OUTOKUMPU'S FIRST QUARTER 2008 INTERIM REPORT – IMPROVED PROFITS IN RECOVERING STAINLESS STEEL MARKETS

First quarter highlights

- Operating profit at EUR 100 million including nickel-related inventory losses of some EUR 60 million, underlying operational result about EUR 160 million.
- End-user demand for stainless steel healthy with improved demand from the distributor sector, gradual base price increases achieved during the quarter.
- Production close to capacity, stainless deliveries up by 28% to 449 000 tons (IV/2007: 352 000 tons).
- Good net cash flow from operating activities of EUR 107 million.
- In line with strategy of selling more to end-users, Outokumpu decided to acquire the Italian stainless steel distributor SoGePar for EUR 335 million.

Group key figures

		I/08	IV/07	I/07	2007
Sales	EUR million	**1 689**	1 465	2 129	6 913
Operating profit	EUR million	**100**	15	424	589
Non-recurring items in operating profit	EUR million	**-**	-	-	14
Profit before taxes	EUR million	**80**	7	416	798
Non-recurring items in financial income and expenses	EUR million	**-12**	-	-	252
Net profit for the period from continuing operations	EUR million	**61**	7	311	660
Net profit for the period	EUR million	**63**	-16	307	641
Earnings per share from continuing operations	EUR	**0.34**	0.04	1.71	3.63
Earnings per share	EUR	**0.35**	-0.09	1.69	3.52
Return on capital employed	%	**10.0**	1.4	38.8	13.9
Net cash generated from operating activities	EUR million	**107**	299	85	676
Capital expenditure, continuing operations	EUR million	**41**	43	25	190
Net interest-bearing debt at end of period	EUR million	**737**	788	1 189	788
Debt-to-equity ratio at end of period	%	**23.3**	23.6	37.3	23.6
Stainless steel deliveries	1 000 tons	**449**	352	430	1 419
Stainless steel base price [1)]	EUR/ton	**1 243**	1 058	1 930	1 304
Personnel at the end of period, continuing operations		**8 137**	8 108	8 098	8 108

[1)] Stainless steel: CRU - German base price (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).

Outokumpu Oyj
Corporate Management

Riihitontuntie 7 B, P.O. Box 140, FI-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

Underlying demand for stainless steel remains healthy. End-user demand, demand for special grades and projects and demand for standard grades from the distribution sector are expected to continue to be at a good level.

Uncertainty resulting from the global economic turmoil has increased but has so far not had any major impact on stainless steel fundamentals. There is however an increasing risk that the uncertainty might affect both demand and price development of stainless steel going forward.

Distributors' inventories for standard grades are currently at normal level and Outokumpu is now selling for deliveries in June. Deliveries are estimated to be slightly below capacity in the second quarter due to short, additional maintenance breaks at Tornio Works in March.

Gradual base price increases have been achieved in the second quarter and the German base price for 2mm cold rolled 304 stainless steel sheet is targeted to reach a level of EUR 1 350 towards the end of June.

Outokumpu's operating profit for the second quarter 2008 is expected to be clearly better than in the first quarter. In addition to the gradual base price increases achieved, significantly higher prices of ferrochrome will improve Group operating profit in the second quarter. The current estimate is that the timing differences between raw material prices (nickel and ferrochrome) and alloy surcharge will be slightly positive in the second quarter.

CEO Juha Rantanen:

”After a very volatile year, we are glad to see a quarter with gradual and controlled development in positive direction. This we also expect to continue in the second quarter.

More stability and predictability is what we aim for with our strategy as well. One important part of the strategy is to sell more to end-users and project customers. The acquisition of the Italian stainless steel distributor, SoGePar, which we announced today, is a major step ahead. It accelerates our end-user sales compared to our own organic investment plan. Additionally, we get access to already existing capacity, well-functioning organization and a solid customer base.”

The attachments present Management analysis of the first quarter operating result and the Interim review by the Board of Directors for January-March 2008, the accounts and notes to the interim accounts. This interim report is unaudited.

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@outokoumpu.com

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

News conference and live web-cast today at 3.00 pm

A combined news conference, conference call and live webcast concerning the first-quarter 2008 financial results will be held on April 23, 2008 at 3.00 pm Finnish time (8.00 am US EST, 1.00 pm UK time, 2.00 pm CET) at Hotel Kämp, conference room Mirror Room, Pohjoisesplanadi 29, 00100 Helsinki, Finland.

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

UK +44 20 7162 0025
US & Canada +1 334 323 6201
Password: Outokumpu

The news conference can be viewed live via Internet at www.outokumpu.com. Stock exchange release and presentation material will be available before the news conference at www.outokumpu.com -> Investors -> Downloads

An on-demand webcast of the news conference will be available at www.outokumpu.com as of April 23, 2008 at around 8.00 pm.

An instant replay service of the conference call will be available until Monday April 28, 2008 on the following numbers:

UK replay number +44 20 7031 4064, access code: 792027
US & Canada replay number +1 954 334 0342, access code: 792027

OUTOKUMPU OYJ
Corporate Management

Ingela Ulfves
Vice President - Investor Relations & Financial Communications
tel. + 358 9 421 2438, mobile +358 40 515 1531, fax +358 9 421 2125
e-mail: ingela.ulfves@outokumpu.com
www.outokumpu.com

MANAGEMENT ANALYSIS – FIRST QUARTER OPERATING RESULT

Group key figures

EUR million	I/07	II/07	III/07	IV/07	2007	**I/08**
Sales						
General Stainless	1 700	1 670	879	1 073	5 321	**1 304**
Specialty Stainless	1 003	1 028	687	738	3 456	**786**
Other operations	64	63	53	57	237	**64**
Intra-group sales	-638	-669	-391	-403	-2 101	**-465**
The Group	2 129	2 092	1 227	1 465	6 913	**1 689**
Operating profit						
General Stainless	245	188	-224	11	220	**81**
Specialty Stainless	182	196	-51	9	337	**42**
Other operations	1	19	8	-6	21	**-20**
Intra-group items	-4	2	11	2	11	**-3**
The Group	424	406	-256	15	589	**100**

Stainless steel deliveries

1 000 tons	I/07	II/07	III/07	IV/07	2007	**I/08**
Cold rolled	220	186	117	180	703	**228**
White hot strip	94	94	49	78	314	**120**
Quarto plate	39	41	30	36	146	**33**
Tubular products	20	17	13	15	65	**19**
Long products	16	15	10	12	54	**15**
Semi-finished products	40	46	21	31	137	**34**
Total deliveries	430	399	238	352	1 419	**449**

Market prices and exchange rates

		I/07	II/07	III/07	IV/07	2007	**I/08**
Market prices [1)]							
Stainless steel							
Base price	EUR/t	1 930	1 518	710	1 058	1 304	**1 243**
Alloy surcharge	EUR/t	2 277	2 913	2 967	1 939	2 524	**1 702**
Transaction price	EUR/t	4 207	4 432	3 677	2 997	3 828	**2 945**
Nickel	USD/t	41 440	48 055	30 205	29 219	37 230	**28 957**
	EUR/t	31 619	35 646	21 983	20 175	27 161	**19 335**
Ferrochrome (Cr-content)	USD/lb	0.77	0.82	1.00	1.05	0.91	**1.21**
	EUR/kg	1.30	1.34	1.60	1.60	1.46	**1.78**
Molybdenum	USD/lb	26.69	30.97	31.97	32.66	30.57	**33.81**
	EUR/kg	44.90	50.65	51.30	49.71	49.17	**49.77**
Recycled steel	USD/t	278	287	271	283	280	**393**
	EUR/t	212	213	197	195	204	**262**
Exchange rates							
EUR/USD		1.311	1.348	1.374	1.448	1.371	**1.498**
EUR/SEK		9.189	9.257	9.264	9.288	9.250	**9.400**
EUR/GBP		0.671	0.679	0.680	0.708	0.684	**0.757**

[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.
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 - Ferrochrome lumpy chrome charge, basis 52% chrome
Molybdenum: Metal Bulletin - Molybdenum oxide - Europe
Recycled steel: Metal Bulletin - Steel scrap HMS 1&2 fob Rotterdam

Positive sentiment in the stainless steel market in Europe

In the first quarter, growth in the apparent consumption of stainless steel flat products is estimated to have been 6% in Europe and 5% globally compared with IV/2007. European stainless steel markets continued to develop positively in the review period. Distributor purchases of stainless steel returned to normal levels and nickel price development became less volatile. In Europe, deliveries of cold rolled stainless steel increased by 25% from the fourth quarter of 2007. According to CRU, distributors' inventories are at normal level and lead times have increased.

The average base price for 2mm cold rolled 304 stainless steel sheet in Germany was 1 243 EUR/ton in I/2008, up by 17% from IV/2007. In March, the base price was 1 290 EUR/ton. The average alloy surcharge for the quarter decreased by 12% to 1 702 EUR/ton primarily as a result from the lower nickel price in December. From the beginning of 2008, producers have been applying a new calculation method for raw materials in the alloy surcharge that uses a shorter reference period than that employed earlier - the period for raw material prices is closer to the delivery month, giving distributors less visibility on future prices. The average transaction price in the first quarter was 2 945 EUR/ton, almost flat compared with IV/2007. (CRU) There has been growing concerns that the gap between European and Asian prices is widening, which may again attract imports from Asia.

Among the alloying elements, the price of nickel averaged 28 957 USD/ton in I/2008 (IV/2007: 29 219 USD/t). During the quarter, nickel prices were fairly stable at around 26 400 – 33 300 USD/t. Shortages of electrical power in South Africa resulted in a significant tightening of ferrochrome markets and producers were forced to cut production, which restricted supply. One consequence of the power shortages is that ferrochrome producers have announced that they will postpone some scheduled projects. In the quarter, demand for ferrochrome was 5% higher than in IV/2007 but production was down by 1%. The average contract price was 1.21 USD/lb in I/2008, 15% up on IV/2007. One result of the shortages of electricity in South Africa, and to some extent increases in raw material and labor costs and a higher ratio of non-nickel containing ferritic stainless steel, is that spot prices for ferrochrome have risen to 2.35 – 3.00 USD/lb. As a consequence, the quarterly contract price for II/2008 has so far been settled in the range 1.92 – 2.05 USD/lb. Molybdenum markets remained tight in the period mainly due to lower export quotas in China, and the average price increased by 4% to 33.81 USD/lb. The price of recycled steel increased to 393 USD/ton, 39% up on the previous quarter.

Recovery in demand improved delivery volumes and operating profit

Group sales in the first quarter totaled EUR 1 689 million, 15% up on IV/2007. Production was close to capacity and stainless steel deliveries improved by 28% to 449 000 tons (IV/2007: 352 000 tons). Short maintenance breaks in the melt shop and hot rolling mill at Tornio Works resulted in slightly reduced delivery volumes. The main reason for improvement in delivery volumes was the recovery in demand for standard grades from the distribution sector.

Operating profit for the quarter totaled EUR 100 million and included some EUR 60 million of nickel-related inventory losses. In IV/2007, inventory losses were higher at some EUR 100 million. Outokumpu's underlying operational result improved to some EUR 160 million (IV/2007: EUR 115 million). Majority of the improvement in profitability is attributable to increased delivery volumes and lower nickel-related inventory losses. The gradual improvement in base prices was to some extent offset by less favorable product and market mix. The impact from the higher ferrochrome price was minor in the quarter. Return on capital employed was 10.0% (IV/2007: 1.4%). Earnings per share totaled EUR 0.35 (IV/2007: EUR -0.09) and earnings per share from continuing operations totaled EUR 0.34 (IV/2007: EUR 0.04).

Sales by General Stainless totaled EUR 1 304 million (IV/2007: EUR 1 073 million) and deliveries increased by 31% to 398 000 tons. Operating profit improved to EUR 81 million (IV/2007: EUR 11 million) of which Tornio Works posted EUR 67 million (IV/2007: EUR 3 million).

Outokumpu's chromium mine in Kemi and the ferrochrome production plant in Tornio cover some 60-65% of the Group's total ferrochrome needs which corresponds to demand from Tornio Works. The remainder of the ferrochrome required is purchased in the market, mostly in the form of recycled stainless. As with all other raw materials, the price of chrome is charged to the customer through the alloy surcharge mechanism by using the quarterly contract price for ferrochrome (Metal Bulletin). As the price of ferrochrome rises, Outokumpu's operating profit improves. Every 5 USc/lb increase in the quarterly contract price for ferrochrome improves Group operating profit by some EUR 10 million on an annual basis. In 2008, part of this benefit will be offset by the increase of energy prices from the beginning of the year.

Sales by Specialty Stainless totaled EUR 786 million (IV/2007: EUR 738 million) and deliveries increased by 21% to 161 000 tons. Operating profit rose to EUR 42 million (IV/2007: EUR 9 million).

Operating loss by Other operations was EUR 20 million (IV/2007: EUR 6 million loss) and included costs related to unrealized losses from electricity derivatives.

New investment decisions taken

In January 2008, a decision to invest EUR 370 million over three years to broaden the product range of Tornio Works was made. Outokumpu will start producing high-quality ultra-clean ferritic stainless steel grades, as well as bright-annealed austenitic and ferritic stainless products. This investment, together with the on-going replacement of the No. 2 annealing and pickling line, will increase Tornio Works' total installed capacity for finished products by 100 000 tons to some 1.3 million tons by the end of 2010. The investment also includes a service center (from 2010-) near Stuttgart in Southern Germany which will have an annual processing capacity of 60 000 tons especially for bright-annealed austenitic and ferritic products.

Outokumpu will expand and relocate its stock and processing capability in central France by investing some EUR 14 million over a two-years period. Combined annual coil and plate processing capacity in standard and special stainless steel grades will be 40 000 tons and is scheduled to be in place by the end of 2009.

Outokumpu and Al-Hejailan join forces in the Middle East

In February, Outokumpu OSTP and the Saudi Arabian tube manufacturer Armetal, a company of Al-Hejailan Group, agreed to form Outokumpu Armetal Stainless Pipe Co., Ltd., a 51/49 stainless steel tubular joint venture, in Riyadh. The company's annual capacity will be some 10 000 tons in full operation.

Events after the period

Today, Outokumpu signed an agreement to acquire the SoGePar Group, an Italian distributor of stainless steel. Outokumpu will pay EUR 195 million in cash and take on debt in the company in the amount of EUR 140 million. As a result of the transaction, the earlier announced EUR 70 million investment to expand Group's current stock and processing operations in Italy will not take place.

SoGePar operates stainless steel service centers in Castelleone in Italy and in Rotherham in the UK. SoGePar also has stock operations in Italy, the UK, Belgium, Ireland, Finland and France, as well as a commercial office in Germany and a representative office in Turkey. Sales by the SoGePar Group totaled EUR 560 million in 2007, with an operating profit of EUR 44 million and deliveries of 134 000 tons.

As a result of this acquisition, Outokumpu's Stock & Processing capacity in Italy and the UK will be in excess of 240 000 tons. In total, with the SoGePar acquisition and the service center investments announced recently, Outokumpu's global annual stock and processing capacity will increase from the current 300 000 tons to over 740 000 tons by 2010.

INTERIM REVIEW BY THE BOARD OF DIRECTORS – JANUARY-MARCH 2008

(Unaudited)

Demand for stainless steel at a healthy level

Demand for stainless steel continued to be healthy during the first quarter of 2008. Growth in the apparent consumption of stainless steel flat products in I/2008 is estimated to have been some 6% in Europe and some 5% globally compared to the previous quarter. The average German base price for 2mm 304 cold rolled sheet was EUR 1 243 EUR/t in the first quarter, 17% higher than at the end of 2007 but 36% lower than in I/2007. The transaction price of stainless steel averaged 2 945 EUR/t in the first quarter, 30% lower than in I/2007. (CRU)

The price of nickel, the main alloying material in stainless steel, stabilized in the quarter and fluctuated in the range 26 400 – 33 300 USD/t. The average price in the first quarter was 28 957 USD/t. Markets for ferrochrome, however, tightened significantly. The average contract price for ferrochrome was 1.21 USD/lb, (I/2007: 0.77 USD/lb). Prices for recycled steel continued to rise in the period and averaged 393 USD/t. The average price for molybdenum was 33.81 USD/lb.

Operating profit improved

Group sales in the quarter totaled EUR 1 689 million (I/2007: EUR 2 129 million), 21% lower than in I/2007. Stainless steel deliveries increased to 449 000 tons (I/2007: 430 000 tons).

Operating profit totaled EUR 100 million (I/2007: EUR 424 million) and included some EUR 60 million of nickel-related inventory losses. Operating profit was higher than in the previous quarter (IV/2007: EUR 15 million) as a result of improved deliveries and lower nickel-related inventory losses. The gradual improvement in base prices was to some extent offset by less favorable product and market mix. The impact from the higher ferrochrome price was minor in the quarter. Operating profit was however significantly lower than in I/2007 (I/2007: EUR 424 million), when some EUR 50 million of nickel-related inventory gains were recorded. Underlying operating profit for I/2008 improved to some EUR 160 million (IV/2007 EUR 115 million). Profit before taxes totaled EUR 80 million (I/2007: EUR 416 million).

Net financial income and expenses was EUR 20 million negative (I/2007: EUR 10 million negative). An impairment loss of EUR 12 million was booked in other financial expenses on the shares of Belvedere Resources Ltd, classified as available-for-sale financial asset, due to the decline in the company’s share price. In June 2007, the Hitura mine was sold to Belvedere and the payment was settled in the shares of Belvedere. Net profit for the period from continuing operations totaled EUR 61 million (I/2007: EUR 311 million). Earnings per share totaled EUR 0.35 (I/2007: EUR 1.69) and earnings per share from continuing operations EUR 0.34 (I/2007: EUR 1.71). Return on capital employed for I/2008 was 10.0% (I/2007: 38.8%).

Net cash generated from operating activities totaled EUR 107 million (I/2007: EUR 85 million). Some further EUR 21 million was tied up in working capital in the first quarter of 2008. Net interest-bearing debt fell by EUR 51 million compared to year-end and was EUR 737 million at the end of March (Dec. 31, 2007: EUR 788 million). Outokumpu’s balance sheet is strong with gearing at 23.3% (Dec. 31, 2007: 23.6%) providing good financial flexibility.

Major investment projects approved

Capital expenditure for I/2008 on continuing operations totaled EUR 41 million (I/2007: EUR 25 million). New investment projects approved for 2008-2010 are detailed below.

In January 2008, a decision to invest EUR 370 million over three years to broaden the product range of Tornio Works was made. Outokumpu will start producing high-quality ultra-clean ferritic stainless steel grades, as well as bright-annealed austenitic and ferritic stainless products. This investment, together with the on-going replacement of the No. 2 annealing and pickling line, will increase Tornio Works' total installed capacity for finished products by 100 000 tons to some 1.3 million tons by the end of 2010. The investment also includes a service center (from 2010-) near Stuttgart in Southern Germany which will have an annual processing capacity of 60 000 tons especially for bright-annealed austenitic and ferritic products.

Outokumpu will expand and relocate its stock and processing capability in central France by investing some EUR 14 million over a two-years period. Combined annual coil and plate processing capacity in standard and special stainless steel grades will be 40 000 tons and is scheduled to be in place by the end of 2009.

In February, Outokumpu OSTP and the Saudi Arabian tube manufacturer Armetal, a company of Al-Hejailan Group, agreed to form Outokumpu Armetal Stainless Pipe Co., Ltd., a 51/49 stainless steel tubular joint venture, in Riyadh. The company's annual capacity will be some 10 000 tons in full operation.

Outokumpu's corporate responsibility theme for 2008 has started

Within Outokumpu, 2008 has been named "Corporate responsibility theme year". Concrete targets in the field of environmental and social responsibility have been set, and the aim is for everyone in Outokumpu to participate. Targets for environmental responsibility include reducing landfill waste from production operations and reducing energy consumption in both production plants and office facitilites. Targets for social responsibility include reducing the number of accidents by a third and improving well-being at work.

Risks and uncertainties

Outokumpu operations are conducted in accordance with the Board-approved risk management policy, which defines the objectives, approaches and areas of responsibility in risk management. Outokumpu categorizes risks as strategic/business, operational or financial. Risks and uncertainties may, if materialized, substantially impact earnings and cash flows in the current year.

Important strategic and business risks include overcapacity in stainless steel production, product substitution and the cyclical nature of stainless steel demand. New stainless steel production capacity is being built in China and this may lead to overcapacity in cold rolled stainless production. To mitigate risk related to the cyclical nature of the stainless steel business and the risk of product substitution, Outokumpu is aiming to increase sales to end-users and to widen the Group's product offering.

Operational risks arise as a consequence of inadequate or failed internal processes, employee actions, systems or other events such as natural catastrophes, and misconduct or crime. Outokumpu currently has a number of investment and change projects underway and failures or delays in these projects may negatively impact strategy implementation and achievement of financial targets. Outokumpu manages these risks by having dedicated resources for overall project support and for monitoring the whole project portfolio.

Property damage and business interruption caused by fire at some major site is a key risk concern for the Group. Outokumpu has systematic fire and security audit programs in place and part of hazard risk is covered by insurances. The annual insurance renewal process was successfully finalized in the first quarter.

Financial risks include exposure to market prices, the capability to maintain adequate liquidity and exposure to risk of default. The most important market risks for Outokumpu include variation in the nickel price, variations in the exchange rate of the Swedish krona and the euro and the value of the US dollar. Outokumpu also has significant exposure to equity and loan security prices. Part of the Group's market risks are mitigated through the use of financial derivative contracts. Liquidity and refinancing risk are taken into account in capital management decisions. It is Outokumpu's aim to mitigate significant part of credit risk with insurances and other arrangements.

Outokumpu has closely monitored the turbulence in global financial markets and management has assessed that the current market situation is not likely to impose significant restrictions on implementation of the Group's current decisions and plans. The increases in credit margins have not had any major impact on Outokumpu's funding costs. However, the market spreads are part of the valuation models used to estimate fair values for interest-bearing receivables and therefore they have some impact on these assessments.

In the first quarter, the impact of the weaker dollar on Outokumpu's earnings was offset by e.g. higher ferrochrome price. The new alloy surcharge calculation method was applied in most markets from the beginning of this year and as one consequence of this, is that the Group's exposure to nickel price changes has increased somewhat. On the other hand, changes negotiated in part of the raw material purchase contracts have mitigated the increase in nickel exposure to certain degree. Outokumpu is currently assessing the principles and processes for managing nickel price and related currency risks.

Environment, health and safety

In the European Union, the governments finalized the carbon dioxide allowance distribution for the Kyoto-period 2008-2012 in Sweden and in Finland. The total amounts allocated to the installations in the UK, Sweden and Finland are estimated as being sufficient for the Group's planned production. In Finland and Sweden, in addition to the melt shops, the emissions trading also covers heat treatment installations, in the UK only melt shop operations are included.

Emissions to air and discharges to water remained mostly within permitted limits and the breaches that occurred were temporary, were identified quickly 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 environmental risks that could have a material adverse effect on the Group's financial position.

Environmental and energy savings targets for the Corporate Responsibility theme year were published. For energy saving, the target is a 2% reduction in energy consumed per ton of processed steel. For materials efficiency, the target is a 10% reduction in land fill waste per ton of processed steel.

Occupational safety is a major and continuing area of focus within the Group. In I/2008, the lost-time injury rate (i.e. lost-time accidents per million working hours) increased to 13 (I/2007: 11) and was higher than the Group's target for 2008 of less than 8. Thus, corrective actions within the Group are taken in order to reach the targets. In 2009, the target will be less than five. No severe accidents were reported during the review period.

Personnel

The Group's continuing operations employed an average of 8 140 people during January-March 2008 (I/2007: 8 129) and there were 8 137 employees at the end of March (Dec. 31, 2007: 8 108).

Class actions regarding the sold fabricated copper products business

The fabricated copper products business sold in 2005, comprised among others Outokumpu Copper (USA), Inc. This company has been served with several complaints in cases filed in federal district courts and state courts in the US by various plaintiffs. The complaints allege claims and damages under US antitrust laws and purport to be class actions on behalf of all direct and indirect purchasers of copper plumbing tubes and ACR tubes in the US. Except for one individual ACR Tube claim, all these class actions and claims have been now ended and the latest dismissals in Outokumpu's favor remain final. Outokumpu believes that the allegations in the remaining case are groundless and will defend itself in any such proceeding. In connection with the transaction to sell the fabricated copper products business to Nordic Capital, Outokumpu has agreed to indemnify and hold harmless Nordic Capital with respect to these class actions.

Customs investigation of exports to Russia by Outokumpu Tornio Works

In March 2007, Finnish Customs authorities initiated a criminal investigation into the Group’s Tornio Works’ export practices to Russia. The preliminary investigation is connected with another preliminary investigation concerning a forwarding agency based in South-eastern Finland. It is suspected that defective and/or forged invoices have been prepared at the forwarding agency as regards export of stainless steel to Russia. The preliminary investigation is focusing on possible complicity by Outokumpu Stainless Oy in the preparation of defective and/or forged invoices by the forwarding agency in question. The investigation is expected to last until the summer of 2008. Directly after the Finnish Customs authorities started their investigations, Outokumpu initiated its own investigation into the trade practices connected with stainless steel exports from Tornio to Russia. In June 2007, after carrying out its investigation, the leading Finnish law firm Roschier Attorneys Ltd., concluded that it had not found evidence that any employees of Tornio Works or the company had committed any of the crimes alleged by the Finnish Customs.

Organizational change and appointments

To facilitate the new phase in the Group’s strategy development introduced in September 2007, Outokumpu has re-aligned its organization using an integrated model. This new model was implemented on January 1, 2008 and is designed to serve customers in an optimal way. The new organizational structure became fully operational on April 1, 2008.

Jamie Allan was appointed Executive Vice President – Supply Chain Management and a member of Outokumpu’s Group Executive Committee as of January 1, 2008. Mr. Allan’s responsibility includes supply chain management operations, Production Excellence program and procurement.

Annual General Meeting of March 27, 2008

The Annual General Meeting (AGM) approved a dividend of EUR 1.20 per share for 2007. Dividends totaling EUR 216 million were paid on April 8, 2008.

The AGM authorized the Board of Directors to decide to repurchase the Company’s own shares as follows. The maximum number of shares to be repurchased is 18 000 000, currently representing 9.93% of the Company’s total number of registered shares. Based on earlier authorizations the Company currently holds 1 218 603 of its own shares. The AGM authorized the Board of Directors to decide to issue shares and granting 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 authorization includes the right to resolve upon directed share issue. These authorizations are valid until the next Annual General Meeting, however no longer than May 31, 2009. To date the authorizations have not been used.

The AGM decided on the number of the Board members, including Chairman and Vice Chairman, to be eight. Evert Henkes, Ole Johansson, Victoire de Margerie, Anna Nilsson-Ehle, Leo Oksanen and Leena Saarinen were re-elected as members to the Board of Directors, and Jarmo Kilpelä and Anssi Soila were elected as new members. The Annual General Meeting elected Ole Johansson as Chairman and Anssi Soila as Vice Chairman of the Board of Directors. 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.

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

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

Shares and shareholders

According to the Nordic Central Securities Depository, Outokumpu's shareholders by group at the end of I/2008 were the Finnish State (31.1%), foreign investors (42.9%), Finnish public sector institutions (14.1%), Finnish private households (6.9%), Finnish financial and insurance institutions (1.8%), Finnish corporations (1.7%) and Finnish non-profit organizations (1.5%). The list of largest shareholders is updated regularly on Outokumpu's internet pages www.outokumpu.com.

At the end of March, Outokumpu's closing share price was EUR 28.81. The average share price during I/2008 was EUR 23.45 (I/2007: EUR 28.54). At the end of I/2008, the market capitalization of Outokumpu Oyj shares totaled EUR 5 225 million (I/2007: EUR 4 665 million). During the quarter, 141.6 (I/2007: 120.0) million shares were traded on the OMX Nordic Exchange Helsinki. At the end of March, Outokumpu´s fully paid share capital totaled EUR 308 287 074.60 and consisted of 181 345 338 shares. The average number of shares outstanding during I/2008 was 180 112 135.

Events after the review period

Today, Outokumpu signed an agreement to acquire the SoGePar Group, an Italian distributor of stainless steel. Outokumpu will pay EUR 195 million in cash and take on debt in the company in the amount of EUR 140 million As a result of the transaction, the earlier announced EUR 70 million investment to expand Group's current stock and processing operations in Italy will not take place.

SoGePar operates stainless steel service centers in Castelleone in Italy and in Rotherham in the UK. SoGePar also has stock operations in Italy, the UK, Belgium, Ireland, Finland and France, as well as a commercial office in Germany and a representative office in Turkey. Sales by the SoGePar Group totaled EUR 560 million in 2007, with an operating profit of EUR 44 million and deliveries of 134 000 tons.

As a result of this acquisition, Outokumpu's Stock & Processing capacity in Italy and the UK will be in excess of 240 000 tons. In total, with the SoGePar acquisition and the service center investments announced recently, Outokumpu's global annual stock and processing capacity will increase from the current 300 000 tons to over 740 000 tons by 2010.

SHORT-TERM OUTLOOK

Underlying demand for stainless steel remains healthy. End-user demand, demand for special grades and projects and demand for standard grades from the distribution sector are expected to continue to be at a good level.

Uncertainty resulting from the global economic turmoil has increased but has so far not had any impact on stainless steel fundamentals. There is however an increasing risk that the uncertainty might affect both demand and price development of stainless steel going forward.

Distributors' inventories for standard grades are currently at normal level and Outokumpu is now selling for deliveries in June. Deliveries are estimated to be slightly below capacity in the second quarter due to short, additional maintenance breaks at Tornio Works in March.

Gradual base price increases have been achieved in the second quarter and the German base price for cold rolled 304 2mm stainless steel sheet is targeted to reach a level of EUR 1 350 towards the end of June.

Outokumpu's operating profit for the second quarter 2008 is expected to be clearly better than in the first quarter. In addition to the gradual base price increases achieved, significantly higher prices of ferrochrome will improve Group operating profit in the second quarter. The current estimate is that the timing differences between raw material prices (nickel and ferrochrome) and alloy surcharge will be slightly positive in the second quarter.

In Espoo, April 23, 2008

Board of Directors

CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Condensed income statement

EUR million	**Jan-March 2008**	Jan-March 2007	Jan-Dec 2007
Continuing operations:			
Sales	**1 689**	2 129	6 913
Other operating income	**1**	11	82
Costs and expenses	**-1 583**	-1 714	-6 364
Other operating expenses	**-7**	-2	-43
Operating profit	**100**	424	589
Share of results in associated companies	**0**	2	4
Financial income and expenses			
Interest income	**5**	6	25
Interest expenses	**-16**	-21	-82
Market price gains and losses	**-7**	-2	0
Other financial income	**10**	10	268
Other financial expenses	**-13**	-3	-5
Profit before taxes	**80**	416	798
Income taxes	**-19**	-105	-138
Net profit for the period from continuing operations	**61**	311	660
Discontinued operations:			
Net profit for the period from discontinued operations	**2**	-4	-18
Net profit for the period	**63**	307	641
Attributable to:			
Equity holders of the Company	**63**	305	638
Minority interest	**-**	2	4
Earnings per share for profit attributable to the equity holders of the Company:			
Earnings per share, EUR	**0.35**	1.69	3.52
Diluted earnings per share, EUR	**0.35**	1.68	3.50
Earnings per share from continuing operations attributable to the equity holders of the Company:			
Earnings per share, EUR	**0.34**	1.71	3.63
Earnings per share from discontinued operations attributable to the equity holders of the Company:			
Earnings per share, EUR	**0.01**	-0.02	-0.10

Condensed balance sheet

EUR million	**March 31 2008**	March 31 2007	Dec 31 2007
ASSETS			
Non-current assets			
Intangible assets	**472**	487	475
Property, plant and equipment	**1 966**	2 030	1 980
Non-current financial assets			
Interest-bearing	**436**	400	453
Non interest-bearing	**78**	84	77
	2 953	3 001	2 986
Current assets			
Inventories	**1 511**	1 858	1 630
Current financial assets			
Interest-bearing	**52**	74	50
Non interest-bearing	**1 126**	1 461	975
Cash and cash equivalents	**107**	140	86
	2 796	3 533	2 740
Assets held for sale	**198**	222	184
Total assets	**5 947**	6 756	5 910
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the equity holders of the Company	**3 162**	3 170	3 337
Minority interest	**-**	18	-
	3 162	3 188	3 337
Non-current liabilities			
Interest-bearing	**1 030**	1 271	1 046
Non interest-bearing	**336**	344	337
	1 366	1 615	1 382
Current liabilities			
Interest-bearing	**434**	687	464
Non interest-bearing	**919**	1 199	675
	1 353	1 886	1 139
Liabilities related to assets held for sale	**66**	67	52
Total equity and liabilities	**5 947**	6 756	5 910

Consolidated statement of changes in equity

EUR million	Share capital	Un-registered share capital	Share premium fund	Other reserves	Fair value reserves	Treasury shares	Cumulative translation differences	Retained earnings	Minority interest	Total equity
	Attributable to the equity holders of the Company									
Equity on December 31, 2006	**308**	**0**	**701**	**11**	**144**	**-2**	**-35**	**1 927**	**17**	**3 071**
Cash flow hedges	-	-	-	-	-1	-	-	-	-	-1
Fair value changes on available-for-sale financial assets	-	-	-	-	29	-	-	-	-	29
Net investment hedges	-	-	-	-	-	-	3	-	-	3
Change in translation differences	-	-	-	-	-1	-	-22	-	0	-23
Items recognised directly in equity	-	-	-	-	28	-	-19	-	0	9
Net profit for the period	-	-	-	-	-	-	-	305	2	307
Total recognised income and expenses	-	-	-	-	28	-	-19	305	2	316
Transfers within equity	0	-0	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	-	-	-199	-	-199
Shares subscribed with options	0	-	0	-	-	-	-	-	-	0
Management stock option program:										
value of received services	-	-	-	-	-	-	-	1	-	1
Equity on March 31, 2007	**308**	**-**	**701**	**11**	**171**	**-2**	**-53**	**2 034**	**18**	**3 188**
Equity on December 31, 2007	**308**	**-**	**701**	**16**	**57**	**-27**	**-82**	**2 364**	**-**	**3 337**
Cash flow hedges	-	-	-	-	-4	-	-	-	-	-4
Fair value changes on available-for-sale financial assets	-	-	-	-	20	-	-	-	-	20
Available-for-sale financial assets recognized through P&L	-	-	-	-	-5	-	-	-	-	-5
Net investment hedges	-	-	-	-	-	-	0	-	-	0
Change in translation differences	-	-	-	-	-0	-	-33	-	-	-33
Items recognised directly in equity	-	-	-	-	11	-	-33	-	-	-22
Net profit for the period	-	-	-	-	-	-	-	63	-	63
Total recognised income and expenses	-	-	-	-	11	-	-33	63	-	41
Dividend distribution	-	-	-	-	-	-	-	-216	-	-216
Shares subscribed with options	0	-	0	-	-	-	-	-	-	0
Management stock option program:										
value of received services	-	-	-	-	-	-	-	0	-	0
Equity on March 31, 2008	**308**	**-**	**702**	**16**	**68**	**-27**	**-115**	**2 211**	**-**	**3 162**

Condensed statement of cash flows

EUR million	**Jan-March 2008**	Jan-March 2007	Jan-Dec 2007
Net profit for the period	**63**	307	641
Adjustments			
Depreciation and amortization	**50**	51	204
Impairments	**16**	2	1
Gain on the sale of Outotec shares	**-**	-	-142
Gain on the Talvivaara transaction	**-**	-	-110
Other adjustments	**1**	128	199
Change in working capital	**-21**	-349	181
Dividends received	**10**	9	13
Interests received	**2**	2	10
Interests paid	**-15**	-15	-83
Income taxes paid	**2**	-51	-239
Net cash from operating activities	**107**	85	676
Purchases of assets	**-47**	-32	-163
Purchase of Talvivaara shares	**-**	-	-32
Acquisition of the minority in OSTP	**-**	-	-22
Proceeds from the sale of subsidiaries	**-**	4	1
Proceeds from the sale of other assets	**1**	2	15
Net cash from other investing activities	**-0**	2	4
Net cash from investing activities	**-46**	-24	-197
Cash flow before financing activities	**61**	61	479
Purchase of treasury shares	**-**	-	-25
Borrowings of long-term debt	**-**	-	151
Repayment of long-term debt	**-8**	-3	-388
Change in current debt	**-30**	-1	-180
Dividends paid	**-**	-	-199
Proceeds from the sale of Outotec shares	**-**	-	158
Proceeds from the sale of other financial assets	**-**	-	6
Other financing cash flow	**-0**	0	1
Net cash from financing activities	**-38**	-4	-477
Net change in cash and cash equivalents	**22**	56	2
Cash and cash equivalents at the beginning of the period	**86**	85	85
Foreign exchange rate effect	**-1**	-1	-1
Net change in cash and cash equivalents	**22**	56	2
Cash and cash equivalents at the end of the period	**107**	140	86

Key figures

EUR million	**Jan-March 2008**	Jan-March 2007	Jan-Dec 2007
Operating profit margin, %	**5.9**	19.9	8.5
Return on capital employed, %	**10.0**	38.8	13.9
Return on equity, %	**7.7**	39.3	20.0
Return on equity from continuing operations, %	**7.5**	39.8	20.6
Capital employed at end of period	**3 899**	4 377	4 125
Net interest-bearing debt at end of period	**737**	1 189	788
Equity-to-assets ratio at end of period, %	**53.2**	47.2	56.5
Debt-to-equity ratio at end of period, %	**23.3**	37.3	23.6
Earnings per share, EUR	**0.35**	1.69	3.52
Earnings per share from continuing operations, EUR	**0.34**	1.71	3.63
Earnings per share from discontinued operations, EUR	**0.01**	-0.02	-0.10
Average number of shares outstanding, in thousands [1)]	**180 112**	181 061	180 922
Fully diluted earnings per share, EUR	**0.35**	1.68	3.50
Fully diluted average number of shares, in thousands [1)]	**181 050**	182 087	181 920
Equity per share at end of period, EUR	**17.56**	17.51	18.53
Number of shares outstanding at end of period, in thousands [1)]	**180 127**	181 082	180 103
Capital expenditure, continuing operations	**41**	25	190
Depreciation, continuing operations	**50**	51	204
Average personnel for the period, continuing operations	**8 140**	8 129	8 270

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

NOTES TO THE INCOME STATEMENT AND BALANCE SHEET

This interim financial report is prepared in accordance with IAS 34 (Interim Financial Reporting). Mainly the same accounting policies and methods of computation have been followed in the interim financial statements as in the annual financial statements for 2007.

Inventories are stated at the lower of cost or net realizable value. Outokumpu changed its calculation method for the cost of inventories from first-in, first-out (FIFO) method to weighted average method in 2008. Also Outokumpu adopted amended standard IAS 23 Borrowing Costs in 2008. These changes have not had any material impact on the interim financial statements.

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 at the date of the financial statements, 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 realizability 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.

Shares and share capital

The total number of Outokumpu Oyj shares was 181 345 338 and the share capital amounted to EUR 308.3 million on March 31, 2008. Outokumpu Oyj held 1 218 603 treasury shares on March 31, 2008. This corresponded to 0.7% of the share capital and the total voting rights of the Company on March 31, 2008.

The Annual General Meeting held in 2003 passed a resolution on a stock option program for management (2003 option program). The stock options have been allocated as part of the Group's incentive programs to key personnel of Outokumpu. Trading with Outokumpu Oyj's stock options 2003A has commenced on the Main List of the OMX Nordic Exchange Helsinki as of September 1, 2006. On March 31, 2008 a total of 69 217 Outokumpu Oyj shares had been subscribed for on the basis of 2003A stock option program. An aggregate maximum of 590 085 Outokumpu Oyj shares can be subscribed for with the remaining 2003A stock options. In accordance with the terms and conditions of the option program, the dividend adjusted share price for a stock option was EUR 8.45 on March 31, 2008. The share subscription period for the 2003A stock options is September 1, 2006 - March 1, 2009. Trading with Outokumpu Oyj's stock options 2003B has commenced on the Main List of the OMX Nordic Exchange Helsinki as of September 3, 2007. On March 31, 2008 a total of 25 566 Outokumpu Oyj shares had been subscribed for on the basis of 2003B stock option program. An aggregate maximum of 1 003 254 Outokumpu Oyj shares can be subscribed for with the remaining 2003B stock options. In accordance with the terms and conditions of the option program, the dividend adjusted share price for a stock option was EUR 11.51 on March 31, 2008. The share subscription period for the 2003B stock options is September 3, 2007 - March 1, 2010. The current amount that Outokumpu Oyj shares could be subscribed for with the 2003C stock options is 102 500 shares. The subscription period for shares with stock option 2003C is from September 1, 2008 to March 1, 2011. As a result of the share subscriptions with the 2003 stock options, Outokumpu Oyj's share capital may be increased by a maximum of EUR 2 882 926 and the number of shares by a maximum of 1 695 839 shares. This corresponds to 0.9% of the Company's shares and voting rights. Outokumpu's Board of Directors confirmed on February 2, 2006 a share-based incentive program for years 2006-2010 as part of the key employee incentive and commitment system of the Company. If persons covered by the program were to receive the number of shares in accordance with the maximum reward, currently a total of 858 525 shares, their shareholding obtained via the program would amount to 0.5% of the Company's shares and voting rights.

The detailed information of the 2003 option program and of the share-based incentive program for 2006-2010 can be found in the annual report 2007.

Non-current assets held for sale and discontinued operations

Outokumpu Copper Tube and Brass

The assets and liabilities of Outokumpu Copper Tube and Brass are presented as held for sale. Outokumpu Copper Tube and Brass business comprises European sanitary and industrial tubes, including air-conditioning and refrigeration tubes in Europe, as well as brass rod. Outokumpu is implementing a vigorous improvement project in this business and it is Outokumpu's intention to divest the tube and brass business.

Specification of non-current assets held for sale and discontinued operations

Income statement

EUR million	**Jan-March 2008**	Jan-March 2007	Jan-Dec 2007
Sales	**145**	175	599
Expenses	**-138**	-176	-607
Operating profit	**7**	-1	-8
Net financial items	**-1**	-2	-6
Profit before taxes	**6**	-3	-15
Taxes	**-1**	-1	-1
Profit after taxes	**5**	-4	-15
Impairment loss recognized on the fair valuation of the Tube and Brass division's assets and liabilities	**-3**	-0	-3
Taxes	**-**	-	-
After-tax result from the disposal and impairment loss	**2**	-4	-18
Minority interest	**-**	-	-
Net profit for the period from discontinued operations	**2**	-4	-18

Balance sheet

EUR million	**March 31 2008**	March 31 2007	Dec 31 2007
Assets			
Intangible and tangible assets	**6**	6	6
Other non-current assets	**4**	4	4
Inventories	**97**	100	91
Other current non interest-bearing assets	**92**	113	83
	198	222	184
Liabilities			
Provisions	**5**	3	4
Other non-current non interest-bearing liabilities	**4**	4	5
Trade payables	**45**	46	32
Other current non interest-bearing liabilities	**12**	15	11
	66	67	52

Cash flows

EUR million	**Jan-March 2008**	Jan-March 2007	Jan-Dec 2007
Operating cash flows	**0**	1	18
Investing cash flows	**-3**	-1	-3
Financing cash flows	**6**	-1	-19
Total cash flows	**2**	-1	-4

Major non-recurring items in operating profit

EUR million	**Jan-March 2008**	Jan-March 2007	Jan-Dec 2007
Gain on the sale of Hitura mine in Finland	**-**	-	25
Thin Strip restructuring in the UK	**-**	-	-11
	-	-	14

Major non-recurring items in financial income and expenses

EUR million	**Jan-March 2008**	Jan-March 2007	Jan-Dec 2007
Impairment loss on Belvedere shares	**-12**	-	-
Gain on the sale of Outotec shares	**-**	-	142
Gain on the Talvivaara transaction	**-**	-	110
	-12	-	252

Income taxes

EUR million	**Jan-March 2008**	Jan-March 2007	Jan-Dec 2007
Current taxes	**-19**	-99	-107
Deferred taxes	**0**	-6	-31
	-19	-105	-138

Property, plant and equipment

EUR million	**Jan 1, 2008 - March 31, 2008**	Jan 1, 2007 - March 31, 2007	Jan 1, 2007 - Dec 31, 2007
Historical cost at the beginning of the period	**3 984**	4 009	4 009
Translation differences	**-22**	-38	-76
Additions	**40**	26	137
Disposal of subsidiaries	**-**	-6	-20
Disposals	**-4**	-2	-67
Reclassifications	**-1**	-0	0
Historical cost at the end of the period	**3 997**	3 989	3 984
Accumulated depreciation at the beginning of the period	**-2 004**	-1 939	-1 939
Translation differences	**16**	21	47
Disposal of subsidiaries	**-**	5	19
Disposals	**4**	0	56
Reclassifications	**0**	0	-0
Depreciation	**-47**	-47	-190
Impairments	**-**	-	3
Accumulated depreciation at the end of the period	**-2 030**	-1 959	-2 004
Carrying value at the end of the period	**1 966**	2 030	1 980
Carrying value at the beginning of the period	1 980	2 069	2 069

Commitments

EUR million	**March 31 2008**	March 31 2007	Dec 31 2007
Mortgages and pledges			
Mortgages on land	**121**	132	122
Other pledges	**0**	0	0
Guarantees			
On behalf of subsidiaries			
For commercial commitments	**36**	90	41
On behalf of associated companies			
For financing	**4**	5	5
Other commitments	**63**	58	64
Minimum future lease payments on operating leases	**53**	66	56

Group's major off-balance sheet investment commitments totaled EUR 48 million on March 31, 2008 (Dec 31, 2007: EUR 37 million).

Fair values and nominal amounts of derivative instruments

EUR million	**March 31 2008 Positive fair value**	**March 31 2008 Negative fair value**	**March 31 2008 Net fair value**	Dec 31 2007 Net fair value	**March 31 2008 Nominal amounts**	Dec 31 2007 Nominal amounts
Currency and interest rate derivatives						
Currency forwards	**24**	**23**	**2**	8	**2 176**	1 992
Interest rate swaps	**7**	**-**	**7**	10	**282**	282
					Number of shares, million	Number of shares, million
Stock options						
Belvedere Resources Ltd.	**1**	**-**	**1**	3	**3.7**	3.7
					Tons	Tons
Metal derivatives						
Forward and futures copper contracts	**2**	**0**	**1**	-2	**6 275**	11 775
Forward and futures nickel contracts	**2**	**1**	**1**	0	**2 510**	3 114
Forward and futures zinc contracts	**0**	**0**	**0**	-0	**1 275**	1 100
Forward molybdenum contracts	**-**	**-**	**-**	-0	**-**	5
Nickel options	**-**	**-**	**-**	0	**-**	24
Emission allowance derivatives	**-**	**0**	**-0**	0	**80 000**	80 000
					TWh	TWh
Electricity derivatives	**11**	**6**	**5**	16	**1.7**	2.3
	47	**30**	**17**	35		

Segment information

General Stainless

EUR million	I/07	II/07	III/07	IV/07	2007	**I/08**
Sales	1 700	1 670	879	1 073	5 321	**1 304**
of which Tornio Works	1 206	1 038	516	708	3 468	**905**
Operating profit	245	188	-224	11	220	**81**
of which Tornio Works	227	143	-195	3	178	**67**
Operating capital at the end of period	3 047	3 007	2 789	2 607	2 607	**2 722**
Average personnel for the period	3 506	3 794	3 807	3 549	3 682	**3 578**
Deliveries of main products (1 000 tons)						
Cold rolled	187	151	94	155	587	**196**
White hot strip	81	82	41	66	270	**102**
Semi-finished products	117	118	64	85	383	**100**
Total deliveries of the division	386	350	198	305	1 240	**398**

Specialty Stainless

EUR million	I/07	II/07	III/07	IV/07	2007	**I/08**
Sales	1 003	1 028	687	738	3 456	**786**
Operating profit	182	196	-51	9	337	**42**
Operating capital at the end of period	1 668	1 871	1 657	1 513	1 513	**1 430**
Average personnel for the period	4 146	4 188	4 185	4 107	4 135	**4 115**
Deliveries of main products (1 000 tons)						
Cold rolled	51	52	33	38	174	**46**
White hot strip	43	38	23	31	135	**45**
Quarto plate	41	43	30	38	151	**35**
Tubular products	20	17	12	15	63	**19**
Long products	16	15	11	11	52	**14**
Total deliveries of the division	170	164	109	133	574	**161**

Other operations

EUR million	I/07	II/07	III/07	IV/07	2007	**I/08**
Sales	64	63	53	57	237	**64**
Operating profit	1	19	8	-6	21	**-20**
Operating capital at the end of period	-125	101	184	236	236	**-20**
Average personnel for the period	477	459	424	431	453	**447**

Income statement by quarter

EUR million	I/07	II/07	III/07	IV/07	2007	**I/08**
Continuing operations:						
Sales						
General Stainless	1 700	1 670	879	1 073	5 321	**1 304**
of which intersegment sales	421	430	230	234	1 315	**284**
Specialty Stainless	1 003	1 028	687	738	3 456	**786**
of which intersegment sales	169	193	119	124	605	**124**
Other operations	64	63	53	57	237	**64**
of which intersegment sales	48	45	43	45	181	**57**
Intra-group sales	-638	-669	-391	-403	-2 101	**-465**
Total sales	2 129	2 092	1 227	1 465	6 913	**1 689**
Operating profit						
General Stainless	245	188	-224	11	220	**81**
Specialty Stainless	182	196	-51	9	337	**42**
Other operations	1	19	8	-6	21	**-20**
Intra-group items	-4	2	11	2	11	**-3**
Total operating profit	424	406	-256	15	589	**100**
Share of results in associated companies	2	4	-2	-1	4	**0**
Financial income and expenses	-10	242	-19	-7	206	**-20**
Profit before taxes	416	652	-277	7	798	**80**
Income taxes	-105	-100	67	-0	-138	**-19**
Net profit for the period from continuing operations	311	553	-210	7	660	**61**
Net profit for the period from discontinued operations	-4	12	-4	-23	-18	**2**
Net profit for the period	307	565	-214	-16	641	**63**
Attributable to:						
Equity holders of the Company	305	563	-214	-16	638	**63**
Minority interest	2	2	-0	-0	4	**-**

Major non-recurring items in operating profit

EUR million	I/07	II/07	III/07	IV/07	2007	**I/08**
Specialty Stainless						
Thin Strip restructuring in the UK	-	-	-11	-	-11	**-**
Other operations						
Gain on sale of Hitura mine in Finland	-	25	-	-	25	**-**
	-	25	-11	-	14	**-**

Major non-recurring items in financial income and expenses

EUR million	I/07	II/07	III/07	IV/07	2007	**I/08**
Impairment loss on Belvedere shares	-	-	-	-	-	**-12**
Gain on the sale of Outotec shares	-	142	-	-	142	**-**
Gain on the Talvivaara transaction	-	110	-	-	110	**-**
	-	252	-	-	252	**-12**

Key figures by quarter

EUR million	I/07	II/07	III/07	IV/07	**I/08**
Operating profit margin, %	19.9	19.4	-20.9	1.0	**5.9**
Return on capital employed, %	38.8	35.5	-22.3	1.4	**10.0**
Return on equity, %	39.3	66.2	-24.3	-2.0	**7.7**
Return on equity, continuing operations, %	39.8	64.8	-23.9	0.8	**7.5**
Capital employed at end of period	4 377	4 753	4 421	4 125	**3 899**
Net interest-bearing debt at end of period	1 189	1 119	1 016	788	**737**
Equity-to-assets ratio at end of period, %	47.2	50.9	54.6	56.5	**53.2**
Debt-to-equity ratio at end of period, %	37.3	30.8	29.8	23.6	**23.3**
Earnings per share, EUR	1.69	3.11	-1.19	-0.09	**0.35**
Earnings per share from continuing operations, EUR	1.71	3.04	-1.17	0.04	**0.34**
Earnings per share from discontinued operations, EUR	-0.02	0.07	-0.02	-0.13	**0.01**
Average number of shares outstanding, in thousands [1)]	181 067	181 082	181 084	180 680	**180 112**
Equity per share at end of period, EUR	17.51	20.07	18.81	18.53	**17.56**
Number of shares outstanding at end of period, in thousands [1)]	181 082	181 082	181 084	180 103	**180 127**
Capital expenditure, continuing operations	25	75	47	43	**41**
Depreciation, continuing operations	51	50	51	52	**50**
Average personnel for the period, continuing operations	8 129	8 441	8 416	8 086	**8 140**

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

Definitions of key financial figures

Capital employed = Total equity + net interest-bearing debt

Operating capital = Capital employed + net tax liability

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

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 = $\frac{\text{Net interest-bearing debt x 100}}{\text{Total equity}}$

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

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