow, securing a more stable and profitable business model continues to be the main focus in Outokumpu's strategic development going forward. Outokumpu is in a good position within the stainless industry to pursue a global leadership position.



>> BUSINESS OPERATIONS

Our move

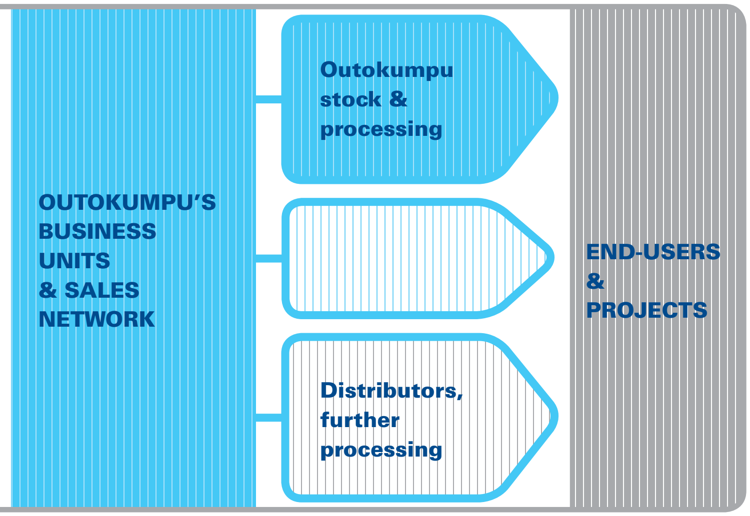
CLOSER TO THE CUSTOMER

Outokumpu's business and business units

OUTOKUMPU is one of the top players in the global stainless steel market. Outokumpu's main product is stainless steel coil, in which it has a market share of about 18% in Europe and 6% worldwide.

MAIN ROUTES TO MARKET TRANSFORMING

A significant share of the Group's sales is going to distributors, re-rollers and tubemakers. These segments continue to be essential for the Group's total business, while Outokumpu is looking for growth in value-adding end-user segments such as various industrial uses, Construction, and Catering and Appliances. As a supplier for project applications, market segments such as Pulp and Paper, desalination plants, and Oil and Gas are central to the Group's development.



The Group's product range covers standard as well as special grades and products. Outokumpu's main production facilities are two efficient integrated stainless steel mills – in Tornio in Finland and in Avesta in Sweden – as well as a production route from the Sheffield meltshop in Britain to several long products and plate production units in Sweden, the UK and the US.

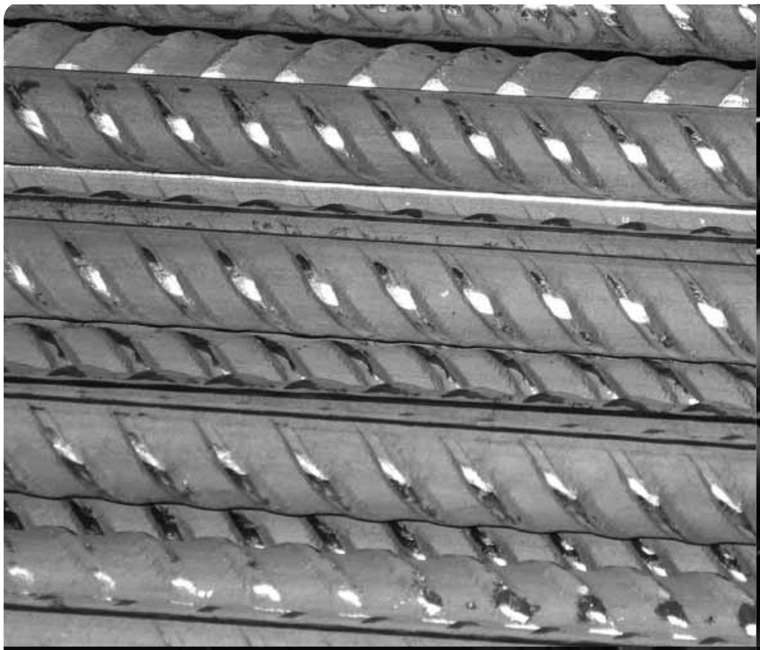
Outokumpu's strategy is aiming at delivering a more stable and profitable business model by increasing the share of value-added special grades' sales and by increasing the share of sales to end-user and project customers in relation to the share of sales to transactional customers, whilst also addressing the most attractive growth opportunities. To facilitate this development, Outokumpu has also aligned its organization into an integrated model emphasizing the one-company approach towards customers.

In order to increase the share of sales to end-user and project customers, the service center network is being strengthened in existing markets. In 2008, Outokumpu acquired an Italian distributor, SoGePar Group, with service center operations in Italy and the UK. A new service center will be established in China with the aim to serve the Chinese market with mainly special grades and products. To increase the share of value-added special grades sales, Outokumpu will optimize the utilisation of existing production capacity by increasing the production of special grades and products, such as duplex stainless steel as well as by entering the market for non-nickel containing ferritic stainless. The successful Operational Excellence programs have been expanded and are today covering also Supply Chain Management in addition to Production and Commercial Excellence.

The renewed organization model is designed to serve customers in an optimal way. Sales have been organized into customer industry based groups that are served by dedicated teams. Outokumpu's production operations are organized into business units that are grouped in two divisions based on the type of product produced: General Stainless and Specialty Stainless. In the integrated organization the business units are in charge of product strategy and have accountability for overall profitability. The cross-organizational Group Sales and Marketing is responsible for delivery of the Group's commercial targets, and Supply Chain Management for the end-to-end delivery performance.

The Group also has a comprehensive network of sales companies, service centers and sales agents in some 70 countries.

Outokumpu's business units and cross-organizational functions are described in more detail in the following sections.




FOUR MAIN TYPES OF STAINLESS STEEL

Different grades and compositions of stainless steel are developed for different end-user purposes. The four main grades are austenitic, ferritic, ferritic-austenitic, and martensitic steel. All grades of stainless steel contain a minimum of 10.5% of chromium. Outokumpu's main product is austenitic stainless steel, which typically contains 8% nickel in addition to 18% chromium. Ferritic stainless steel does not contain nickel, but chromium up to 24%. Martensitic stainless steel contains 11–13% chromium. Ferritic-austenitic grades contain 1.5–5% nickel, and they are very strong and corrosion resistant. Outokumpu's duplex steel grades are ferritic-austenitic, containing only small amounts of nickel.

OUTOKUMPU STAINLESS STEEL DELIVERIES

1 000 tons	2008	2007
Cold rolled	**739**	703
White hot strip	**330**	314
Quatro plate	**120**	146
Tubular products	**70**	65
Long products	**55**	54
Semi-finished products	**109**	137
Total deliveries	**1 423**	1 419

General Stainless

GENERAL STAINLESS produces high-quality standard stainless steel in the form of coil, sheet and long products. The main market for these products is Europe. Cost efficiency, high quality and delivery reliability are the key competitive advantages required for success in this standard high-volume market segment. By exploiting the advantages offered by the integrated Tornio facility, the Group's Operational Excellence programs and reduced fixed costs, Outokumpu aims to maintain its cost leadership in standard stainless steel grades.

GENERAL STAINLESS KEY FIGURES

€ million	2008	2007
Sales	4 147	5 321
of which Tornio Works	2 701	3 468
Operating profit	-6	220
of which Tornio Works	66	178
Non-recurring items in operating profit	-	-
Operating capital on Dec. 31	2 663	2 607
Return on operating capital, %	-0.2	8.1
Capital expenditure	332	57
Depreciation	135	133
Personnel on Dec. 31	3 938	3 571
1 000 tons		
Deliveries of main products		
Cold rolled	628	587
White hot strip	297	270
Semi-finished products	340	383
Total deliveries of the division	1 265	1 240

Currently, the main product applications of General Stainless are in industrial segments such as Pulp and Paper, Chemicals and Petrochemicals, Construction and Energy-related industries as well as Catering and Households. Customers are both end-users and distributors who also stock and process stainless steel to serve end-customer needs.

General Stainless consists of Tornio Works and Long Products. In addition, the majority of the Group's stock and processing units as well as its sales companies are reported under General Stainless.

TORNIO WORKS

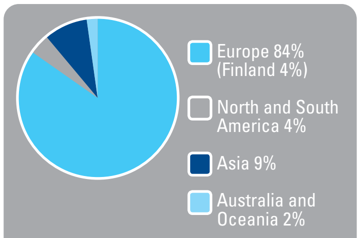
Located in Northern Finland, Tornio Works is one of the world's largest stainless steel mills and the world's most integrated single-site operation. The main products coming from Tornio are cold rolled and hot rolled austenitic stainless steel coils and sheets. Ferritic grades are also being produced. Tornio's integrated production process starts at the neighboring Kemi chromite mine, continues in the Tornio ferrochrome smelter and proceeds through two stainless steel melt shops, a hot rolling mill and cold rolling lines. To provide customers in the Group's main markets with even better service, a significant proportion of finishing operations are carried out in Terneuzen in the Netherlands.

Tornio's current annual production capacities are: 1.65 million tons of melting, 1.6 million tons of hot rolling and 1.2 million tons of finished products from the cold rolling mills. Tornio also delivers some black hot band material to both internal and external customers.

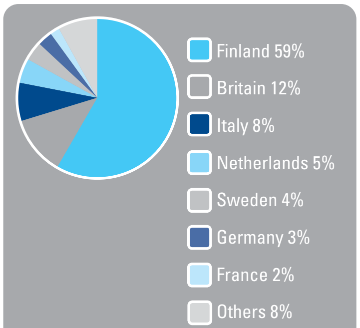
TORNIO WORKS' COMPETITIVE EDGE

Tornio Works is the Group's biggest production unit and, following the expansion carried out in 2000–2005, one of the world's most cost-efficient stainless steel operations. The innovative rolling, annealing and pickling line (RAP) provides additional flexibility in production. Production on the RAP-line can be shifted between hot rolled (white hot strip) and cold rolled products in accordance with market demand. As an integrated cold rolling line, the RAP-line also has a clear cost advantage over tra-

GENERAL STAINLESS SALES BY MARKET AREA



GENERAL STAINLESS PERSONNEL BY COUNTRY



Tornio Works is the world's most integrated single-site operation.

ditional cold rolling processes where annealing and pickling operations are carried out on separate lines. Integrating these two process steps results in lower costs and reduces working capital. The RAP-line can also be used to produce RAP™2E, a semi-cold rolled product. This product is mainly used in the stainless steel tube industry, where it can replace cold rolled stainless steel in a variety of applications.

To expand the Group's product offering, Outokumpu initiated production of 400-series ferritic stainless steel in Tornio during 2007. As ferritic grades do not contain any nickel, prices for 400-series products have traditionally been less volatile than those of Outokumpu's main product, 300-series austenitic stainless steel. Tornio has a competitive cost advantage in producing 400-series products as liquid ferrochrome from its own ferrochrome smelter can be utilized in the manufacturing process, reducing melting costs. Outokumpu's current production capacity for ferritic grades, after commissioning of the new annealing and pickling line No. 2, is around 180 000 tons.

The investment project of EUR 90 million to replace the No. 2 annealing and pickling line (AP-line) in Tornio was completed in 2008. The new AP-line has an annual capacity of 300 000 tons and allows the production of austenitic and ferritic products with a minimum set-up time. This investment will increase the capacity of Tornio cold rolling mill by 75 000 tons by the end of 2009.

Ferrochrome

Chrome is what makes stainless steel stainless. Around 90% of globally mined chromite ore is converted into different grades of ferrochrome used by the metallurgical industry. The stainless steel industry consumes about 90% of globally produced ferrochrome (mainly high-carbon and charge grade). In 2008, global ferrochrome production totaled 7.3 million tons. Ferrochrome is being produced mainly in South Africa (45%), Kazakhstan (13%), China (17%), India (10%) and Finland (3%).

Outokumpu is in a unique position and has a clear competitive edge due to its captive chromite mine in Kemi in Northern Finland and nearby its own ferrochrome production located at the same site as the stainless steel plant, Tornio Works.

Main benefits from this integration are:

- Sourcing of raw material at cost and pricing the chromium in the final stainless steel product at market price
- Transfer of ferrochrome to the stainless steel melt shop in liquid form at Tornio Works (energy, transport and logistics cost savings)
- Use of carbon monoxide emanating from the ferrochrome process as fuel in the stainless steel mill (reduced need for external energy)

Today, Outokumpu is 60–65% self-sufficient in ferrochrome and can supply the need for Tornio Works internally. The balance is mainly being sourced in the form of recycled stainless steel but also as primary ferrochrome from the global market.

KEMI MINE AND TORNIO FERROCHROME SMELTER

Production	2008	2007
Ore excavated, million tons	**1.3**	1.2
Chromite concentrates, 1 000 tons	**614**	556
Ferrochrome, 1 000 tons	**234**	242

Ore reserves and mineral resources		
Dec. 31, 2008	Million tons	Grade
Ore reserves		
Proven	**37**	26% Cr_2O_3
Mineral resources		
Indicated	**13**	29% Cr_2O_3
Inferred	**72**	29% Cr_2O_3

A mineral resource is a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. An ore reserve is the economically mineable part of the measured and/or indicated mineral resource. Ore reserves are not included in the mineral resources. Cr_2O_3 = chromium oxide.

Case

A RECORD-SETTING PAPER MACHINE IN CHINA – HAINAN PM2

Photo courtesy of Voith Paper.

Paper machine by Voith Paper.

Voith Paper is building the world's largest paper machine for Hainan Jinhai Pulp & Paper Industry Co. Ltd. of China with a total package of stainless steel products from Outokumpu.

Hainan Jinhai Pulp & Paper Industry Co. Ltd., a subsidiary of Indonesian Asia Pulp & Paper, operates the world's largest pulp mill on the island of Hainan and is in the process of building another leading industry facility: Hainan PM2 will be the largest machine, supplied by Voith Paper of Heidenheim, Germany, a comprehensive operation from stock preparation to finishing, spanning in length. It will have capacity for one million metric tons per year once in production from May 2009.

The wet and high-chloride process conditions in paper machines require large amounts of stainless steel. Approximately 2 000 tons of stainless steel flat products, tubes and fittings are needed in a machine the size of Hainan PM2. Voith Paper is a world leading technology supplier to the pulp and paper industry. To source stainless steel, Voith has a long partnership with Outokumpu, relying on the full range of Outokumpu products.

Peter Meuter, The Voith key account manager at Outokumpu, describes the relationship between Voith and Outokumpu as a "close partnership". Petra Copparini, a Voith procurement representative, says that the process with Outokumpu has been good, and that Outokumpu's high level of product quality and reliability brings added value to the relationship.

Hainan PM2 offered the partners an opportunity to test a new form of cooperation: Voith has trusted the entire supply of stainless flat products, tubes and fittings to Outokumpu. Such a comprehensive package is the first in the partnership's history. The arrangement means that Voith has benefited considerably through the simplification of stainless procurement, avoiding the need to source smaller packages from a large number of different suppliers.

As a result of the global financial crisis, Outokumpu decided to postpone investments worth some EUR 1.5 billion in December 2008. The earlier announced investment in production of high-quality ultra-clean ferritic stainless steel grades as well as bright annealed austenitic and ferritic stainless products was part of that postponement decision.

Chromite ore mined at the Kemi underground mine and converted into ferrochrome at Tornio Works is used in stainless steel production. As chrome is the alloying component that gives stainless steel its corrosion resistance, owning a supply of this material is both a significant cost advantage and a risk mitigation factor for Outokumpu. The majority of global ferrochrome production takes place in South Africa and Kazakhstan. Outokumpu's backward integration into chrome and ferrochrome offers significant advantages. The main benefit for Outokumpu is its ability to source the material at cost while selling it at prevailing market prices. The pricing mechanism of stainless steel allows stainless steel producers to charge for all raw materials at market prices. Additionally, the ferrochrome smelter is located at the same site as the integrated stainless steel mill in Tornio, and thus ferrochrome can be transferred to the stainless steel melt shop in liquid form, giving an exceptional cost advantage as the material does not need to be re-melted.

In 2008, Outokumpu decided to expand the Group's ferrochrome production capacity in Tornio, Finland. This EUR 420 million investment to double the annual ferrochrome capacity was postponed in December 2008 as part of the decision to postpone Outokumpu's investment program almost entirely.

LONG PRODUCTS

The Sheffield melt shop in the UK, part of Long Products, has an annual operational production capacity of some 400 000 tons. The melt shop produces both slabs for flat stainless steel production and billets and blooms for production of long products.

The hot rolling mill in Degerfors in Sweden produces rolled billets and heavy bars from blooms cast in Sheffield. The annual operational rolling capacity at Degerfors is some 50 000 tons.

Outokumpu's Long Products rod operations also consist of wire rod production in Europe and bar and rod production in the US. Manufacturing units for long products are located in Sheffield in the UK and in Richburg, S.C. in the US. Annual delivery capacity for long products totals some 80 000 tons. The Group is also involved (50% ownership) in Fagersta Stainless in Sweden, a long products company which manufactures and sells stainless steel wire rod and wire products.

An investment of some EUR 10 million is being made in Long Products' finishing facilities in Sheffield in the UK. The new equipment is scheduled to be operational in mid 2009. This investment is creating an integrated manufacturing route for small bar and rebar, complementing the existing melt shop and wire rod mill in Sheffield.

DECLINING METAL PRICES AND GLOBAL ECONOMIC CRISIS AFFECTED PROFITABILITY

The very turbulent year in stainless steel was very much reflected in General Stainless' result. During the first half of the year, demand for stainless was healthy but as the nickel price started to decline in May, distributors began to postpone their purchases in expectation of lower stainless steel prices. After the summer demand for stainless weakened further as a result of the global financial crisis, destocking continued and base prices declined to very low levels at the end of 2008. The price for ferrochrome was increasing throughout the year and reached historically high price levels in the second half of 2008. General Stainless' delivery volumes were almost unchanged at 1 265 000 tons compared to 2007 (2007: 1 240 000 tons). Due to the lower nickel price, sales declined by 22% and totaled EUR 4 147 million. Operating loss was EUR 6 million (2007: EUR 220 million profit). As a result of the decline in nickel, molybdenum and recycled steel prices, the Group booked some EUR 285 million of net raw material-related inventory losses in 2008. Most of these were related to General Stainless mainly as a result of NRV (net realizable value) write-downs. Since General Stainless comprise the Group's ferrochrome production, positive impact from the high ferrochrome price contributed to the result.

Specialty Stainless

SPECIALTY STAINLESS is strong in tailored solutions and demanding customer applications in flat products and in stainless tubular products. Specialty Stainless serves customers – for example in the Oil and Gas industry, the Chemical and Petrochemical industry, nuclear power plants and the Pulp and Paper industry – who have very high requirements for stainless steel properties such as steel grade, shape, thickness, surface finish or other specific properties. Project orders form an important part of the business, which is supported by a strong R&D function and long-term experience in delivering tailored solutions that match customers' needs.

SPECIALTY STAINLESS KEY FIGURES

€ million	2008	2007
Sales	**2 705**	3 456
Operating profit	**-101**	337
Non-recurring items in operating profit	**-83**	14
Operating capital on Dec. 31	**1 174**	1 513
Return on operating capital, %	**-7.5**	21.7
Capital expenditure	**170**	69
Depreciation	**63**	63
Personnel on Dec. 31	**4 006**	4 099
1 000 tons		
Deliveries of main products		
Cold rolled	**154**	174
White hot strip	**142**	135
Quarto plate	**126**	151
Tubular products	**66**	63
Long products	**52**	52
Total deliveries of the division	**541**	574

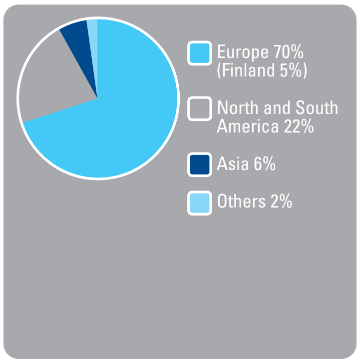
Growth in high-performance segments and applications is expected to continue buoyant. As part of Outokumpu's strategy, Specialty Stainless focuses on both differentiation and further specialization in special grades and products, especially offering excellent development opportunities for duplex grades, which provide protection from continually increasing competition in the market for standard stainless steel grades.

The main products produced in Specialty Stainless are hot and cold rolled sheet, quarto plate, tubes and various fittings and precision strip. Stainless steel is supplied to Specialty Stainless units mainly from the division's own melt shop in Avesta in Sweden and the Sheffield melt shop in the UK. In finished products, Specialty Stainless units have a capacity of some 500 000 tons of cold rolled and white hot strip and plate, 170 000 tons of quarto plate, and 100 000 tons of tubular products.

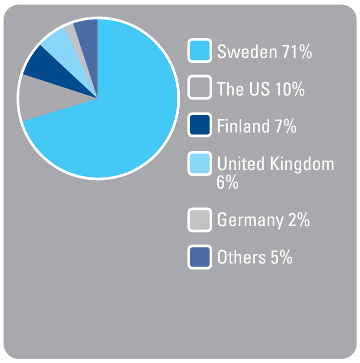
An increasing proportion of production by Specialty Stainless consists of a variety of special grades, mainly duplex grades that have been developed in response to specific customer requirements. A good example of Outokumpu's steel grade developments is Lean Duplex, LDX 2101®, a patented low-nickel, high-strength stainless steel with good corrosion resistance properties corresponding to those of austenitic grades. The high strength of this material enables thinner gauges to be employed in a variety of applications, yielding considerable savings in material costs. The excellent properties and competitive pricing of both Lean Duplex and other duplex grades are resulting in increased market share compared to more traditional grades in applications such as tanks, pressure vessels, piping, transportation, building and construction, and desalination plants. Outokumpu is a market leader in duplex grades with a global market share of some 50%. The growth rate for duplex grades is clearly above the growth rate in the market for standard grades.

While the Group's business units are pursuing further specialization and increasing focus on more value-added solutions that provide higher

SPECIALTY STAINLESS SALES BY MARKET AREA



SPECIALTY STAINLESS PERSONNEL BY COUNTRY



Demand for duplex grades grows significantly faster than that of standard stainless grades.

and more stable returns, a very important focus of attention is the maintenance of a competitive cost structure.

Research and development activity, especially at the Avesta Research Center in Sweden, focuses on the development of new grades, identifying and promoting new applications and finding the right solutions for customers.

The following business units are part of the Specialty Stainless division.

SPECIAL COIL AND PLATE

Special Coil and Plate consists of the integrated Avesta production facility (coil and continuously produced plate) and Hot Rolled Plate (quarto plate) production in Degerfors in Sweden and New Castle in the US.

Avesta in Sweden is a world-class supplier of two-meter-wide, thick cold rolled and white hot rolled products and continuously produced plate to the process industry. The integrated Avesta production facility covers the entire process chain from melt shop through hot rolling to cold rolling. Annual operational production capacities at Avesta total approximately 500 000 tons for melting with the current mix, 450 000 tons for hot rolling (current manned capacity) and 250 000 tons for finished products.

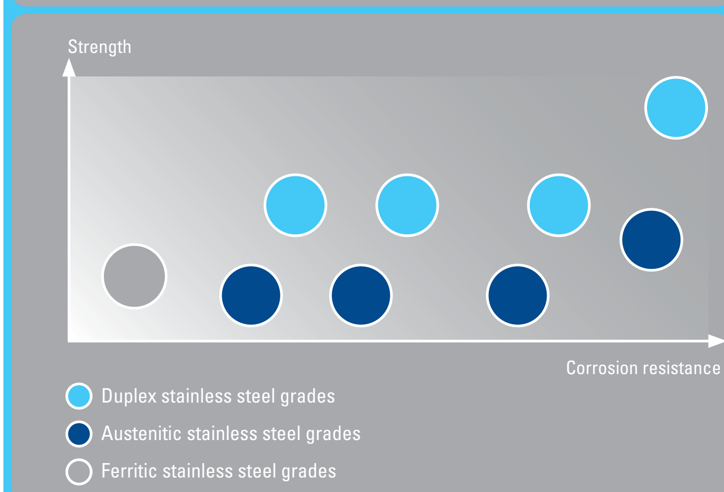
Avesta supplies the Nyby and Kloster cold rolling mills with black hot band material and hot rolled

Duplex grades

Demand for ferritic-austenitic duplex grades grows significantly faster than that of standard stainless grades. Duplex stainless steel is characterized with good corrosion resistance and high strength, as well as low nickel content. The high strength of the material enables the use of thinner gages in a variety of applications such as tanks, pressure vessels, piping, transportation, civil engineering and structures, thus bringing considerable savings in material costs. Outokumpu is a clear market leader in duplex grade stainless deliveries with a global market share of some 50%. Avesta Works has a long and successful track record in the demanding production process of duplex.

Outokumpu has developed and patented the Lean Duplex grade (LDX 2101®) which contains only 1.5% of nickel, making its price less dependent of the volatility of the nickel price. Standard austenitic 304 grade contains 8 % of nickel. The corrosion resistance of LDX is similar to that of the 304 grade, but its strength is about twice as high. Outokumpu's Lean Duplex was introduced in 2002 and has met with great success in demanding applications. To further facilitate the market penetration of Lean Duplex, Outokumpu has awarded manufacturing licenses to several other stainless steel producers in Europe and Asia.

DUPLEX OFFERS SUBSTANTIAL ADVANTAGES



Case

DUPLEX LDX 2101® FOR PALM-OIL STORAGE TANKS

Photo courtesy of Loders Croklaan.

Loders Croklaan's existing tank farm.

A palm-oil tank farm at the Port of Rotterdam is to be expanded by adding 41 tanks constructed from Outokumpu's LDX 2101® duplex grade.

Palm oil, currently the most widely produced edible oil, plays a major role in world food production. Loders Croklaan is a major player in the palm-oil industry, running Europe's largest palm-oil refinery and fraction plant on a man-made peninsula in the Port of Rotterdam. An essential component in this facility, which processes 2 500–3 000 tons of palm oil daily, is a large tank farm located by the company dock.

When the farm was being planned in 2003, both Loders Croklaan and the Dutch tank fabricator Siemerink investigated alternatives to austenitic stainless steel, the material normally used to fabricate storage tanks for edible oils. With the help of local assistance provided by Outokumpu, both companies were satisfied that LDX 2101®, the Group's recently-introduced proprietary duplex grade, offered significant competitive advantages. The 17 tanks that make up the farm were completed in 2004, with 716 tons of LDX 2101® being used in constructing the tank walls and roofs.

Like all duplex grades, LDX 2101® features almost twice the mechanical strength of austenitic grades, allowing thinner material to be employed. Duplex materials enable weight savings of up to 50% in some sections of storage tanks, and normal savings are in the 20–30% range. Weight savings achieved by Siemerink in tank construction for Loders Croklaan averaged 30%.

Pleased by the performance of its LDX® storage tanks, Loders Croklaan will be using the same grade exclusively in a major upcoming expansion of the tank farm. Construction of the 41 new tanks being added will consume 1 300 tons of LDX 2101®.

Two tank fabricators, Siemerink and Oostwouder, will be involved in the expansion contract. Fabricating at the company plant, Siemerink will be using 2-meter-wide duplex coil, a product available exclusively from Outokumpu, benefiting from the fact that less welding is required than when using conventional, narrower coil widths.

plate operations with slabs and steckel hot rolled plate.

Outokumpu is the market leader with a 20% global market share in hot rolled plate or quarto plates. Thick, wide and individually rolled, quarto plates are used in demanding applications in segments such as Pulp and Paper, Oil and Gas, power plants, desalination and chemical tankers. Outokumpu produces quarto plate at Degerfors in Sweden and in New Castle in the US. The Group's European plate service centers complement these facilities. Outokumpu's current annual delivery capacity for hot rolled plate and quarto plate totals some 160 000 tons.

In 2007, a decision was made to invest a total of EUR 770 million in production capacity for special grades in Specialty Stainless. These investments comprised special grades capacity, mainly duplex grades, in Avesta in Sweden as well as production capacity for quarto plate capacity in Degerfors in Sweden and New Castle in the US. Due to the global financial crisis, a decision was made in December 2008 to postpone the majority of these investments for at least 12 months. Only the investment in New Castle, some EUR 40 million, is continuing and will increase the Group's production capacity of quarto plate from 160 000 tons to 170 000 tons in 2010.

In accordance with Outokumpu's strategy, the product mix at both Avesta and Degerfors, as well as quarto plate production at New Castle, is being shifted from standard grades more towards value-added tailor-made special grades – especially Lean Duplex and other duplex grades – in order to serve end-user and project customers with the Group's full product range.

THIN STRIP

Outokumpu's Thin Strip operations consist of the cold rolling mills at Nyby and Kloster in Sweden. Currently, these mills have a combined annual delivery capacity totaling approximately 175 000 tons. The Sheffield Special Strip (SSS) in the UK, focused on precision strip rolling, was closed during the first quarter of 2009 and some of the production has been transferred to Kloster. Thin strip products are mainly used in plate heat exchangers, heating elements, flexible tubes, head gaskets and telecom applications.

An investment program completed at Kloster, which allows the production of thinner and wider as well as bright-annealed products, has more than doubled annual production capacity at Kloster to 45 000 tons.

At Nyby, EUR 27 million has been invested in equipment for surface grinding and automatic storage. This investment will, at the expense of standard grades, increase finished products capacity in special grades by 30 000 tons to 64 000 tons. The new capacity will become available in the second quarter 2009. The second phase of the investment, EUR 23 million, comprises a new entry section for the annealing and pickling line and will be operational in the autumn of 2009 bringing the overall annual capacity of special grades in Nyby to 70 000 tons.

OSTP (OUTOKUMPU STAINLESS TUBULAR PRODUCTS)

With an 18% market share in the process pipe segment, Outokumpu is one of Europe's largest producers of stainless steel tubes. OSTP (Outokumpu Stainless Tubular Products) manufactures and sells welded stainless steel tubes and pipes as well as butt-welded and threaded fittings. Tubular products are manufactured in Sweden, Finland, Estonia, the US and Canada. The main products consist of process pipes and fittings, heavy wall pipes, heat exchanger pipes as well as structural hollow sections. These products are used in most segments of the process industry such as Oil and Gas, Chemical and Petrochemical, Automotive and Construction. With the ambition of creating customer value and increasing sales in its duplex range, OSTP has assembled a team of application engineers that specializes in tubular products. OSTP's annual delivery capacity totals some 100 000 tons.

At the OSTP unit in Nyby, Sweden, a second LAP (Laser welding-Annealing-Pickling) line started production in the autumn of 2008. This investment totaled some EUR 8 million.

OSTP has also strengthened its global presence through a joint venture with the Saudi Arabian tube manufacturer Armetal in the Middle East, creating the largest local producer of process pipe.

GLOBAL FINANCIAL CRISIS AND WEAKENING DEMAND TURNED PROFITS NEGATIVE IN THE SECOND HALF OF 2008

Both declining metal prices and weaker demand because of the global financial crisis had an impact on Specialty Stainless in 2008. Specialty Stainless' deliveries declined somewhat to 541 000 tons (2007: 574 000 tons). Sales totaled EUR 2 705 million (2007: EUR 3 456 million) mainly due to the lower nickel price in 2008. Operating profit turned negative and was EUR -101 million (2007: EUR 337 million) including some EUR 83 million of non-recurring provisions related to the closure of Thin Strip in Sheffield in the UK and some provision related to personnel redundancies in Sweden. The decline in metal prices also had a negative impact on the result. Specialty Stainless inventory turnover is slower than the time period applied in the alloy surcharge calculation method and this resulted in timing difference losses and some NRV (net realizable value) write downs mainly from declining nickel and molybdenum prices.

Other operations

OTHER OPERATIONS consists of activities outside the Group's primary businesses, industrial holdings and available-for-sale financial assets. Corporate Management and business development expenses, as well as costs associated with Group functions and services that are not allocated to businesses, are also reported under Other operations.

Outokumpu's most significant industrial holding is a 33% stake in Rapid Power, a company providing hydropower from Norway. At the end of 2008, a major available-for-sale financial asset was a 4.9% stake in the Talvivaara Mining Company Ltd. Outokumpu also holds a 20% stake in Talvivaara Project Ltd. owned by the Talvivaara Mining Company.

Outokumpu's other industrial holdings include a 16% stake in Okmetic Oyj, a company manufacturing silicon wafers, and a 15% stake in the Swedish steel distributor Tibnor AB.

At the end of 2008, the market value of Outokumpu's holdings in the Talvivaara Mining Company Ltd. (listed on the London Stock Exchange) and Okmetic Oyj (listed on the NASDAQ OMX Helsinki) totaled some EUR 13.6 million and some EUR 6.5 million respectively.

The operating profit reported by Other operations in 2008 was EUR 38 million (2007: EUR 21 million).

OTHER OPERATIONS KEY FIGURES

€ million	2008	2007
Sales	258	237
Operating profit	38	21
Non-recurring items in operating profit	-	25
Operating capital on Dec. 31	214	236
Capital expenditure	42	64
Depreciation	8	8
Personnel on Dec. 31	527	439

Discontinued operations

IN ACCORDANCE with IFRS principles, discontinued operations are reported separately from Outokumpu's continuing operations. Currently, the Group's discontinued operations comprise Outokumpu Brass (available-for-sale).

In April 2008, Outokumpu signed a sale and purchase agreement under which the Group's remaining copper tube assets were sold to the Cupori Group. The transaction was closed in June 2008. Outokumpu received EUR 56 million as consideration for the sale and a capital loss of EUR 66 million was booked on the transaction. Assets divested comprise the copper plumbing installation and industrial tube manufacturing companies in Pori (Finland), Zaratamo (Spain), Västerås (Sweden) and Liége (Belgium) as well as copper tube sales companies in France, Germany and Italy.

After the divestment, the Group's discontinued operations consist of Outokumpu Brass, which produces brass rods for applications in the construction, electrical and automotive industries. The brass rod plant is located in Drünen in the Netherlands and the unit has a 50% stake in a brass rod company in Gusum (Sweden). Outokumpu Brass employs some 170 people. The assets and liabilities of the brass rod business are presented as held for sale, Outokumpu's intention is to also divest this business.

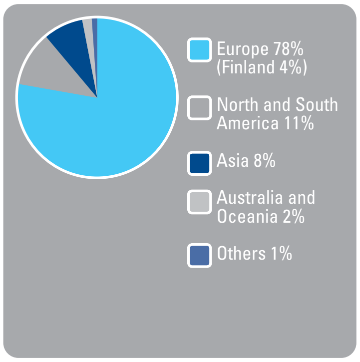
In 2008, the net loss from discontinued operations totaled EUR 79 million (2007: loss EUR 18 million). In 2008, sales by discontinued operations totaled EUR 267 million with an operating loss of EUR 2 million. Operating capital at the end of December 2008 totaled EUR 13 million.

Group Sales and Marketing

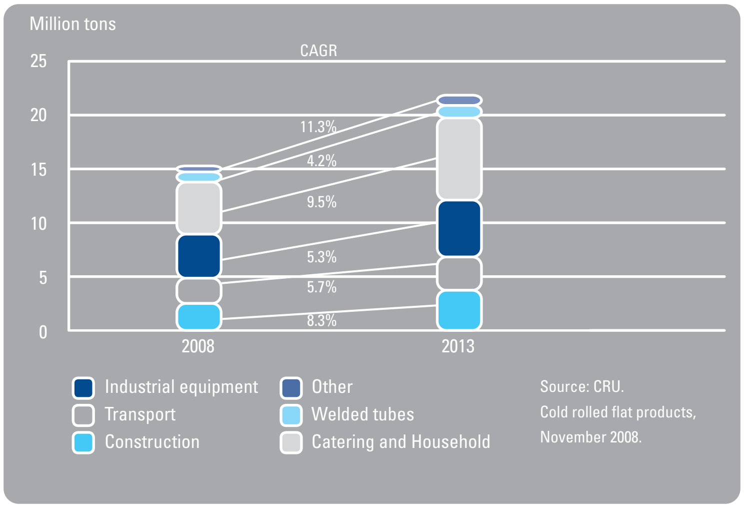
OUTOKUMPU'S target of achieving the number one position in stainless steel is based on building superior relationships with the Group's customers. Among other things, this will require a broader product mix, a customer base to whom a broad range of products and services can be offered on a long-term basis, and the ability to serve each customer as one company, making dealing with Outokumpu easy.

The Commercial Excellence program, started in late 2005 and completed at the end of March 2008, has launched the Group-wide Key Account Management and uniform pricing practices. It has also improved internal transparency regarding financial performance with a variety of customers. This makes it easier to understand customer relationships at a deeper level than before, and also improves comprehension of the Group's total offering to large international customers who operate in a number of countries.

THE GROUP'S SALES (5 474 € MILL.) BY MARKET AREA 2008



COLD ROLLED STAINLESS STEEL DEMAND OUTLOOK



A new commercial organization – Group Sales and Marketing – was launched on April 1, 2008. Sales and marketing is organized in customer industry groups in order to best understand the needs of different customers and provide them with the best possible service. Group Sales and Marketing comprises three sectors: (i) End-users and Projects, (ii) Distributors and Processors, and (iii) Stock & Processing Operations and Retail Sales. These in turn are divided into clusters of industry segments, enabling Outokumpu to offer customers in different industries the whole of the Group's range of products and services, specialize in customer industries, and identify optimal solutions.

In July 2008, a commercial office was established in Zaventem in Belgium, close to Brussels airport. The Brussels office is part of Outokumpu's new Sales and Marketing strategy and will be the central workplace and meeting location for the new cluster teams. It also houses Group Sales & Marketing management as well as other central functions of the Group's commercial organization.

BUSINESS WITH END-USER AND PROJECT CUSTOMERS IS SET TO GROW

End-user and project customers represented some 35% of Group business in 2008. By building on Outokumpu's customer service, technical expertise, product development and international reach, the aim is to increase this figure to more than 50% of sales by 2012. A number of initiatives are needed to achieve this goal.

Outokumpu is broadening its product mix by moving into ferritic (400 series) grades as well as manganese (200 series) grades. Now that the new annealing and pickling line No. 2 that replaces the old line in Tornio has been commissioned, Outokumpu has the capacity to produce 180 000 tons of ferritic products. Manganese grades will be produced according to market demand.

Outokumpu's end-user and project business is organized into five clusters of segments according to customer industry:

- Architectural, Building and Construction
- Transportation
- Catering and Appliances
- Chemical, Petrochemical and Energy
- Process Industries and Resources

Each cluster is managed by dedicated teams made up of key account managers, application and product experts, R&D and supply chain specialists, as well as members of the sales force in all countries supplied by the Group. Although Western Europe is Outokumpu's main market from a

Case

CLEAN COAL TECHNOLOGY IN COOPERATION WITH OUTOKUMPU

Photo courtesy of MHI.

Torrevaldaliga Nord in Civitavecchia.

Photo courtesy of MHI.

The first of Torrevaldaliga Nord's three absorber towers under construction.

With its ideal product, one of Outokumpu's super-austenitic grades, for flue-gas scrubbing at coal-fired power stations, Outokumpu facilitates 88% capture of the sulfur dioxide at Enel's state-of-the-art power station in Italy, a facility designed to put coal power on a sustainable course.

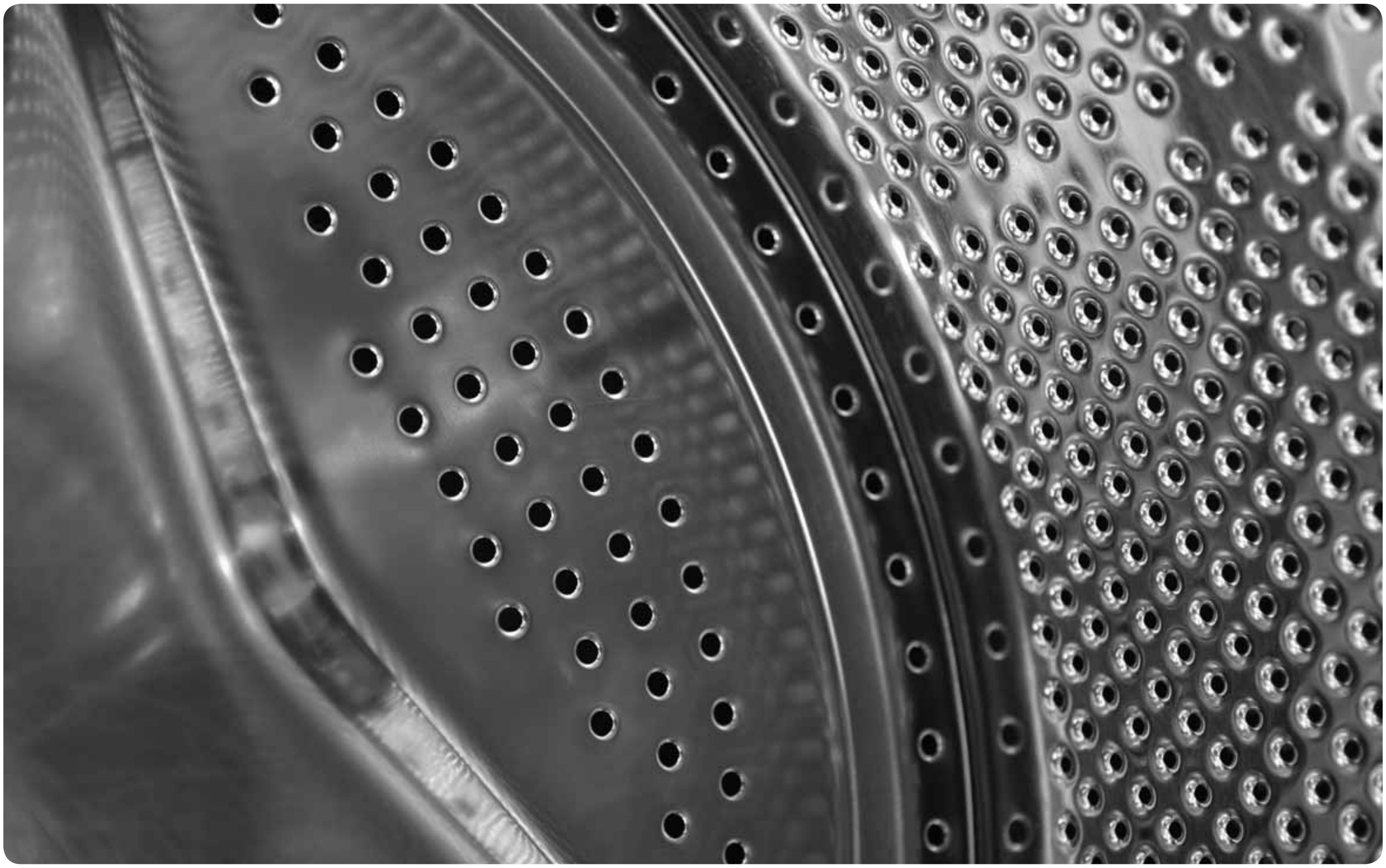
July 30, 2008 marked a major advance in Italy's power market. Enel, the country's largest power utility, inaugurated the first of three units at its refurbished Torrevaldaliga Nord power plant in Civitavecchia, north of Rome.

Torrevaldaliga Nord is a pointer to the future of coal-fired power generation. Employing the most advanced technologies available, the plant will be the most efficient in its class and one of the cleanest in the world. Compared to the previous oil-fired operation, sulfur dioxide and particulate emissions are both down by 88% and nitrogen oxide emissions are down by 61%. In overall terms, emissions will be 50% below the limits set by EU legislation.

When released into the earth's atmosphere, sulfur dioxide is a severe pollutant, guilty of acid rain. At the refurbished Torrevaldaliga Nord plant, sulfur dioxide is scrubbed from flue gases in absorber towers that use calcium carbonate as a neutralizing agent.

In these towers, the process environment is extremely harsh because of the high levels of acidity and the presence of chlorides. To withstand these challenges at Torrevaldaliga Nord, Enel selected Outokumpu's super-austenitic 1.4565, a grade of stainless steel specifically developed for such conditions. The core of each absorber tower is built entirely from 1.4565 plate supplied by the Group.

Enel's decision to choose Outokumpu as a supplier was based on positive experience with super-austenitic 1.4565 used earlier in a similar application at two of Enel's Italian plants. Similar absorber towers constructed using the same Outokumpu material are under construction at Torrevaldaliga Nord's other two units – the second unit is scheduled for completion in six months and the third 10 months later. A similar but smaller facility is operated from end 2007 by Enel in Fusine near Venice, again employing the same material.



geographical perspective, the Group is seeking significant growth in areas such as China, India and Eastern Europe. A key component of the Group's business with end-user and project customers is the service provided to Key Accounts. Key Account Managers and their teams are being provided with the level and quality of resources required to serve Key Accounts in a personalized manner, providing tailor-made solutions to customers globally.

BUSINESS WITH DISTRIBUTOR AND PROCESSOR CUSTOMERS FOCUSES ON STABLE, LONG-TERM RELATIONSHIPS

A significant part of the stainless steel market is served by distributors and service centers. These customers make up a large part of Outokumpu's customer base and continue to be key business partners. One of the Group's strategic aims is to strengthen relationships with long-term distributor partners. This is of particular importance in standard products, where volumes being supplied to the market are large.

Large-volume re-rollers and tube makers also represent an important market for Outokumpu. As with distributors, close relationships with these customers are a particular target as this enables the Group to develop products, processes and ways of working that benefit customers over the long term.

Outokumpu's business with distributors and processors is organized into two clusters:

- Distributors
- Re-rollers, Tube-makers and Further Processors

Some members of the Group's sales force will focus on these customers exclusively. In this way, Outokumpu will be able to service the specific needs of distributors and large-volume processors in ways that serve these customers in an optimal manner.

The geographic focus of the Group's distributor and processor business is Europe.

SERVICE CENTERS AND RETAIL SALES TAKE OUTOKUMPU CLOSER TO END-USER CUSTOMERS

As of January 1, 2009, Outokumpu's service centers and retail sales has been organized as a third sector in Group Sales and Marketing:

- Stock & Processing Operations
- Retail Sales

A key channel in serving end-user and project customers is the Group's network of stainless steel service centers. Outokumpu is currently expanding capacity at the Group's service center in Willich, Germany, with the expanded capacity coming on stream in 2009. A greenfield service center being built in Shanghai, China, to process mainly special grades will be operational in 2010. Other service center projects planned (Poland, Southern Germany, France and India) have been temporarily postponed because of the global financial crisis and the weaker stainless steel market. In 2008, Outokumpu completed the acquisition of SoGePar, a distributor based in Italy, which increased the Group's service center capacity by some 160 000 tons annually. The SoGePar units were integrated into the Group's commercial organization on January 1, 2009.

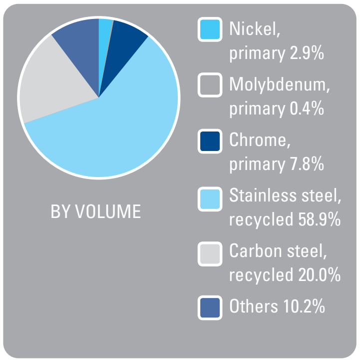
Retail Sales serves a large number of smaller local customers of service centers who have not been allocated to End-user and Project clusters.

Supply Chain Management

EMPHASIS ON SUPPLY CHAIN MANAGEMENT

As part of Outokumpu's strategic review and in pursuit of the Group's vision to be the undisputed number one in stainless steel, a decision has been made to focus on the development of customer-oriented supply chain thinking and development of end-to-end management of the internal value chain. The background for this decision was detailed analysis and development of Outokumpu's sales and marketing strategy. This has been developed to focus the Group's commercial operations on growth in the end-user and projects customer base, with the objective of creating increased stability in both sales and financial performance.

USE OF RAW MATERIAL



In line with this, Outokumpu has made changes to its organizational structure, aligning it with the new strategic aims. At the beginning of 2008, a new executive position with responsibility for managing the Group Supply Chain was created to develop efficiency and reliability in the operational supply chain and to ensure that end-user customers are attracted and retained. The new supply chain function includes order and demand management, procurement, production management, distribution management and supporting systems.

This function has been focused on management of supply chain operations at Group level, procurement (including raw materials and general procurement), and Outokumpu's Production Excellence program. The overall objective of supply chain operations is to deliver value for customers through quality products and on-time services while optimizing the efficient flow of products through Group operations all the way from raw material receipt to customer deliveries. The aim of the procurement function is to leverage the Group's buying power and procurement excellence to reduce costs and improve operational efficiency, and the Production Excellence team will continue to train Group employees through the Production Excellence Change Agent Training Program (PECAT) while also targeting and eliminating waste, losses and inefficiencies in production operations.

SUPPLY CHAIN MANAGEMENT STRATEGY

The primary aims of the new Supply Chain Management (SCM) function are:

- To create value as perceived by the customer through improving and stabilizing the Group's delivery performance;
- to improve the management of inventories as these account for a very high proportion of Group costs;
- levering Procurement activities via a new Procurement Excellence program; continuing the development and sustainability of the Production Excellence program;
- and improving forecasting and the Group's ability to adapt rapidly to changes in the business environment.

The SCM function is also responsible for linking the Group Sales & Marketing forecasting process with material flows, plant loading, inventory targeting and raw material planning to ensure that the Group's objectives are met. The Supply Chain is being transformed into a lean system that enables improved flows, better delivery reliability, shorter lead times and lower inventories than in the past, resulting in a more agile system capable of matching customer needs.

During 2008, the SCM team has focused on understanding the current state of the Group Supply Chain, performing a gap analysis to the 'future state' and determining the strategy to deliver the capability to meet the needs. In essence, Outokumpu is embarking upon a three-phases to improve the Group's supply chain efficiency (i.e. delivery performance and inventory control) by 'stabilizing' (cleaning the system), 'decoupling' (controlling the system), and finally reducing lead times (improving the system).

PROCUREMENT

Launched in May 2008, the Procurement Excellence program (PEX) targets the building of capabilities for continuous procurement improvement, and reductions in Outokumpu's total cost of procurement by eliminating losses such as purchase-volume fragmentation, the lack of alternative sources, untapped supplier know-how, non value-added activities, and losses generated by uncontrolled spending.

The hunt for procurement losses i.e. opportunities for improvement, starts with analyzing and categorizing the Group's purchase spend and evaluating the losses and levers in the main purchasing categories. The input to the next phase is a list of the categories that have the highest potential for savings.

The key theme in the second phase of the program is introduction of cross-functional and cross-business unit category teams, and in-depth analysis and elimination of the procurement losses in the selected categories.

These category teams follow a structured method for eliminating procurement losses. They pool the Group's purchasing volumes, search systematically for new ideas, question the needs and utilize suppliers' creative capacity from the total-cost perspective. The Group level purchase agreements in a certain category are concrete results of the category teams' work.

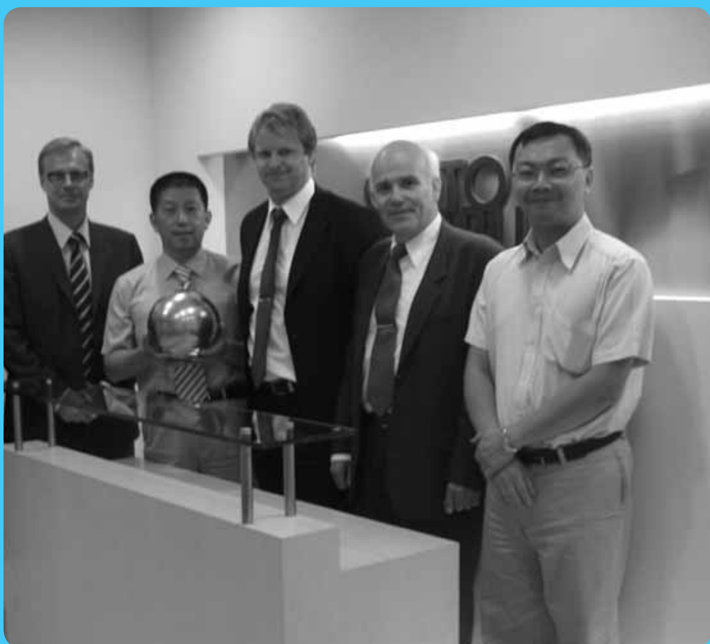
There are currently eleven different category teams, five of them active. Six teams have already successfully concluded their activities and signed Group-level contracts with suppliers. All of the existing category teams are global, i.e. all of Outokumpu's major plants are involved in the teams which focus on supplies from global markets.

The third phase of the PEX program will launch more category teams and implement so-called procurement pillars. A pillar is a small, cross-functional team responsible for analyzing losses, providing problem-solving know-how, managing improvement work and setting standards. Three different pillars will be implemented on Group-level. Later on, similar kind of pillars will be implemented also regionally and locally.

In 2009, the target is to launch the first Group-level pillar and 13 new category teams. The five category teams that are currently active will also finalize their activities. While most of the new category teams will be global, some will concentrate only on regional supplier markets. Training is an important element in all steps of PEX implementation. The target is to start a

Case

NEW NUCLEAR REACTORS IN CHINA – A GOOD RESULT OF TEAMWORK



People from Outokumpu's global Sales and Marketing: Timo Levoranta, Chang-Ching Sun, Ola Svensson, Bela Leffler and Kenneth Ng.

Chang-Ching Sun works for Sales and Marketing in Asia Pacific.

International teamwork achieves good results – Outokumpu's LDX 2101 to be used in new nuclear reactors in Sanmen, China.

Shandong Nuclear Power Equipment Manufacturing Company (SNPEMC) and engineering company Westinghouse will be using Outokumpu's LDX 2101 in new nuclear reactors being built in Sanmen, near Shanghai in China. The AP1000 is a generation III+ nuclear reactor. It is the latest development by Westinghouse and represents a state-of-the-art Pressurized Light Water Reactor. It is designed to provide an economic and efficient design that will operate at the highest standards of safety.

To reduce construction risks the plant is built on a modular construction design that ensures better quality and reduces construction costs. Some of the modules require stainless steel as cooling waters for the reactor might come into contact with them.

Outokumpu's LDX 2101 is used for the walls and floors of modules containing different types of equipment. Each module is built according to the same principle: inner walls of LDX 2101 and outer walls of painted carbon steel and the intermediate space filled with concrete. The steel walls serve as both outer reinforcement and radiation shields, and the LDX 2101 also acts as a corrosion-resistant leak barrier, in the unlikely event that leaks should occur inside the modules.

This project is good example of international teamwork at Outokumpu. Personnel from several countries participated. Operations extended from the USA to China to Sweden, involving Group resources on three continents and a number of local teams, each of which built on and added to the efforts of the other teams.

Teamwork like this is an important step towards Outokumpu's goal of becoming the undisputed number one in stainless steel.

Category Manager training program in 2009, and to train also the first pillar team members.

Implementation of a tool for reporting financial benefits achieved through the PEX program is under way and will be fully implemented during 2009. Results achieved by the initial category projects have been promising and the Group's PEX program is delivering significant financial savings.

At Group level, the share of materials accounted for by recycled raw materials has grown compared with primary raw materials. Recycled raw materials represent nearly 60% of the value of nickel used in production. The Production Excellence programs have yielded further improvement in the use of recycled steel, and as this is the cheapest source of nickel, chrome and molybdenum used in alloying stainless steel, the total cost of raw materials per melt has declined significantly. All raw material procurement contracts are made at Group level, and the raw materials volume supplied to meltshops are agreed on a joint basis.

COMMON ERP SYSTEM TO SUPPORT PROCUREMENT AND INVENTORY PROCESSES

Launched in April 2007, the objective of the OUPEX Program (Outokumpu Procurement Excellence Program) is to develop a common way of working in procurement. A common Outokumpu ERP (Enterprise Resource Planning) system will also be implemented to support the common processes. The target is to implement the first part of the program in 2009. Employing common processes and the ERP system will allow coordination between procurement and inventory processes to be improved and provide better visibility of Group-level information.

PRODUCTION EXCELLENCE IS THE PREFERRED PROBLEM-SOLVING TOOL

The purpose of the Production Excellence program (OK>1) is to reduce waste i.e. to identify and take advantage of improvement opportunities. The quest against losses, and the first phase of OK>1 implementation, begins with achieving an understanding of how these losses occur through detailed and systematic analyses of operations e.g. the following: quality, cost, volume, delivery, innovation, safety, motivation and environment. Input to the next phase is a plan of defining problems to be solved, and the aim of the phase is to train problem solving and to introduce improvement teams as a way of solving problems.

Further in-depth analysis and the need for problem-solving know-how then triggers the third phase of implementation, in which the key theme is the introduction and building up of so-called pillars. There are currently ten different types of pillars, with specific types being deployed in similar ways in several of the Group's plants, making communication between these pillars uncomplicated. Pillar leaders also make up a forum called the Master Pillar at Group level. Strict follow-up of how well OK>1 is being implemented and used is applied on improvement teams, in pillars and finally in whole plants in the form of an audit scheme executed by management. Training is an integral component in all steps of implementation. PECAT is the most demanding training, and it takes a year. Today Outokumpu has about 70 trained PECATS and a further 50 in training. These PECATS are Outokumpu's internal resources making the program and the development of the use of the tools and techniques sustainable. Implementation of the Production Excellence program is clearly delivering a new, sustainable, process-led way of working that is well understood and is becoming the Group's preferred problem-solving tool. During the course of 2009 focus will continue to be on reducing losses, and will additionally seek to use the OK>1 tools and techniques to support the Supply Chain strategy roll out, the Procurement Excellence programs and safety development.

Research and development

OUTOKUMPU GROUP has research centers in Tornio and Avesta, and the main objectives in R&D are process, products and application development. Some process and technology development work is also carried out in production units, and there are links between the Group's R&D operations and the Production Excellence program.

At Avesta, special grades including duplex, high-alloyed corrosion-resistant austenitic and heat-resistant alloys are a key focus area. Much effort has been put into the development of duplex grades, which offer a good combination of strength and corrosion resistance. The ideal application for duplex grades is large heavy-wall tanks, where weight savings of some 20% can be achieved. Demand for these grades has been strong in response to the high price of nickel. Customers have also shown growing interest in LDX 2101®, Outokumpu's own development of Lean Duplex, and license agreements to produce this grade have been made with some partners. New applications for LDX 2101® are continually being developed and related production technology has been improved.

Non-nickel containing ferritic grades provide the biggest opportunity to reduce the variation of the nickel price on raw material costs. R&D teams at Tornio Works have continued to work with and develop ferritic grades. Optimum process parameters and product properties for standard ferritic grades have been studied intensively at production scale, with the main focus on surface quality, formability and corrosion resistance. Four different grades have been launched commercially and the volumes sold are increasing. These grades are mostly used for indoor applications, kitchen utensils, domestic appliances and in the transportation segment.

Manganese grades (200-series) containing chrome, manganese and nickel are the third opportunity to reduce the use of nickel and these also represent an interesting alternative in many applications. Outokumpu is today capable of producing and selling also these grades. The most common product is the commodity grade 201, the chemistry of which has been modified by Outokumpu. The corrosion-resistant properties of this grade are almost equal to those of standard austenitic 304 (Cr-Ni), and it features higher strength.

The traditional focus for application development has been on process industries, where stainless steel plays a dominant role in the manufacture of industrial equipment used in the Pulp and Paper, Oil and Gas, Desalination and Chemical segments. Outokumpu's R&D experts work in close cooperation with the commercial organization and provide advice for both sales personnel and customers on product properties and material selection. The valuable direct feedback received concerning customer needs serves as input for further product development activity.

The high strength and good formability of stainless steels has made it the subject of further study for use as construction material in the Architectural, Building & Construction and Transport segments. Lower weight and low life-cycle costs of stainless steel make it an excellent substitute for many other materials. The INSAPTRANS project highlights potential applications for high-strength stainless steels in trains and buses. Activities within the Automotive segment have continued in the Next Generation Vehicle project, a co-operative project between some European stainless steel producers, car manufacturers and engineering companies. In crash tests, components for passenger cars made of high-strength stainless steels have yielded very promising results.

Outokumpu's experts are actively engaged in many international associations such as ISSF and EuroInox, as well as in EU cooperation projects. In Finland, together with other steel companies and universities, Outokumpu is participating in the New Pro program, in which some of the sub-projects are handling new products and applications for stainless steel. Outokumpu is also actively involved in the preparation of new research programs for FIMECC (the Finnish Metal and Engineering Competence Cluster). In 2008, Outokumpu's researchers made several presentations at international conferences on material properties and the selection criteria for different applications. For example, Outokumpu 's contribution to the 6th European Stainless Steel Conference in Helsinki in June was a significant one: Outokumpu experts contributed to some 20 papers.

The main subject of environmental research in 2008 was slag utilization. Studies of the properties of different slag products and the development of applications continued. When treated in an optimal manner, slag from steel meltshops is a suitable material for filling asphalt and concrete blocks and can be a substitute for virgin material. Development of the Hydroflux process to utilize processed pickling sludge in steel meltshops also continued.

In 2008, Outokumpu's R&D costs totaled EUR 20 million and the R&D function employed almost 200 professionals.

Energy

OUTOKUMPU'S ENERGY supplies are based on long-term supply agreements and investments in power-generation capacity.

The primary task of the Group's Energy function is to procure electrical energy for Outokumpu's Nordic sites at favorable and stable prices, and to hedge against future price changes. The Energy function also supports Group companies in their energy-related activities.

During the first half of 2008, prices in the Nordic electricity market continued to increase and featured high levels of volatility. Prices in long-term power contracts continued to rise as a result of actions to combat climate change, and of high fuel prices. However, the global financial crisis that started in the second half of 2008 also affected the Nordic power market. Power prices in future years fell significantly, mainly as a result of the reduction in fuel prices. Outokumpu's policy is to price hedge electrical power for at least the next 3–5 years so that a minimum of 80% of anticipated consumption is covered. The indicative diagram on this page illustrates the mix of energy sources used by the Group over time.

In July 2008, Outokumpu signed a deal with Swedish Vattenfall concerning electricity deliveries totaling some 15 TWh (terawatt hours) in Finland and Sweden over a ten-year period. Unique in its scope, this deal is viewed as a powerful contribution to Nordic co-operation. In addition to the extensive deliveries of electricity that will commence in 2010, Vattenfall and Outokumpu have also agreed on electricity portfolio management services to be provided by Vattenfall, as well as on co-operation in using energy more efficiently.

During 2008, the Fennovoima nuclear power project proceeded as planned, with the main milestones being the acquisition of land at three optional site locations and completion of the Environmental Impact Assessment Report in October, as well as submission of the application for the Decision-in-Principle in January 2009. Co-owned by Finnish industrial and utilities groups (66%) and the German utility company E.ON (34%), Fennovoima plans to license and build a state-of-the-art 1 500–2 500 MW nuclear power plant in Finland by 2020. Outokumpu has a 9% stake in Fennovoima, with the aim of obtaining 150 MW of electricity from the new plant at the cost of production, an amount representing more than half of Tornio Work's current needs.

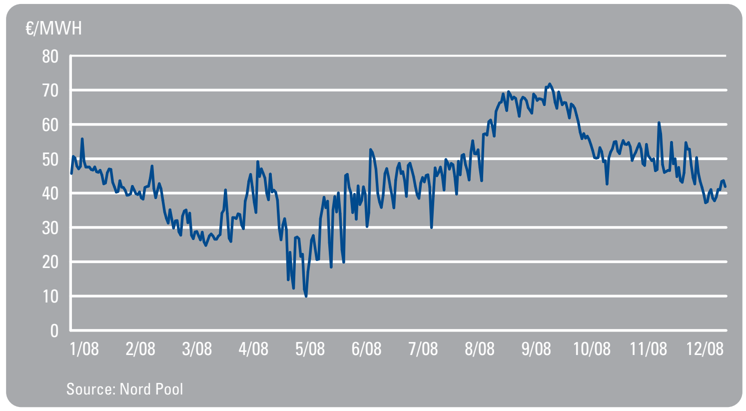
Outokumpu's long-term hydropower lease, which provides Outokumpu with some 100 MW of the Rana hydropower facility in Norway, performed normally during 2008. Deliveries under the 15-year agreement began on January 1, 2006.

Rajakiiri Oy, a company in which Outokumpu has a minority stake, is planning to build a wind farm at Cape Röyttä near Tornio. The first investment decisions in connection with this project are expected in the first quarter of 2009.

The Tornio CHP (combined heat and power) plant, in which Outokumpu also has a minority stake, delivers heat to the Tornio Works and has been fully operational during 2008. Tornion Voima's agreement to take over Fortum's heat business in Tornio will result in better optimization of the CHP plant, improvements in energy efficiency and reduced emissions in the Tornio region.

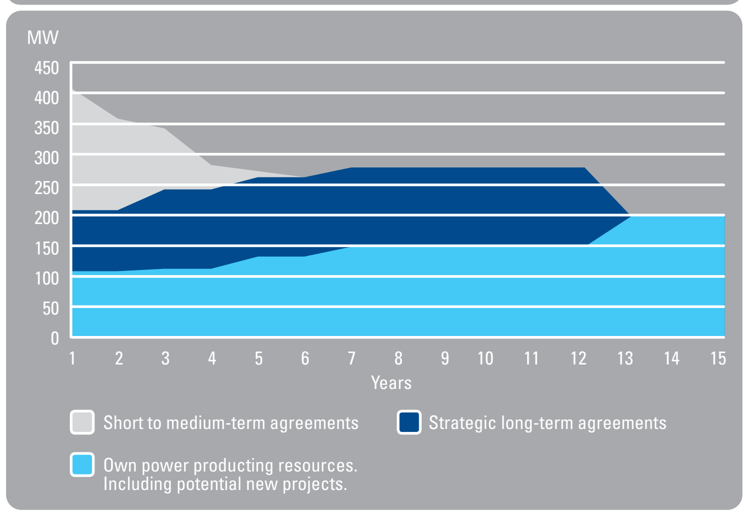
In 2008, Outokumpu's consumption of electrical power totaled some 3.2 TWh, of which the Group's Nordic operations consumed some 2.8 TWh.

NORDIC DAILY SPOT PRICES



Source: Nord Pool

OUTOKUMPU'S PLANNED POWER PROCUREMENT MODEL (INDICATIVE)



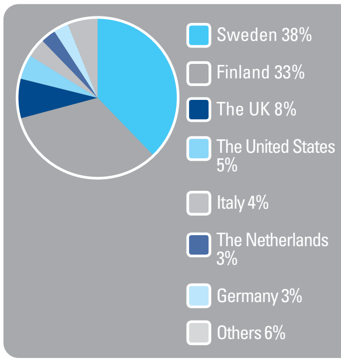
Human Resources

OUTOKUMPU'S aim to become the undisputed number one in stainless steel comprises the aim to be the most attractive employer in stainless. Outokumpu's aim is also to be an important and visible player in the local communities where the Group is located. The Human Resources function continued its efforts to meet these objectives in 2008.

KEY FIGURES

	2008	2007
Sales/person, € million	0.6	0.8
Incentives of total remuneration costs, %	4.9	5.6
Training costs of total remuneration costs, %	1.4	1.4
Training days/person	2.8	3.3
Days lost due to strikes	4	1 235
Personnel turnover, %	7.0	6.1

PERSONNEL BY COUNTRY AT YEAR-END



LISTENING TO PERSONNEL

The O'People personnel survey was conducted for the fourth time in 2008. The survey's purpose is to understand the needs and opinions of Group personnel with the aim of developing organization and personnel as well as the workplace. The response rate in 2008 was 75.5% (2007: 64%). The O'People survey 2008 was a follow up to the 2007 survey to assess if the actions taken in 2008 to improve well-being had been successful. Scores in all main categories improved.

TRAINING AND DEVELOPMENT

Continuous personnel training and development is one of the key priority areas of Outokumpu's human resources agenda. The Group offers a number of development programs and opportunities which focus on developing skills and competence.

To maintain its position as the cost leader in the stainless steel industry, Outokumpu has been running so-called Operational Excellence programs since 2005. These programs consist of theoretical training, real project work and leadership training.

Stainless Pro, an international program for graduates with a university level degree, was initiated in 2007. Seven new trainees started the program in September 2008. During the two-year program, trainees are given the opportunity to work in different Outokumpu business units.

Training costs in 2008 totaled 1.4% of total salaries (2007: 1.4%). The Group provided 2.8 training days per employee (2007: 3.3).

PERFORMANCE AND DEVELOPMENT DIALOGUES FOR ALL

In 2008 almost all employees participated in performance and development dialogues. During these discussions, the subordinate's performance during the past year is reviewed and new targets are set for the year ahead.

CO-OPERATION BETWEEN MANAGEMENT AND PERSONNEL

The forum dedicated to co-operation between personnel and management is called Outokumpu Personnel Forum. It includes 21 personnel representatives from around the world, in addition to representatives from Human Resources and senior management. The forum's 17th annual meeting was held in Cremona, Italy, in 2008.

A working committee appointed by the forum is responsible for ongoing co-operation between personnel and management. During 2008, the committee held seven meetings with the Group's senior management.

THE NUMBER OF EMPLOYEES INCREASED

In December 2008, the Group employed 8 471 people in some 30 countries (2007: 8 108). The average length of service was 15 years. Personnel turnover in 2008 amounted to 7% and the average age of the Group's permanent employees was 43.3.

More information on social responsibility can be found in Outokumpu and our environment 2008, the Group's corporate responsibility report (based on the Global Reporting Initiative guidelines G3). www. outokumpu.com

Mari Tuomaala works at Tornio Works.

Environment

STAINLESS STEEL is 100% recyclable, corrosion-resistant and hygienic. The environmental impact resulting from its use is minimal. The production process, however, does have an impact on the environment. Outokumpu makes every effort to minimize the impact of its operations on the environment, as much as economically and technically feasible. The year 2008 was declared Outokumpu's Corporate Responsibility Theme Year, with concrete and measurable environmental and social goals being set for both plants and offices. Outokumpu's environmental goals target reductions in the Group's energy consumption, cutting the amounts of waste sent to landfill, and contributing to reductions in global CO_2 emissions.

The greatest burdens placed on the environment by stainless steel production result from emissions of dust and particulates into the air, waste streams/landfilled wastes, high levels of direct and indirect energy consumption which contribute to global warming, intake of cooling water, and discharges from plants that may cause water and soil contamination.

MAXIMIZING VALUE WHILE MINIMIZING ENVIRONMENTAL BURDEN

Outokumpu's vision is to become the undisputed number one in stainless steel and this goal includes being the industry leader in environmental issues. To ensure maximizing of the economic value created with the least resources possible, a project called ENO (Environmentally Number One) was initiated to develop an internal environmental value chain. In this project, every value-creating phase is evaluated in terms of its environmental consequences and material requirements by grade and by process, allowing Outokumpu to maximize the eco-efficiency of the Group's production. ENO includes analyses and evaluations of specific emissions, side-streams and the environmental costs of different steel grades and product phases.

The first phase in the ENO project was carried out at Tornio Works in 2007. During 2008–2009, the ENO project second phase is carried out at Avesta Works in Sweden.

SPILLS AND NON-COMPLIANCES

All of Outokumpu's larger production sites have an environmental management system (EMS) or risk-based management systems; 22 of the Group's 26 sites have ISO 14001 certification. These types of management systems help avoid spills and accidents that can be harmful to humans and/or the environment.

Some spills and non-compliances were reported in 2008 at Tornio, Sheffield and Richburg in the US. Appropriate actions were taken following all these incidents. In overall terms, emissions and discharges at the Group's sites during 2008 were at normal levels and complied with existing environmental permits.

EMISSIONS INTO THE AIR

Although dust emissions have traditionally been the most significant class of emission from the steel industry, emissions of dust by Outokumpu have decreased in the past years despite an increase in production levels. The majority of particulate emissions by Outokumpu originate from the steel mills in Tornio and Avesta and the hot-rolling mill in New Castle in the US.

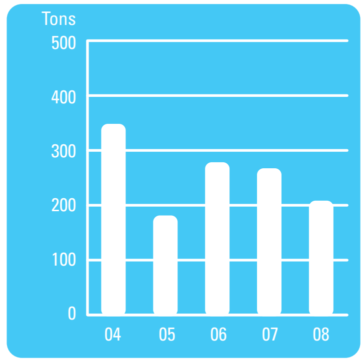
In 2008, Outokumpu's carbon dioxide emissions totaled 871 000 tons (2007: 932 000 tons).

WASTE

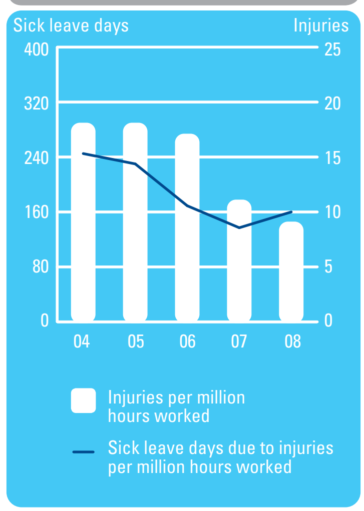
The major waste streams from Outokumpu's stainless steel operations are slags, sludges, dusts and scales. Wherever practicable, wastes are collected and recycled to recover valuable alloying elements such as nickel, chromium and molybdenum.

As part of the Corporate Responsibility Theme Year, Outokumpu set targets of reducing the amounts of waste sent to landfill by 10%. This target was reached, mainly due to byproduct utilization, investing in new recycling technologies and solutions and cutting the amount of non-classified waste produced in the Group's offices by 5%. This goal was not reached on Group level.

PARTICLE EMISSIONS TO AIR



INJURIES
(EMPLOYEES AND CONTRACTORS)



BY-PRODUCTS

The amount of waste generated by the steel industry can be reduced by modifying the melting process so that slag which would otherwise be sent to landfill is turned into a by-product. Outokumpu has during 2003–2008 invested several million euros in developing slag-based products, for example a one million euro investment for an automatic steel slag analyzer in Tornio to help ensure that the new steel slag products satisfy necessary environmental and technical requirements. These products are mainly used as construction materials.

ENVIRONMENTAL INVESTMENTS

At the beginning of 2008, Outokumpu announced that it would invest EUR 5 million in an environmental target to be decided through a Group-wide competition to combat climate change. Proposals were supposed to present innovative solutions for either lowering Outokumpu's carbon dioxide emissions or reducing the amount of waste generated. On December 8, it was announced that seven proposals would be put forward for further consideration, with the final decision being announced by the end of April 2009.

Direct environmental investments in 2008 were EUR 18 million including a carbon monoxide gasholder at Tornio, refractory and linings recycling process at Tornio, Hydroflux campaign at Avesta, gas cleaning scrubber at New Castle.

Health and Safety

SAFETY

Outokumpu believes that each employee has the right to a safe working environment. As well as being responsible for the safety of its own employees, the Group is responsible for the safety of subcontractors and suppliers when they are working at Outokumpu's production plants and other facilities. The injury rate in 2008 fell to 9 (2007: 11). One of the goals set by Outokumpu for the Corporate Responsibility Theme Year was to reduce the number of injuries by one-third to 8 injuries per million hours worked. There was a clear improvement, however this goal was not met. Injuries are reported in accordance with definitions issued by the World Steel Association (in previous reports they have been referred to as "accidents").

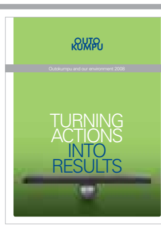
Measures to improve safety on the workplace include the Safety Log data management system introduced in January 2008 at all of the Group's business units and service centers, as well as the head office. Sales companies joined the system at the beginning of 2009. In addition to facilitating the monitoring of Outokumpu's safety status in real time, the system allows different units in the Group to make comparisons of reported data. Safety Log is based on international standards of the International Labor Organization (ILO) and the International Organization for Standardization (ISO).

To further improve safety, a comprehensive safety management evaluation was conducted consisting of an internal survey of safety perceptions and field assessments at 18 Group sites. The evaluation was conducted by DuPont Safety Resources. Also, a new Occupational Safety Committee comprising safety experts from different business units and members of the corporate management was established and it held its first meeting in September 2008.

HEALTH

The occupational health services provided by Outokumpu at its operating locations comply with national legislation and local needs. Focus is on improving working environment and employees' health is monitored by a variety of occupational health checks and fitness tests. Industrial hygiene measurements are carried out at the Group's production plants to monitor work-related exposures to issues such as noise and dust.

In 2008, an average of 5.6% of working time of the Group's employees was lost due to sickness or injuries (2007: 6.2%). A total of 5 occupational diseases were diagnosed during the year (2007: 4 cases diagnosed).



More information on Outokumpu's Environmental, Health and Safety performance can be found in Outokumpu and our environment 2008, the Group's corporate responsibility report (based on the Global Reporting Initiative guidelines G3). www.outokumpu.com

>> CORPORATE GOVERNANCE STATEMENT

Our move

DIVERSIFIED PRODUCT PORTFOLIO

Corporate governance

REGULATORY FRAMEWORK

The Group's parent company, Outokumpu Oyj, is a public limited liability company incorporated and domiciled in Finland.

In its corporate governance and management, Outokumpu Oyj complies with Finnish legislation, the Company's Articles of Association and the Corporate Governance Policy resolved and approved by the Board of Directors. Outokumpu follows the Finnish Corporate Governance Code, which was published on October 20, 2008 by the Securities Market Association and approved by the NASDAQ OMX Helsinki to be a part of their regulations. As one exception to this code, Outokumpu has both a Board Nomination and Compensation Committee and a Shareholders' Nomination Committee appointed by the Annual General Meeting of Shareholders. Furthermore, Outokumpu complies with the other regulations and recommendations issued by the NASDAQ OMX Helsinki.

TASKS AND RESPONSIBILITIES OF GOVERNING BODIES

The ultimate responsibility for the Group management and Group operations lies with the governing bodies of the parent company Outokumpu Oyj: the General Meeting of Shareholders, the Board of Directors and the President and Chief Executive Officer (CEO). The Group Executive Committee operates within the authorities of the CEO and has been formed for the efficient management of the Group.

GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders normally convenes once a year. Under the Finnish Companies Act, certain important decisions fall within the exclusive domain of the General Meeting of Shareholders. These decisions include the approval of financial statements, decisions on dividends and increasing or decreasing of share capital, amendments to the Articles of Association and election of the Board of Directors and auditors.

The Board of Directors convenes a General Meeting of Shareholders. The Board can decide to convene a General Meeting on its own initiative, but is obliged to convene a General Meeting if the auditor or shareholders holding at least 10% of the Company's shares so request. Furthermore, each shareholder has the right to bring a matter that falls within the domain of the General Meeting before a General Meeting of Shareholders, provided that a written request to do this has been received by the Board of Directors early enough to allow the matter to be placed on the agenda included in the notice announcing that a General Meeting is being convened. According to its Articles of Association, Outokumpu has only a single class of shares. All shares therefore have equal voting power at General Meetings of Shareholders.

SHAREHOLDERS' NOMINATION COMMITTEE

Outokumpu's Annual General Meeting 2008 decided, based on a proposal by the Company's largest shareholder, the Finnish State, to establish a Shareholders' Nomination Committee to prepare proposals for the following General Meeting of Shareholders on the composition of the Board of Directors and director remuneration. The Annual General Meeting 2008 also decided that the Shareholders' Nomination Committee should consist of the representatives of Outokumpu's four largest registered shareholders in the Finnish book-entry securities system on November 3, 2008, who accept the assignment. The Chairman of Outokumpu's Board of Directors acts as an expert member of the Committee.

The largest shareholders are determined based on their registered shareholdings in the Finnish book-entry system. However, holdings by a shareholder, who under the Finnish Securities Markets Act has the obligation to disclose changes in shareholdings (flagging obligation), e.g. divided into a number of funds, may be combined provided that the owner presents a written request to that effect to the Board of Directors of the Company no later than on October 31, 2008.

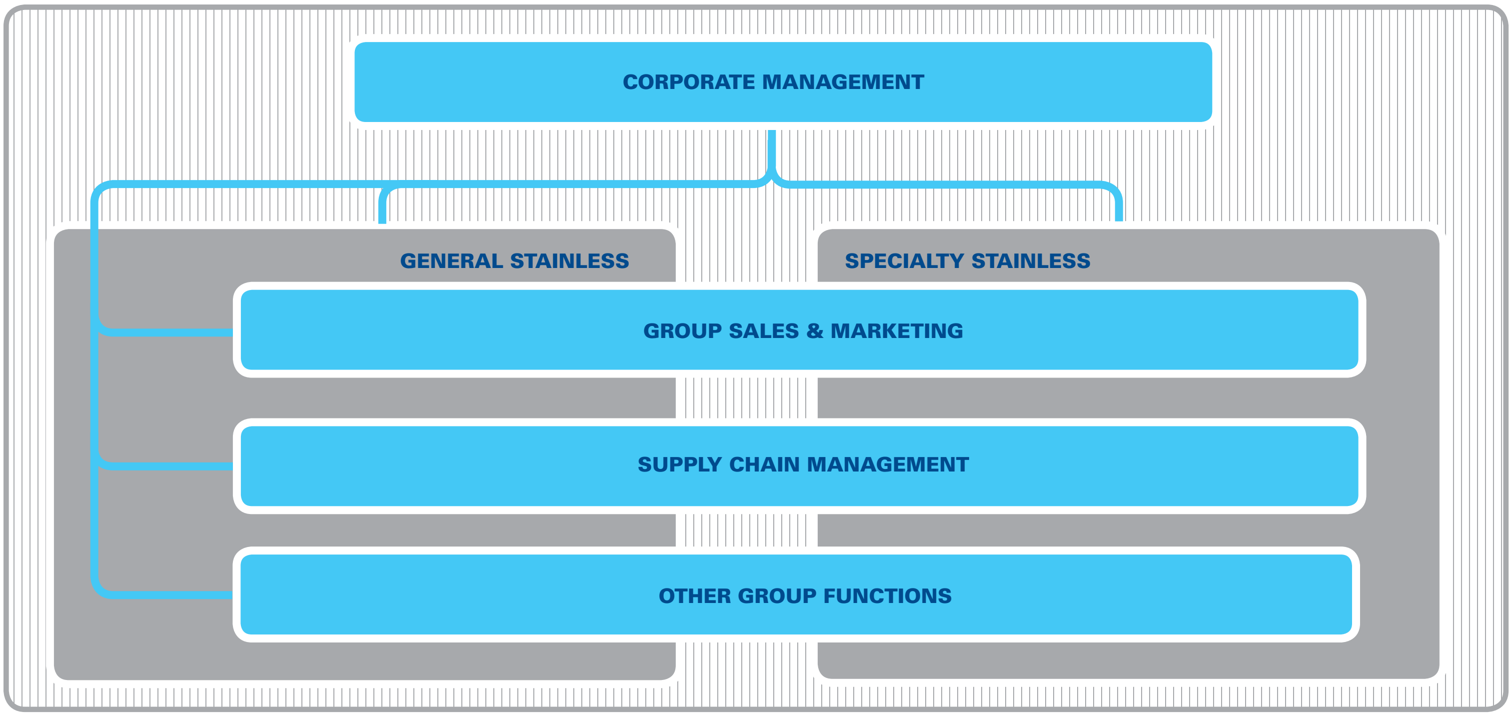
The representatives of the shareholders in the committee were: The Finnish State, The Finnish Social Insurance Institution, Ilmarinen Mutual Pension Insurance Company and OP-Delta Mutual Fund. These shareholders chose the following persons as their representatives on the Shareholders' Nomination Committee: Jarmo Väisänen, Senior Financial Counsellor, Prime Minister's Office (The Finnish State); Jorma Huuhtanen, Director General (The Finnish Social Insurance Institution); Harri Sailas, Chief Executive Officer (Ilmarinen Mutual Pension Insurance Company) and Reijo Karhinen, Executive Chairman, OP-Pohjola Group (OP-Delta Mutual Fund).

The Chairman of Outokumpu's Board Ole Johansson served as an expert member and Jarmo Väisänen as the Chairman of the Committee. The Committee submitted its proposals on Board composition and director remuneration to the Board of Directors. The Outokumpu Board has incorporated these proposals into the notice announcing the Annual General Meeting of Shareholders 2009.

BOARD OF DIRECTORS

The general objective of the Board of Directors is to direct the Company's business in a manner that secures a significant and sustained increase in the value of the Company for its shareholders. To this end the members of the Board offer their expertize and experience for the benefit of the Company. The tasks and respon-

ORGANIZATION



sibilities of the Company's Board of Directors are determined on the basis of the Finnish Companies Act as well as other applicable legislation. The Board has general authority to decide and act in all matters not reserved for other corporate governing bodies by law or under the provisions of the Company's Articles of Association. The Board's general task is to organize the Company's management and operations. In all situations, the Board must act in accordance with the Company's best interests.

The Board of Directors has established rules of procedure, which define its tasks and operating principles. The main duties of the Board of Directors are as follows:

With respect to directing the Company's business and strategies:

- To decide on the Group's basic strategies and monitor their implementation;
- To decide on annual authority frames for the Group's capital expenditure, monitor their implementation, review such plans quarterly and decide on changes;
- To decide on individual investments or items of expenditure that are included in the authorized capital expenditure frames and have a value exceeding EUR 20 million, as well as on other major and strategically important investments;
- To decide on any individual business acquisitions and divestments within the current scope of business, having a value exceeding EUR 10 million;
- To decide on any financing arrangements by any Group company which either exceed EUR 150 million, are organized by way of public offerings, or which are otherwise out of the Group's normal course of business; and
- To decide on any other commitments by any of the Group companies that are out of the ordinary either in terms of value or nature, taking into account the size, structure and field of operation of the Group.

With respect to organizing the Company's management and operations:

- To nominate and dismiss the CEO and his deputy, and to decide on their terms of service, including incentive schemes, on the basis of a proposal made by the Board Nomination and Compensation Committee;

- To nominate and dismiss members of the Group Executive Committee, to define their areas of responsibility, and to decide on terms of service, including incentive schemes, on the basis of a proposal by the Board Nomination and Compensation Committee;
- To monitor the adequacy and allocation of the Group's top management resources;
- To decide on any significant changes to the Group's business organization;
- To define the Group's ethical values and methods of working;
- To ensure that policies outlining the principles of corporate governance are in place;
- To ensure that policies outlining the principles of managing the Company's insider issues are in use; and
- To ensure that the Company has other guidelines concerning matters which the Board deems necessary and fall within the scope of the Board's duties and authority.

With respect to the preparation of matters to be resolved by General Meetings of Shareholders:

- To establish a dividend policy and issue a proposal on dividend distribution; and
- To make other proposals to General Meetings of Shareholders.

With respect to financial control and risk management:

- To discuss and approve interim reports and annual accounts;
- To monitor significant risks related to the Group's operations and management of such risks; and
- To ensure that adequate procedures concerning risk management are in place.

The Board of Directors also assesses its own activities on a regular basis.

The Board of Directors is quorate when more than half of its members are present. A decision by the Board of Directors shall be the opinion supported by more than half the members present at a meeting. In the event of a tie, the Chairman shall have the casting vote.

The Annual General Meeting elects the chairman, the vice chairman and the other members of the Board of Directors for a term expiring at the close of the following Annual General Meeting. The entire Board is therefore elected at each Annual General Meeting. A Board member may be removed from office at any time by a resolution passed by a General Meeting of Shareholders. Proposals to the Annual General Meeting concerning the election of Board members which have been made known to the Board prior to the Annual General Meeting will be made public if a given proposal is supported by shareholders holding a minimum of 10% of all the Company's shares and voting rights and if the person proposed has consented to such nomination.

Under the Articles of Association, the Board shall have a minimum of five and a maximum of twelve members. The Company's largest shareholders have confirmed that they are in favor of a principle according to which members of the Company's Board of Directors should, as a rule, be qualified experts from outside the Company. According to the Articles of Association, a person who has reached the age of 68 years cannot be elected as a member to the Board of Directors. In the Annual General Meeting 2008 a board consisting of eight members was elected. Seven of the members are independent of the Company and six are independent of both the Company and its main shareholders.

The Board of Directors shall meet at least five times a year. In 2008, the Board met ten times. The average attendance rate of members at board meetings was 96%.

See Board of Directors on page 60–61.

BOARD COMMITTEES

The Board of Directors has set up two permanent committees from among its members and confirmed rules of procedure for these committees. The committees report on their work to the Board of Directors.

The Audit Committee comprises four Board members, who are all independent of the Company and three members are independent of the main shareholders. See Board of Directors on page 60–61. The task of the Audit Committee is to deal with matters relating to financial statements, auditing work, internal controls, the scope of internal and external audits, billing by auditors, the Group's financial policies and other procedures for managing the Group's risks. In addition, the Committee prepares a recommendation to the Company's largest shareholders concerning the election of an external auditor and auditing fees. The Audit Committee met two times during 2008 and the average attendance rate of the members was 100%.

The Nomination and Compensation Committee comprises the Chairman of the Board and two other Board members, who are all independent of the Company and the main shareholders. See Board of Directors on page 60–61. The tasks of the Committee do not comply in all respects with the Finnish Corporate Governance Code published by the Securities Market Association in co-operation with the Confederation of Finnish Industries (EK), NASDAQ OMX Helsinki and the Central Chamber of Commerce of Finland. The task of the Nomination and Compensation Committee is to prepare proposals for the Board of Directors concerning appointment of the company's top management – excluding the Board of Directors – and the principles of their compensation. The Committee is authorized to determine the terms of service and benefits of the Group Executive Committee members other than the CEO and the Deputy CEO. The Nomination and Compensation Committee met four times during 2008 and the average attendance rate of the members was 100%.

For attending to specific tasks, the Board of Directors can also set up temporary working groups from among its members. These working groups report to the Board. During 2008 no such working groups were set up.

FEES, SALARIES AND EMPLOYEE BENEFITS PAID

2008

€	Salaries and fees with employee benefits	Performance/project-related bonuses	Options	Total
Board of Directors				
Chairman of the Board, Johansson	67 800	-	-	67 800
Vice Chairman of the Board, Soila	37 050	-	-	37 050
Board member, Henkes	45 500	-	-	45 500
Board member, Härmälä	15 000	-	-	15 000
Board member, Kilpelä	29 700	-	-	29 700
Board member, de Margerie	44 300	-	-	44 300
Board member, Nilsson-Ehle	47 700	-	-	47 700
Board member, Oksanen	37 900	-	-	37 900
Board member, Saarinen	37 800	-	-	37 800
Board member, Turunen	8 200	-	-	8 200
CEO	758 573	402 052	930 512	2 091 137
Deputy CEO	390 774	162 512	-	553 286
Other Group Executive Committee members	1 516 205	585 052	394 428	2 495 685

2007

€	Salaries and fees with employee benefits	Performance/project-related bonuses	Options	Total
Board of Directors				
Chairman of the Board, Härmälä	61 000	-	-	61 000
Vice Chairman of the Board, Johansson	42 000	-	-	42 000
Board member, Henkes	40 300	-	-	40 300
Board member, Lohiniva	8 200	-	-	8 200
Board member, de Margerie	29 600	-	-	29 600
Board member, Nilsson-Ehle	41 300	-	-	41 300
Board member, Oksanen	25 600	-	-	25 600
Board member, Saarinen	35 300	-	-	35 300
Board member, Suonoja	8 200	-	-	8 200
Board member, Turunen	34 800	-	-	34 800
CEO	683 039	354 517	140 876	1 178 432
Deputy CEO	347 503	186 025	-	533 528
Other Group Executive Committee members	1 302 743	543 781	621 645	2 468 169

Shares and options received through share-related schemes are also included in the tables regarding shareholdings and options.

CEO AND DEPUTY CEO

The CEO is responsible for the Company's day-to-day operations with the objective of securing significant and sustainable growth in the value of the Company to its shareholders. The CEO prepares the matters for the Board of Directors' decision-making, develops the Group in line with the targets agreed with the Board and ensures proper implementation of the Board's decisions. It is further the CEO's responsibility to make sure that existing laws and regulations are observed throughout the Group. The CEO chairs meetings of the Group Executive Committee. The Deputy CEO is responsible for attending to the CEO's duties in the event that the CEO is prevented from attending to them.

GROUP EXECUTIVE COMMITTEE

The role of the Group Executive Committee is to manage Outokumpu's main business, stainless steel, as a whole. The committee members have extensive authorities in their individual areas of responsibilities and have the duty to develop the Group's operations in line with the targets set by the Board of Directors and the CEO. The Group Executive Committee consists of eight members appointed by the Board of Directors. The members of the committee are the CEO and his Deputy, Executive Vice President – General Stainless, Executive Vice President – Specialty Stainless, Executive Vice President – Supply Chain Management, Executive Vice President – Group Sales & Marketing, Executive Vice President – Chief Financial Officer, and Executive Vice President – Human Resources. The Group Executive Committee meets 1–2 times a month. See Executive Committee on pages 62–63.

GROUP MANAGEMENT

Outokumpu's Corporate Management consists of the Chief Executive Officer, members of the Group Executive Committee, and managers and experts who assist the CEO and the Group Executive Committee members. The task of Corporate Management is to manage the Group as a whole, and its duties include coordination and execution work in the areas of strategy and planning, business development, financial control, internal audit, human resources, environment, health and safety, communications and investor relations, legal affairs as well as treasury and risk management. In addition to the Corporate Management tasks, Outokumpu's functional steering across the businesses has been organized into Sales and Marketing functions and Supply Chain Management. Certain support functions have been centralized at Group level. The Outokumpu Group is managed in accordance with its business organization, in which the legal company structure of the Group provides the legal framework for operations. Clear financial and operational targets have been defined for all the Group's operational businesses.

Outokumpu's businesses are organized into five business units: Tornio Works, Special Coil and Plate, Thin Strip, OSTP (Outokumpu Stainless Tubular Products) and Long Products. The business units report directly to individual Group Executive Committee members. In the reporting, the business units are consolidated into two divisions according to the types of product produced; General Stainless (Tornio Works and Long Products) and Specialty Stainless (Special Coil and Plate, Thin Strip and OSTP).

As a discontinued operation, Outokumpu Brass is managed separately from the Group through the Outokumpu Brass's Board of Directors.

SHARES AND OPTIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS

February 3, 2009

Member	Shares
Ole Johansson	1 789
Anssi Soila	5 500
Victoire de Margerie	500
Evert Henkes	0
Jarmo Kilpelä	300
Anna Nilsson-Ehle	800
Leo Oksanen	2 387
Leena Saarinen	1 495
Total	12 771

REMUNERATION

Annual fees for members of the Board of Directors as confirmed by the Annual General Meeting 2008 are the following: Chairman EUR 70 000, Vice Chairman EUR 43 000, other members EUR 34 000. All members of the Board of Directors are to be paid a meeting fee of EUR 600 (EUR 1 200 for non-Finnish members). The meeting fee is also paid for meetings of Board committees.

The period of notice for the CEO is six months on both sides. If the Company terminates the CEO's employment for a reason or reasons unconnected with his performance or events interpreted as him having failed in his duties, the Company will make a compensation payment. The amount of this payment will total the CEO's basic salary in the preceding 24 months plus the monetary value of his employee benefits at the moment of termination. The performance-related bonus paid to the CEO and members of the Group Executive Committee in addition to their salary and employee benefits for the year 2009 is determined on the basis of achieving Group's ROCE (Return on capital employed) target, operating profit margin compared with a peer group, operational (safety and delivery reliability and increase of deliveries to projects and end-users customers) targets and separately set individual targets. The maximum amount of this bonus is for the CEO 75% and for the other members of the Group Executive Committee 60% of the annual base salary.

No separate remuneration is paid to the CEO or members of the Group Executive Committee for membership of the Committee or the other internal

SHARES AND OPTIONS OF THE GROUP EXECUTIVE COMMITTEE MEMBERS

February 3, 2009 Member	Shares	Options 2003A	Options 2003B	Options 2003C	Shares-base incentive program 2006–2008	Shares-base incentive program 2007–2009	Shares-base incentive program 2008–2010
Juha Rantanen	20 000	-	-	17 500	30 000	15 500	16 500
Karri Kaitue	4 880	-	19 320	15 000	15 000	7 500	8 000
Jamie Allan	-	-	-	-	4 000	2 100	5 500
Bo Annvik	-	-	-	10 000	-	5 300	5 500
Pekka Erkkilä	9 000	-	-	15 000	10 000	5 300	5 500
Andrea Gatti	10 263	-	-	10 000	10 000	5 300	5 500
Esa Lager	13 000	-	-	10 000	10 000	5 300	5 500
Timo Vuorio	3 500	-	-	10 000	10 000	5 300	5 500
Total	60 643	-	19 320	87 500	89 000	51 600	57 500

governing bodies of the Group. Members of the Group Executive Committee are entitled to retire at the age of 60. Pension benefits of Finnish members of the Group Executive Committee amount to 60% of the total average annual salary in the last five full years of service. The Company has not given any guarantees or other similar commitments on behalf of the members of the Board of Directors or the Group Executive Committee. Neither members of the Board of Directors or the Group Executive Committee, or closely related persons or institutions, have any significant business relationships with the Company.

MANAGING OF INSIDER ISSUES

Outokumpu's Insider Rules are based on and comply with the Guidelines for Insiders by NASDAQ OMX Helsinki. The Company's permanent insiders with a duty to declare consist of the members of the Board of Directors, the Auditor in Charge, the CEO and his deputy, as well as the other members of the Group Executive Committee. Outokumpu maintains a public register on the permanent insiders with the duty to declare. Employees of the Group who receive inside information on a regular basis due to their positions or tasks are registered in a non-public register of permanent company specific insiders. Permanent insiders must not purchase or sell securities issued by the Company in the 14 days prior to publication of interim reports or annual accounts (the so called closed window).

Separate non-public project-specific insider registers are maintained for insider projects. Persons defined as project-specific insiders are those who in the course of their duties in connection with a project receive information concerning the Group which, when realized, is likely to have a significant effect on the value of the company's publicly traded securities.

Outokumpu's General Counsel is responsible for coordinating and supervising insider issues. Up-to-date information on holdings by Outokumpu's permanent insiders with a duty to declare can be found on the Outokumpu website, www.outokumpu.com.

AUDITORS

Under the Articles of Association, the Company shall have a minimum of one and a maximum of two auditors who are auditors or firms of independent public accountants authorized by the Central Chamber of Commerce of Finland. The Annual General Meeting elects the auditors to a term of office ending at the close of the next Annual General Meeting. Proposals to the Annual General Meeting concerning the election of auditors which have been made known to the Board prior to the Annual General Meeting will be made public if the proposal is supported by shareholders holding a minimum of 10% of all the Company's shares and voting rights and if the person or company proposed has consented to such nomination. The Company's auditors submit the statutory auditor's report to the Company's shareholders in connection with the Company's financial statements. The auditors also report their findings to the Board of Directors on a regular basis. The parent company, Outokumpu Oyj, is audited by KPMG Oy Ab, and the Auditor in charge is Mauri Palvi, Authorized Public Accountant. KPMG Oy Ab is also responsible for overseeing and coordinating the auditing of all Group companies.

Both Outokumpu and KPMG Oy Ab highlight the requirement for an auditor to be independent of the company being audited. In its global independence policy, KPMG Oy Ab has stated its commitment to applying the Code of Ethics of the International Federation of Accountants (IFAC).

Outokumpu's Board Audit Committee continuously monitors the global level of non-audit services purchased by the Group from KPMG Oy Ab. In 2008, auditors were paid fees totaling EUR 3 million, of which non-auditing services accounted for EUR 1 million.

Board of Directors

Chairman
OLE JOHANSSON
b. 1951, Finnish citizen
B.Sc. (Econ.)

Outokumpu Board member 2002–
Chairman of the Board 2008–
Vice Chairman of the Board 2004–2008
Chairman of the Nomination and Compensation Committee
Independent of the company and its significant shareholders.

President and CEO: Wärtsilä Corporation 2000–
Chairman of the Board: Technology Industries of Finland
Vice Chairman of the Board: Confederation of Finnish Industries, Varma Mutual Pension Insurance Company

Vice Chairman
ANSSI SOILA
b. 1949, Finnish citizen
M.Sc. (Eng.), B.Sc. (Econ.)

Outokumpu Board member 2008–
Vice Chairman of the Board 2008–
Member of the Audit Committee
Independent of the company and its significant shareholders.

CEO: Kone Corporation 1994–1999
Vice Chairman of the Board: Normet Group Oy
Board member: Outotec Oyj, Aspocomp Oyj, Lindström Oy, DNA Oy, Attendo AB, Å & R Carton AB

EVERT HENKES
b. 1943, Dutch citizen
B.Sc. (Ag. Econ.)

Outokumpu Board member 2003–
Member of the Nomination and Compensation Committee
Independent of the company and its significant shareholders.

CEO: Shell Chemicals Ltd. 1998–2003
Board member: Tate & Lyle Plc, SembCorp Industries Ltd, Air Products and Chemicals Inc.
Member of International Advisory Board: CNOOC Ltd

JARMO KILPELÄ
b. 1957, Finnish citizen
M.Sc. (Econ.)

Outokumpu Board member 2008–
Member of the Audit Committee
Independent of the company.

Senior Financial Counsellor, Prime Minister's Office, Ownership Steering Department 2007–
Chairman of the Board: Hansel Ltd
Vice Chairman of the Board: HAUS Finnish Institute of Public Management Ltd




VICTOIRE DE MARGERIE
b. 1963, French citizen
Ph.D. (Management), LL.M., M.Pol.Sc.

Outokumpu Board member 2007–
Member of the Audit Committee
Independent of the company and its significant shareholders.

Chairman of the Board: Rondol Technology Ltd. (UK) 2008–
Board director and member of the Audit Committee: Ciments Francais (France) 2006–
Professor of Strategic Management: Grenoble Graduate School of Business 2003–
General Manager Péchiney Plastic Bottles 2000–2002
Vice President Sales & Marketing Péchiney Aluminum Canstock 1998–2000

ANNA NILSSON-EHLE
b. 1951, Swedish citizen
Ph.D., M.Sc. (Eng.)

Outokumpu Board member 2005–
Member of the Nomination and Compensation Committee
Independent of the company and its significant shareholders.

Director: SAFER-National vehicle and traffic safety research center 2006–
Consultant: Ohde & Co 2005–2006
Managing Director: Universeum AB 1999–2004
Board member: Svensk Bilprovning AB, Swedish National Space Board

LEO OKSANEN
b. 1945, Finnish citizen
M.Sc. (Chem.)

Outokumpu Board member 2007–
Independent of the company's significant shareholders.

Senior Advisor – Chemical Safety and Occupational Hygiene
Employed by Outokumpu 1974–
Board member: Outokumpu Stainless Oy 2004–2005, Avesta-Polarit Stainless Oy 2001 and 2003, Outokumpu Polarit Oy 1999–2001

LEENA SAARINEN
b. 1960, Finnish citizen
M.Sc. (Food technology)

Outokumpu Board member 2003–
Chairman of the Audit Committee
Independent of the company and its significant shareholders.

President and CEO: Suomen Lähikauppa Oy (formerly: Tradeka Oy) 2007–
President and CEO: Altia Corporation 2005–2007
Managing Director: Unilever Bestfoods Nordic Foodsolution 2003–2005
National Manager 2002–2005; Suomen Unilever Oy and board member 1999 and 2001–2005

Outokumpu shareholding of the members of the Board of Directors is presented on page 58.

Group Executive Committee

JUHA RANTANEN (1)
b. 1952, Finnish citizen,
M.Sc. (Econ.), MBA
CEO 2005–
Chairman of the Group Executive Committee 2005–
Outokumpu Board member and Vice Chairman 2003–2004
Responsibility: Group management, Communications and IR and corporate social responsibility
Employed by the Outokumpu Group since 2004
Chairman of the Board of Directors: Fennovoima Oy, Finpro Association, Association of Finnish Steel and Metal Producers
Vice Chairman of the Board: Moventas Oy
Board member: Technology Industries of Finland, Stora Enso Oyj
Vice President: European Confederation of Iron and Steel Industries Eurofer
Supervisory Board member: Varma Mutual Pension Insurance Company

KARRI KAITUE (2)
b. 1964, Finnish citizen,
LL.Lic.
Deputy CEO 2005–
Vice Chairman of the Group Executive Committee 2005–
Member of the Group Executive Committee 2002–,
Responsibility: Group strategy, business development and M&A, new ventures, legal affairs & IPR and portfolio businesses
Employed by the Outokumpu Group since 1990
Vice Chairman of the Board: Okmetic Oyj, Outotec Oyj
Board member: Cargotec Oyj

JAMIE ALLAN (3)
b. 1956, British citizen
Executive Vice President – Supply Chain Management
Member of the Group Executive Committee 2008–
Responsibility: Production Excellence, Supply Chain Management operations, procurement
Employed by the Outokumpu Group since 1978
Member of the British Stainless Steel Association

Outokumpu shareholding and options of the members of the Group Executive Committee are presented on page 59.

BO ANNVIK (4)
b. 1965, Swedish citizen,
M. Sc. (Econ.)
Executive Vice President – Specialty Stainless
Member of the Group Executive Committee 2007–
Responsibility: Special Coil and Plate, Thin Strip, OSTP and investment projects
Employed by the Outokumpu Group since 2007
Board member: Scandinavian Automotive Suppliers, Jernkontoret – the Swedish Steel Producers' Association, Employers' Association of the Swedish Steel and Metal Industry
Temporary responsibility for Group Sales and Marketing from February 24, 2009

PEKKA ERKKILÄ (5)
b. 1958, Finnish citizen,
M.Sc. (Eng.)
Executive Vice President – General Stainless
Member of the Group Executive Committee 2003–
Responsibility: Tornio Works, Long Products, R&D, energy, and safety, environment and quality
Employed by the Outokumpu Group since 1983
Board member: Jernkontoret – the Swedish Steel Producers' Association

ANDREA GATTI (6)
b. 1962, Italian citizen,
M.Sc. (Econ.)
Executive Vice President – Group Sales and Marketing
Member of the Group Executive Committee 2005–
Responsibility: End-user and project sales, distributors and processors sales, group marketing, European stock and processing development, pricing office and sales company controlling
Employed by the Outokumpu Group since 2002
Member of the Group Executive Committee until February 23, 2009

ESA LAGER (7)
b. 1959, Finnish citizen,
M.Sc. (Econ.), LL.M.
Chief Financial Officer (CFO)
Member of the Group Executive Committee 2001–
Responsibility: Financial and business control, treasury and risk management, IT, change management and projects and real estate
Employed by the Outokumpu Group since 1990
Vice Chairman of the Board: Olvi Oyj

TIMO VUORIO (8)
b. 1949, Finnish citizen,
M.Sc. (Econ.)
Executive Vice President – Human Resources
Member of the Group Executive Committee 2005–
Responsibility: HR strategy and policy, and key HR processes: performance management (incl. compensation), resource management and HR Development and leadership, and head office administration
Employed by the Outokumpu Group since 2005
Member of the Group Executive Committee until February 28, 2009

PII KOTILAINEN (9)
b. 1960, Finnish citizen,
M.Sc. (Econ.)
Executive Vice President – Human Resources
Member of the Group Executive Committee 2009–
Responsibility: HR strategy and policy, and key HR processes: performance management (incl. compensation), resource management and HR Development and leadership, and head office administration
Employed by the Outokumpu Group since 2009
Member of the Group Executive Committee from March 1, 2009

Risk management

OUTOKUMPU operates in accordance with the risk management policy approved by the Board of Directors. The risk management policy defines the objectives, approaches and areas of responsibility of risk management. Risk management supports the Group's strategy and also helps to define a balanced risk profile from the perspective of shareholders as well as other stakeholders such as customers, suppliers, personnel and lenders. Outokumpu has defined risk to be anything that might have an adverse impact on activities that the company has undertaken to achieve its objectives. Risks can thus be threats, uncertainties or lost opportunities relating to present or future operations.

Outokumpu's appetite for risk and tolerance to it are defined in relation to Group's earnings, cash flows and capital structure. The risk management process is part of the Group's management system, and in practical terms is divided into four stages: the identification of risks; risk evaluation; control and mitigation; and reporting.

The Board of Directors is ultimately responsible for the Group's risk management. The CEO and the Group Executive Committee are responsible for defining and implementing risk management procedures, and for ensuring that risks are properly addressed and taken into account in strategic and business planning. Business units are responsible for managing the risks involved in their own operations.

External auditors and Internal Audit monitor the risk management process and Group Executive Committee, Audit Committee and the Board of Directors review key risks and risk management actions on a regular basis. Treasury and Risk Management (TRM) function supports the implementation of risk management policy and prepares quarterly risk report to the management and auditors of the company. The function is also responsible for facilitating and coordinating security and risk management within the Group. Among other things the role of TRM includes insurance management, corporate security, fire and security auditing and ownership of the Enterprise Risk Management process.

FOCUS AREAS IN RISK MANAGEMENT DURING 2008

In 2008 nickel risk management was reviewed and revised. Accordingly financial risk policy was updated to reflect changes in metal risk management. New hedging principles for nickel price risk were gradually implemented mainly during the last two quarters and consequently hedging gains helped to offset part of inventory related losses.

The Group Executive Committee updated key risks in a workshop during the second half of 2008. The results from the workshop were presented to the Audit Committee and the Board of Directors in the fourth quarter.

Security and fire safety were further improved at several sites during the reporting year. Development and change initiatives have been based on local self assessments at sites as well as systematic audits and specific Group-wide instructions. During 2008, there was also much co-operation between Internal Audit and Corporate Security, in order to implement actions to improve risk management and security at the sites.

Support for the monitoring of investment projects and project risk management were key focus areas in 2008. Foreseeable risks were identified, for example, by involving project management, insurance and security specialists already during the planning and design phases of projects.

In 2008, the realized, most significant risks were related to structural issues in stainless steel markets and to the global financial turmoil, which had an impact on steel markets, the availability of finance and also on the Group's ability to implement its planned investment projects.

STRATEGIC AND BUSINESS RISKS

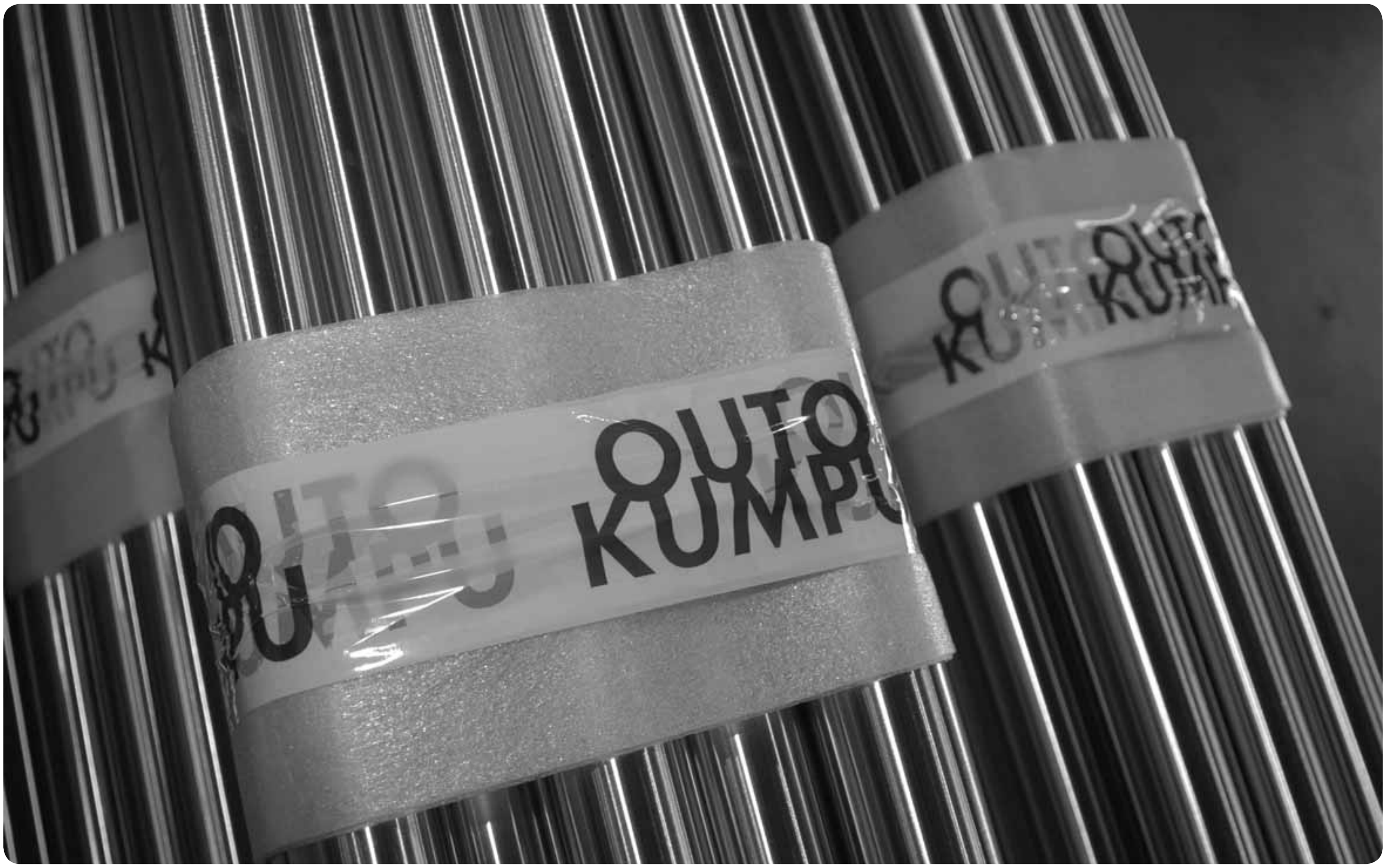
Strategic risks relate to Outokumpu's business portfolio, the market situation and major investments. Business risks are related to the operational environment, customer behavior and the economic outlook. In addition, the volatility in demand tends to be a factor, which impacts all or most of the strategic and business risks simultaneously. Outokumpu's key strategic and business risks are presented separately below.

Structural overcapacity in stainless markets

Stainless market demand growth seems to have slowed down in the Outokumpu's main served markets. Increased stainless production capacity, especially in China, has created a situation of gradually developing global overcapacity. There is a clear risk that this development results in increasing stainless production overcapacity globally and leads to lower prices and consequently, limits also Outokumpu's growth and success. Outokumpu has taken actions to address the overcapacity in production by developing distribution channels, aiming to increase sales to end-users and widening product offering. This strategy is supported by the new organization, which aims to ensure that customers are served in an optimal way, with an optimal product offering.

Eurocentricity in operations

Outokumpu's key production facilities are located in Europe, although



it has a global sales and distribution network. Outokumpu's main market area is Europe. The changes that occur in different market areas and regional differences – such as the prevailing levels of supply and demand, price levels, demand growth or currency rates – can have an impact on Outokumpu's competitive position and financial performance. Therefore, Outokumpu has identified possible risk of having too eurocentric operations to implement fully the current strategy. Nevertheless, eurocentricity could also be seen as an opportunity. To ensure profitable business operations in Europe, it is required that the company possesses a strong foothold with cost-efficient, local operations. In addition, Outokumpu will also study other ways of strengthening its position outside Europe in future years.

Competition in stainless steel focused on the Asian market

Because of better demand prospects for stainless steel in Asia than in Europe, a lot of new production capacity is being built there. However, due to significant investment in the region the capacity to produce cold rolled stainless steel in China is currently exceeding demand. The Asian producers' high stainless capacity at the moment seems too much for their domestic market and therefore the risk of impacts also to European markets currently exists. Whereas Asian producers are likely to be competitive in standard products and simple offerings, business opportunities for Outokumpu in special products and service offerings are likely to remain. By maintaining cost-efficient production, broadening the Group's product offering, improving delivery reliability and developing distribution channels, Outokumpu is making preparations for tightening competition in the stainless market and also for a possible continuation of this overcapacity situation.

OPERATIONAL RISKS

Operational risks arise as a consequence of inadequate or failed internal processes, employees' actions, systems or other events such as natural catastrophes and misconduct/crime. Risks of this kind are often connected with production operations, logistics, financial processes, projects or information technology, and if they materialize, can lead to personal injury, liability, loss of property, suspension of operations or environmental impacts. Parts of Outokumpu's operational risks are covered by insurances.

Corporate culture and One Company approach

Outokumpu is aiming to achieve a strong and unified corporate culture throughout its organization. The approach for all personnel is the creation of "One Outokumpu", but this kind of a significant culture change can take time. This change can be seen as a great opportunity to increase operational effectiveness in operations by cross-cultural co-operation between people. Nevertheless, country based or too independent corporate cultures e.g. within the Business units can hold back the progress from an operational perspective and thus endanger the achievement of strategic goals to the matter. Outokumpu has taken some actions to strengthen the personnel to enhance the leadership in order to share common values throughout the Outokumpu Group.

Investment projects

Outokumpu's announced major investment program was postponed almost entirely due to the financial market turmoil and the weakened stainless steel market at the end of 2008. However, some investments e.g. service center expansions in Willich, Germany and an establishment of a new plate service center in China are being finalised. In preparation for the future, Outokumpu aims to further develop project management methods to support investment projects' implementation and to manage risks related to Group's whole project portfolio.

Variations in production performances

Outokumpu has been systematically developing the performance of its operations through excellence initiatives. Significant part of the company's employees has been trained to implement these methods of continuous improvement within the Group's commercial and production operations. Still, the risk of having too large variations in production performances between different production processes can have a serious impact on Outokumpu's business operations, for instance adverse financial effects can increase significantly when product outputs are delayed and delivery reliability decreases. To mitigate against such risks, Outokumpu is expanding the Operational Excellence programs and enhancing strategy implementation by building on strong Group-level functions such as Supply Chain Management and Group Sales and Marketing.

Major fire or accident

The majority of Outokumpu's production is located in large industrial areas and comprises a number of separate buildings and production lines. Production of stainless steel also involves the integration of production and logistics between the Group's facilities in Tornio, Avesta, Sheffield and other locations. Production is capital intensive and a large part of the Group's operating capital is tied up in these facilities. For example, a fire or serious mechanical breakdown can lead to major damage to property or loss of production, or have other indirect adverse effects on Outokumpu's operations. The Group endeavors to guard against such risks by continually evaluating its production facilities and processes from a risk management perspective and by arranging reasonable insurance coverage for a large part of these risks.

Corporate security

Outokumpu continued developing the Group's corporate security culture to cover all Business units and sites in 2008. A systematic preventive action program was commenced in Outokumpu, covering especially person and material security. The systematic auditing of site security continued at numerous sites and the audit results generated many initiatives to enhance the sites' security levels. Outokumpu also has a significant fire-safety auditing program linked to insurances. During 2008, some forty such audits were carried out using the Group's own resources, and were often conducted jointly with the insurers' and insurance brokers' technical experts. Great part of the Group wide instructions such as physical security, travel security and crisis management instructions were reviewed and updated during 2008 with the aim of harmonizing different practices within the Group. These instructions were prepared in co-operation with the newly-established Outokumpu Security Working Group (OSWG), the operating body for security and safety responsible persons at Outokumpu sites. OSWG's primary tasks are the enhancement of co-operation in security matters and knowledge transfer throughout the organization.

FINANCIAL RISKS

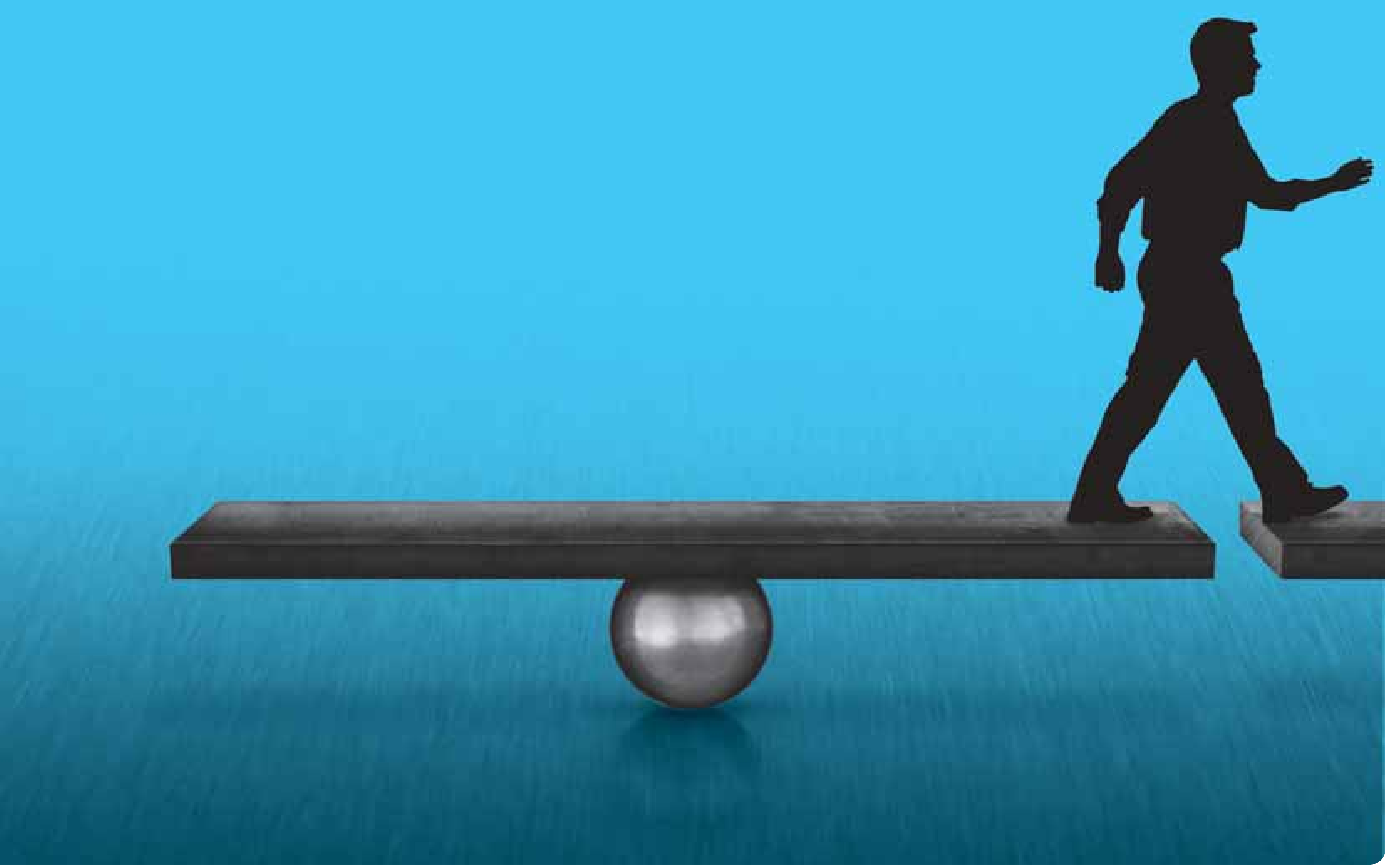
Financial risks consist of market, liquidity and default risks. One of the main market risks is the price of nickel, which is used as an alloying material in stainless steel production.

Financial risk management is further described in Note 20 to the consolidated financial statement.

>> SHAREHOLDER INFORMATION

Our move

GROWTH OUTSIDE OF EUROPE



Shares and shareholders

SHARES AND SHARE CAPITAL

On December 31, 2008, Outokumpu Oyj's fully paid and registered share capital totaled EUR 308 468 201.10 and it consisted of 181 451 883 shares. Each share entitles its holder to one vote at General Meetings of Shareholders.

LISTING OF SHARES

Outokumpu Oyj's shares are listed on the NASDAQ OMX Helsinki. The trading symbol is OUT1V. Outokumpu Oyj's stock options 2003A and 2003B are also listed on the NASDAQ OMX Helsinki, the trading symbol for the 2003A stock options is OUT1VEW103 and the trading symbol for the 2003B stock options is OUT1VEW203. The 2003C stock options are not listed.

TREASURY SHARES

At the end of 2008, the Company held 1 218 603 treasury shares. The repurchases have been made between April 9 and November 27, 2001 and November 1 and 6, 2007. The amount corresponds to 0.7% of the Company's shares and voting rights.

STATE OWNERSHIP

The Finnish State holds 31.1% of the Company's shares and voting rights through its wholly-owned company called Solidium Oy. According to an act passed by Finnish Parliament in December 2007, the state's shareholding in Outokumpu can be reduced down to 0%.

BOARD'S AUTHORIZATION TO DECIDE TO ISSUE SHARES AND GRANT SPECIAL RIGHTS ENTITLING TO SHARES

On March 27, 2008 the Annual General Meeting authorized the Board of Directors to decide to issue shares and grant special rights entitling to shares, as follows:

Pursuant to the authorization the Board of Directors has the right to resolve to issue a maximum of 36 000 000 shares through one or several share issues or by granting special rights entitling to shares, as specified in Chapter 10, Section 1, of the Finnish Companies Act, excluding option rights to the Company's management and personnel under an incentive plan.

Through the share issue and/or by granting special rights entitling to shares, a maximum of 18 000 000 new shares may be issued, which at the time of the Annual General Meeting represented approximately 9.93% of the Company's total number of registered shares, and additionally a maximum of 18 000 000 treasury shares may be transferred, which at the time of the Annual General Meeting represented approximately 9.93% of the Company's total number of registered shares.

The authorization includes the right to resolve upon all other terms and conditions of the share issue and special rights entitling to shares, including the subscription price and to whom shares or special rights may be issued. Thereby, the Board of Directors have the authority to resolve upon the issue of shares and special rights in deviation of the pre-emptive subscription right of the shareholders. The authorization is valid until the next Annual General Meeting, however no later than May 31, 2009. The Board has not exercised the authorization.

BOARD'S AUTHORIZATION TO REPURCHASE THE COMPANY'S OWN SHARES

On March 27, 2008 the Annual General Meeting authorized the Board of Directors to repurchase the Company's own shares (treasury shares):

The maximum number of shares to be repurchased is 18 000 000, which at the time of the Annual General Meeting represented approximately 9.93% of the Company's total number of registered shares. Based on this and earlier authorizations the Company currently holds 1 218 603 of its own shares. The aggregate number of the treasury shares held by the Company and its subsidiaries may not, however, exceed 10% of the Company's total number of registered shares.

The price payable for the shares shall be based on the prevailing price of the Company's shares in public trading at the time of repurchase. The shares can be repurchased in deviation from the proportional shareholdings of the current shareholders. The Board of Directors is authorized to decide on other matters and measures related to the repurchasing of own shares.

The authorization is valid until the next Annual General Meeting, however no later than May 31, 2009. The Board has not exercised the authorization.

2003 STOCK OPTION PROGRAM

Please see the table on page 72. The Annual General Meeting held in 2003 passed a resolution on a stock option program for the management. Stock options are part of the Group's incentive and commitment building system for key employees, and the objective is to encourage recipients to work in the long term to increase shareholder value. The reward system is based on both Group earnings and relative performance, with rewards geared to accomplishments.

The total amount of share options that may have been issued was 5 100 000, entitling holders of stock options to subscribe for 5 100 000 new shares in the Company in the period 2006–2011. Stock options have been marked 2003A, 2003B and 2003C and have been distributed by decision of the Board of Directors, without additional consideration, in 2004, 2005 and 2006, in deviation from shareholders' pre-emptive rights, to the key persons employed by the Outokumpu Group. In deciding on the number of stock options to be distributed annually in total and to each individual, the Board of Directors assessed the Group's earnings trend and performance by comparing, for example, the trend in earnings per share with the trend for the same key ratio in peer companies. In accordance with the share ownership plan of the program members of the Group Executive Committee are obligated to purchase Outokumpu shares with 10% of the income they obtain from stock options.

The subscription price for shares through the exercise of stock option 2003A is the trading volume-weighted average price of the Outokumpu Oyj share on the NASDAQ OMX Helsinki from December 1, 2003 to February 29, 2004 (EUR 7.25), with stock option 2003B it is the trading volume-weighted average price of the

Outokumpu Oyj share on the NASDAQ OMX Helsinki from December 1, 2004 to February 28, 2005 (EUR 10.31) and with stock options 2003C it is the trading volume-weighted average price of the Outokumpu Oyj share on the NASDAQ OMX Helsinki from December 1, 2005 to February 28, 2006 (EUR 10.94). On each dividend record date, the share subscription price of stock options will be reduced by the amount of dividends to be decided after the close of the period for determining the subscription price and prior to share subscription.

Following the subscriptions with 2003 stock options, Outokumpu Oyj's share capital may be increased by a maximum of EUR 2 698 400 and the number of shares by a maximum of 1 587 294. The number of shares that can be subscribed for on the basis of the stock options corresponds to 0.9% of the Company's shares and voting rights.

SHARE-BASED INCENTIVE PROGRAMS

Outokumpu's Board of Directors has confirmed share-based incentive programs as part of the key employee incentive and commitment system of the Company. The objective of the share-based incentive programs is to reward for good performance, which supports the Company's strategy and at the same time to direct the management's attention to increasing the Company's shareholder value over a longer period of time. The programs offer a possibility to receive Outokumpu shares and cash (equaling to the amount of taxes) as an incentive reward, if the targets set by the Board for each earning period are achieved.

SHARE-BASED INCENTIVE PROGRAM FOR 2006–2010

On February 2, 2006, Outokumpu's Board of Directors confirmed a share-based incentive program, which will last five years, comprising three earning periods of three calendar years each.

The aggregate number of shares to be distributed for each of the earning periods cannot exceed 500 000 shares. In accordance with targets confirmed for the earning periods the reward is based on relative development of TSR (Total Shareholder Return) (50% of the maximum reward) and achieving targets set for Operational Excellence programs (50% of the maximum award).

On February 3, 2009, the Board of Directors confirmed that a total of 177 715 shares be distributed to 125 persons in management positions in Outokumpu for the earning period 2006–2008. The maximum number of shares was 355 430. The people in the scope received 50% of the maximum number of shares based on the achievement of earnings criteria established in February 2006. Under the program, entitled persons must keep the shares in their possession for at least two years from their receipt. In addition, according to the share ownership plan of the Outokumpu Group the members of the Group Executive Committee are obliged to own Outokumpu shares received under the incentive programs for the value of their annual gross base salary.

If persons covered by the remaining two earning periods of the share-based incentive program 2006–2010 were to receive the number of shares in accordance with the maximum reward (a total of 823 760 shares), their shareholding obtained via the program would amount to 0.5% of the Company's shares and the voting rights.

SHARE-BASED INCENTIVE PROGRAM FOR 2009–2013

On February 3, 2009, Outokumpu's Board of Directors confirmed a new share-based incentive program, which will last five years, comprising

2003 STOCK OPTION PROGRAM

Stock Option	Number of participants Dec 31, 2008	Subscription period	Dividend adjusted Share Subscription Price Dec 31, 2008	The number of shares subscribed by Dec 31, 2008	An aggregate maximum of shares that can be subscribed with the remaining stock options	The number of stock options annulled by Dec 31, 2008
2003 A	13	Sep. 1, 2006–Mar. 1, 2009	7.25 €	627 854	31 448	1 040 698
2003 B	48	Sep. 1, 2007–Mar. 1, 2010	10.31 €	758 107	270 713	671 180
2003 C	8	Sep. 1, 2008–Mar. 1, 2011	10.94 €	8 200	90 500	1 601 300

INCREASES IN SHARE CAPITAL 2004–2008

	Number of shares	Share capital, €
Share capital on Jan. 1, 2004	178 574 165	303 576 080.50
Share subscription under 1998 option warrants Dec. 20-31, 2003, registered on Jan. 12, 2004	+2 195	303 579 812.00
Share subscription under 1998 option warrants Jan. 1–Mar. 31, 2004	+2 174 244	307 276 026.80
Share subscriptions under 1999 convertible dond Jan. 1–Apr. 5, 2004	+499 951	308 125 943.50
Shares subscribed with 2003A options		
Oct. 14, 2006–Dec. 29, 2006, registered on Jan. 11, 2007	+33 323	308 182 592.60
Shares subscribed with 2003A options		
Dec. 30, 2006–Oct. 29, 2007, registered on Nov. 9, 2007	+23 539	308 222 608.90
Shares subscribed with 2003B options		
Sep. 8, 2007–Oct. 29, 2007, registered on Nov. 9, 2007	+14 379	308 247 053.20
Shares subscribed with 2003A options		
Oct. 30, 2007–Jan. 2, 2008, registered on Jan. 15, 2008	+400	308 247 733.20
Shares subscribed with 2003B options		
Oct. 30, 2007–Jan. 2, 2008, registered on Jan. 15, 2008	+1 000	308 249 433.20
Shares subscribed with 2003A options		
Jan. 3, 2008–Feb. 29, 2008, registered on Mar. 13, 2008	+11 955	308 269 756.70
Shares subscribed with 2003B options		
Jan. 3, 2008–Feb. 29, 2008, registered on Mar. 13, 2008	+10 187	308 287 074.60
Shares subscribed with 2003A options		
Mar. 1, 2008–May 5, 2008, registered on May 16, 2008	+38 208	308 352 028.20
Shares subscribed with 2003B options		
Mar. 1, 2008–May 5, 2008, registered on May 16, 2008	+57 264	308 449 377.00
Shares subscribed with 2003A options		
May 6, 2008–Jul. 7, 2008, registered on Jul. 18, 2008	+380	308 450 023.00
Shares subscribed with 2003A options		
Jul. 8, 2008–Sep. 8, 2008, registered on Sep. 19, 2008	+693	308 451 201.10
Shares subscribed with 2003C options		
Jul. 8, 2008–Sep. 8, 2008, registered on Sep. 19, 2008	+5 000	308 459 701.10
Shares subscribed with 2003C options		
Sep. 9, 2008–Oct. 24, 2008, registered on Nov. 3, 2008	+5 000	308 458 523.00
Share capital on Dec. 31, 2008	181 451 883	308 468 201.10
Share capital on Feb. 3, 2009	181 451 883	308 468 201.10
Treasury shares on Dec. 31, 2008	1 218 603	2 071 625.10
Number of shares outstanding on Dec. 31, 2008	180 233 280	306 396 576.00

PRINCIPAL SHAREHOLDERS ON FEBRUARY 3, 2009

Shareholder	Shares	%
Solidium Oy (The Finnish State)	56 440 597	31.1
The Finnish Social Insurance Institution	14 652 666	8.1
Ilmarinen Mutual Pension Insurance Company	6 276 927	3.5
Finnish State Pension Fund	1 859 100	1.0
OP-Delta Mutual Fund	1 701 833	0.9
Varma Mutual Pension Insurance Company	1 620 317	0.9
Outokumpu Oyj	1 218 603	0.7
Etera Mutual Pension Insurance Company	960 000	0.5
Investment fund Alfred Berg Finland	594 167	0.3
Investment fund OP-Suomi Arvo	571 680	0.3
Nominee accounts held by custodian banks	60 083 536	33.1
Other shareholders	35 472 457	19.5
Total number of shares	181 451 883	100.0

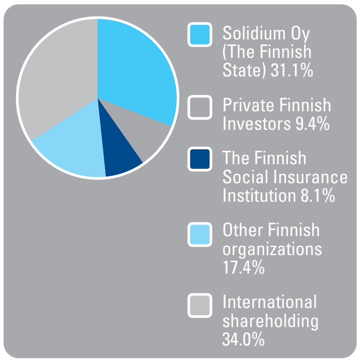
SHAREHOLDERS BY GROUP ON FEBRUARY 3, 2009

Shareholder group	Shares	%
Finnish corporations	4 488 404	2.5
Financial and insurance institutions	9 058 554	5.0
The public sector and public organizations		
Solidium Oy (The Finnish State)	56 440 597	31.1
Finnish State Pension Fund	14 652 666	8.1
Other	13 445 421	7.4
Non-profit organizations	4 670 073	2.6
Households/private persons	17 015 968	9.4
International shareholders	61 680 200	34.0
Shares not transferred to book-entry securities system	1 182	0.0
Total	181 451 883	100.0

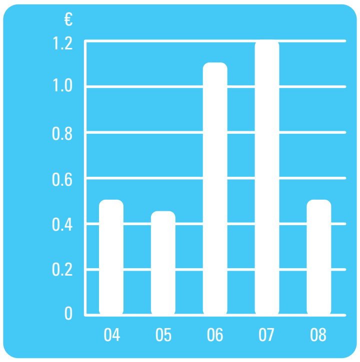
DISTRIBUTION OF SHAREHOLDINGS ON FEBRUARY 3, 2009

Number of shares	Number of shareholders	% of shareholders	Total shares	% of share capital	Average shareholding
1–100	6 669	26.4	425 544	0.2	64
101–500	10 673	42.2	2 961 749	1.6	277
501–1 000	3 614	14.3	2 819 869	1.6	780
1 001–10 000	4 011	15.9	10 751 874	5.9	2 681
10 001–100 000	256	1.0	6 435 248	3.5	25 138
100 001–1 000 000	60	0.2	15 419 953	8.5	256 999
> 1 000 000	11	0.0	142 637 646	78.6	12 967 059
	25 294	100.0	181 451 883	100.0	7 174
Nominee accounts held by custodian banks	17				
Shares in nominee accounts held by custodian banks			60 083 536	33.1	
Shares not transferred to book-entry securities system			1 182	0.0	
Total number of shares			181 451 883	100.0	

SHAREHOLDERS BY GROUP JANUARY 31, 2009



DIVIDEND/SHARE



SHARE-BASED INCENTIVE PROGRAM

Earning period	The number of people in scope on Dec 31, 2008
2006–2008	125
2007–2009	129
2008–2010	139

of three earning periods of three calendar years each. The earning periods commence on Jan. 1, 2009, Jan. 1, 2010 and Jan. 1, 2011. The Board of Directors decides on the persons entitled to participate in the program for each earning period. 139 people were confirmed to be in the scope of the program for the earning period 2009–2011. The aggregate number of shares distributed for each earning period cannot exceed 500 000 shares. In accordance with targets confirmed for the earning period 2009–2011 the reward is based on the relative development of TSR (Total Shareholder Return). Under the program, entitled persons must keep the shares in their possession for at least one year from their receipt. In addition, according to the share ownership plan of the Outokumpu Group the members of the Group Executive Committee are obliged to own Outokumpu shares received under the incentive programs for the value of their annual gross base salary.

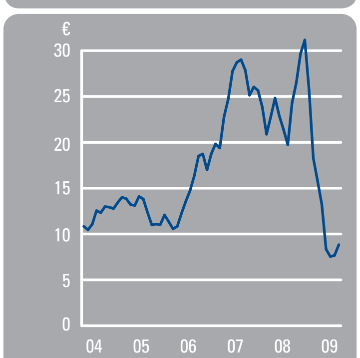
If persons covered by the earning period 2009–2011 of the share-based incentive program were to receive the number of shares in accordance with the maximum reward (a total of 433 100 shares), their shareholding obtained via the program would amount to 0.24% of the Company's shares and the voting rights.

MANAGEMENT SHAREHOLDING

On January 31, 2009 members of the Board of Directors and the Group Executive Committee held a total of 71 027 Company shares, corresponding to 0.039% of the Company's shares and voting rights.

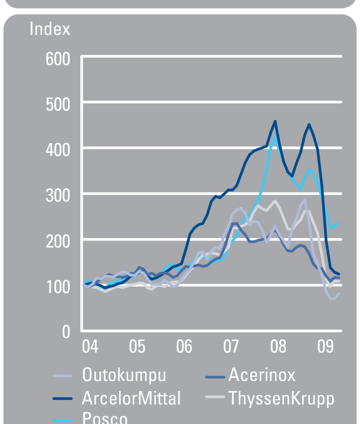
The Group Executive Committee will receive a total of 44 500 shares on the basis of attainment of the criteria established for the earning period 2006–2008 of the share-based incentive program 2006–2010. In addition

SHARE PRICE



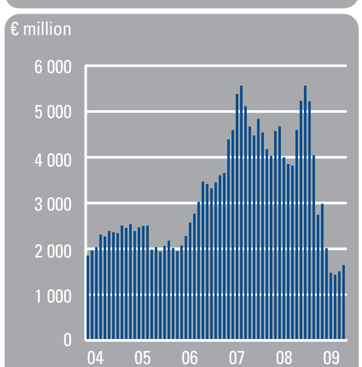
Source: OMX. Including January 2009. Monthly averages.

PEER GROUP SHARE PRICE PERFORMANCE



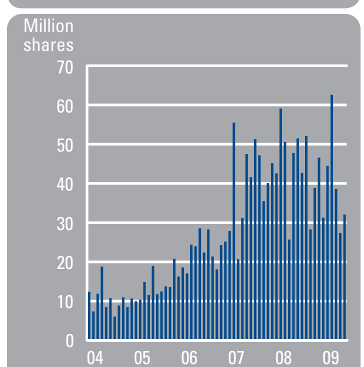
Including January 2009.

MARKET CAPITALIZATION



Source: OMX. Including January 2009.

MONTHLY TRADING VOLUME



Source: OMX. Including January 2009.

SHARE-RELATED KEY FIGURES

		2008	2007	2006	2005	2004
Earnings per share	€	**-1.05**	3.52	5.31	-2.01	2.12
Equity per share	€	**15.50**	18.53	16.87	11.31	13.65
Dividend per share	€	**0.50** [1]	1.20	1.10	0.45	0.50
Dividend payout ratio	%	**neg.**	33.9	20.7	neg.	23.6
Dividend yield	%	**6.0**	5.7	3.7	3.6	3.8
Price/earnings ratio		**neg.**	6.0	5.6	neg.	6.2
Development of share price						
Average trading price	€	**18.99**	24.94	19.77	11.89	12.52
Lowest trading price	€	**6.33**	18.48	12.60	9.63	9.93
Highest trading price	€	**33.99**	31.65	30.39	14.72	14.46
Trading price at the end of the period	€	**8.28**	21.21	29.66	12.55	13.15
Change during the period	%	**-61.0**	-28.5	136.3	-4.6	22.1
Change in the OMXH index during the period	%	**-53.4**	20.5	17.9	31.1	3.3
Market capitalization at the end of the period [2]	€ million	**1 492**	3 820	5 369	2 272	2 377
Development in trading volume						
Trading volume	1 000 shares	**511 080**	516 489	319 345	179 289	123 832
In relation to weighted average number of shares	%	**283.6**	285.5	176.4	99.0	68.8
Adjusted average number of shares [2]		**180 184 845**	180 922 336	181 033 168	181 031 415	180 056 920
Number of shares at the end of the period [2]		**180 233 280**	180 103 193	181 031 952	181 031 952	180 752 022

[1] The Board of Directors' proposal to the Annual General Meeting.

[2] Excluding treasury shares.

to the confirmed amount of shares from the earning period 2006–2008 of the share-based incentive program 2006–2010 if the 2003A, 2003B and 2003C options were exercised in their entirety and if the two earning periods of the share-based incentive program 2006–2010 and the earning period of 2009–2011 of the share-based incentive program 2009–2013 yielded the maximum number of shares, shareholdings and aggregate voting rights held by the members of the Group Executive Committee would increase by 0.1 percentage points pursuant to the option warrants, and by 0.14 percentage points pursuant to the share-based incentive program. Details of management shareholdings are given on page 59.

DIVIDEND PROPOSAL FOR 2008

For the financial year 2008, a dividend of EUR 0.50 per share is proposed. The effective dividend yield is 5.7%. The average dividend payout ratio during the past five years is 47%. Share price development, trading volume and share-related figures of the Outokumpu share are shown in the table on page 75.

OUTOKUMPU SHARE PRICE DEVELOPMENT IN 2008

On the last day of trading in 2008, the closing price of Outokumpu's share was EUR 8.28 (2007: EUR 21.21), down 61% during the report year.

The highest share price in 2008, also the all time high quotation was EUR 33.99 (2007: EUR 31.65) quoted in May and the lowest was EUR 6.33 (2007: EUR 18.48) in October. The average price was EUR 18.99 (2007: EUR 24.94). At year's end, market capitalization was EUR 1 502 million (2007: EUR 3 845 million), down 60% on the previous year.

Share turnover was 511.1 (2007: 516.4) million shares being traded on the NASDAQ OMX Helsinki exchange in 2008. The value of share turnover was EUR 9 693 million (2007: EUR 12 882 million). Average daily turnover amounted to 2 028 096 (2007: 2 065 955) shares.

Investor information

Outokumpu Oyj's 2009 Annual General Meeting will be held on Tuesday, March 24, 2009 at 1 pm (EET) at the Marina Congress Center in Helsinki, Finland. In order to attend the Annual General Meeting a shareholder must be registered in the Company's shareholders' register maintained by Euroclear Finland Oy (previously Suomen Arvopaperikeskus Oy) on March 13, 2009.

Nominee-registered shareholders who wish to attend the Annual General Meeting 2009 should temporarily re-register the shares under their own name. Such re-registration must be made no later than March 13, 2009. In order to arrange a temporary re-registration, nominee registered shareholders should contact their bank or other custodian. Shareholders who wish to attend the Annual General Meeting must notify the Company by no later than March 17, 2009 at 4 pm (EET). Notification can be made by e-mail to agm@outokumpu.com, on the internet at www.outokumpu.com/agm, by telephone to +358 9 421 5519 or by fax to +358 9 421 2223. Notification can also be made in person or by a letter addressed to Outokumpu Oyj, Share Register, P.O. BOX 140, 02201 Espoo, Finland. The letter must reach the Company on March 17, 2009 at the latest.

A shareholder may attend and vote at the meeting in person or by proxy. However, in accordance with Finnish practice, Outokumpu does not send proxy forms to its shareholders. Shareholders wishing to vote by proxy should submit their own proxy forms to the Company during the registration period.

Additional information on the Annual General Meeting is available on the internet at www. outokumpu.com/agm.

ANNUAL GENERAL MEETING AND PAYMENT OF DIVIDENDS IN 2009

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.50 per share be paid for the financial year 2008.

FINANCIAL REPORTS IN 2009

Investor information is available at the Group's English language website www.outokumpu.com. The website also covers annual reports, interim reports, as well as stock exchange and press releases, which are published mainly in Finnish and English. Alternatively financial reports can be obtained from Outokumpu Oyj/Corporate Communications, Riihitontuntie 7 B, P.O. BOX 140, 02201 Espoo, Finland, tel. +358 9 421 4070 and email corporate.comms@outokumpu.com. Subscriptions to the emailing list for press releases and the mailing list for printed annual reports can be made on the website www.outokumpu.com or via the above-mentioned e-mail address.

Shareholder mailings are made on the basis of the contact information in the shareholders' register maintained by Euroclear Finland Oy. A shareholder should inform his/her account operator, or in case of a nominee-registered shareholder the relevant bank or other custodian, about changes in contact details.

OUTOKUMPU SHARE BASICS

Listing	NASDAQ OMX Helsinki
Trading symbol	OUTIV
Number of shares	181 578 793

2003A stock options OUTIVEW103
2003B stock options OUTIVEW203

INVESTOR RELATIONS

The main task of Outokumpu's Investor Relations function is to support the correct valuation of the Outokumpu share by providing information about the company's activities, financial position, goals and strategy, thus enabling the markets to form a true and fair view of Outokumpu as an investment prospect. Our aim is to communicate in open, timely and clear manner and to treat all parties equally.

Outokumpu observes a three-week silent period prior to the publication of financial statements and interim reports. During these periods, we do not arrange meetings with investors and analysts or comment on performance and market developments. Should you require further information about Outokumpu, please contact one of the following:

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AGM AND DIVIDEND

Annual General Meeting	March 24
Ex-dividend date	March 25
Record date for dividend	March 27
Dividend payout	April 3

FINANCIAL CALENDAR 2009

Financial Statements Bulletin	February 3
Annual Report	week starting March 2
First-quarter interim report	April 23
Second-quarter interim report	July 23
Third-quarter interim report	October 22

Stock exchange releases 2008

15.1.2008 Shares subscribed with the Outokumpu Oyj 2003A and 2003B stock options and the increase in share capital

18.1.2008 Outokumpu – publishing of the 2007 Annual Accounts

31.1.2008 Outokumpu steps up ferritic and bright annealed stainless steel capability – Over EUR 300 million to be invested in Tornio

31.1.2008 Outokumpu Annual Accounts Bulletin 2007 – Good results in a turbulent year I/II

31.1.2008 Outokumpu Annual Accounts Bulletin 2007 – Good results in a turbulent year II/II

31.1.2008 Share-based incentive program for 2006–2010 – Earning period 2008–2010

31.1.2008 Outokumpu's AGM to convene on March 27, 2008

31.1.2008 Proposals by the Shareholders' Nomination Committee on the composition and remuneration of Outokumpu's Board of Directors

5.3.2008 Notice of Annual General Meeting

7.3.2008 Outokumpu's Annual Report 2007

13.3.2008 Shares subscribed with the Outokumpu Oyj 2003A and 2003B stock options and the increase in share capital

27.3.2008 Resolutions of Outokumpu Oyj's Annual General Meeting 2008

27.3.2008 Outokumpu Board decisions at their first meeting

15.4.2008 Outokumpu – publishing of the first-quarter 2008 financial results

23.4.2008 Outokumpu steps up its service capability by acquiring Italian stainless steel distributor SoGePar

23.4.2008 Outokumpu's first quarter 2008 interim report – improved profits in recovering stainless steel markets

28.4.2008 Outokumpu's remaining copper tube assets sold to Cupori Group

16.5.2008 Shares subscribed with the Outokumpu Oyj 2003A and 2003B stock options and the increase in share capital

3.6.2008 Outokumpu to double ferrochrome production capacity in Finland

3.6.2008 Outokumpu Oyj stock options 2003C

3.6.2008 Outokumpu – Financial reporting schedule for the year 2009

14.7.2008 Outokumpu – publishing of the second-quarter 2008 financial results

18.7.2008 Shares subscribed with the Outokumpu Oyj 2003A and 2003B stock options and the increase in share capital

24.7.2008 Outokumpu's second quarter 2008 interim report – improved operating profit in a softening market

30.7.2008 Outokumpu's acquisition of Italian stainless steel distributor SoGePar completed

19.9.2008 Outokumpu Capital Markets Day 2008 on September 24 in London

19.9.2008 Shares subscribed with the Outokumpu Oyj 2003 stock options and the increase in share capital

19.9.2008 Outokumpu intends to close its Thin Strip business in Sheffield

15.10.2008 Outokumpu – publishing of the third-quarter 2008 financial results

21.10.2008 The State of Finland receives an exemption related to its share ownership in Outokumpu

23.10.2008 Outokumpu appoints Pii Kotilainen Executive Vice President – Human Resources

23.10.2008 Outokumpu's third quarter 2008 interim report – strong cash flow in uncertain and weakening markets

3.11.2008 Shares subscribed with the Outokumpu Oyj 2003C stock options and the increase in share capital

10.11.2008 Outokumpu taking action to adjust to the weak stainless steel market

18.11.2008 Shareholders' Nomination Committee at Outokumpu

1.12.2008 Outokumpu: temporary layoffs at Tornio plant avoided, the same level of savings achieved by other actions

11.12.2008 Outokumpu's operating profit in the fourth quarter lower than expected, actions taken to improve profitability, investment programs postponed

12.12.2008 Change in the State of Finland's holding in Outokumpu Oyj

More information
www.outokumpu.com

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The following banks and brokers have prepared investment analysis on Outokumpu.

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www.outokumpu.com

Outokumpu is a global leader in stainless steel. Our vision is to be the undisputed number one in stainless, with success based on operational excellence. Customers in a wide range of industries use our stainless steel and services worldwide. Being fully recyclable, maintenance-free, as well as very strong and durable material, stainless steel is one of the key building blocks for sustainable future.

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