OUTOKUMPU'S ANNUAL ACCOUNTS BULLETIN 2010 – STAINLESS MARKETS RECOVERED IN 2010, OPERATING LOSS REDUCED

Year 2010 highlights

- Operating profit was EUR -83 million (2009: EUR -441 million), underlying operational result some EUR -91 million (2009: some EUR -343 million).
- EBITDA EUR 172 million (2009: EUR -212 million), operative cash flow EUR -497 million.
- Deliveries increased by 28% to 1 315 000 tonnes.
- Major investment decisions totalling approximately EUR 550 million: ferrochrome capacity to be doubled, position in quarto plate to be strengthened.
- The Board of Directors is proposing a dividend of EUR 0.25 per share (2009: EUR 0.35).

Fourth-quarter highlights

- Operating profit EUR -85 million (III/2010: EUR -49 million), underlying operational result EUR -68 million (III/2010: EUR -10 million).
- EBITDA EUR -4 million (III/2010: EUR 12 million).
- Deliveries totalled 336 000 tonnes (III/2010: 307 000 tonnes).
- Inventories reduced, cash flow positive at EUR 18 million (III/2010: EUR -111 million).

Group key figures

		IV/10	III/10	IV/09	**2010**	2009
Sales	EUR million	**1 162**	1 014	736	**4 229**	2 641
Operating profit	EUR million	**-85**	-49	-31	**-83**	-441
EBITDA	EUR million	**-4**	12	26	**172**	-212
Non-recurring items in operating profit	EUR million	**-17**	-	-	**-17**	-20
Profit before taxes	EUR million	**-86**	-88	-38	**-143**	-479
Non-recurring items in financial income and expenses	EUR million	**9**	-	-	**9**	-
Net profit for the period	EUR million	**-91**	-56	-6	**-124**	-336
Earnings per share	EUR	**-0.50**	-0.31	-0.04	**-0.68**	-1.86
Return on capital employed	%	**-8.0**	-4.6	-3.5	**-2.1**	-11.7
Net cash generated from operating activities	EUR million	**18**	-111	-111	**-497**	201
Capital expenditure	EUR million	**48**	40	83	**161**	248
Net interest-bearing debt at end of period	EUR million	**1 837**	1 831	1 191	**1 837**	1 191
Debt-to-equity ratio at end of period	%	**77.3**	74.9	48.6	**77.3**	48.6
Stainless steel deliveries	1 000 tonnes	**336**	307	277	**1 315**	1 030
Stainless steel base price [1)]	EUR/tonne	**1 213**	1 245	1 297	**1 252**	1 161
Personnel at the end of period		**8 104**	8 048	7 754	**8 104**	7 754

[1)] Stainless steel: CRU - German base price (2 mm cold rolled 304 sheet).

Outokumpu Oyj
Corporate Management

Riihitontuntie 7 B, P.O. Box 140, FIN-02201 Espoo, Finland
Tel. +358 9 4211, Fax +358 9 421 3888, www.outokumpu.com
Domicile Espoo, Finland, Business ID 0215254-2, VAT FI02152542

SHORT-TERM OUTLOOK

Following the softer market situation that characterised late 2010, demand for standard grades of stainless steel began to pick-up in the new-year. The increase in the nickel price supported buying by distributors and lead times for standard grades are currently somewhat above the usual 6-8 weeks. Distributor inventories in Europe are estimated to be approximately at normal level. Demand from investment-driven end-use segments has not yet shown any major recovery.

Outokumpu's order intake has been encouraging from the beginning of 2011. After the decline in base prices in late 2010, Outokumpu has been able to increase prices, but this will only have an impact on average prices towards the end of the first quarter.

Based on current order intake, Outokumpu estimates that delivery volumes in the first quarter of 2011 will be some 10-20% higher than in the fourth quarter of 2010. Outokumpu's operating profit in the first quarter is expected to be around break-even or slightly positive with some positive impact from raw material-related timing gains (at current metal prices).

CEO Juha Rantanen:

"The market environment in 2010 continued to be difficult in our home market, Europe. Demand for stainless was well below the pre-crisis levels, especially for investment-driven applications. The resulting still rather low capacity utilisation and deteriorated cost-efficiency were the main reasons for the clearly loss-making result in 2010. Currently, the overall economic development indicates better stainless markets for this year. Our focus stays on the essentials; better profitability, stronger balance sheet and implementation of our strategy. Last year we made good progress on many operational areas, like safety, inventory levels and delivery performance. It gives me confidence to expect significant progress on our financial performance this year.**"**

The attachments present the Management analysis of the fourth quarter 2010 operating result and a summary of the Review by the Board of Directors for January-December 2010 as well as extracts from the financial statements. The report is based on restated financial information for the Group's brass operations previously reported as discontinued operations. All full-year figures have been audited.

For further information, please contact:

Päivi Lindqvist, SVP – Communications and IR
tel. +358 9 421 2432, mobile +358 40 708 5351
paivi.lindqvist@outokumpu.com

Ingela Ulfves, VP – Investor Relations and Financial Communications
tel. +358 9 421 2438, mobile +358 40 515 1531
ingela.ulfves@outokumpu.com

Esa Lager, CFO
tel +358 9 421 2516
esa.lager@outokumpu.com

News conference and live webcast today at 1.00 pm

A combined news conference, conference call and live webcast concerning Outokumpu's annual accounts 2010 will be held on 2 February 2011 at 1.00 pm EET (6.00 am US EST, 11.00 am UK time, 12.00 pm CET) at Restaurant Bank, meeting rooms 12-14, address Unioninkatu 20, 00130 Helsinki, Finland.

To participate via the conference call, please dial in 5-10 minutes before the beginning of the event:

UK	+44 20 3043 2436
US & Canada	+1 866 458 4087
Sweden	+46 8 505 598 53
Password	Outokumpu

The news conference can be viewed live via the Internet at www.outokumpu.com. A stock exchange release and presentation material will be available before the news conference at: www.outokumpu.com/Investors.

An on-demand webcast of the news conference will be available at www.outokumpu.com on February 3, 2011 from around 3.00 pm.

OUTOKUMPU OYJ
Corporate Management

MANAGEMENT ANALYSIS – FOURTH QUARTER 2010 OPERATING RESULT

Group key figures

EUR million	I/09	II/09	III/09	IV/09	2009	I/10	II/10	III/10	**IV/10**	**2010**
Sales										
General Stainless	476	501	496	592	2 065	754	962	860	**926**	**3 503**
Specialty Stainless	371	278	258	332	1 239	367	469	397	**477**	**1 710**
Other operations	75	64	64	70	273	102	100	99	**99**	**401**
Intra-group sales	-233	-220	-224	-259	-935	-295	-407	-342	**-340**	**-1 384**
The Group	688	623	595	736	2 641	929	1 125	1 014	**1 162**	**4 229**
Operating profit										
General Stainless	-157	-52	-38	-12	-259	-2	75	-52	**-6**	**14**
Specialty Stainless	-82	-37	-21	-10	-149	-21	22	-14	**-62**	**-76**
Other operations	-12	-6	-5	-11	-34	2	-14	10	**-13**	**-15**
Intra-group items	2	-0	-3	2	1	-1	-10	8	**-4**	**-7**
The Group	-249	-96	-66	-31	-441	-21	72	-49	**-85**	**-83**

Stainless steel deliveries

1 000 tonnes	I/09	II/09	III/09	IV/09	2009	I/10	II/10	III/10	**IV/10**	**2010**
Cold rolled	133	145	124	143	545	171	182	167	**178**	**698**
White hot strip	59	69	66	69	263	82	75	69	**86**	**312**
Quarto plate	19	18	14	16	67	21	21	20	**21**	**83**
Tubular products	16	13	12	12	53	13	14	12	**12**	**51**
Long products	10	9	11	10	40	13	15	15	**14**	**58**
Semi-finished products	10	14	12	27	63	33	32	24	**24**	**114**
Total deliveries	247	268	238	277	1 030	333	339	307	**336**	**1 315**

Market prices and exchange rates

		I/09	II/09	III/09	IV/09	2009	I/10	II/10	III/10	**IV/10**	**2010**
Market prices [1]											
Stainless steel											
Base price	EUR/t	925	1 117	1 307	1 297	1 161	1 235	1 317	1 245	**1 213**	**1 252**
Alloy surcharge	EUR/t	893	634	923	1 049	875	1 094	1 701	1 621	**1 696**	**1 528**
Transaction price	EUR/t	1 818	1 751	2 229	2 346	2 036	2 329	3 018	2 866	**2 909**	**2 780**
Nickel	USD/t	10 471	12 920	17 700	17 528	14 655	19 959	22 476	21 191	**23 609**	**21 809**
	EUR/t	8 036	9 478	12 375	11 860	10 507	14 433	17 686	16 415	**17 382**	**16 451**
Ferrochrome (Cr-content)	USD/lb	0.79	0.69	0.89	1.03	0.85	1.01	1.36	1.30	**1.30**	**1.24**
	EUR/kg	1.34	1.12	1.37	1.54	1.34	1.61	2.36	2.22	**2.11**	**2.07**
Molybdenum	USD/lb	9.15	9.41	15.36	11.76	11.42	16.19	16.45	15.15	**15.86**	**15.91**
	EUR/kg	15.49	15.22	23.67	17.54	18.05	25.81	28.53	25.86	**25.74**	**26.46**
Recycled steel	USD/t	207	199	236	250	223	323	346	346	**375**	**348**
	EUR/t	159	146	165	169	160	234	272	268	**276**	**262**
Exchange rates											
EUR/USD		1.303	1.363	1.430	1.478	1.395	1.383	1.271	1.291	**1.358**	**1.326**
EUR/SEK		10.941	10.781	10.424	10.351	10.619	9.946	9.631	9.380	**9.214**	**9.537**
EUR/GBP		0.909	0.879	0.872	0.905	0.891	0.888	0.852	0.833	**0.859**	**0.858**

[1] Sources of market prices:

Stainless steel: CRU - German base price, alloy surcharge and transaction price (2 mm cold rolled 304 sheet), estimates for deliveries during the period.

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

Stainless steel markets in the fourth quarter

Global demand for stainless steel remained rather soft in the fourth quarter with destocking visible in all major stainless steel consuming regions as a result of the decline in metal prices that occurred as the end of the quarter approached. Apparent consumption in the fourth quarter is estimated to have been almost unchanged globally; however up by 4% in Europe and up by 8% in China compared to the third quarter. Production of stainless steel is estimated to have increased by 9% in Europe and by 5% globally, but by only 2% in China compared to the third quarter.

The average base price for 2mm cold rolled 304 stainless steel sheet in Germany totalled 1 213 EUR/tonne in the fourth quarter (III/2010: 1 245 EUR/tonne). The alloy surcharge was up by 5% and was 1 696 EUR/tonne (III/2010: 1 621 EUR/tonne). In consequence, the average transaction price during the fourth quarter was 2 909 EUR/tonne (III/2010: 2 866 EUR/tonne). The price differential between Europe and Asia diminished significantly towards the end of the quarter and import volumes into Europe appear to have been falling. (CRU)

Among alloying metals, the price of nickel was relatively volatile in the fourth quarter and fluctuated in the range 21 000 – 25 000 USD/tonne. The average nickel price in the fourth quarter was 23 609 USD/tonne (III/2010: 21 191 USD/tonne). Ferrochrome markets turned to a situation of oversupply in the fourth quarter. The European quarterly contract price for ferrochrome in the fourth quarter was unchanged at 1.30 USD/lb (III/2010: 1.30 USD/lb) and has preliminarily been settled at 1.25 USD/lb for the first quarter of 2011. The average price of molybdenum increased to 15.86 USD/lb in the fourth quarter (III/2010: 15.15 USD/lb) and the price of recycled steel also increased and averaged 375 USD/tonne (III/2010: 346 USD/tonne).

Operating loss due to lower prices and higher costs

Group sales in the fourth quarter totalled EUR 1 162 million (III/2010: EUR 1 014 million). Deliveries of stainless steel increased to 336 000 tonnes (III/2010: 307 000 tonnes) after a seasonally weaker third quarter. Capacity utilisation in the fourth quarter was approximately 75%.

Operating profit in the fourth quarter totalled EUR -85 million (III/2010: EUR -49 million). This figure does not include any major raw material-related inventory gains or losses (III/2010: some EUR -39 million). There are, however, some EUR 17 million of non-recurring items included in Outokumpu's operating profit (III/2010: none) related to the writing down of a cancelled investment project at Avesta Works in Sweden. Underlying operational loss consequently totalled EUR 68 million (III/2010: EUR -10 million). The main causes of the weaker result were lower base prices, a weaker geographic and product mix and increased costs. Outokumpu reduced the Group's inventories significantly during the quarter by adopting active sales, scrapping slow-moving inventory and running at reduced production levels. The low production levels had a negative impact on cost-efficiency. Outokumpu's average base prices for flat products realised in the fourth quarter were 70 EUR/tonne lower than levels achieved in the third quarter and were clearly below the base prices reported by CRU for German 304 sheet.

Return on capital employed in the fourth quarter was -8.0% (III/2010: -4.6%). Earnings per share totalled EUR -0.50 (III/2010: EUR -0.31).

Net cash from operating activities turned positive at the end of the year and totalled EUR 18 million (III/2010: EUR -111 million) in the fourth quarter. In the third quarter, inventory levels were higher than normal and were reduced significantly during the fourth quarter, releasing EUR 44 million of cash from working capital.

Outokumpu's gearing was 77.3% at the end of the fourth quarter (September 30, 2010: 74.9%), somewhat above the Group's maximum target level of 75%. Net-interest bearing debt increased by EUR 6 million and totalled EUR 1 837 million (III/2010: EUR 1 831 million) at the end of the fourth quarter.

Capital expenditure totalled EUR 48 million (III/2010: EUR 40 million) in the fourth quarter.

Sales by General Stainless in the fourth quarter totalled EUR 926 million (III/2010: EUR 860 million). Deliveries increased slightly to 286 000 tonnes (III/2010: 282 000 tonnes). General Stainless posted an operating profit of EUR -6 million (III/2010: EUR -52 million) of which Tornio Works' operating profit totalled EUR 8 million (III/2010: EUR -36 million).

Sales by Specialty Stainless in the fourth quarter totalled EUR 477 million (III/2010: EUR 397 million) and deliveries increased to 116 000 tonnes (III/2010: 98 000 tonnes). Operating profit totalled EUR -62 million (III/2010: EUR -14 million) including the EUR 17 million write-down in connection with the cancelled investment at Avesta Works in Sweden. The main causes for the deterioration in profitability were weaker price and mix as well as negative impact from hedging. The strengthening of the Swedish krona also had a negative impact on the cost competitiveness of the operations in Sweden.

Other operations posted an operating profit of EUR -13 million (III/2010: EUR 10 million) in the fourth quarter.

Sale of holding in Okmetic Oyj

In November, Outokumpu sold its remaining holding of 2 705 000 shares in Okmetic Oyj, a company manufacturing silicon wafers, to institutional investors. The shares sold represented 15.65% of Okmetic's share capital. Total proceeds of the sale amounted to EUR 12.4 million with a non-recurring gain of EUR 8.5 million booked as financial income in Outokumpu's fourth-quarter 2010 accounts. This holding was classified as an available-for-sale financial asset on the Group's balance sheet.

SUMMARY OF THE REVIEW BY THE BOARD OF DIRECTORS FOR 2010

Reduced operating loss in recovering markets for stainless steel

After a very weak 2009, recovery in demand for stainless steel started from the beginning of 2010, mainly in consumer-driven end-use segments. Recovery was also supported by restocking and increasing metal prices during the first half of the year. Increased volatility in metal prices and destocking held back consumption during the second half of the year.

Outokumpu's strategy was reviewed and remained unchanged but some adjustments to short-term priorities were made to restore profitability – these primarily concerned the loading of Tornio Works and increased production of special grades and products in Sweden. In June, Outokumpu decided to continue two projects in the Group's postponed investment programme: doubling ferrochrome production capacity and investing in increased quarto plate production capacity.

Group sales for the whole of 2010 totalled EUR 4 229 million (2009: EUR 2 641 million) and stainless steel deliveries totalled 1 315 000 tonnes, 28% up on the level in 2009. Operating profit totalled EUR -83 million (2009: EUR -441 million) and the underlying operational result was EUR -91 million (2009: EUR -343 million). Net cash from operating activities totalled EUR -497 million (2009: EUR 201 million).

Return on capital employed in 2010 was -2.1% (2009: -11.7%) and gearing was 77.3% (2009: 48.6%). Earnings per share totalled EUR -0.68 (2009: EUR -1.86). The Board of Directors is proposing to the 2011 Annual General Meeting that a dividend of EUR 0.25 per share be paid for 2010 (2009: EUR 0.35).

Stainless steel markets in 2010

After a very weak year 2009, demand for stainless steel began recovering from the beginning of 2010 supported by improving consumption, primarily in consumer-driven industries. Demand from investment-driven end-use segments, such as process industry, remained soft. During the first half of the year, recovery was also supported by restocking and increasing metal prices but volatility in metal prices and destocking slowed consumption during the second half. Compared to 2009, apparent consumption of stainless steel in 2010 is estimated to have increased by 20% globally and by 25% in Europe. The average German base price for 2mm 304 cold rolled sheet in 2010 was 1 252 EUR/tonne, up by 8% from 2009. The clearly higher metal prices in 2010 resulted in the transaction price for stainless steel averaging 2 780 EUR/tonne, 37% higher than it was in 2009. (CRU)

Sales and deliveries

Sales

EUR million	**2010**	2009	2008
General Stainless	**3 503**	2 065	4 147
Specialty Stainless	**1 710**	1 239	2 705
Other operations	**401**	273	317
Intra-group sales	**-1 384**	-935	-1 636
The Group	**4 229**	2 641	5 533

Stainless steel deliveries

1 000 tonnes	**2010**	2009	2008
Cold rolled	**698**	545	739
White hot strip	**312**	263	330
Quarto plate	**83**	67	120
Tubular products	**51**	53	70
Long products	**58**	40	55
Semi-finished products	**114**	63	109
Total deliveries	**1 315**	1 030	1 423

Group sales in 2010 increased to EUR 4 229 million (2009: EUR 2 641 million) as a result of higher delivery volumes and higher transaction prices for stainless steel. Delivery volumes increased by 28% to 1 315 000 tonnes (2009: 1 030 000 tonnes). Capacity utilisation in the Group's operations in 2010 was approximately 75%. Sales by General Stainless in 2010 were up by 70% and sales by Specialty Stainless were up by 38%.

Europe's share of Group's sales was 75% in 2010 (2009: 74%), while Asia and the Americas accounted for 11% (2009: 14%) and 11% (2009: 10%), respectively.

Operating profit

Profitability

EUR million	**2010**	2009	2008
Operating profit			
General Stainless	**14**	-259	-6
Specialty Stainless	**-76**	-149	-101
Other operations	**-15**	-34	33
Intra-group items	**-7**	1	6
Operating profit	**-83**	-441	-68
Share of results in associated companies	**-10**	-13	-4
Financial income and expenses	**-50**	-25	-69
Profit before taxes	**-143**	-479	-141
Income taxes	**19**	143	24
Net profit, discontinued operations	**-**	-	-72
Net profit for the financial year	**-124**	-336	-189
Operating profit margin, %	**-2.0**	-16.7	-1.2
Return on capital employed, %	**-2.1**	-11.7	-1.7
Earnings per share, EUR	**-0.68**	-1.86	-1.05

Outokumpu's operating profit in 2010 totalled EUR -83 million (2009: EUR -441 million). In 2010, net non-recurring items of EUR -17 million of write-downs related to cancelled investments in Avesta Works in Sweden are included in the operating loss (2009: EUR -20 million of restructuring provisions and write-downs). Raw material-related inventory gains of some EUR 26 million are included in the operating profit (2009: losses of some EUR 78 million). Underlying operational result for 2010 was some EUR -91 million (2009: EUR -343 million). Higher delivery volumes, higher base prices and better contribution from ferrochrome production than occurred in 2009 were the main causes for the improved result. A somewhat weaker geographical and product mix partly offset the improvement. Profit before tax totalled EUR -143 million (2009: EUR -479 million).

Net financial income and expenses in 2010 totalled EUR -50 million (2009: EUR -25 million). Interest expenses increased due to the higher amount of net debt and an increased proportion of fixed-rate financing in the Group's loan portfolio as well as commitment fees for unutilised credit facilities. A non-recurring gain of EUR 8.5 million related to the sale of the Group's holding in Okmetic Oy is included in the financial income. The Group's net profit for the year totalled EUR -124 million (2009: EUR -336 million) and earnings per share totalled EUR -0.68 (2009: EUR -1.86). Return on capital employed during the year was -2.1% (2009: -11.7%)

Capital structure

Key financial indicators on financial position

EUR million	**2010**	2009	2008
Net interest-bearing debt			
Long-term debt	**1 529**	1 038	1 219
Current debt	**980**	703	581
Total interest-bearing debt	**2 509**	1 741	1 800
Interest-bearing assets	**-672**	-550	-714
Net interest-bearing debt	**1 837**	1 191	1 085
Shareholders' equity	**2 376**	2 451	2 795
Return on equity, %	**-5.1**	-12.8	-6.2
Debt-to-equity ratio, %	**77.3**	48.6	38.8
Equity-to-assets ratio, %	**42.2**	50.6	52.4
Net cash generated from operating activities	**-497**	201	662
Net interest expenses	**38**	22	55

Net cash generated from operating activities in 2010 was negative and totalled EUR -497 million (2009: EUR 201 million). The increase in working capital that resulted from increased delivery volumes and higher metal prices totalled EUR 476 million (2009: EUR 552 million released from working capital). Cash and cash equivalents totalled EUR 150 million (2009: EUR 112 million) at the end of 2010.

During 2010, Outokumpu's net interest-bearing debt increased by EUR 647 million and totalled EUR 1 837 million at the end of 2010 (Dec 31, 2009: EUR 1 191 million). Outokumpu's gearing at the end of the year was at 77.3% (Dec 31, 2009: 48.6%), somewhat above the Group's stated target of less than 75%. At the end of 2010, Outokumpu's equity-to-assets ratio was 42.2% (2009: 50.6%).

In June, Outokumpu issued a EUR 250 million five-year domestic bond. The funds are used for general corporate purposes. The bond is listed on the NASDAQ OMX Helsinki stock exchange. At the end of 2010, Outokumpu had committed undrawn credit facilities totalling approximately EUR 1 billion. Committed credit facilities include a three-year EUR 900 million revolving credit facility signed in June 2009.

Capital expenditure and investment projects

Capital expenditure

EUR million	**2010**	2009	2008
General Stainless	**73**	129	332
Specialty Stainless	**69**	93	170
Other operations	**19**	26	45
The Group	**161**	248	547
Depreciation	**235**	214	206

Capital expenditure by the Group in 2010 totalled EUR 161 million (2009: EUR 248 million) and covered both maintenance and ongoing investment projects. The largest investments were connected with the Group's quarto plate investment at New Castle in the US, a new acid regeneration plant at Avesta Works in Sweden, a new service centre in China and the investment in Long Products' finishing facilities at Sheffield in the UK.

In June, Outokumpu opened a new service centre in China, the world's fastest-growing market for stainless steel. The new Kunshan service centre represents an investment by the Group of some EUR 20 million, has an annual processing capacity of some 30 000 tonnes of stainless steel and employs approximately 50 people. It supports Outokumpu's strategy of expanding operations in Asia and serving end-user and project customers with value-added special products. In the main, Outokumpu's offering to the Chinese market consists of special grades, especially duplex grades, employed in the most demanding applications in the energy, petrochemical, transportation and pulp and paper sectors.

Also in June, a new stainless steel bar and rebar facility was opened at Sheffield in the UK. This new facility expands the Group's product range, allowing stainless steel rebar to be offered in straight lengths or as formed components while also enabling the production of cold-drawn bar. Outokumpu can now serve the Group's long products customers from a fully-integrated production route in Sheffield. This investment totalled some EUR 10 million.

In June, based on the results of an updated feasibility study, the decision was made to invest EUR 440 million in doubling ferrochrome production capacity at Tornio in Finland. The original decision on this investment was made in June 2008 but was subsequently postponed. Annual ferrochrome production in Tornio will be doubled to 530 000 tonnes enabling the Group to meet its internal needs while also supplying the global market with more than 200 000 tonnes of ferrochrome annually. The additional production capacity resulting from this investment is expected to be operational in 2013 with ramp-up in 2015. The main capital expenditure cash outflows will take place in 2011 and 2012. By the end of 2010, the project organisation had been established, detailed design planning had been initiated, construction work had began and some technology and equipment supply contracts signed.

Also in June, the decision to invest EUR 104 million in increasing quarto plate production capability and capacity in Degerfors in Sweden was made. This investment strengthens Outokumpu's position as a world-leading producer of these thick, wide and individually rolled plates and will increase annual quarto plate production capacity in Degerfors by 40 000 tonnes to 150 000 tonnes. The majority of this new production capacity is scheduled to be available in 2014. Capital expenditure will be spread over five years with the majority of cash out-flows taking place in 2012 and 2013. Initial stages in related project work were undertaken in 2010. Including the completed investment in expanding capacity in New Castle in the US, the Group's total production capacity in quarto plate will eventually increase to more than 200 000 tonnes annually.

In August, the investment project increasing quarto plate production capability and capacity at New Castle in Indiana, in the US was completed. This EUR 45 million investment increased annual production capacity at this Outokumpu facility by 20 000 tonnes to a total of 70 000 tonnes.

In December 2010, the decision was made to cancel an investment project originally intended to expand Outokumpu's production capacity in special grades at Avesta Works as no requirement for such additional capacity is expected in the medium-term. In this connection, a EUR 17 million write-down was booked in 2010.

Capital expenditure by the Group in 2011 is expected to be approximately EUR 300 million. This figure includes annual capital expenditure on maintenance as well as expenditure on ongoing investment projects such as the doubling of the ferrochrome production capacity at Tornio Works and the expansion of quarto plate capacity and capability at Degerfors.

Operational Excellence Programmes

Outokumpu's Operational Excellence Programme was launched in 2005 and originally comprised Production and Commercial Excellence. In 2007, the programme was expanded to include Supply Chain Excellence. In 2010, compared to 2005, the Operational Excellence programmes delivered benefits totalling EUR 172 million. The original target of benefits totalling EUR 300 million in 2010 was not achieved primarily because both capacity utilisation and delivery volumes of stainless steel were lower than originally anticipated. The major foundations for Operational Excellence have been established with the ongoing development work focusing on leveraging the benefits of sharing best practices and fostering a culture of continuous improvement in daily work contributing to safety, customer service and cost efficiency.

Outokumpu's strategic priorities adjusted

Outokumpu's strategy was reviewed during the Group's annual strategy process with the conclusion that the Group's overall strategic direction remains unchanged. Outokumpu's vision of being the undisputed number one in stainless steel also remained unchanged. The primary meaning of "number one" is for the Group to record the best financial performance in the industry.

Some adjustments to both strategic priorities and strategy implementation were however made. The focus of the Group's adjusted priorities is on improving the performance of current operations (loading Tornio Works with high-volume products, transforming rapidly to special grades and products, excelling in sales and customer service and ensuring excellence in operations) and investing additional effort in developing future growth opportunities (the expansion of ferrochrome production and growth outside Europe).

The Fennovoima nuclear power initiative

At the beginning of July, Finland's Parliament voted on decisions-in-principle related to the construction of two new nuclear power plants in Finland. The Fennovoima proposal, in which Outokumpu holds a stake of some 10%, received a positive response. Plans call for the new nuclear power plant to be operational in 2020, and Outokumpu will then be able to obtain approximately one third of its current electricity needs at the cost of production.

People and the environment

Personnel

31 Dec	**2010**	2009	2008
General Stainless	**4 029**	3 753	3 938
Specialty Stainless	**3 388**	3 361	4 006
Other operations	**687**	640	684
The Group	**8 104**	7 754	8 628

During 2010 Outokumpu's operations employed an average of 8 148 people (2009: 8 091) in some 30 countries. At the end of 2010, the number of people employed by the Group was 8 104 (2009: 7 754). The net increase in the number of people employed totalled 350 (2009: decrease of 874). Personnel costs in 2010 totalled EUR 496 million (2009: EUR 453 million, 2008: EUR 530 million).

The Group provides its employees with a variety of development opportunities using different methods: growing within one's current role or taking on new challenging tasks (job rotation); learning from others (mentoring); supporting individuals in realising their potential (coaching); and by providing formal training opportunities.

Performance management supports the achievement of Outokumpu's strategic goals and Performance and Development Dialogues (PDD) are an important part of the performance management process. The majority of the Group's employees participated in PDD's during 2010. Outokumpu's target is for every employee to have at least one formal PDD each year. In 2010, 76% of all Outokumpu employees participated in PDD discussions.

The 2010 Outokumpu Personnel Forum (OPF) was held in Willich, Germany. While the primary focus of this event was safety, Outokumpu's reviewed People Strategy was also discussed. The working committee appointed by the OPF held six meetings in 2010.

The O'People employee survey was conducted for the sixth time in 2010. The response rate achieved was 69%, somewhat lower than previous year (2009: 72%). The overall O'People index for 2010 was 665 (2009: 617), slightly higher than the target of 660.

The lost-time injury rate (lost-time accidents per million working hours) in 2010 was 4.7 (2009: 5.9), and the Group's 2010 target of less than four was not therefore achieved. In the fourth quarter, however, the lost-time injury rate was 3.0 - a new quarterly record at Group level. No severe accidents were reported in 2010. The lost-time injury rate target for 2011 is less than 3.5.

Emissions to air and discharges to water remained within permitted limits and the breaches that occurred were temporary, were identified and caused only minimal environmental impact. Outokumpu is not a party in any significant juridical or administrative proceeding concerning environmental issues, nor is it aware of any realised environmental risks that could have a material adverse effect on the Group's financial position.

Emissions trading activities have been conducted by Outokumpu in accordance with obligations, with agreed procedures and with the Group's financial risk policy. Emissions under the EU Emission Trading Scheme during 2010 totalled approximately 795 000 tonnes (2009: 540 000 tonnes). The main reasons for the low emissions figure recorded in 2009 were the temporary closure of ferrochrome production and cut-backs in stainless steel production. Outokumpu sold 500 000 emissions allowances for EUR 8 million in 2010 (2009: 454 000 allowances sold for EUR 6 million).

Outokumpu is investing in an energy-savings project at Tornio Works in Finland. A total of 50 individual electrically-powered cooling units in the cold rolling mill will be replaced by a new centralised district-cooling system. The result will be a reduction of 11 GWh in the Group's annual electricity consumption and a corresponding decrease in carbon dioxide emissions.

Outokumpu is participating in the construction of a wind farm at Tornio in Finland. Rajakiiri, a company specialising in wind power technology, has decided to invest in a 30 MW wind farm at Röyttä, close to the Tornio Works site. Outokumpu will be allocated 20% of the electrical energy produced. This new wind power project will meet approximately 0.5% of Outokumpu's total energy needs.

The Life Cycle Inventory Study on Stainless Steel Production in the EU shows that Outokumpu products have the smallest carbon footprint in the EU, 10-20% less than the EU average for stainless steel products, an achievement based on improved processes, the optimised use of recycled steel and pursued low-carbon electricity mix. To further develop the Group's operations in the area of sustainability, Outokumpu published a new *Energy and Low-carbon Programme.* Over the past ten years, direct CO_2 emissions per tonne of stainless steel produced by the Group have been reduced by 25% and Outokumpu's target is a further 20% reduction by 2020.

In 2010, for the second time, Outokumpu was awarded “Sector Mover” status by Sustainable Asset Management (SAM) for having the largest proportional annual improvement in sustainability performance within the steel industry compared to the previous year. Outokumpu was also included in the DJSI Europe and World indices as well as in the Carbon Disclosure Leadership Index in 2010.

100 years of Outokumpu

16 March 2010 marked the centenary of the discovery of a rich copper ore deposit in Outokumpu in eastern Finland. The discovery led to the establishment of Outokumpu Oy and a booming national mining industry in Finland. Over the years, Outokumpu has undergone a major transformation, evolving from a mining and multi-metal company into one of the world's leading producers of stainless steel.

Research and Development

Outokumpu invested EUR 22 million in research and development in 2010 (2009: EUR 19 million and 2008: EUR 20 million). The Group’s two research centres are located in Tornio, Finland and Avesta, Sweden, and Group R&D operations employ almost 200 professionals. R&D is also carried out at Outokumpu production sites.

Outokumpu’s R&D operations involve process development, product development and application development. In process development, the aim is improved energy-efficiency and cost-efficiency in the Group’s production processes while ensuring high-quality and consistent products and ongoing reductions in the environmental impact of production operations. In product development, the focus is on cost-efficient low-nickel and no-nickel stainless steel grades and on added-value special products such as high-corrosion-resistance, heat-resistant and high-strength stainless steels. Other important areas in R&D include applications development and providing Outokumpu’s customers with comprehensive technical support. The Group’s R&D function operates in close co-operation with Outokumpu’s commercial organisation and is a source of valuable advice regarding material selection, properties and fabrication techniques. Outokumpu R&D personnel are involved in joint projects connected with customers’ product-development activities. Outokumpu also has an extensive network of external research partners, including universities and research institutes. The development of methods to increase internal efficiency in R&D activities was also promoted in 2010, as was an initiative on the subject of Innovation Management in which the aim is increased R&D output.

At the Tornio Research Centre, the focus is on the continuous improvement of production processes and the development of non-nickel ferritic steel grades. One important recent development is the bright-pickled 2BB ferritic material produced at Tornio Works on the recently-modernised annealing-and-pickling line. The surface finish of 2BB is a perfect choice in applications that require a bright surface combined with good mechanical properties. Typical applications for 2BB grades are found in the Catering & Appliances and in the Architecture, Building & Construction segments.

At the Avesta Research Centre, special stainless steel grades under development include high-alloyed corrosion-resistant and heat-resistant grades and high-strength, corrosion-resistant duplex steel grades. In 2010, Outokumpu launched LDX 2404®, a new duplex stainless steel grade which features higher levels of mechanical strength than other major duplex grades currently on the market. LDX 2404® is well suited for applications in which its excellent mechanical properties and good corrosion resistance can be utilised – in storage tanks and, in road and rail tankers, in building and construction projects and in a variety of industrial processes. Reduced-weight, lighter designs enable cost-efficient projects as less material is required, and ongoing benefits include savings in transport and maintenance costs as well as reduced energy consumption.

Outokumpu's research and development organisation has extensive, in-depth experience and knowledge of the properties and use of stainless steels. This knowledge is utilised in both application development and in the technical support offered to our customers, helping them to select optimum steel grades and optimise their manufacturing processes. Areas of particular interest are lightweight structures which exploit the high strength of stainless steels and the materials' low lifecycle costs, as well as applications connected with green energy and clean water solutions. As a part of the Group's technical support activities, the first edition of the *Outokumpu Welding Handbook* was published in August 2010.

Risks and uncertainties

Outokumpu operates in accordance with the risk management policy approved by the Group's Board of Directors. This policy defines the objectives, approaches and areas of responsibility of risk management activities. As well as supporting Outokumpu strategy, risk management aims to identify, evaluate and mitigate risks from the perspective of shareholders, customers, suppliers, personnel, creditors and other stakeholders.

Outokumpu has defined risk as anything that could have an adverse impact on achieving Group objectives. Risks can therefore be threats, uncertainties or lost opportunities connected with current or future Group operations.

Risk workshops covering risk identification, evaluation and mitigation were successfully implemented with management teams in most Outokumpu business units during 2009. This work continued in 2010 within a number of Group functions including the Corporate Controller's Office and Group Sales and Marketing.

No major damage to Group property or business interruptions occurred in 2010. The most significant risks realised in 2010 were associated with structural issues in stainless steel markets, with the continuing influence of the global economic downturn and with adverse movements in currencies important to the Group. All of these had a negative impact on Outokumpu's profitability and gearing.

Strategic and business risks

The most important strategic and business risks faced by Outokumpu include structural overcapacity and weak markets for stainless steel, competition in stainless steel markets, Eurocentricity in the Group's operations, Outokumpu's ability to implement its chosen strategy and risks associated with increased input costs.

Following the clearly-negative impact of the global economic downturn on stainless steel demand in 2009, stainless steel markets improved during 2010, but remained relatively weak in Outokumpu's main market areas. Growth prospects for stainless steel demand are better in Asia than in Europe and much new production capacity has been constructed in that region. To mitigate these strategic risks, Outokumpu adjusted its corporate strategy during the second half of 2010. Strategic priorities are now focused on improving the performance of current operations as well as on putting additional effort into achieving future growth. In 2010, the Group expanded its operations in China by opening a new coil and plate service centre facility in Kunshan, Shanghai. The focus at this new facility is on special grades and products.

Outokumpu has been systematically developing the Group's operational performance through excellence initiatives, and a significant number of the company's personnel have been trained to implement related improvement measures in the company's commercial and production operations. While risks associated with increased input costs are mainly related to the prices of raw materials and electrical power, other conversion costs such as fuel purchases, freight charges, salaries, prices for metallurgical coke and the cost of general consumer goods also affect input costs. To mitigate such risks, Outokumpu has developed the Group's purchasing function to improve the management of both purchasing-related and logistics-related costs. Progress towards excellence in raw materials was also achieved through the company's Supply Chain Management function in 2010.

Operational risks

Operational risks include inadequate or failed internal processes, employee actions, systems, or other events such as natural catastrophes and misconduct/crime. These types of risk are often connected with production operations, logistics, financial processes, projects or information technology and, should they materialise, can lead to personal injury, liabilities, loss of property, interrupted operations or environmental impacts. Key operational risks for the Group are a major fire or accident, security risks, environmental risks, and risks associated with investment projects and company personnel.

To minimise possible damages to property and business interruptions that could result from fire at some of its major production sites, Outokumpu has instituted systematic fire and security audit programmes. A proportion of such risks is covered by insurances. Some 30 fire-safety and security audits were carried using the Group's own resources in 2010, technical experts from Outokumpu's insurers and insurance brokers often taking part. Development of the Group's corporate security measures also continued.

Outokumpu closely monitors developments in both global and European legislation that may affect Group businesses. The European Climate and Energy Package (CEP) could have a significant impact on the European electricity market, and as ferrochrome production in particular consumes large quantities of electrical power could therefore also affect the Group's business. The risk that a high price for emissions allowances will increase the market price of electricity is significant, but Outokumpu's stake in the Fennovoima nuclear power project should help in mitigating this. The Group also attempts to mitigate all types of environment-related risks through systematic risk management and emissions trading routines, by launching environmental initiatives and by maintaining a proactive dialogue with stakeholders and parties involved in the framing of environmental legislation.

Outokumpu's objective is to achieve a strong and unified corporate and performance culture throughout the Group. Developments of this type take time and Outokumpu's ability to achieve financial and other targets could be adversely affected if progress in related areas is not achieved. Measures to mitigate possible shortcomings include improvements in productivity and the development of enhanced leadership skills among Group personnel. In 2010, the focus was on leadership development through internal programmes and associated training.

During 2010, a decision was made to restart the project to double Outokumpu's ferrochrome production capacity in the Kemi/Tornio area in Finland. An investment to increase capability and capacity in the Group's quarto plate production facility at Degerfors in Sweden was also announced. Failure or delays to implement these projects successfully would have a negative impact on Group strategy implementation and achievement of financial and growth targets. Actions taken by Outokumpu to manage related risks include the provision of dedicated resources for overall project support.

Financial risks

Key financial risks for Outokumpu are: volatility in the nickel, molybdenum and fuel prices; currency risks associated with the euro, the Swedish krona and the US dollar; limitations on financial flexibility; risks associated with specific a loan receivable; other credit risks; and liquidity and financing risk. The

Group's Financial Risk Policy was reviewed in 2010, and some minor changes were introduced including measures related to hedging of fuel costs.

The strengthening of the Swedish krona during 2010 had a somewhat negative impact on the Group's earnings and gearing. Nickel and molybdenum prices rose during 2010 and increased working capital significantly, consequently having a negative impact on gearing. Actions aimed at maintaining financial flexibility – such as the enhanced management of inventory levels – were given priority.

The availability of insured credit limits improved, and Outokumpu's exposure to customer credit risks was reduced. Improvements in the rate of overdue receivables were also achieved during 2010.

Liquidity and refinancing risks are taken into account in capital management decisions and, when necessary, in making investment and other business decisions. In 2010, Outokumpu issued a EUR 250 million bond. At the end of the year the Group's EUR 900 million syndicated credit facility was fully undrawn. Outokumpu seeks to avoid having financial covenants in its debt. Despite of this principle, the Revolving Credit Facility and some other loans include a financial covenant, which is tied to gearing. The definition of the covenant gearing differs to some degree from the definition of the reported gearing. The difference between the covenant maximum and actual gearing decreased during the year but there was still a decent gap between these at the end of the year.

During 2010, Outokumpu took action to hedge part of the forecasted cash flows related to business operations in Sweden and also continued nickel risk hedging to reduce the impacts of nickel price changes on earnings. Outokumpu also adjusted its interest rate position by deciding to leave the EUR 250 million bond fixed interest rate-based.

Civil actions regarding Outokumpu's divested fabricated copper products business

Since 2004, Outokumpu has been in the process of addressing several civil complaints, including class actions, raised in the US against the company and its former fabricated copper products business in the US. The last remaining class action was one brought in the federal court of Tennessee on behalf of certain indirect purchasers of industrial copper tubing. Outokumpu considered the allegations in the proceedings to lack merit, but settled with the claimants in August 2010 by paying a nominal sum. The action was subsequently dismissed by a federal judge.

A pending civil complaint in the US, an individual action filed in 2006 in the federal district court in Memphis, Tennessee, seeks an unstated amount of damages in connection with an alleged world-wide price-fixing and market-allocation cartel. The court dismissed this complaint in 2007, and an appeal against that dismissal is currently pending.

In 2010, a civil action was brought in the UK courts against Outokumpu (and two other defendant groups) by the same claimant group as that in the Memphis suit. The claimants allege that they suffered loss across Europe as a result of the cartel and are seeking recovery from the three main defendant groups either jointly or jointly and severally. The claimants' initial claim for alleged losses (between the three defendant groups) is some GBP 20 million excluding interest. Outokumpu will be challenging the jurisdiction of the UK courts to hear this claim. In any event, Outokumpu believes that the allegations regarding damages caused by the cartel are groundless and, if pursued, Outokumpu will defend itself in any proceedings.

No provisions have been booked in connection with these claims.

Customs investigation of Tornio Work's exports to Russia

In March 2007, Finnish Customs authorities initiated a criminal investigation into the Group's Tornio Works' export practices to Russia. It was suspected that a forwarding agency based in south-eastern Finland had prepared defective and/or forged invoices regarding the export of stainless steel to Russia. The preliminary investigation focused on possible complicity by Outokumpu Tornio Works in the preparation of defective and/or forged invoices by the forwarding agent. In June 2009, the Finnish Customs completed its preliminary investigation and forwarded the matter for consideration of possible charges to the prosecution authorities. The process of considering possible charges was completed in November 2010 and the public prosecutor concluded that the Customs authorities' suspicions regarding possible accounting offences and forgery were groundless.

The case will nevertheless go to court as charges have been pressed against Outokumpu and five of its employees for alleged money laundering in connection with the Russian export practices by Tornio Works during 2004-2006. The prosecutor, on behalf of the state, has also presented a claim for the forfeiture of the funds subject to money laundering (according to the prosecutor an unspecified amount between EUR 69 000 and EUR 13 714 000). Outokumpu has stated that neither the Group nor its personnel have committed the alleged offences. Court proceedings are scheduled to commence in March 2011.

Organisational changes and appointments

Some responsibilities members of Outokumpu's Executive Committee were changed with effect from 1 August 2010:

Karri Kaitue, Deputy CEO, was given responsibility for the Tornio Works business unit and Hannu Hautala, SVP – Tornio Works now reports to Kaitue. Legal Affairs and IPR, previously part of Kaitue's responsibilities, now report to Juha Rantanen, CEO, and the Group's remaining brass operations report to Esa Lager, CFO.

At the beginning of April 2010, Hannu Hautala, SVP – Tornio Works, took up his duties as head of Tornio Works. Kari Parvento, EVP – Group Sales and Marketing, and a member of Outokumpu's Executive Committee, took up his position in Outokumpu at the beginning of April 2010. Pekka Erkkilä, EVP – General Stainless, left Outokumpu at the beginning of April 2010.

As announced in January 2011, Outokumpu's Specialty Stainless operations will have a new organisation with effect from 1 March 2011. New Special Coil and Special Plate business units will replace the former Special Coil & Plate and Thin Strip units. The Special Coil business unit will include the Group's Flat Products production unit at Avesta in Sweden and the former Thin Strip unit at Nyby in Sweden. The Special Plate business unit will consist of the quarto plate production units at Degerfors in Sweden and New Castle in the US, the Nordic Plate Service Centre at Degerfors and the Special Plate unit at Willich in Germany.

Shares and shareholders

According to the Nordic Central Securities Depository, Outokumpu's largest shareholders by group at the end of 2010 were Finnish corporations (35%), foreign investors (19.9%), Finnish public sector institutions (19.6%), Finnish private households (15.7%), Finnish financial and insurance institutions (7.3%), and Finnish non-profit organisations (2.7%). The list of largest shareholders is updated daily on Outokumpu's website: www.outokumpu.com

Shareholders that have more than 5% of the shares and votes in Outokumpu Oyj are Solidium Oy, owned by the Finnish State, (30.85%) and the Finnish Social Insurance Institution (8.01%).

At the year-end, Outokumpu's closing share price was EUR 13.88 (2009: EUR 13.26), up 5%. The average share price during the year was EUR 13.84 (2009: EUR 11.49) with EUR 17.88 (2009: EUR 15.67) as the year's highest price and EUR 12.03 (2009: EUR 7.72) as the year's lowest price. At the year-end, the market capitalisation of Outokumpu Oyj shares totalled EUR 2 540 million (2009: EUR 2 413 million). Share turnover during 2010 was somewhat lower than in 2009, with 331.4 million shares (2009: 355.1 million) being traded on the Nasdaq OMX Helsinki Ltd exchange. The total value of shares traded in 2010 was EUR 4 586 million (2009: EUR 4 079 million).

Outokumpu's fully paid-up share capital totalled EUR 311.1 million at the year-end 2010 and consisted of 182 978 249 shares. The average number of shares outstanding during 2010 was 181 751 107. Outokumpu Oyj held 1 040 888 treasury shares on 31 December 2010. This corresponds to 0.6% of the share capital and the total voting rights of the Company on 31 December 2010.

Annual General Meeting 2010

The 2010 Annual General Meeting (AGM) approved a dividend of EUR 0.35 per share for 2009. Dividends totalling EUR 64 million were paid on 13 April 2010.

The AGM authorised the Board of Directors to decide to repurchase the Group's own shares. The maximum number of shares to be repurchased is 18 000 000, currently representing 9.89% of the total number of registered shares. Based on earlier authorisations Outokumpu currently holds 1 040 888 of its own shares. The AGM also authorised the Board of Directors to decide to issue shares and to grant special rights entitling to shares. The maximum number of new shares to be issued through the share issue and/or by granting special rights entitling to shares is 18 000 000, and, in addition, the maximum number of treasury shares to be transferred is 18 000 000. The authorisation includes the right to resolve upon directed share issues. The AGM's authorisations are valid for 12 months or until the next AGM, however no longer than 31 May 2011. To date these authorisations have not been used.

The 2010 Annual General Meeting also decided that Outokumpu would make a donation to the Aalto University Foundation. The maximum aggregate amount of Outokumpu Group's donations to the Aalto University Foundation in 2010 is EUR 1 million.

The AGM decided that the number of Board members, including the Chairman and Vice Chairman, should be eight. Evert Henkes, Ole Johansson, Victoire de Margerie, Anna Nilsson-Ehle, Jussi Pesonen, Leena Saarinen and Anssi Soila were re-elected as members of the Board of Directors, and Olli Vaartimo was elected as a new member. The AGM re-elected Ole Johansson as Chairman of the Board and Anssi Soila as Vice Chairman of the Board. The AGM also resolved to form a Shareholders' Nomination Committee to prepare proposals on the composition and remuneration of the Board of Directors for presentation to the next AGM.

At its first meeting, the Board of Directors of Outokumpu appointed two permanent committees consisting of Board members. Olli Vaartimo (Chairman), Anna Nilsson-Ehle, Victoire de Margerie and Jussi Pesonen were elected as members of the Board Audit Committee. Ole Johansson (Chairman), Evert Henkes, Leena Saarinen and Anssi Soila were elected as members of the Board Nomination and Compensation Committee.

KPMG Oy Ab, Authorised Public Accountants, was re-elected as the Company's auditor for the period ending at the close of the next AGM.

Outokumpu’s Nomination Board

Outokumpu's Annual General Meeting (AGM) of 30 March 2010 decided to establish a Nomination Board to prepare proposals on the composition of the Board of Directors along with director remuneration for the following AGM.

The AGM also decided that the Nomination Board should consist of the representatives of Outokumpu's three largest shareholders, registered in the Finnish book-entry securities system on 1 November 2010, which accept the assignment.

The Nomination Board consists of the following three shareholders: Solidium Oy, The Social Insurance Institution of Finland and Ilmarinen Mutual Pension Insurance Company. These shareholders have nominated Kari Järvinen, CEO (Solidium Oy); Liisa Hyssälä, Director General (The Finnish Social Insurance Institution) and Harri Sailas, CEO (Ilmarinen Mutual Pension Insurance Company) as their representatives on the Nomination Board. Ole Johansson, Chairman of the Outokumpu Board of Directors, serves as an expert member and the Nomination Board elected Kari Järvinen as Chairman among its members. The Nomination Board was required to submit its proposals to Outokumpu's Board of Directors no later than 1 February 2011.

SHORT-TERM OUTLOOK

Following the softer market situation that characterised late 2010, demand for standard grades of stainless steel began to pick-up in the new-year. The increase in the nickel price supported buying by distributors and lead times for standard grades are currently somewhat above the usual 6-8 weeks. Distributor inventories in Europe are estimated to be approximately at normal level. Demand from investment-driven end-use segments has not yet shown any major recovery.

Outokumpu’s order intake has been encouraging from the beginning of 2011. After the decline in base prices in late 2010, Outokumpu has been able to increase prices, but this will only have an impact on average prices towards the end of the first quarter.

Based on current order intake, Outokumpu estimates that delivery volumes in the first quarter of 2011 will be some 10-20% higher than in the fourth quarter of 2010. Outokumpu’s operating profit in the first quarter is expected to be around break-even or slightly positive with some positive impact from raw material-related timing gains (at current metal prices).

Board of Directors’ proposal for profit distribution

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 development needs.

The Board of Directors is proposing to the Annual General Meeting to be held on 23 March 2011 that a dividend of EUR 0.25 per share be paid from the parent company’s distributable funds on 31 December 2010 and that any remaining distributable funds be allocated to retained earnings. The suggested ex-dividend date is 25 March, dividend record date is 29 March and the dividend will be paid on 5 April 2011.

According to the Group’s financial statements on 31 December 2010, distributable funds of the parent company totalled EUR 850 million. No material changes have taken place in the company’s financial position after the balance sheet date and the proposed dividend does not compromise the company's financial standing.

In Espoo, 1 February 2011

Board of Directors

***Outokumpu** is a global leader in stainless steel with the vision to be the undisputed number one. 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. Outokumpu employs some 7 500 people in more than 30 countries. The Group's head office is located in Espoo, Finland. Outokumpu is listed on the NASDAQ OMX Helsinki. www.outokumpu.com*

CONDENSED FINANCIAL STATEMENTS (unaudited)

Condensed statement of comprehensive income

Condensed income statement

EUR million	Jan-Dec 2010	Jan-Dec 2009	Oct-Dec 2010	Oct-Dec 2009
Sales	**4 229**	2 641	**1 162**	736
Cost of sales	**-4 051**	-2 796	**-1 154**	-694
Gross margin	**178**	-154	**8**	42
Other operating income	**45**	28	**8**	11
Costs and expenses	**-279**	-284	**-78**	-76
Other operating expenses	**-28**	-32	**-23**	-8
Operating profit	**-83**	-441	**-85**	-31
Share of results in associated companies	**-10**	-13	**5**	-3
Financial income and expenses				
Interest income	**16**	16	**4**	4
Interest expenses	**-53**	-38	**-16**	-10
Market price gains and losses	**4**	-2	**2**	2
Other financial income	**13**	5	**11**	1
Other financial expenses	**-29**	-6	**-7**	-1
Profit before taxes	**-143**	-479	**-86**	-38
Income taxes	**19**	143	**-5**	32
Net profit for the period	**-124**	-336	**-91**	-6
Attributable to:				
Equity holders of the Company	**-123**	-336	**-91**	-7
Non-controlling interests	**-0**	-0	**-0**	0
Earnings per share for result attributable to the equity holders of the Company				
Earnings per share, EUR	**-0.68**	-1.86	**-0.50**	-0.04
Diluted earnings per share, EUR	**-0.68**	-1.86	**-0.50**	-0.04

Consolidated statement of other comprehensive income

EUR million	Jan-Dec 2010	Jan-Dec 2009	Oct-Dec 2010	Oct-Dec 2009
Net profit for the period	**-124**	-336	**-91**	-6
Other comprehensive income:				
Exchange differences on translating foreign operations	**26**	29	**8**	3
Available-for-sale financial assets				
Fair value changes during the period	**49**	34	**18**	9
Reclassification adjustments from other comprehensive income to profit	**-10**	-	**-10**	-
Income tax relating to available-for-sale financial assets	**-8**	-9	**-4**	-1
Cash flow hedges				
Fair value changes during the period	**59**	23	**15**	2
Reclassification adjustments from other comprehensive income to profit	**2**	1	**-1**	1
Income tax relating to cash flow hedges	**-16**	-6	**-4**	-1
Net investment hedges				
Fair value changes during the period	**-**	1	**-**	-
Income tax relating to net investment hedges	**-**	-0	**-**	-
Share of other comprehensive income of associated companies	**-3**	5	**-1**	-3
Other comprehensive income for the period, net of tax	**99**	77	**21**	11
Total comprehensive income for the period	**-24**	-259	**-70**	5
Attributable to:				
Equity holders of the Company	**-24**	-259	**-70**	5
Non-controlling interests	**1**	-1	**0**	0

Condensed statement of financial position

EUR million	31 Dec 2010	31 Dec 2009
ASSETS		
Non-current assets		
Intangible assets	**589**	566
Property, plant and equipment	**2 054**	2 099
Loan receivables and other interest-bearing assets	**473**	399
Other receivables	**55**	55
Deferred tax assets	**30**	42
Total non-current assets	**3 202**	3 160
Current assets		
Inventories	**1 448**	1 027
Loan receivables and other interest-bearing assets	**49**	39
Trade and other receivables	**785**	513
Cash and cash equivalents	**150**	112
Total current assets	**2 431**	1 690
TOTAL ASSETS	**5 633**	4 850
EQUITY AND LIABILITIES		
Equity attributable to the equity holders of the Company		
Equity attributable to the equity holders of the Company	**2 374**	2 451
Non-controlling interests	**2**	0
Total equity	**2 376**	2 451
Non-current liabilities		
Interest-bearing liabilities	**1 529**	1 038
Deferred tax liabilities	**90**	101
Pension obligations	**66**	65
Provisions	**21**	19
Trade and other payables	**3**	1
Total non-current liabilities	**1 709**	1 224
Current liabilities		
Interest-bearing liabilities	**980**	703
Provisions	**19**	26
Trade and other payables	**550**	446
Total current liabilities	**1 549**	1 176
TOTAL EQUITY AND LIABILITIES	**5 633**	4 850

Statement of changes in equity

EUR million	Share capital	Share premium fund	Other reserves	Fair value reserves	Treasury shares	Cumulative translation differences	Retained earnings	Non-controlling interests	Total equity
	Attributable to the owners of the parent								
Equity on 1 Jan 2009	**308**	**702**	**15**	**-28**	**-27**	**-138**	**1 961**	**1**	**2 795**
Total comprehensive income for the period	-	-	-	50	-	28	-336	-0	-259
Transfers within equity	-	-	-0	-	-	-	0	-	-
Dividends	-	-	-	-	-	-	-90	-	-90
Share-based payments	-	-	-	-	2	-	-1	-	1
Share options exercised	1	3	-	-	-	-	-	-	4
Equity on 31 Dec 2009	**309**	**706**	**15**	**22**	**-25**	**-110**	**1 534**	**0**	**2 451**
Total comprehensive income for the period	-	-	-	78	-	21	-124	1	-24
Transfers within equity	-	-	-8	-	-	-	8	-	-
Dividends	-	-	-	-	-	-	-64	-	-64
Share-based payments	-	-	-	-	-	-	2	-	2
Share options exercised	2	8	-	-	-	-	-	-	10
Other change	-	-	-	-	-	-	-	1	1
Equity on 31 Dec 2010	**311**	**713**	**7**	**100**	**-25**	**-89**	**1 356**	**2**	**2 376**

Condensed statement of cash flows

EUR million	Jan-Dec 2010	Jan-Dec 2009	Oct-Dec 2010	Oct-Dec 2009
Net profit for the period	**-124**	-336	**-91**	-6
Adjustments				
Depreciation and amortisation	**235**	214	**61**	56
Impairments	**20**	15	**20**	-
Other non-cash adjustments	**-112**	-234	**-18**	-17
Change in working capital	**-476**	552	**44**	-150
Dividends received	**2**	3	**-**	0
Interests received	**2**	7	**1**	4
Interests paid	**-42**	-57	**-8**	-8
Income taxes paid	**-2**	36	**9**	10
Net cash from operating activities	**-497**	201	**18**	-111
Purchases of assets	**-173**	-235	**-47**	-59
Proceeds from the sale of assets	**24**	17	**6**	5
Net cash from other investing activities	**1**	-2	**0**	-2
Net cash from investing activities	**-147**	-219	**-41**	-57
Cash flow before financing activities	**-645**	-18	**-23**	-168
Share options exercised	**10**	4	**0**	0
Borrowings of long-term debt	**695**	130	**-**	70
Repayment of long-term debt	**-188**	-350	**-77**	-42
Change in current debt	**209**	212	**90**	42
Dividends paid	**-64**	-90	**-**	-
Proceeds from the sale of other financial assets	**16**	0	**16**	-0
Other financing cash flow	**-1**	-1	**-0**	-2
Net cash from financing activities	**677**	-97	**29**	68
Net change in cash and cash equivalents	**32**	-115	**6**	-99
Cash and cash equivalents at the beginning of the period	**112**	224	**142**	210
Foreign exchange rate effect	**6**	3	**2**	1
Net change in cash and cash equivalents	**32**	-115	**6**	-99
Cash and cash equivalents at the end of the period	**150**	112	**150**	112

Key figures

EUR million	Jan-Dec 2010	Jan-Dec 2009
Sales	**4 229**	2 641
Operating profit	**-83**	-441
Operating profit margin, %	**-2.0**	-16.7
EBITDA	**172**	-212
Return on capital employed, %	**-2.1**	-11.7
Return on equity, %	**-5.1**	-12.8
Long-term debt	**1 488**	997
Current debt	**930**	651
Other interest-bearing payables	**16**	7
Derivative financial instruments	**23**	63
Investments in associated companies	**-148**	-154
Available-for-sale financial assets	**-154**	-112
Other interest-bearing receivables	**-169**	-149
Cash and cash equivalents	**-150**	-112
Net interest-bearing debt at end of period	**1 837**	1 191
Capital employed at end of period	**4 213**	3 642
Equity-to-assets ratio at end of period, %	**42.2**	50.6
Debt-to-equity ratio at end of period, %	**77.3**	48.6
Earnings per share, EUR	**-0.68**	-1.86
Average number of shares outstanding, in thousands [1)]	**181 751**	180 826
Diluted earnings per share, EUR	**-0.68**	-1.86
Diluted average number of shares, in thousands [1)]	**181 762**	180 970
Equity per share at end of period, EUR	**13.05**	13.54
Number of shares outstanding at end of period, in thousands [1)]	**181 937**	180 970
Capital expenditure	**161**	248
Depreciation	**235**	214
Deliveries, 1 000 tonnes	**1 315**	1 030
Average personnel for the period	**8 148**	8 091

[1)] The number of own shares repurchased is excluded.

NOTES TO THE FINANCIAL STATEMENTS

This annual accounts bulletin is prepared in accordance with IAS 34 (Interim Financial Reporting). The same accounting policies and methods of computation have been followed in this bulletin as in the financial statements for 2009, except for changes in IFRS standards, which are applicable from the beginning of 2010. Of these, the most significant are in the following standards:

- IFRS 3 Business Combinations
- IAS 27 Consolidated and Separate Financial Statements

These changes have not had material impact on the financial statements.

All presented figures in this annual accounts bulletin have been rounded and consequently the sum of individual figures can deviate from the presented sum figure. Key figures have been calculated using exact figures.

Use of estimates

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities, and the reported amounts of income and expenses during the reporting period. Accounting estimates are employed in the financial statements to determine reported amounts, including the realisability of certain assets, the useful lives of tangible and intangible assets, income taxes, provisions, pension obligations, impairment of goodwill and other items. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from the estimates.

EUR 250 million bond

In June, Outokumpu Oyj issued an EUR 250 million five-year domestic bond with an annual coupon of 5.125 %. The bond was listed on the NASDAQ OMX Helsinki on 14 July. The bond improves the structure of Outokumpu's debt portfolio and the funds will be used for general corporate purposes.

Shares and share capital

The total number of Outokumpu Oyj shares was 182 978 249 and the share capital amounted to EUR 311.1 million on 31 December 2010. Outokumpu Oyj held 1 040 888 treasury shares on 31 December 2010. This corresponded to 0.6% of the share capital and the total voting rights of the Company on 31 December 2010.

Outokumpu has a stock option programme for management. The stock options have been allocated as part of the Group's incentive programmes to key personnel of Outokumpu. The option programme has three parts 2003A, 2003B and 2003C. On 31 December 2010 a total of 650 881 Outokumpu Oyj shares had been subscribed for on the basis of 2003A stock option programme, a total of 1 016 813 Outokumpu Oyj shares on the basis of 2003B stock option programme and a total of 60 000 Outokumpu Oyj shares on the basis of 2003C stock option programme. On 31 December 2010, only stock options 2003C had remaining share subscription period and an aggregate maximum of 40 500 shares can be subscribed with the remaining 2003C stock options. In accordance with the terms and conditions of the option programme, the dividend adjusted share price for a stock option 2003C was EUR 10.09 on 31 December 2010. As a result of the remaining share options, Outokumpu Oyj's share capital may be increased by a maximum of EUR 68 850 and the number of shares by a maximum of 40 500 shares. This corresponds to 0.0% of the Company's shares and voting rights.

Outokumpu has also two share-based incentive programmes for years 2006-2010 and 2009-2013 as part of the key employee incentive and commitment system of the Company. The second earnings period for the 2006-2010 incentive programmes ended on 31 December 2009. The set targets for the earnings period were not met and thus no reward was paid to the participants.

Outokumpu Board approved on 2 February 2010 134 employees to be in the scope of the share incentive programme 2009-2013 second earnings period (2010-2012). On 14 December 2010 134 employees were approved to be in the scope of the third earning period (2011-2013). The amount of reward will be determined and paid to the participants on the basis of the achievement of performance targets after the financial statements of the last year of earnings period have been prepared. If persons covered by both share-based incentive programmes were to receive the number of shares in accordance with the maximum reward, currently a total of 1 459 780 shares, their shareholding obtained via the programme would amount to 0.8% of the Company's shares and voting rights.

Detailed information on the Group's option programme and of the share-based incentive programmes can be found on the company's website: www.outokumpu.com.

Discontinued operations

The brass rod operations, which have previously been classified as discontinued operations (according to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations), have been reclassified to Other operations in 2010. This is due to the marginal size of the business – the operations comprise two brass-producing units, one in Sweden and one in the Netherlands and employ some 150 people.

Following the reclassification, Outokumpu does not any more present continuing and discontinued operations separately in its financial information. The comparable financial figures for 2009 have been restated accordingly. Financial figures for periods before 2009 have been restated only regarding the remaining brass operations.

Major non-recurring items in operating profit

EUR million	Jan-Dec 2010	Jan-Dec 2009
Write-down of expansion project in Avesta	**-17**	-15
Redundancy provisions	**-**	-5
	-17	-20

Major non-recurring items in financial income and expenses

EUR million	Jan-Dec 2010	Jan-Dec 2009
Gain on the sale of Okmetic shares	**9**	-
	9	-

Property, plant and equipment

EUR million	1 Jan - 31 Dec 2010	1 Jan - 31 Dec 2009
Historical cost at the beginning of the period	**4 325**	4 034
Translation differences	**179**	70
Additions	**144**	249
Disposals	**-40**	-23
Reclassifications	**-39**	-4
Historical cost at the end of the period	**4 569**	4 325
Accumulated depreciation at the beginning of the period	**-2 226**	-2 005
Translation differences	**-98**	-38
Disposals	**32**	20
Reclassifications	**-0**	0
Depreciation	**-202**	-188
Impairments	**-20**	-15
Accumulated depreciation at the end of the period	**-2 515**	-2 226
Carrying value at the end of the period	**2 054**	2 099
Carrying value at the beginning of the period	**2 099**	2 029

Commitments

EUR million	31 Dec 2010	31 Dec 2009
Mortgages and pledges		
Mortgages on land	**209**	185
Other pledges	**12**	1
Guarantees		
On behalf of subsidiaries for commercial commitments	**37**	22
On behalf of associated companies for financing	**1**	1
Other commitments	**45**	53
Minimum future lease payments on operating leases	**79**	62

Group's off-balance sheet investment commitments totalled EUR 125 million on 31 December 2010 (31 December 2009: EUR 62 million).

Related party transactions

Outokumpu's ownership in Outokumpu Industriunderhåll AB (previously ABB Industriunderhåll AB) increased from 49% to 51% on 1 March 2010 and since then the company has been consolidated as a subsidiary. Non-controlling interest is presented separately from the net profit and disclosed as a separate item in the equity. The acquisition price for the 2% increase in the ownership was EUR 22 000.

At 31 December 2010, remaining material related party transactions were loan receivables from associated companies totalling EUR 7 million (31 December 2009: EUR 11 million).

Fair values and nominal amounts of derivative instruments

EUR million	**31 Dec 2010 Positive fair value**	**31 Dec 2010 Negative fair value**	**31 Dec 2010 Net fair value**	31 Dec 2009 Net fair value	**31 Dec 2010 Nominal amounts**	31 Dec 2009 Nominal amounts
Currency and interest rate derivatives						
Currency forwards	**42**	**24**	**18**	-42	**2 032**	1 784
Interest rate swaps	**-**	**2**	**-2**	-3	**107**	199
Cross-currency swaps	**-**	**37**	**-37**	-8	**228**	212
Currency options, bought	**-**	**-**	**-**	1	**-**	30
Currency options, sold	**-**	**-**	**-**	-0	**-**	31
Interest rate options, bought	**1**	**-**	**1**	2	**89**	78
Interest rate options, sold	**-**	**2**	**-2**	-2	**89**	78
					Tonnes	Tonnes
Metal derivatives						
Nickel options, bought	**1**	**-**	**1**	2	**3 120**	13 290
Nickel options, sold	**-**	**3**	**-3**	-4	**3 120**	13 290
Forward and futures nickel contracts	**-**	**1**	**-1**	-	**852**	-
Forward and futures molybdenum contracts	**-**	**0**	**-0**	-	**100**	-
Forward and futures copper contracts	**1**	**1**	**-1**	-0	**2 325**	1 275
Forward and futures zinc contracts	**0**	**0**	**0**	-0	**1 425**	400
Emission allowance derivatives	**0**	**0**	**0**	0	**353 000**	404 000
					TWh	TWh
Electricity derivatives	**6**	**4**	**2**	-8	**1.0**	0.8
	51	**74**	**-23**	-63		

Segment information

General Stainless

EUR million	I/09	II/09	III/09	IV/09	2009	I/10	II/10	III/10	**IV/10**	**2010**
Sales	476	501	496	592	2 065	754	962	860	**926**	**3 503**
of which Tornio Works	270	300	303	420	1 292	481	653	565	**635**	**2 334**
Operating profit	-157	-52	-38	-12	-259	-2	75	-52	**-6**	**14**
of which Tornio Works	-129	-33	-44	22	-183	-7	63	-36	**8**	**29**
Operating capital at the end of period	2 390	2 379	2 355	2 421	2 421	2 484	2 718	2 819	**2 763**	**2 763**
Average personnel for the period	3 917	3 848	3 820	3 752	3 834	3 780	4 278	4 214	**4 007**	**4 070**
Deliveries of main products (1 000 tonnes)										
Cold rolled	114	132	112	128	486	151	160	151	**154**	**615**
White hot strip	57	64	64	62	248	84	74	64	**76**	**299**
Semi-finished products	39	51	45	61	196	70	76	67	**56**	**268**
Total deliveries of the division	210	248	221	250	929	304	309	282	**286**	**1 181**

Specialty Stainless

EUR million	I/09	II/09	III/09	IV/09	2009	I/10	II/10	III/10	**IV/10**	**2010**
Sales	371	278	258	332	1 239	367	469	397	**477**	**1 710**
Operating profit	-82	-37	-21	-10	-149	-21	22	-14	**-62**	**-76**
Operating capital at the end of period	1 007	906	965	1 035	1 035	1 109	1 245	1 247	**1 277**	**1 277**
Average personnel for the period	3 892	3 656	3 433	3 372	3 588	3 319	3 412	3 517	**3 394**	**3 410**
Deliveries of main products (1 000 tonnes)										
Cold rolled	25	19	19	24	86	35	36	26	**36**	**133**
White hot strip	23	25	21	24	92	30	34	26	**34**	**124**
Quarto plate	20	19	15	18	71	21	22	21	**22**	**87**
Tubular products	14	12	10	11	47	12	12	10	**10**	**43**
Long products	9	8	10	10	38	13	14	14	**14**	**55**
Total deliveries of the division	92	82	75	87	335	111	119	98	**116**	**443**

Other operations

EUR million	I/09	II/09	III/09	IV/09	2009	I/10	II/10	III/10	**IV/10**	**2010**
Sales	75	64	64	70	273	102	100	99	**99**	**401**
Operating profit	-12	-6	-5	-11	-34	2	-14	10	**-13**	**-15**
Operating capital at the end of period	116	257	240	250	250	184	299	249	**250**	**250**
Average personnel for the period	679	675	671	647	668	653	667	669	**683**	**668**

Income statement by quarter

EUR million	I/09	II/09	III/09	IV/09	2009	I/10	II/10	III/10	**IV/10**	**2010**
Sales										
General Stainless	476	501	496	592	2 065	754	962	860	**926**	**3 503**
of which intersegment sales	97	100	107	117	421	138	214	189	**160**	**702**
Specialty Stainless	371	278	258	332	1 239	367	469	397	**477**	**1 710**
of which intersegment sales	75	67	64	87	293	91	122	86	**118**	**417**
Other operations	75	64	64	70	273	102	100	99	**99**	**401**
of which intersegment sales	61	52	52	55	221	65	70	67	**62**	**265**
Intra-group sales	-233	-220	-224	-259	-935	-295	-407	-342	**-340**	**-1 384**
Total sales	688	623	595	736	2 641	929	1 125	1 014	**1 162**	**4 229**
Operating profit										
General Stainless	-157	-52	-38	-12	-259	-2	75	-52	**-6**	**14**
Specialty Stainless	-82	-37	-21	-10	-149	-21	22	-14	**-62**	**-76**
Other operations	-12	-6	-5	-11	-34	2	-14	10	**-13**	**-15**
Intra-group items	2	-0	-3	2	1	-1	-10	8	**-4**	**-7**
Total operating profit	-249	-96	-66	-31	-441	-21	72	-49	**-85**	**-83**
Share of results in associated companies	-3	-1	-6	-3	-13	-7	-2	-5	**5**	**-10**
Financial income and expenses	0	-11	-11	-4	-25	-4	-6	-34	**-6**	**-50**
Profit before taxes	-251	-107	-82	-38	-479	-32	64	-88	**-86**	**-143**
Income taxes	64	20	26	32	143	12	-20	32	**-5**	**19**
Net profit for the period	-187	-87	-56	-6	-336	-21	44	-56	**-91**	**-124**
Attributable to:										
The owners of the parent	-187	-87	-55	-7	-336	-21	44	-56	**-91**	**-123**
Non-controlling interests	-0	-0	-0	0	-0	-0	0	-0	**-0**	**-0**

Major non-recurring items in operating profit

EUR million	I/09	II/09	III/09	IV/09	2009	I/10	II/10	III/10	**IV/10**	**2010**
Specialty Stainless										
Write-down of expansion project in Avesta	-	-	-15	-	-15	-	-	-	**-17**	**-17**
Redundancy provisions	-5	-	-	-	-5	-	-	-	**-**	**-**
	-5	-	-15	-	-20	-	-	-	**-17**	**-17**

Major non-recurring items in financial income and expenses

EUR million	I/09	II/09	III/09	IV/09	2009	I/10	II/10	III/10	**IV/10**	**2010**
Gain on the sale of Okmetic shares	-	-	-	-	-	-	-	-	**9**	**9**
	-	-	-	-	-	-	-	-	**9**	**9**

Key figures by quarter

EUR million	I/09	II/09	III/09	IV/09	I/10	II/10	III/10	**IV/10**
Sales	688	623	595	736	929	1 125	1 014	**1 162**
Operating profit	-249	-96	-66	-31	-21	72	-49	**-85**
Operating profit margin, %	-36.2	-15.4	-11.0	-4.2	-2.3	6.4	-4.8	**-7.3**
EBITDA	-197	-43	2	26	35	129	12	**-4**
Return on capital employed, %	-27.4	-11.3	-7.6	-3.5	-2.3	7.3	-4.6	**-8.0**
Return on equity, %	-28.0	-13.8	-9.0	-1.0	-3.4	7.2	-9.1	**-15.1**
Capital employed at end of period	3 382	3 426	3 464	3 642	3 719	4 187	4 275	**4 213**
Net interest-bearing debt at end of period	831	929	1 018	1 191	1 302	1 696	1 831	**1 837**
Equity-to-assets ratio at end of period, %	51.3	52.2	50.8	50.6	47.3	43.6	42.8	**42.2**
Debt-to-equity ratio at end of period, %	32.6	37.2	41.6	48.6	53.9	68.1	74.9	**77.3**
Earnings per share, EUR	-1.04	-0.48	-0.31	-0.04	-0.11	0.24	-0.31	**-0.50**
Average number of shares outstanding, in thousands [1)]	180 413	180 955	180 963	180 963	181 245	181 907	181 917	**181 926**
Equity per share at end of period, EUR	14.09	13.79	13.51	13.54	13.28	13.68	13.43	**13.05**
Number of shares outstanding at end of period, in thousands [1)]	180 953	180 963	180 963	180 970	181 897	181 915	181 917	**181 937**
Capital expenditure	63	46	56	83	28	45	40	**48**
Depreciation	52	53	53	56	56	57	61	**61**
Deliveries, 1 000 tonnes	247	268	238	277	333	339	307	**336**
Average personnel for the period	8 488	8 180	7 923	7 771	7 752	8 357	8 401	**8 083**

[1)] The number of own shares repurchased is excluded.

Definitions of key financial figures

EBITDA = Operating profit before depreciation, amortisation and impairments

Capital employed = Total equity + net interest-bearing debt

Operating capital = Capital employed + net tax liability

Return on equity = $\frac{\text{Net profit for the financial period}}{\text{Total equity (average for the period)}} \times 100$

Return on capital employed (ROCE) = $\frac{\text{Operating profit}}{\text{Capital employed (average for the period)}} \times 100$

Net interest-bearing debt = Total interest-bearing debt – total interest-bearing assets

Equity-to-assets ratio = $\frac{\text{Total equity}}{\text{Total assets – advances received}} \times 100$

Debt-to-equity ratio = $\frac{\text{Net interest-bearing debt}}{\text{Total equity}} \times 100$

Earnings per share = $\frac{\text{Net profit for the financial period attributable to the owners of the parent}}{\text{Adjusted average number of shares during the period}}$

Equity per share = $\frac{\text{Equity attributable to the owners of the parent}}{\text{Adjusted number of shares at the end of the period}}$