

OUTOKUMPU TAKING ACTION TO ADJUST TO THE WEAK STAINLESS STEEL MARKET

As Outokumpu stated in the outlook of its third quarter interim report, the stainless steel demand is currently weak and the company expects its fourth quarter delivery volumes to be at about the same level or slightly above the volumes in the third quarter, which is clearly below the company's full production capacity.

Due to the currently low order load, Outokumpu will start statutory negotiations on temporary layoffs at the Tornio plant in Finland. The layoffs would apply to selected production lines, maintenance and to some office work. Altogether the negotiations concern full or part-time layoff of a total of 1 500 employees. The layoffs would be carried out mainly by reducing shifts depending on the production line and duties and they would continue for a maximum of three months. The statutory negotiations are expected to take two weeks.

Outokumpu's production sites in other countries are taking similar actions to adjust their operations to reflect customer order volumes. In Sweden several sites are already taking measures, for example by reducing shifts.

Outokumpu Group employs 8 700 people, of which 2 300 at the Tornio Works in Finland.

Outokumpu's CEO Juha Rantanen says: "It is very unfortunate that we are forced to take these actions. We are currently not able to offer full-time employment to all of our people. The global economic turmoil has an impact on stainless steel demand, which means that our customers are not placing orders at a pace that would allow us to run production at full capacity. We are very committed to work with the employee representatives in order to minimize the impacts on our employees, their families and the local communities."

Outokumpu's future outlook published in the third quarter interim report on October 23, 2008 stays unchanged. The company's underlying operational result in the fourth quarter of 2008 is expected to be slightly positive. At current nickel prices, further nickel-related inventory losses of some EUR 50-100 million including the impact of hedging are expected in the fourth quarter, which would turn Outokumpu's operating profit negative.

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