

Corporate Governance Statement

Regulatory framework

The Group's parent company, Outokumpu Oyj, is a public limited liability company incorporated and domiciled in Finland.

In its corporate governance and management, Outokumpu Oyj complies with Finnish legislation, the company's Articles of Association and the Corporate Governance Policy resolved and approved by the Board of Directors. Outokumpu follows the Finnish Corporate Governance Code (publicly available on www.cgfinland.fi), effective as of January 1, 2009, issued by the Securities Market Association and adopted by NASDAQ OMX Helsinki. As one exception to this code, Outokumpu has both a Board Nomination and Compensation Committee and a Shareholders' Nomination Committee appointed by the Annual General Meeting of Shareholders. Outokumpu complies with the other regulations and recommendations issued by NASDAQ OMX Helsinki.

This statement is presented as a separate report and disclosed together with the financial statements and the report by the Board of Directors on the company's website www.outokumpu.com.

Tasks and responsibilities of governing bodies

The governing bodies of the parent company Outokumpu Oyj, i.e. the General Meeting of Shareholders, the Board of Directors, and the President and Chief Executive Officer (CEO), have ultimate responsibility for Group management and Group operations. The Group Execu-

tive Committee reports to the CEO and is responsible for the efficient management of the Group.

General Meeting of Shareholders

The General Meeting of Shareholders normally convenes once a year. Under the Finnish Companies Act, certain important decisions such as the approval of financial statements, decisions on dividends and increasing or decreasing of share capital, amendments to the Articles of Association, and election of the Board of Directors and auditors fall within the exclusive domain of the General Meeting of Shareholders.

The Board of Directors convenes a General Meeting of Shareholders. The Board can decide to convene a General Meeting on its own initiative, but is obliged to convene a General Meeting if the auditor or shareholders holding at least 10% of Outokumpu's shares so request. In addition, each shareholder has the right to bring a matter before a General Meeting of Shareholders that falls within the domain of the General Meeting, provided that a written request to do this has been received by the Board of Directors early enough to allow the matter to be placed on the agenda included in the notice announcing the General Meeting. According to its Articles of Association, Outokumpu has only a single class of shares and all shares have equal voting power at General Meetings of Shareholders.

Shareholders' Nomination Committee

Based on a proposal by Solidium Oy (the Finn-

ish State), Outokumpu's largest shareholder, the Outokumpu 2009 Annual General Meeting decided to establish a Shareholders' Nomination Committee to prepare proposals on the composition of the Board of Directors and director remuneration for the following General Meeting of Shareholders. The 2009 Annual General Meeting also decided that the Shareholders' Nomination Committee should consist of representatives of Outokumpu's three largest shareholders as registered in the Finnish book-entry securities system on November 2, 2009, who accept the assignment. The Chairman and another member of the Outokumpu Board of Directors act as expert members of the Committee.

Outokumpu's largest shareholders are determined on the basis of shareholdings registered in the Finnish book-entry system. However, holdings of a shareholder who, under the Finnish Securities Markets Act, has the obligation to disclose changes in shareholdings (the flagging obligation) which are divided among a number of funds, may be combined provided that the owner presents a written request to that effect to the company's Board of Directors no later than October 30, 2009.

Shareholder representatives on the committee were: Solidium Oy (the Finnish State), The Finnish Social Insurance Institution, and Ilmarinen Mutual Pension Insurance Company. These shareholders chose the following persons as their representatives on the Shareholders' Nomination Committee: Kari Järvinen, Chief Executive Officer (Solidium Oy), Jorma Huuhtanen, Director General (The Finnish Social Insurance Institution) and Harri Sailas,

ORGANISATION

CORPORATE MANAGEMENT

GENERAL STAINLESS

SPECIALTY STAINLESS

Group Sales & Marketing

Supply Chain Management

Other Group Functions

Chief Executive Officer (Ilmarinen Mutual Pension Insurance Company). Kari Järvinen was elected Chairman of the Committee. Ole Johansson, Chairman of the Outokumpu Board of Directors and Board member Evert Henkes served as expert members. The Committee submitted its proposals on Board composition and director remuneration to the Board of Directors. The Outokumpu Board has incorporated these proposals into the notice announcing the 2010 Annual General Meeting of Shareholders.

Board of Directors

The general objective of the Board of Directors is to direct Outokumpu's business in a manner that secures a significant and sustained increase in the value of the company for its shareholders. Board members offer their expertise and experience for the benefit of the company. The tasks and responsibilities of the company's Board of Directors are determined on the basis of the Finnish Companies Act as well as other applicable legislation. The Board has general authority to decide and act in all matters not reserved for other corporate governing bodies by law or under the provisions of the company's Articles of Association. The Board's general task is to organise the company's management and operations. In all situations, the Board must act in accordance with the company's best interest.

The Board of Directors has established rules of procedure which define its tasks and operating principles. The main duties of the Board of Directors are as follows:

With respect to directing the company's business and strategies:

- To decide on the Group's basic strategy and monitor its implementation;
- To decide on annual limits for the Group's capital expenditure, monitor their implementation, review quarterly plans and decide on changes;
- To decide on individual investments or expenditure that are within the authorised capital expenditure limits and have a value exceeding EUR 20 million, as well as on other major and strategically important investments;
- To decide on any individual business acquisitions and divestments within the current scope of business that have a value exceeding EUR 10 million;
- To decide on any financing arrangements

by any Group company which either exceed EUR 150 million, are organised by way of public offerings, or which are otherwise out of the Group's normal course of business; and

- To decide on any other commitments by any of the Group's companies that are out of the ordinary either in terms of value or nature, taking into account the size, structure and field of operation of the Group.

With respect to organising the company's management and operations:

- To nominate and dismiss the CEO and his deputy, and to decide on their terms of service, including incentive schemes, on the basis of a proposal made by the Board Nomination and Compensation Committee;
- To nominate and dismiss members of the Group Executive Committee, to define their areas of responsibility, and to decide on terms of service, including incentive schemes, on the basis of a proposal made by the Board Nomination and Compensation Committee;
- To monitor the adequacy and allocation of the Group's top management resources;
- To decide on any significant changes to the Group's business organisation;
- To define the Group's ethical values and working methods;
- To ensure that policies outlining the principles of corporate governance are in place;
- To ensure that policies outlining the principles of managing the company's insider issues are in use; and
- To ensure that the company has other guidelines for matters which the Board deems necessary and which fall within the scope of the Board's duties and authority.

With respect to the preparation of matters to be resolved by General Meetings of Shareholders:

- To establish a dividend policy and issue a proposal on dividend distribution; and
- To make other proposals to General Meetings of Shareholders.

With respect to financial control and risk management:

- To discuss and approve interim reports and annual accounts;
- To monitor significant risks related to the Group's operations and the management of such risks; and

- To ensure that adequate procedures concerning risk management are in place.

The Board of Directors also assesses its own activities on a regular basis.

The Board of Directors is quorate when more than half of its members are present. A decision by the Board of Directors shall be the opinion supported by more than half of the members present at a meeting. In the event of a tie, the Chairman shall have the casting vote.

The Annual General Meeting elects the Chairman, the Vice Chairman and the other members of the Board of Directors for a term expiring at the close of the following Annual General Meeting. The entire Board is therefore elected at each Annual General Meeting. A Board member may be removed from office at any time by a resolution passed by a General Meeting of Shareholders. Proposals to the Annual General Meeting concerning the election of Board members which have been made known to the Board prior to the Annual General Meeting will be made public if a given proposal is supported by shareholders holding a minimum of 10% of all the company's shares and voting rights and if the person proposed has consented to such nomination.

Under the company's Articles of Association, the Board shall have a minimum of five and a maximum of twelve members. The company's largest shareholders have confirmed that they are in favour of a principle according to which members of the company's Board of Directors should, as a rule, be qualified experts from outside the company. According to the Articles of Association, a person aged 68 years or more cannot be elected as a member of the Board of Directors. A Board consisting of eight members was elected at the 2009 Annual General Meeting. All its members are independent of the company and its main shareholders.

The Board of Directors meets at least five times a year. In 2009, the Board met eight times and the average attendance rate of members at board meetings was 95%.

See Board of Directors.

Board committees

The Board of Directors has set up two permanent committees consisting of Board members and has confirmed rules of procedure for these committees. Both committees report to the Board of Directors.

Corporate Governance Statement

The Audit Committee comprises three Board members. See Board of Directors. The task of the Audit Committee is to deal with matters relating to financial statements, auditing work, internal controls, the scope of internal and external audits, billing by auditors, the Group's financial policies and other procedures for managing Group risks. In addition, the Audit Committee prepares a recommendation for the company's largest shareholders concerning the election of an external auditor and auditing fees. The Audit Committee met three times during 2009 and the average attendance rate was 80%.

The Nomination and Compensation Committee comprises the Chairman of the Board and three other Board members. See Board of Directors. The tasks of the Committee do not comply in all respects with the Finnish Corporate Governance Code published by the Securities Market Association in cooperation with the Confederation of Finnish Industries (EK), NASDAQ OMX Helsinki and the Central Chamber of Commerce of Finland. The task of the Nomination and Compensation Committee is to prepare proposals for the Board of Directors on appointment of the company's top management, excluding the Board of Directors, and principles regarding their compensation. The Board has authorized the Committee to determine the terms of service and benefits of Group Executive Committee members other than the company's CEO and Deputy CEO. The Nomination and Compensation Committee met three times during 2009 and the attendance rate was 100%.

To handle specific tasks, the Board of Directors can also set up temporary working groups consisting of Board members. These working groups report to the Board. No such working groups were set up in 2009.

The CEO and Deputy CEO

The Chief Executive Officer (CEO) is responsible for the company's operational management with the objective of securing significant and sustainable growth in the value of the company to its shareholders. The CEO prepares matters for decision by the Board of Directors, develops the Group in line with the targets agreed with the Board, and ensures the proper implementation of Board decisions. The CEO is also responsible for ensuring that existing laws and regulations are observed through-

out the Group. The CEO chairs meetings of the Group Executive Committee. The Deputy CEO is responsible for attending to the CEO's duties in the event that the CEO is prevented from attending to them.

Group Executive Committee

The task of the Group Executive Committee is overall management of Outokumpu's business. Committee members have extensive authority in their individual areas of responsibility and their

FEES, SALARIES AND EMPLOYEE BENEFITS PAID

2009				
€	Salaries and fees with employee benefits	Performance/project-related bonuses	Options	Total
Board of Directors				
Chairman of the Board, Johansson	76 600	-	-	76 600
Vice Chairman of the Board, Soila	47 800	-	-	47 800
Board member, Henkes	44 800	-	-	44 800
Board member, Kilpelä	40 600	-	-	40 600
Board member, de Margerie	41 200	-	-	41 200
Board member, Nilsson-Ehle	44 800	-	-	44 800
Board member, Oksanen	9 100	-	-	9 100
Board member, Pesonen	31 933	-	-	31 933
Board member, Saarinen	40 600	-	-	40 600
CEO	740 295	183 300	285 754	1 209 349
Deputy CEO	376 721	101 906	142 877	621 504
Other Group Executive Committee members	1 594 596	302 513	373 467	2 270 576
2008				
€	Salaries and fees with employee benefits	Performance/project-related bonuses	Options	Total
Board of Directors				
Chairman of the Board, Johansson	67 800	-	-	67 800
Vice Chairman of the Board, Soila	37 050	-	-	37 050
Board member, Henkes	45 500	-	-	45 500
Board member, Härmälä	15 000	-	-	15 000
Board member, Kilpelä	29 700	-	-	29 700
Board member, de Margerie	44 300	-	-	44 300
Board member, Nilsson-Ehle	47 700	-	-	47 700
Board member, Oksanen	37 900	-	-	37 900
Board member, Saarinen	37 800	-	-	37 800
Board member, Turunen	8 200	-	-	8 200
CEO	758 573	402 052	930 512	2 091 137
Deputy CEO	390 774	162 512	-	553 286
Other Group Executive Committee members	1 516 205	858 052	394 428	2 495 685

Shares and options received through share-related schemes are also included in the tables regarding shareholdings and options.

duty is to develop the Group's operations in line with the targets set by the Board of Directors and the CEO. The Group Executive Committee consists of seven members appointed by the Board of Directors. The members of the committee hold the positions of the CEO and the Deputy CEO, Executive Vice President – General Stainless, Executive Vice President – Specialty Stainless, Executive Vice President – Supply Chain Management, Executive Vice President – Group Sales & Marketing, Executive Vice President – Chief Financial Officer, and Executive Vice President – Human Resources. By May 1, 2010 the responsibilities of EVP – General Stainless will be distributed among the other Executive Committee members. The Group Executive Committee typically meets twice each month. See Executive Committee.

Group management

Outokumpu's corporate management consists of the Chief Executive Officer (CEO), members of the Group Executive Committee, and managers and experts who assist the CEO and the Group Executive Committee. The task of corporate management is to manage the Group as a whole. Duties include the coordination and execution of strategy and plans, business development, financial control, internal audit, human resources, environment, health and safety, communications and investor relations, legal affairs as well as treasury and risk management. In addition to corporate management tasks, Outokumpu's functional steering across Group businesses has been organised into Sales and Market-

ing functions and Supply Chain Management. Certain support functions have been centralised at Group level. The Outokumpu Group is managed in accordance with the organisation of its business, in which the legal company structure of the Group also provides the legal framework for its operations. Clear financial and operational targets have been defined for all the Group's operational businesses.

Outokumpu's businesses are organized into five business units: Tornio Works, Special Coil and Plate, Thin Strip, OSTP (Outokumpu Stainless Tubular Products) and Long Products. Business units report directly to individual Group Executive Committee members. In this reporting, business units are consolidated into two divisions according to the type of product manufactured; General Stainless (Tornio Works and Long Products) and Specialty Stainless (Special Coil and Plate, Thin Strip and OSTP).

As a discontinued operation, Outokumpu Brass is managed separately from the Group through the Board of Directors of Outokumpu Brass.

Remuneration

As confirmed by the Annual General Meeting 2009, annual fees for members of Outokumpu's Board of Directors are as follows: Chairman EUR 70 000, Vice Chairman EUR 43 000 and other members EUR 34 000. All members of the Board of Directors are to be paid a meeting fee of EUR 600 (EUR 1 200 for non-Finnish members). The meeting fee is also payable for meetings of Board committees.

The period of notice for the CEO is six

months on both sides. If Outokumpu terminates the CEO's employment for a reason or reasons unconnected with his performance or events interpreted as him having failed in his duties, the company will make a compensation payment. The amount of this payment will total the CEO's basic salary in the preceding 24 months plus the monetary value of his employee benefits at the moment of termination.

The performance-related incentive paid to the CEO and members of the Group Executive Committee in addition to their salary and employee benefits for the year 2010 is determined on the basis of achieving the Group's ROCE (return on capital employed) target, the operating profit margin compared with a peer group, operational (safety and delivery reliability) targets and individual targets set separately. For the CEO, the maximum amount of this incentive is 75% of annual base salary, for other

SHARES AND OPTIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS FEB. 2, 2010

Member	Shares
Ole Johansson	1 789
Anssi Soila	5 500
Victoire de Margerie	500
Evert Henkes	-
Jarmo Kilpelä	300
Anna Nilsson-Ehle	800
Leena Saarinen	1495
	10 384

SHARES AND OPTIONS OF THE GROUP EXECUTIVE COMMITTEE MEMBERS FEB. 2, 2010

	Shares	Options 2003A	Options 2003B	Options 2003C	Share-based incentive programme 2007–2009	Share-based incentive programme 2008–2010	Share-based incentive programme 2009–2011	Share-based incentive programme 2010–2012
Juha Rantanen	35 000	-	-	17 500	15 500	16 500	33 000	33 000
Karri Kaitue	12 380	-	-	15 000	7 500	8 000	15 500	15 000
Jamie Allan	2 000	-	-	-	2 100	5 500	10 000	9 000
Bo Annvik	-	-	-	10 000	5 300	5 500	10 000	9 000
Pekka Erkkilä	14 000	-	-	15 000	5 300	5 500	10 000	-
Pii Kotilainen	1 500	-	-	-	-	-	10 000	9 000
Esa Lager	18 000	-	-	10 000	5 300	5 500	10 000	9 000
Kari Parvento ¹⁾	-	-	-	-	-	-	7 000	9 000
	82 880	-	-	67 500	41 000	46 500	98 500	84 000

¹⁾ Employed by Outokumpu as of May 1, 2010 at the latest.

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members of the Group Executive Committee it is 60%. The total amount of short and long-term incentives must not exceed 200% of annual salary. If the limit is exceeded, the share based incentive will be reduced accordingly.

No separate remuneration is paid to the CEO or members of the Group Executive Committee for membership of the Committee or of the Group's other internal governing bodies. Members of the Group Executive Committee are entitled to retire at the age of 60. In December 2009, the Board of Directors confirmed that the retirement age is 63 for new members of the Group Executive Committee. For Finnish members of the Group Executive Committee appointed before January 1, 2007, pension benefits amount to 60% of the total average annual salary in the last five full years of service. For the other Finnish members of the Group Executive Committee, the targeted pension is 60% of annual salary at the age of 60. Earnings from the year of joining, including fringe benefits but not including performance-related incentives, are used as the basis for the insurance premium. The maximum premium is 25% of annual earnings.

The company has not provided any guarantees or other similar commitments on behalf of the members of the Board of Directors. No members of the Board of Directors or the Group Executive Committee, or closely-related persons or institutions, have any significant business relationships with the company.

Insider issues

Outokumpu's insider rules are based on and comply with the Guidelines for Insiders issued by NASDAQ OMX Helsinki. The company's permanent insiders with a duty to declare consist of members of the Board of Directors, the Auditor in Charge, the CEO and his deputy, and other members of the Group Executive Committee. Outokumpu maintains a public register of permanent insiders with the duty to declare. Employees of the Group who receive inside information on a regular basis as a result of their position or their duties are registered in a non-public register of permanent company-specific insiders. Permanent insiders must not purchase or sell securities issued by the company in the 14 days prior to publication of interim reports or the annual accounts (the so-called closed window).

Separate non-public project-specific insider registers are maintained for insider projects.

Persons defined as project-specific insiders are those who, in the course of their duties in connection with a project, receive information concerning the Group which, when realised, is likely to have a significant effect on the value of the company's publicly-traded securities.

Outokumpu's Corporate General Counsel is responsible for coordinating and supervising insider issues. For up-to-date information on holdings by Outokumpu's permanent insiders with a duty to declare see permanent insiders at www.outokumpu.com/investors.

Report by the Board of Directors on key aspects of Outokumpu's system for internal controls and risk management in connection with financial reporting

According to the Finnish Limited Liability Companies Act and the Finnish Code of Corporate Governance, the Board of Directors is responsible for a company's internal controls. The purpose of this chapter is to provide shareholders and other parties with a description of how internal control and risk management of financial reporting is organised in Outokumpu.

As a listed company, the Group has to comply with a variety of regulations. To ensure that all the stated requirements are met, Outokumpu has introduced principles for financial reporting and internal control and distributed these throughout the company's organisation.

Control environment

The foundation for Outokumpu's control environment is the business culture established within the Group and its associated methods of operation. The basis for the company's control routines is provided by Group policies and principles which define the way in which Outokumpu's organisation operates. These policies and principles are for example the Group's Corporate Responsibility Policy, Ethical Principles and the Outokumpu Leadership Principles. Introduced in 2007, the Outokumpu Code of Conduct describes the Group's basic values and offers standardised, practical guidelines for managers and employees. The Outokumpu performance management process is a key management activity and an important factor in enabling an efficient control environment. In all sections of the Group's operations, planning activities and the setting of both operational and financial targets are executed in accordance with

Outokumpu's overall business targets. Management follow-up of related achievements is carried out through monthly management reporting routines and in performance review meetings.

Outokumpu operates in accordance with the risk management policy approved by the Group's Board of Directors. This policy defines the objectives of risk management activities, the approaches to be taken and areas of responsibility. As well as supporting Outokumpu strategy, risk management activities help in defining a balanced risk profile from the perspective of shareholders and other stakeholders such as customers, suppliers, personnel and lenders. The Outokumpu Board of Directors holds ultimate responsibility for risk management within the Group. The CEO and the Group Executive Committee are responsible for defining and implementing risk management procedures, and for ensuring that risks are both properly addressed and taken into account in strategic and business planning. Business units and Group functions are responsible for managing risks connected with their own operations. More information on risk management within Outokumpu can be found in the Risk Management chapter in the Group's annual report.

The policies and principles described above are freely available to all Outokumpu employees. All new employees are required to familiarise themselves with the Outokumpu Code of Conduct. In addition, Outokumpu takes an active approach to informing company personnel and communicating the policies and principles within its organisation in order to ensure their dissemination throughout the Group.

Outokumpu's control process for financial reporting is based on Group policies, principles and instructions as well as on the responsibility and authorisation structure used within Outokumpu. Outokumpu Controller's Manual contains financial reporting instructions and policies. Financial reports are prepared in accordance with International Financial Reporting Standards (IFRS). Financial reporting in Outokumpu is carried out in a harmonised manner using a common chart of accounts. Financial statements by the parent company and stand-alone Finnish subsidiaries are prepared in accordance with generally accepted accounting principles in Finland, while foreign subsidiaries follow local accounting principles. Outokumpu also complies with regulations regarding financial

reporting issues published by the Financial Supervisory Authority (FIN-FSA) and NASDAQ OMX Helsinki.

The process of creating internal policies in Outokumpu is based on the Group's authorisation structure. Policies relating to financial reporting are usually owned and approved by the CEO, the CFO or the Corporate Controller.

Risk identification and assessment

Risk management processes connected with the Group's financial reporting are coordinated by the Treasury and Risk Management function. Related risks are classified as operational risks and can arise as a consequence of inadequate or failed internal processes, employee actions, systems or other events such as misconduct or crime. The aim of the Outokumpu risk management process is to identify, evaluate, control and mitigate such risks. Major risks are reported to and evaluated by the Audit Committee on a regular basis.

Internal audit

Outokumpu's Internal Audit function has an independent role and a twofold objective: to provide assurance and to offer consulting services which add value and improve the organisation's operations. Internal Audit's most important task is assisting the Audit Committee and the Executive Committee in fulfilling their control functions. To do this, Internal Audit identifies and monitors significant operational risks within the Group, ascertains the adequacy and effective operation of internal controls and provides the two committees with a direct source of correct and reliable information. Other tasks carried out by Internal Audit include monitoring the Group's principles, controls and policies and follow-up of the audit conclusions by the company's auditors.

The internal auditor reports to the Audit Committee and administratively to the CFO.

Control activities

In addition to the Board of Directors and Audit Committee, operational management teams in Outokumpu are responsible for ensuring that internal controls relating to financial reporting are in place at all Outokumpu units.

The aim of control activities is to discover, prevent and correct potential errors and deviations in financial reporting. Control activities consist of different kind of measures and include reviews of financial reports by Group management and in business unit management teams,

the reconciliation of accounts, analyses of the logic behind reported figures, forecasts compared to actual reported figures and analyses on the Group's financial reporting processes. A key component is the monitoring of monthly performance against financial and operational targets. These control activities take place at different levels in the organisation.

Outokumpu's risk management process includes arranging workshops on the identification of key risks, including operational risks, for business units and other Group functions. Deliverables include risk maps and risk identification plans.

Information technology and solutions play an important role in guaranteeing that the Group's internal controls have a solid foundation. The harmonisation of IT systems to further improve Outokumpu's internal control environment is on-going.

The Group CFO and the management team in each Outokumpu company are responsible for ensuring that internal controls relating to financial reporting are properly established in each Outokumpu company. The target is to ensure that authorisation structures are designed in a way that prevents combinations which could raise levels of risk (such as one person performing an activity and also being responsible for controlling that activity).

Information and communication

Policies and instructions for financial reporting are reviewed on a regular basis and revised when such action is required. Related instructions are communicated to all the parties involved as necessary. The main communication channels employed are Outokumpu's intranet and other easily-accessible databases. Face-to-face controller meetings are also organised.

Outokumpu has established different networks and communities in which financial reporting and internal control issues such as application, review and revision are discussed and reviewed. These networks usually consist of personnel from business units and other Group functions. The aim of these networks, communities and common instructions is to ensure that unified financial processes and reporting practices are used throughout the Group. The networks and communities play an important role in establishing the effectiveness of internal controls relating to financial reporting and in developing Outokumpu policies, instructions and processes.

Follow-up

Both management in Outokumpu companies and personnel in accounting and controlling functions are responsible for the follow-up and monitoring of internal controls connected with financial reporting. The Internal Audit and Risk Management functions also engage in follow-up and control activities. The findings of the follow-up procedures are reported to the Audit Committee and the Group Executive Committee on a regular basis.

Auditors

Under its Articles of Association, the company shall have a minimum of one and a maximum of two auditors who are auditors or firms of independent public accountants authorised by the Central Chamber of Commerce of Finland. The Annual General Meeting elects the auditors to a term of office ending at the close of the next Annual General Meeting. Proposals to the Annual General Meeting on the election of auditors which have been made known to the Board prior to the Annual General Meeting will be made public if the proposal is supported by shareholders holding a minimum of 10% of all the company's shares and voting rights and if the person or company proposed has consented to such nomination. The company's auditors submit the statutory auditor's report to the company's shareholders in connection with the company's financial statements. The auditors also report their findings to the Board of Directors on a regular basis. The parent company, Outokumpu Oyj, is audited by KPMG Oy Ab, and the responsible auditor is Mauri Palvi, Authorised Public Accountant. KPMG Oy Ab is also responsible for overseeing and coordinating the auditing of all Group companies.

Both Outokumpu and KPMG Oy Ab highlight the requirement for an auditor to be independent of the company being audited. In its global independence policy, KPMG Oy Ab has stated its commitment to applying the Code of Ethics of the International Federation of Accountants (IFAC).

Outokumpu's Board Audit Committee continuously monitors the global level of non-audit services purchased by the Group from KPMG Oy Ab. In 2009, auditors were paid fees totalling EUR 1 million, of which non-auditing services accounted for EUR 0 million.

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BOARD OF DIRECTORS

Chairman Ole Johansson

b. 1951, Finnish citizen
B.Sc. (Econ.)

Outokumpu Board member 2002–
Chairman of the Board 2008–
Vice Chairman of the Board 2004–2008
Chairman of the Nomination and
Compensation Committee

President and CEO: Wärtsilä
Corporation 2000–
President and CEO at Wärtsilä NSD
Corporation 1998–2000

Chairman of the board: Technology
Industries of Finland 2007–2009

Vice Chairman of the Board: Varma
Mutual Pension Insurance Company,
Confederation of Finnish Industries
2007–2009

Board member: Technology Industries
of Finland

Independent of the company and its
significant shareholders.

Vice Chairman Anssi Soila

b. 1949, Finnish citizen
M.Sc. (Eng.), B.Sc. (Econ.)

Outokumpu Board member 2008–
Vice Chairman of the Board 2008–
Chairman of the Audit Committee

CEO: Kone Corporation 1994–1999
Vice Chairman of the Board: Normet
Group Oy

Board member: Outotec Oyj,
Lindström Oy, DNA Oy, Attendo AB,
Independent of the company and its
significant shareholders.

Evert Henkes

b. 1943, Dutch citizen
B.Sc. (Ag. Econ.)

Outokumpu Board member 2003–
Member of the Nomination and
Compensation Committee

CEO: Shell Chemicals Ltd. 1998–2003
Board member: Tate & Lyle Plc,
SembCorp Industries Ltd, Air Products
and Chemicals Inc.

Member of International Advisory
Board: CNOOC Ltd. 2008–2009
Independent of the company and its
significant shareholders.

Jarmo Kilpelä

b. 1957, Finnish citizen
M.Sc. (Econ.)

Outokumpu Board member 2008–
Member of the Audit Committee

Senior Financial Counsellor: Prime
Minister's Office, Ownership Steering
Department 2007–

Senior Financial Counsellor: Ministry
of Finance, Ownership Steering Unit
1996–2007

Chairman of the Board: Hansel Ltd
Vice Chairman of the Board:
HAUS Finnish Institute of Public
Management Ltd
Independent of the company and its
significant shareholders.

Victoire de Margerie

b. 1963, French citizen
Ph. D. (Management), LL.M.,
M.Pol.Sc.

Outokumpu Board member 2007–

Chairman of the Board: Rondol
Technology Ltd. (UK) 2008–
Board director and member of the
Audit Committee: Ciments Francais
(France) 2006–
Professor of Strategic Management:
Grenoble Graduate School of
Business 2003–
General Manager: Péchiney Plastic
Bottles 2000–2002

Vice President: Sales & Marketing
Péchiney Aluminum Canstock
1998–2000

Independent of the company and
its significant shareholders.

Anna Nilsson-Ehle

b. 1951, Swedish citizen
Ph.D., M.Sc. (Eng.)

Outokumpu Board member 2005–
Member of the Nomination and
Compensation Committee

Director: SAFER–National vehicle and
traffic safety research center 2006–
Managing Director: Universeum AB
1999–2004

Consultant: Ohde & Co 2005–2006
Board member: Svensk Bilprovning
AB, Swedish National Space Board
Independent of the company and its
significant shareholders.

Jussi Pesonen

b. 1960, Finnish citizen
M.Sc. (Eng.)

Outokumpu Board member 2009–
Member of the Nomination and Com-
pensation Committee

President and CEO: UPM-Kymmene
Corporation 2004–
Senior Executive Vice President
and COO, Publication Papers: UPM-
Kymmene Corporation 2001–2004
Board member: UPM-Kymmene
Corporation, Finnish Forest Industries
Federation, Confederation of
European Paper Industries (CEPI)
Supervisory Board member: Ilmarinen
Mutual Pension Insurance Company
Independent of the company and its
significant shareholders.

Leena Saarinen

b. 1960, Finnish citizen
M.Sc. (Food technology)

Outokumpu Board member 2003–
Member of the Audit Committee

President and CEO: Suomen Lähikaup-
pa Oy (formerly Tradeka Ltd.) 2007–
President and CEO: Altia Corporation
2005–2007

Managing Director: Unilever Best-
foods Nordic Foodsolution 2003–2005
National Manager 2002–2005 Suomen
Unilever Oy and Board member 1999
and 2001–2005

Chairman of the Board: the Finnish
Grocery Trade Association
Board member: Suomen Lähikauppa
Oy, Tuko Logistics Oy, Federation of
Finnish Commerce
Supervisory Board member: Varma
Mutual Pension Insurance Company,
Luottokunta
Independent of the company and its
significant shareholders.

GROUP EXECUTIVE COMMITTEE

Juha Rantanen

b. 1952, Finnish citizen,
M.Sc. (Econ.), MBA
CEO 2005–

Chairman of the Group Executive Committee 2005–
Outokumpu Board member and Vice Chairman
2003–2004

Responsibility: Group management, Communications
and IR, corporate social responsibility and as of May
1, 2010 Tornio Works and energy strategy

Employed by the Outokumpu Group since 2004

President & CEO: Ahlstrom Corporation 1998–2004

Chairman of the Board of Directors: Fennovoima Oy,

Association of Finnish Steel and Metal Producers

Vice Chairman of the Board: Moventas Oy

Board member: Technology Industries of Finland,

Stora Enso Oyj

Board member and treasurer: International

Stainless Steel Forum ISSF

Vice President: European Confederation of Iron

and Steel Industries Eurofer

Supervisory board member: Varma Mutual

Pension Insurance Company

Karri Kaitue

b. 1964, Finnish citizen,
LL.Lic.
Deputy CEO 2005–

Member of the Group Executive Committee 2002–
Vice Chairman of the Group Executive Committee
2005–

Responsibility: Group strategy, business develop-
ment and M&A, new ventures, legal affairs & IPR,
portfolio businesses and as of May 1, 2010 Environ-
ment, health and quality

Employed by the Outokumpu Group since 1990

Chairman of the Board: Destia Oy

Vice Chairman of the Board: Okmetic Oyj,

Outotec Oyj

Board member: Cargotec Oyj

Bo Annvik

b. 1965, Swedish citizen,
M. Sc. (Econ.)
Executive Vice President – Specialty Stainless

Acting Executive Vice President – Group Sales and
Marketing February 2009–May 2010

Member of the Group Executive Committee 2007–

Responsibility: Special Coil and Plate, Thin Strip,
OSTP, investment projects and as of May 1, 2010
Long Products and R&D

Employed by the Outokumpu Group since 2007

Board member: Scandinavian Automotive Suppliers,

Jernkontoret – The Swedish Steel Producer's Asso-
ciation, MEGAB Metallgruppens Service AB,

Employers' Association of the Swedish Steel and

Metal Industry Stål & Metall, Tibnor AB

Jamie Allan

b. 1956, British citizen
Executive Vice President –
Supply Chain Management

Member of the Group Executive Committee 2008–

Responsibility: Production Excellence,
Supply Chain Management operations,
procurement and as of May 1, 2010 Energy

Procurement and Safety

Employed by the Outokumpu Group since 1978

Member of the British Stainless

Steel Association

Pekka Erkkilä

b. 1958, Finnish citizen,
M.Sc. (Eng.)
Executive Vice President – General Stainless

Member of the Group Executive Committee 2003–
Responsibility: Tornio Works, Long Products, R&D,
energy, procurement and environment, health, safety
and quality

Employed by the Outokumpu Group 1983–May 2010

Board member: Jernkontoret – The Swedish Steel
Producer's Association, Grängesberg Iron AB, Oulun
yliopisto

Pii Kotilainen

b. 1960, Finnish citizen,
M.Sc. (Econ.)
Executive Vice President – Human Resources

Member of the Group Executive Committee 2009–

Responsibility: HR strategy and policy, and key HR
processes: performance management (incl. com-
pensation), resource management and HRD and
leadership, and head office administration

Employed by the Outokumpu Group since 2009

Esa Lager

b. 1959, Finnish citizen,
M.Sc. (Econ.), LL.M.
Chief Financial Officer (CFO)

Member of the Group Executive Committee 2001–

Responsibility: Financial and business control,
treasury and risk management, IT and real estate

Employed by the Outokumpu Group since 1990

Board member: Olvi Oyj

Kari Parvento

b. 1957, Finnish citizen
M.Sc. (Eng.)
Executive Vice President –
Group Sales and Marketing

Member of the Group Executive Committee
from May 1, 2010

Responsibility: Group sales and marketing strategy,
customer relationship development, end-user and
project sales, distributors and processors sales, stock
and processing development and Pricing office

Employed by the Outokumpu Group since 2010

Risk Management

Risk management

Outokumpu operates in accordance with the risk management policy approved by its Board of Directors. The policy defines the objectives, approaches and areas of responsibility of risk management activities. As well as supporting Outokumpu strategy, risk management helps in defining a balanced risk profile from the perspective of shareholders and other stakeholders such as customers, suppliers, personnel and lenders.

Definition of risk

Outokumpu has defined risk as anything that could have an adverse impact on activities that the company is undertaking to achieve its objectives. Risks can therefore be threats, uncertainties or lost opportunities that relate to current or future Group operations.

Outokumpu's appetite for risk, and risk tolerance, are defined in relation to Group earnings, cash flows and capital structure. Risk management is part of the Group's management system and is divided into four stages: identifying risks, risk evaluation, risk control and mitigation, and risk reporting.

Risk management organisation

The Outokumpu Board of Directors is ultimately responsible for risk management within the Group. The CEO and The Group Executive Committee are responsible for defining and implementing risk management procedures, and for ensuring that risks are both properly addressed and taken into account in strategic and business planning. Business units and Group functions are responsible for managing risks connected with their own operations.

External auditors and Internal Audit monitor the risk management process, while the Group Executive Committee, the Audit Committee and the Board of Directors review key risks and actions taken to manage risk on a regular basis. The Treasury and Risk Management function supports implementation of the Group's risk management policy, facilitates and coordinates risk management, and prepares quarterly reports on risk for the company's management and auditors.

Focus areas

Risk management was developed into a more dynamic direction during 2009 by adding

quarterly risk reviews and updates to the agenda of Group Executive Committee meetings and by providing regular risk management updates for both the Board of Directors and the Audit Committee.

Risk workshops

The management teams of most Business units and several Group functions attended risk workshops in 2009. These workshops covered risk identification, risk evaluation and risk mitigation, and the connections with current strategy planning and performance management processes.

Crisis management

Outokumpu initiated a systematic programme of crisis management in 2009. Crisis management teams at corporate level received training in handling different crisis situations and cooperation with internal and external stakeholders.

Credit risks

The reduction of insured credit limits by credit insurers has led to an increase in the proportion of uninsured sales. The current shortage of credit limits is expected to continue and the risk of defaults by customers is expected to continue, setting increased requirements for credit risk management of the Group. Following the Group's new financial risk policy, a development programme aimed at enhancing the organisation's ability to make timely, accurate and high-quality credit decisions was initiated in 2009.

Security and fire safety

Security and safety arrangements in fire situations were further improved at several Group sites in 2009. Related development and change initiatives were based on local self-assessment at sites as well as on systematic audits and Group-wide instructions.

Realised risks

No major damage to Group property or business interruptions occurred in 2009. The most significant risks realised during the year were related to structural issues in stainless steel markets and to the global recession, with the latter having an impact on stainless markets and the Group's ability to implement planned investment projects.

Strategic and business risks

Strategic risks for Outokumpu are related to the company's business portfolio, the market situation and major investments. Business risks are connected with the company's operating environment, customer behaviour and the economic outlook. Volatility in demand has an almost simultaneous impact on all or almost all strategic and business risks.

Structural overcapacity in stainless markets

Demand for stainless steel remained depressed in Outokumpu's main markets in 2009. Increased stainless steel production capacity, especially in China, has led to gradually developing global overcapacity, while lack of demand in Europe has resulted in regional overcapacity. Consequently this development has led to global overcapacity in stainless steel production, and this could limit the Group's growth. Actions taken by Outokumpu to address overcapacity in production include improving cost-efficiency and delivery reliability in the Group's operations, developing distribution channels and increasing sales to end-users.

Eurocentricity of operations

Although Outokumpu's sales and distribution network is global, the company's main production facilities are located in Europe. Outokumpu's main market area is also Europe, and depressed levels of demand have had a major impact on stainless steel markets. Minor changes in price levels, periodic demand growth or currency rates in specific market areas and regions can also affect Outokumpu's competitive position and financial performance. Outokumpu has identified operations that are overly Eurocentric as a possible risk to the Group's strategy implementation, even though Eurocentricity can also be seen as an opportunity. Ensuring profitable business operations in Europe requires the company to have a strong foothold with cost-efficient, local operations. Outokumpu will study ways of strengthening its position outside Europe.

Competition in stainless steel focused on the Asian market

As growth prospects for stainless steel demand are better in Asia than in Europe, a lot of new production capacity has been built in the region. These significant investments have resulted

in cold rolled stainless steel production capacity in China currently exceeding demand. As high levels of stainless steel capacity among Asian producers currently exceed demand from their domestic markets there is a risk that this overcapacity will also affect European markets. While Asian producers are competitive in standard products and basic offerings, business opportunities for Outokumpu in special products and service offerings in Asia are likely to remain. In 2009, Outokumpu expanded its operations in China by investing in a new service centre facility in Kunshan, Shanghai, which will focus on special products and grades.

Continuing weak market situation

As the global economic downturn had a clear impact on stainless steel demand, the market for stainless steel remained weak during 2009. Visibility regarding market development was poor during the first half. If challenging global economic conditions continues long, the weak market situation will have an impact on both demand for stainless steel and on prices. Outokumpu has made preparations for a market of this type with readiness plans, operational action to reduce fixed costs, and cost savings programmes. Concerns about related risks resulted in Outokumpu postponing major investment projects in 2009.

Operational risks

Operational risks are related to 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, the loss of property, suspension of operations or environmental impacts. Outokumpu's operational risks are partly covered by insurance.

Corporate culture and One Company approach

Outokumpu's objective is to achieve a strong and unified corporate culture throughout the company's organisation. To further this aim, the "One Outokumpu" concept has been created, but this kind of a significant culture change takes time. The change can be seen as an opportunity to increase operational effecti-

veness in operations by cross-cultural cooperation between people. Even so, country-based or overly independent corporate cultures can restrict operational progress and achievement of strategic goals. Implementation of strong Group-level functions such as Supply Chain Management and Group Sales and Marketing play a vital role in furthering the One Company approach.

Investment projects

Outokumpu's announced major investment programme was postponed almost entirely at the end of 2008 due to the global financial crisis and weakened markets for stainless steel. Some investments such as the service centre expansion in Willich, Germany and the new plate service centre in China are however being carried out. As preparation for the future, Outokumpu is aiming to further develop project management methods to support the implementation of investment projects and manage risks related to the whole of the Group's project portfolio. The proposed investment in additional melting capacity at Avesta, Sweden was permanently cancelled at the end of the third quarter of 2009, resulting in an asset write-down of EUR 15 million.

Variations and lack of flexibility in production performance

Outokumpu has systematically developed the Group's operative performance through excellence initiatives, with a significant number of the company's personnel being trained to implement these improvement measures in both commercial and production operations. However, risks associated with not being able to adapt capacity to meet fluctuating levels of demand and experiencing excessive variations in production performance can have an impact on the Group's business operations. For example, if the Group is not able to ramp up its production to meet fluctuating demand due to delays in product resulting in reduced delivery reliability, this might have negative financial impact. As mitigation against such risks, Outokumpu is expanding the Group's Operational Excellence programmes and enhancing strategy implementation by strengthening Group-level functions such as Supply Chain Management and Group Sales and Marketing.

Major fire or accident

Most of the Group's production is located in large industrial areas and comprises a number of separate buildings and production lines. Stainless steel production by Outokumpu also involves the integration of production and logistics between the Group's facilities in Tornio (Finland), Terneuzen (the Netherlands), Avesta (Sweden), Sheffield (the UK) and other locations. Production is capital intensive and a large part of the Group's operating capital is tied up in these facilities. Fire or a serious mechanical breakdown can lead to major damage to property or the loss of production, or have other indirect adverse effects on Group operations. Outokumpu monitors such risks by continuously evaluating its production facilities and processes from a risk management perspective and by arranging insurance coverage for a large proportion of these risks.

Corporate security

Outokumpu continued to develop the Group's corporate security in 2009 with a focus on crisis management. Systematic auditing of site security continued at numerous sites and the audit results generated many initiatives to enhance security levels. Outokumpu also has a fire-safety audit programme linked to the company's insurances. In 2009, approximately forty audits were carried out using the Group's own resources, and on many occasions these were conducted jointly with technical experts from the company's insurers and insurance brokers. With the aim of harmonising different practices within the Group, a significant number of Group-wide instructions relating to fire safety and security were reviewed and updated in 2009. These instructions were prepared in cooperation with the Outokumpu Security Working Group (OSWG), the operational body for personnel at Outokumpu sites whose responsibilities include safety and security.

Financial risks

Financial risks comprise market, liquidity, re-financing, country and credit risks. As nickel is used as an alloying material in stainless steel production, one of the main market risks for Outokumpu is the nickel price.

Financial risk management within the Group is further described in Note 20 to the consolidated financial statements.

Shares and shareholders

Shares and share capital

On December 31, 2009, Outokumpu Oyj's fully-paid and registered share capital totalled EUR 309 417 921.40 and consisted of 182 010 542 shares. The company has one class of shares and each share entitles its holder to one vote at a General Meeting of Shareholders.

Listing of shares

Outokumpu shares are listed on NASDAQ OMX Helsinki. The trading symbol is OUT1V. Outokumpu's stock options 2003B (trading symbol OUT1VEW203) are also listed on NASDAQ OMX Helsinki. The 2003C stock options are not listed.

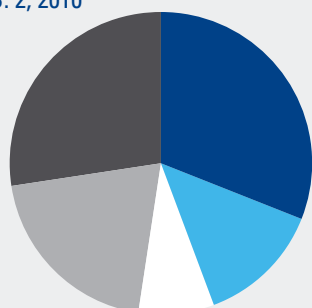
Treasury shares

Outokumpu held 1 040 888 of its own shares (treasury shares) at the end of 2009. Repurchases were made between April 9 and November 27, 2001 and November 1 and 6, 2007. The treasury shares correspond to 0.57% of Outokumpu's shares and voting rights.

State ownership

The Finnish State holds 31.0% of Outokumpu shares and voting rights through its wholly-owned company Solidium Oy. According to an act passed by Finland's parliament in December 2007, the state's holding in Outokumpu can be reduced to zero.

SHAREHOLDERS BY GROUP ON FEB. 2, 2010



- Solidium Oy (Finnish State) 31.0%
- Private Finnish Investors 13.3%
- The Finnish Social Insurance Inst. 8.1%
- Other Finnish organizations 20.2%
- International shareholding 27.4%

PRINCIPAL SHAREHOLDERS ON FEB. 2, 2010

Shareholder	Shares	%
Solidium Oy	56 440 597	31.0
The Finnish Social Insurance Institution	14 652 666	8.1
Ilmarinen Mutual Pension Insurance Company	6 721 927	3.7
Finnish State Pension Fund	2 431 600	1.3
Varma Mutual Pension Insurance Company	1 600 317	0.9
OP-Delta Investment Fund	1 268 706	0.7
Outokumpu Oyj	1 040 888	0.6
Suomi Mutual Life Insurance Company	1 000 000	0.6
Mandatum Life Insurance Company	922 324	0.5
Investment fund OP-Suomi Arvo	785 000	0.4
Nominee accounts held by custodian banks	47 890 998	26.3
Other shareholders	47 255 519	26.0
	182 010 542	100.0

SHAREHOLDERS BY GROUP ON FEB. 2, 2010

Shareholder group	Shares	%
Finnish corporations	6 238 570	3.4
Financial and insurance institutions	11 418 383	6.3
The public sector and public organisations		
Solidium Oy	56 440 597	31.0
Finnish state Pension Fund	14 652 666	8.1
Other	14 586 375	8.0
Non-profit organisations	4 535 355	2.5
Households/private persons	24 205 114	13.3
Foreign investors	49 933 482	27.4
	182 010 542	100.0

Shares not transferred to the book-entry securities system

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DISTRIBUTION OF SHAREHOLDINGS ON FEB. 2, 2010

Number of shares	Number of shareholders	% of shareholders	Total shares	% of share capital	Average shareholding
1 - 100	8 673	24.4	563 150	0.3	65
101 - 1 000	20 646	58.2	8 787 289	4.8	426
1 001 - 10 000	5 753	16.2	15 166 627	8.3	2 636
10 001 - 100 000	363	1.0	9 376 499	5.2	25 831
100 001 - 1 000 000	50	0.1	16 069 278	8.8	321 386
> 1 000 000	7	0.0	84 156 701	46.2	12 022 386

Shares in nominee accounts held by custodian banks

	-	-	47 890 998	26.3	-
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35 492 100.0 182 010 542 100.0

Shares not transferred to book-entry securities system

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Dividend proposal

The Outokumpu Board of Directors proposes a dividend of EUR 0.35 per share for the 2009 financial year. The effective dividend yield is 2.6% and the average dividend payout ratio over the past five years is 92%.

Outokumpu share price development

The closing price of Outokumpu's share on December 30, 2009 was EUR 13.26 (Dec 31, 2008: EUR 8.28), up 60% during the year.

In 2009, the highest share price was 15.67 (2008: EUR 33.99) in August and the lowest share price was EUR 7.72 (2008: EUR 6.33) in January. The average price was EUR 11.49 (2008: EUR 18.99). At year-end 2009, Outokumpu's market capitalisation was EUR 2 413 million (2008: EUR 1 502 million), up by 61% compared to the previous year. Turnover in Outokumpu shares on the NASDAQ OMX Helsinki stock exchange in 2009 totalled 355.1 million shares (2008: 511.1 million) and amounted to EUR 4 079 million (2008: EUR 9 693 million). Average daily turnover during 2009 was 1.44 million shares (2008: 2.03 million shares).

Board authorisations

Board authorisation to decide to issue shares and grant special rights entitling to shares

The Annual General Meeting of Outokumpu authorised the Board of Directors on March 24, 2009 to decide to issue shares and grant special rights entitling to shares as detailed below.

Pursuant to the authorisation, the Board of Directors has the right to issue a maximum of 36 000 000 shares through one or several share issues or by granting special rights entitling to shares as specified in Chapter 10, Section 1 of the Finnish Companies Act, excluding option rights for Outokumpu management and personnel in accordance with an incentive plan. Through the share issue and/or by granting special rights entitling to shares, a maximum of 18 000 000 new shares may be issued, which at the time of the Annual General Meeting represented approximately 9.95% of the total number of registered shares. In addition, a maximum of 18 000 000 treasury shares may be transferred, which at the time of the Annual General Meeting represented approximately

9.95% of the company's total number of registered shares.

The authorisation includes the right to de-

cide on all other terms and conditions of the share issue and special rights entitling to shares, including the subscription price and to whom

INCREASES IN SHARE CAPITAL 2005–2009

	Number of shares	Share capital, €
Share capital on Jan 1, 2005	181 250 555	308 125 943,50
Shares subscribed with 2003A options 2006		
Oct. 14–Dec. 29, 2006, registered on Jan. 11, 2007	+33 323	308 182 592,60
Shares subscribed with 2003A options		
Dec. 30, 2006–Oct. 29, 2007, registered on Nov. 9, 2007	+23 539	308 222 608,90
Shares subscribed with 2003B options		
Sep. 8–Oct. 29, 2007, registered on Nov. 9, 2007	+14 379	308 247 053,20
Shares subscribed with 2003A options		
Oct. 30, 2007–Jan. 2, 2008, registered on Jan. 15, 2008	+400	308 247 733,20
Shares subscribed with 2003B options		
Oct. 30, 2007–Jan. 2, 2008, registered on Jan. 15, 2008	+1 000	308 249 433,20
Shares subscribed with 2003A options		
Jan. 3–Feb. 29, 2008, registered on Mar. 13, 2008	+11 955	308 269 756,70
Shares subscribed with 2003B options		
Jan. 3–Feb. 29, 2008, registered on Mar. 13, 2008	+10 187	308 287 074,60
Shares subscribed with 2003A options		
Mar. 1–May 5, 2008, registered on May 16, 2008	+38 208	308 352 028,20
Shares subscribed with 2003B options		
Mar. 1–May 5, 2008, registered on May 16, 2008	+57 264	308 449 377,00
Shares subscribed with 2003A options		
May 6–Jul. 7, 2008, registered on Jul. 18, 2008	+380	308 450 023,00
Shares subscribed with 2003A options		
Jul. 8–Sep. 8, 2008, registered on Sep. 19, 2008	+693	308 451 201,10
Shares subscribed with 2003C options		
Jul. 8–Sep. 8, 2008, registered on Sep. 19, 2008	+5 000	308 459 701,10
Shares subscribed with 2003C options		
Sep. 9–Oct. 24, 2008, registered on Nov. 3, 2008	+5 000	308 468 201,10
Shares subscribed with 2003A options		
Jan 1–Feb. 9, 2009, registered on Feb. 18, 2009	+126 910	308 683 948,10
Shares subscribed with 2003A options		
Feb. 10–Mar. 1, 2009, registered on Mar. 11, 2009	+415 473	309 390 252,20
Shares subscribed with 2003C options		
Apr. 29–Jun. 4, 2009, registered on Jun. 16, 2009	+10 000	309 407 252,20
Shares subscribed with 2003B options		
Oct. 30–Dec. 17, 2009, registered on Dec. 31, 2009	+6 276	309 417 921,40
Share capital on Dec. 31, 2009	182 010 542	309 417 921,40
Share capital on Feb. 2, 2010	182 010 542	309 417 921,40
Treasury shares on Dec. 31, 2009	1 040 888	1 769 509,60
Number of shares outstanding on Dec. 31, 2009	180 969 654	307 648 411,80

Shares and shareholders

shares or special rights may be issued. The Board of Directors has the right to issue shares and special rights in deviation of the pre-emptive subscription right of shareholders.

The authorization is valid until the next Annual General Meeting, however no later than until May 31, 2010. It has not been exercised by the Board.

Board authorisation to repurchase the company's own shares

The Annual General Meeting of Outokumpu authorised the Board of Directors on March 24, 2009 to repurchase the company's own shares (treasury shares).

The maximum number of shares to be repurchased is 18 000 000, which at the time of the Annual General Meeting represented approximately 9.92% of Outokumpu's total number of registered shares. Based on this and earlier authorisations, the company currently holds 1 040 888 of its own shares. The aggregate number of treasury shares held by

the company and its subsidiaries may not, however, exceed 10% of the total number of registered shares.

The price payable for these shares shall be based on the prevailing price of Outokumpu's shares in public trading at the time of repurchase. The shares can be repurchased in deviation from the proportional shareholdings of current shareholders. The Board of Directors has the right to decide on other matters and measures related to repurchasing of the company's shares.

The authorisation is valid until the next Annual General Meeting, however no later than until May 31, 2010. It has not been exercised by the Board.

2003 stock option programme

The Outokumpu Annual General Meeting held in 2003 passed a resolution on a stock option programme for the company's management personnel. The total number of share options that may be issued is 5 100 000, entitling holders of stock options to subscribe for 5 100 000 new Outokumpu shares during the period 2006-2011. Based on a decision by the Board of Directors and in deviation from shareholders' pre-emptive rights, stock options marked 2003A, 2003B and 2003C were distributed to key persons in the Outokumpu Group in 2004, 2005 and 2006. When deciding on the total number of stock options to be distributed

annually and to each individual, the Board of Directors assessed the Group's earnings trend and performance by comparing, among other items, the trend in Group earnings per share to trends in the same key ratio in peer companies.

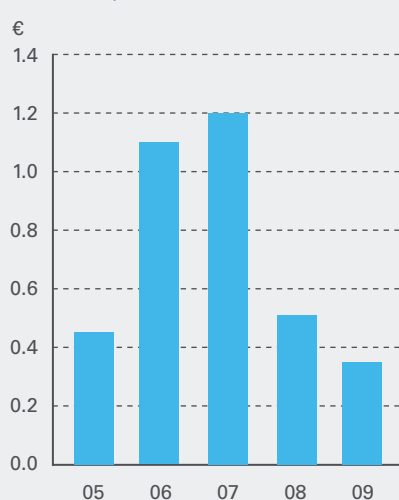
The subscription price for shares subscribed for with 2003B stock options is the traded volume-weighted average price of Outokumpu shares on NASDAQ OMX Helsinki from December 1, 2004 to February 28, 2005 (EUR 9.81), for stock options 2003C it is the trading volume-weighted average price of Outokumpu shares on NASDAQ OMX Helsinki from December 1, 2005 to February 28, 2006 (EUR 10.44). On each dividend record date, the share subscription price of stock options will be reduced by the amount of dividends to be decided after the close of the period for determining the subscription price and prior to the share subscription. The subscription period for stock option 2003A ended on March 1, 2009 and the subscription period for stock option 2003B will end on March 1, 2010.

Following the subscriptions for 2003 stock options, Outokumpu's share capital may be increased by a maximum of EUR 1 916 784 and the number of shares by a maximum of 1 127 520. The number of shares that can be subscribed for on the basis of the stock options corresponds to 0.62% of Outokumpu's shares and voting rights.

Share-based incentive programmes

Outokumpu's Board of Directors has confirmed that share-based incentive programmes are part of the incentive and commitment scheme for the company's key personnel. The objectives are to reward key personnel for good performance and support Outokumpu's strategy while at the same time directing management attention to increasing shareholder value over the long-term. The programmes offer

DIVIDEND/SHARE



SHARE-BASED INCENTIVE PROGRAMME

Earning period	The number of people in scope on Dec. 31, 2009
2007-2009	129
2008-2010	155
2009-2011	139

2003 STOCK OPTION PROGRAMME

Stock options	Number of participants Dec. 31, 2009	Subscription period	Dividend at trusted share subscription price Dec. 31, 2009	The number of shares subscribed by Dec. 31, 2009	An aggregate maximum of shares that can be subscribed with the remaining stock options	The number of stock options annulled by Dec. 31, 2009
2003B	39	Sep.1, 2007-Mar. 1, 2010	9.81	804 805	224 015	671 180
2003C	7	Sep. 1, 2008-Mar. 1, 2011	10.44	18 200	80 500	1 601 300

the possibility of receiving both Outokumpu shares and cash (an amount equal to taxes not exceeding 1.5 times the value of the shares at the time they are distributed) as an incentive, provided that the targets set by the Board for each earning period are achieved.

Share-based incentive programme 2006–2010

On February 2, 2010, the Outokumpu Board of Directors confirmed that the set targets for the earning period 2007–2009 were not met for either earning criteria. Therefore, no reward will be paid to the participants for the earning period 2007–2009.

If participants in the remaining earning period 2008–2010 receive the maximum number of shares as a reward (a total of 240 430 shares), the shareholding they obtain via the programme will amount to 0.13% of the company's shares and the voting rights.

Share-based incentive programme 2009–2013

On February 2, 2010, 134 people were confirmed as participants in the programme for the 2010–2012 earning period. In accordance with targets confirmed for the 2010–2012 earning period, the reward is based on the relative development in Total Shareholder Return (TSR, 2/3 of the maximum reward) over the three-year earning period and Earnings per share (EPS, 1/3 of the maximum reward). The annual total payment of rewards (shares and cash) under the programme, together with other short-term and long-term incentives, must not exceed 200% of the participant's annual salary at the end of the earning period. Rewards allocated under the programme for the earning period (both shares and cash) will be reduced accordingly if the above limit is exceeded. Under the programme, participants must retain the shares in their possession for

a period of at least one year from the date of distribution.

If participants in the remaining earning period 2009–2011 and 2010–2012 receive the maximum number of shares as a reward (a total of 824 900 shares), the shareholding they obtain via the programme will amount to 0.45% of the company's shares and the voting rights.

Share ownership plan

In accordance with the share ownership plan of the Outokumpu Group, members of the Outokumpu Group Executive Committee have an obligation to purchase Outokumpu shares with 10% of the income they receive from stock options. Members of the Group Executive Committee are also obliged to hold Outokumpu shares acquired or received under incentive programmes that corresponds to the value of their annual gross base salary.

SHARE-RELATED KEY FIGURES

		2005	2006	2007	2008	2009
Earnings per share	€	-2.01	5.31	3.52	-1.05	-1.86
Equity per share	€	11.31	16.87	18.53	15.50	13.54
Dividend per share	€	0.45	1.10	1.20	0.50	0.35¹⁾
Dividend payout ratio	%	neg.	20.7	33.9	neg.	neg.
Dividend yield	%	3.6	3.7	5.7	6.0	2.6
Price/earnings ratio		neg.	5.6	6.0	neg.	neg.
Development of share price						
Average trading price	€	11.89	19.77	24.94	18.99	11.49
Lowest trading price	€	9.63	12.60	18.48	6.33	7.72
Highest trading price	€	14.72	30.39	31.65	33.99	15.67
Trading price at the end of the period	€	12.55	29.66	21.21	8.28	13.26
Change during the period	%	-4.6	136.3	-28.5	-61.0	60.1
Change in the OMXH index during the period	%	31.1	17.9	20.5	-53.4	19.5
Market capitalization at the end of the period ²⁾	€ million	2 272	5 369	3 820	1 492	2 400
Development in trading volume						
Trading volume	1 000 shares	179 289	319 345	516 489	511 080	355 102
In relation to weighted average number of shares	%	99.0	176.4	285.5	283.6	196.4
Adjusted average number of shares ²⁾		181 031 415	181 033 168	180 922 336	180 184 845	180 825 569
Number of shares at the end of the period ²⁾		181 031 952	181 031 952	180 103 193	180 233 280	180 969 654

2003A stock options were listed on the Helsinki Stock Exchange from Sept. 1, 2006, until March 1, 2009 and 2003B stock options have been listed since Sept. 3, 2007. 2003C stock options are not listed.

¹⁾ The Board of Directors' proposal to the Annual General Meeting 2010 ²⁾ Excluding treasury shares.

Shares and shareholders

Management shareholding

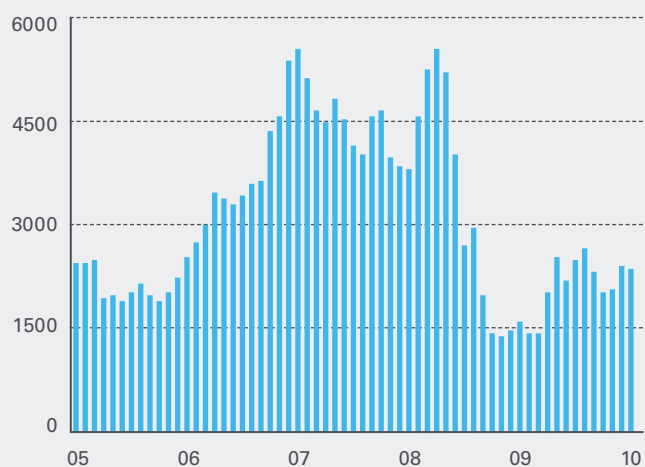
On January 31, 2010, members of the Outokumpu Board of Directors and the Group Executive Committee held a total of 93 264 Outokumpu shares, corresponding to 0.051% of shares and voting rights.

If all the 2003B and 2003C options are exercised and if the remaining earnings period in the 2006–2010 share-based incentive programme and the 2009–2011 and 2010–2012 earnings periods in the 2009–2013 share-based incentive programme yield the maximum

number of shares, shareholdings and aggregate voting rights held by the members of the Group Executive Committee will increase by 0.047 percentage points on the basis of stock options, and by 0.11 percentage points on the basis of the share-based incentive programme.

MARKET CAPITALISATION

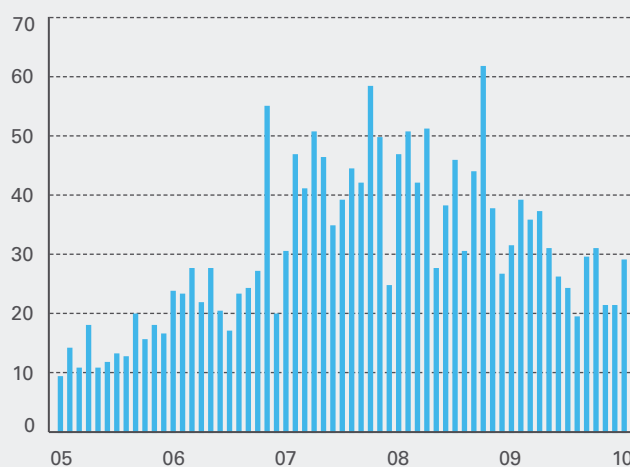
€ million



Source: OMX. Including January 2010.

MONTHLY TRADING VOLUME

million shares



Source: OMX. Including January 2010.

SHARE PRICE

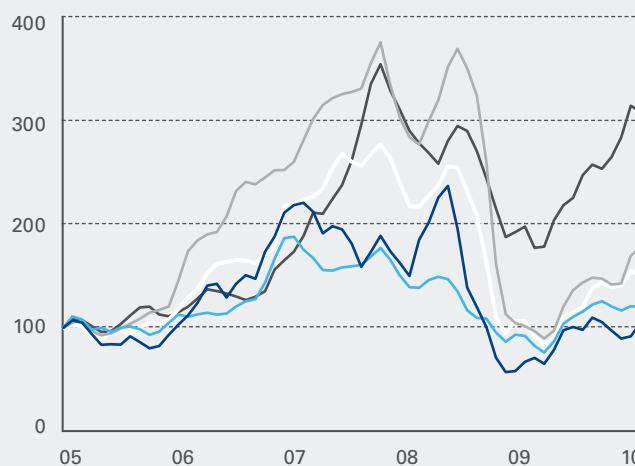
€



Source: OMX. Including January 2010.

PEER GROUP SHARE PRICE PERFORMANCE

index



■ Outokumpu ■ Acerinox ■ ArcelorMittal
 ■ ThyssenKrupp ■ Posco