

**OUTOKUMPU INTENDS TO CLOSE ITS THIN STRIP BUSINESS IN SHEFFIELD**

Today Outokumpu announced its intention to close its thin strip business at Meadowhall in Sheffield in the UK. The market for stainless precision strip is over-supplied and this business in Sheffield has been loss-making for several years. The proposal is part of Outokumpu's performance improvement actions to ensure global competitiveness.

The proposed closure would result in some 230 job losses at the Meadowhall site. Pending of the consultation process, the closure of the Sheffield Thin Strip business is expected to take place in the first quarter of 2009.

The closure of operations is estimated to result in EUR 16 million reduction in annual fixed costs from the second quarter 2009 onwards. Write-downs and provisions of EUR 65 million, of which EUR 28 million is cash. This would be recorded in the third quarter of 2008.

Bo Annvik, EVP Specialty Stainless, Outokumpu said: "Today's difficult announcement is a result of a very thorough analysis. We aim to continuously improve our competitiveness and despite the commitment and excellent work in the Sheffield Thin Strip business, we do not anticipate material improvement in the highly competitive precision strip market. In the next coming weeks we will work closely with union representatives to find solutions to support our personnel in this process."

The Meadowhall plant produces specialised, very thin forms of stainless steel strip products. In 2007, its total stainless steel deliveries were 12 000 tons. Outokumpu Kloster unit in Långshyttan, Sweden produces similar products. The intention is to transfer most of the business to Kloster, which enables Outokumpu to utilise synergies and to deliver full benefits of Kloster's production capacity.

Local consultation will start immediately with the workforce and the appropriate trade unions to consider different alternatives to find a suitable solution for all parties. Outokumpu will commence discussions with customers to put in place possible alternative supply routes in order to maintain the best possible customer service.

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