

11 October 2011
at 2.00 pm EET

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OUTOKUMPU – OSTP ANNOUNCES ACTIONS CONNECTED WITH ITS TURN-AROUND PLAN

OSTP, the Outokumpu and Tubinoxia joint-venture for tubular products, began its operations on 1 October 2011. The company's new board of directors has held its first meeting and has confirmed OSTP's corporate strategy and plans to improve the company's performance.

In OSTP's new strategy, the focus will be on process pipes and butt-weld fittings, consolidating the company's production structure and reducing costs by streamlining its organisation. OSTP will continue to offer customers a wide range of products by complementing its own production with externally-sourced products and grades.

OSTP's managing director Andrea Gatti: "I am confident we can build a bright future for OSTP, but it will not be an easy journey. Tough decisions will be required and unfortunately our personnel will also be affected. Everyone in the management team is committed to ensuring that after the transition period, the new OSTP will be stronger for our employees, our customers and our owners."

Production of process pipes are planned to be consolidated in Jakobstad in Finland and Riyadh in Saudi Arabia while butt-weld fittings to the main part would be produced in Jakobstad and Örnsköldsvik in Sweden according to the plan. Continuation of production at these sites is based on ongoing performance, cost position and the ability to handle additional production quantities.

The production of process pipes and heat exchanger tubes at OSTP's Nyby site in Torshälla in Sweden is planned to be closed down by the end of this year. Some of the production is planned to be transferred to Jakobstad as part of the overall restructuring. OSTP will initiate negotiations with trade union representatives in Nyby immediately and special emphasis will be given to finding good solutions for the employees affected. Support for personnel may include transfers to other locations or help in finding new jobs outside of Outokumpu. Some 100 people are currently employed at the Nyby site. In addition to streamlining the company's production operations, OSTP is also planning to reduce other cost, such as overhead costs.

At OSTP's other operations, in which the focus is on threaded fittings, heavy wall pipes and pressure vessels, work on improving short-term financial performance will continue. These operations are located in Molkom, Storfors and Örnsköldsvik in Sweden, Tallinn in Estonia, Brockville in Canada, and Tuusula in Finland. OSTP plans to divest these businesses by the end of 2012 to release capital and avoid the need for future investment.

The measures planned are expected to result in a visible turnaround in OSTP's financial performance in 2012 and positive operating profit in 2013. In the second quarter of 2011, EUR 65 million of impairments related to OSTP were already booked. Depending on the outcome of the planned statutory negotiations, there might be some marginal impact on Outokumpu's operating profit in the fourth quarter of 2011.

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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 8 000 people in more than 30 countries. The Group's head office is located in Espoo, Finland. Outokumpu is listed on the NASDAQ OMX Helsinki.

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