

OUTOKUMPU'S SECOND QUARTER 2010 – RETURN TO PROFITS IN IMPROVED MARKETS

Second-quarter 2010 highlights

- Operating profit EUR 71 million (I/2010: EUR -22 million) including some EUR 55 million (I/2010: 10 million) of raw material-related inventory gains, underlying operational result some EUR 16 million (I/2010: EUR -32 million).
- EBITDA EUR 128 million (I/2010: EUR 34 million), operative cash flow EUR -314 million (I/2010: EUR -86 million) due to increased working capital.
- Improving underlying demand for standard grades, demand for special grades remained weaker, deliveries of stainless steel totalled 339 000 tonnes (I/2010: 333 000 tonnes).
- Major investment decisions: ferrochrome capacity to be doubled, quarto plate position to be strengthened, totalling approximately EUR 550 million.

Group key figures

		II/10	I/10	II/09	2009
Sales	EUR million	1 110	916	617	2 611
Operating profit	EUR million	71	-22	-94	-438
EBITDA	EUR million	128	34	-42	-212
Non-recurring items in operating profit	EUR million	-	-	-	-20
Profit before taxes	EUR million	63	-33	-105	-474
Net profit for the period from continuing operations	EUR million	43	-21	-85	-332
Net profit for the period	EUR million	44	-21	-87	-336
Earnings per share from continuing operations	EUR	0.24	-0.12	-0.47	-1.83
Earnings per share	EUR	0.24	-0.12	-0.48	-1.86
Return on capital employed	%	7.2	-2.4	-11.1	-11.7
Net cash generated from operating activities ¹⁾	EUR million	-314	-86	21	198
Capital expenditure, continuing operations	EUR million	40	28	45	245
Net interest-bearing debt at end of period	EUR million	1 683	1 293	926	1 183
Debt-to-equity ratio at end of period	%	67.6	53.5	37.1	48.2
Stainless steel deliveries	1 000 tonnes	339	333	268	1 030
Stainless steel base price ²⁾	EUR/tonne	1 317	1 235	1 117	1 161
Personnel at the end of period, continuing operations		8 617	7 597	7 985	7 606

¹⁾ Cash flows presented for continuing operations.

²⁾ Stainless steel: CRU - German base price (2 mm cold rolled 304 sheet).

SHORT-TERM OUTLOOK

Underlying demand for standard grades continues to recover and this is expected to continue also after the holiday season. Demand for special grades is still lagging. However, commercial activity in the investment-driven customer segments continues and is expected to generate orders within the next 6-12 months. Currently, the normal seasonality in demand that results from the ongoing holiday season in Europe is causing some distributors to be hesitant about placing orders. The declined nickel price is having a similar impact on buying behaviour. This has led to some destocking among distributors. Inventories in Europe are estimated to be close to normal level.

Lead times on mill-deliveries for standard grades are normal at 6-8 weeks. The slowdown of demand during the holiday season and annual maintenance breaks at the Group's mills will result in stainless delivery volumes for the third quarter to be 10-20% lower than in the second quarter (339 000 tonnes). Compared to the second quarter of 2010, Outokumpu's average base prices in the third quarter are expected to be fairly stable.

The underlying operational result^{*)} in the third quarter is expected to be somewhat negative. At current metal prices, raw material-related losses of some tens of millions of euros are expected in the third quarter as a result of the recent decline in metal prices. Operative cash flow (before investments) in the third quarter is expected to turn positive subject to metal price development.

^{*)} Underlying operational result= Operating profit without raw material-related inventory gains and losses and non-recurring items.

CEO Juha Rantanen:

“After several loss-making quarters it is gratifying to present Outokumpu's return to profits in the second quarter. A clear recovery in the standard grades business and improved prices have been the main factors, while business in capital investment-driven special grades is still lagging. As always, the third quarter is expected to be seasonally weak. We are confident that underlying demand continues to improve and we are making preparations to take full advantage of a recovery in demand after the holiday season.

Outokumpu made some major news announcements during the second quarter. The market recovery and our financial performance enabled us to embark on two important strategic investments. The expansion in ferrochrome production is not only about raw material self-sufficiency but also about growth. The investment in quarto plate production solidifies our leading position in the tailor-made plate business, strongly supporting our special grades strategy.”

The attachments present the Management analysis for the second-quarter operating result and the Interim review by the Board of Directors for January-June 2010, the accounts and notes to the interim accounts. This report is unaudited.

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News conference and live webcast today at 1.00 pm

A combined news conference, conference call and live webcast concerning the second-quarter 2010 results will be held on July 22, 2010 at 1.00 pm EET (12.00 pm CET, 6.00 am US EST, 11.00 am UK time) at Hotel Kämp, conference room Akseli Gallen-Kallela, address 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 3043 2436
US & Canada	+1 866 458 4087
Sweden	+46 8 505 598 53
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.

An on-demand webcast of the news conference will be available at www.outokumpu.com as of July 22, 2010 at around 3.00 pm.

OUTOKUMPU OYJ
 Corporate Management

MANAGEMENT ANALYSIS – SECOND-QUARTER OPERATING RESULT
Group key figures

EUR million	I/09	II/09	III/09	IV/09	2009	I/10	II/10	
Sales								
General Stainless	476	501	496	592	2 065	754	962	
Specialty Stainless	371	278	258	332	1 239	367	469	
Other operations	66	58	56	62	243	89	86	
Intra-group sales	-233	-220	-224	-259	-935	-295	-407	
The Group	679	617	587	728	2 611	916	1 110	
Operating profit								
General Stainless	-157	-52	-38	-12	-259	-2	75	
Specialty Stainless	-82	-37	-21	-10	-149	-21	22	
Other operations	-12	-5	-4	-9	-31	2	-15	
Intra-group items	2	0	-3	2	1	-1	-10	
The Group	-249	-94	-65	-29	-438	-22	71	
Stainless steel deliveries								
1 000 tonnes	I/09	II/09	III/09	IV/09	2009	I/10	II/10	
Cold rolled	133	145	124	143	545	171	182	
White hot strip	59	69	66	69	263	82	75	
Quarto plate	19	18	14	16	67	21	21	
Tubular products	16	13	12	12	53	13	14	
Long products	10	9	11	10	40	13	15	
Semi-finished products	10	14	12	27	63	33	32	
Total deliveries	247	268	238	277	1 030	333	339	
Market prices and exchange rates								
	I/09	II/09	III/09	IV/09	2009	I/10	II/10	
Market prices ¹⁾								
Stainless steel								
Base price	EUR/t	925	1 117	1 307	1 297	1 161	1 235	1 317
Alloy surcharge	EUR/t	893	634	923	1 049	875	1 094	1 701
Transaction price	EUR/t	1 818	1 751	2 229	2 346	2 036	2 329	3 018
Nickel	USD/t	10 471	12 920	17 700	17 528	14 655	19 959	22 476
	EUR/t	8 036	9 478	12 375	11 860	10 507	14 433	17 686
Ferrochrome (Cr-content)	USD/lb	0.79	0.69	0.89	1.03	0.85	1.01	1.36
	EUR/kg	1.34	1.12	1.37	1.54	1.34	1.61	2.36
Molybdenum	USD/lb	9.15	9.41	15.36	11.76	11.42	16.19	16.45
	EUR/kg	15.49	15.22	23.67	17.54	18.05	25.81	28.53
Recycled steel	USD/t	207	199	236	250	223	323	346
	EUR/t	159	146	165	169	160	234	272
Exchange rates								
EUR/USD		1.303	1.363	1.430	1.478	1.395	1.383	1.271
EUR/SEK		10.941	10.781	10.424	10.351	10.619	9.946	9.631
EUR/GBP		0.909	0.879	0.872	0.905	0.891	0.888	0.852

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.

Nickel: London Metal Exchange (LME) cash quotation

Ferrochrome: Metal Bulletin - Quarterly contract price, Ferrochrome lumpy chrome charge, basis 52% chrome

Molybdenum: Metal Bulletin - Molybdenum oxide - Europe

Recycled steel: Metal Bulletin - Steel scrap HMS 1&2 fob Rotterdam

Outokumpu Oyj

Corporate Management

Stainless steel markets in the second quarter

Stainless steel markets continued to be healthy in the beginning of the second quarter of 2010. Negative economic reports had an adverse effect on market activity in May and demand for stainless steel weakened as the nickel price started to decline. Compared to the first quarter of 2010, apparent consumption of stainless steel flat products in the second quarter is estimated to have been almost unchanged in Europe and 10% higher globally. While in China, apparent consumption is estimated to have increased by 16%. Both in Europe and globally, production of stainless steel is estimated to have been at almost the same level compared to the first quarter of 2010. In China, production of stainless steel was up by 5%.

The average base price for 2mm cold rolled 304 stainless steel sheet in Germany increased by 7% and was 1 317 EUR/tonne in the second quarter (I/2010: 1 235 EUR/tonne). The alloy surcharge increased by 55% and was 1 701 EUR/tonne (I/2010: 1 094 EUR/tonne). The average transaction price during the second quarter was 3 018 EUR/tonne (I/2010: 2 329 EUR/tonne). (CRU)

Among alloying elements, the price of nickel was on a rising trend at the beginning of the second quarter and reached a level of 27 000 USD/tonne in mid-April. It then began to decline and was some 18 000 USD/tonne at the beginning of June before rebounding to around 20 000 USD/tonne in late-June. The average nickel price during the second quarter was 22 476 USD/tonne (I/2010: 19 959 USD/tonne). Ferrochrome markets were close to balance in the second quarter. The quarterly contract price for ferrochrome in the second quarter was 1.36 USD/lb (I/2010: 1.01 USD/lb) and has preliminarily been settled at 1.30 USD/lb for the third quarter. The average price of molybdenum was 16.45 USD/lb in the second quarter (I/2010: 16.19 USD/lb) while the price of recycled steel increased by 7% and averaged 346 USD/tonne (I/2010: 323 USD/tonne).

Return to profits in the second quarter

Group sales in the second quarter increased to EUR 1 110 million (I/2010: EUR 916 million). Deliveries of stainless steel increased marginally to 339 000 tonnes (I/2010: 333 000 tonnes). Capacity utilisation at Group operations was approximately 75% with Tornio Works running at a higher rate than the Group average during the second quarter.

After several loss-making quarters, the Group turned to profits with an operating profit in the second quarter totalling EUR 71 million (I/2010: EUR -22 million). This figure includes some EUR 55 million (I/2010: EUR 10 million) of raw-material related inventory gains which resulted primarily from higher nickel prices. Higher base prices and a higher ferrochrome price also had an effect and the underlying operational result in the second quarter turned positive at EUR 16 million (I/2010: EUR -32 million). Outokumpu's average base prices for flat products realised in the second quarter increased by some 60 EUR/tonne but were below base prices reported by CRU for German 304 sheet.

Return on capital employed in the second quarter was 7.2% (I/2010: -2.4%). Earnings per share totalled EUR 0.24 (I/2010: EUR -0.12).

Net cash generated from operating activities in continuing operations remained negative and amounted to EUR -314 million (I/2010: -86 million). In the second quarter, EUR 402 million of cash was tied up in working capital as a result of increased purchase of raw materials as well as higher metal prices. Inventories were increased in the second quarter in order to compensate for the lost production during the planned maintenance breaks in order to meet the expected increase in demand after the holiday period.

Outokumpu's gearing at the end of the second quarter was 67.6% (Mar 31, 2010: 53.5%), still below the Group's target level of <75%. Net-interest bearing debt increased by EUR 390 million to EUR 1 683 million (I/2010: EUR 1 293 million) in the second quarter. The dividend for 2009 totalling EUR 64 million was paid in the second quarter. In June, Outokumpu issued a EUR 250 million domestic five-year bond. The bond improved the structure of the Group's debt portfolio and will be used for general corporate purposes.

Capital expenditure totalled EUR 40 million (I/2010: EUR 28 million) in the second quarter.

Sales by General Stainless in the second quarter totalled EUR 962 million (I/2010: EUR 754 million), and deliveries increased to 309 000 tonnes (I/2010: 304 000 tonnes). General Stainless returned to profits with an operating profit of EUR 75 million (I/2010: EUR -2 million) and Tornio Works posted a profit of EUR 63 million (I/2010: EUR -7 million).

Sales by Specialty Stainless in the second quarter totalled EUR 469 million (I/2010: EUR 367 million) and deliveries totalled 119 000 tonnes (I/2010: 111 000 tonnes). Operating profit was positive at EUR 22 million (I/2010: EUR -21 million).

Other Operations posted an operating loss of EUR 15 million (I/2010: EUR 2 million) in the second quarter.

Finalised investment projects

Outokumpu has established a service centre in China, the world's fastest-growing market for stainless steel. The new facility supports the Group strategy of expanding operations in Asia and serving end-user and project customers with value-added special products. In the main, Outokumpu's offering to the Chinese market consists of special grades, especially duplex grades, employed in the most demanding applications in the energy, petrochemical, transportation and pulp and paper sectors. The new Kunshan service centre has an annual capacity of some 30 000 tonnes of stainless steel and employs approximately 50 people and represents an investment by the Group of some EUR 20 million.

A new stainless steel bar and rebar facility was opened in June in Sheffield, UK. The new plant broadens the Group's product range and can offer stainless steel rebar in straight lengths or formed components as well as produce cold-drawn bar. Outokumpu can now serve its long products customers from a fully-integrated production route in Sheffield. This investment totalled some EUR 10 million.

New investment decisions

In June, based on the results of the updated feasibility study, the decision was made to invest EUR 440 million in doubling ferrochrome production capacity at Tornio in Finland. The original decision on this investment was made in June 2008 but the financial crisis and uncertain market conditions resulted in it being put on hold in December 2008. Annual ferrochrome production in Tornio will be doubled to 530 000 tonnes enabling the Group to meet its internal needs and also supply the global market with more than 200 000 tonnes of ferrochrome annually. Implementation of the project will begin immediately and the additional production capacity is expected to be operational in 2013 and ramped up in 2015. The main capital expenditure cash outflows will take place in 2011 and 2012.

The decision to invest EUR 104 million in increasing quarto plate production capability and capacity in Degerfors in Sweden was also made in June. This investment strengthens Outokumpu's position as a world-leading producer of these thick, wide and individually rolled plates and will increase the Group's annual quarto plate production capacity to more than 200 000 tonnes. The majority of the new

production capacity is scheduled to be available in 2014. Capital expenditure will be spread over five years with the majority of cash out-flows taking place in 2012 and 2013.

Domestic bond issued

In June, Outokumpu issued a EUR 250 million five-year domestic bond. The funds will be used for general corporate purposes. The bond is listed on the NASDAQ OMX Helsinki exchange.

Events after the review period

At the beginning of July, the Finnish Parliament voted on decisions-in-principle to build two new nuclear power plants in Finland. The voting was positive for Fennovoima, in which Outokumpu has a stake of some 10%. Once the new nuclear power plant is operational, Outokumpu will be able to obtain approximately one third of its current electricity needs at the cost of production from 2020 onwards.

INTERIM REVIEW BY THE BOARD OF DIRECTORS – JANUARY-JUNE 2010

Recovery in stainless steel markets

Stainless steel markets started to recover from the beginning of 2010 with demand especially for standard grades improving significantly compared to the beginning of 2009. In May, negative economic reports in Europe resulted in a softening market conditions for stainless steel and the decline of the nickel price from its year-high levels led to some destocking by distributors. Compared to the first half of 2009, apparent consumption of stainless steel during the first half of 2010 is estimated to be up by 53% in Europe and 35% globally. The average German base price for 2mm cold rolled 304 stainless steel sheet was 1 276 EUR/tonne during the first six months of 2010 (I-II/2009: 1 021 EUR/tonne) and the average transaction price during the period was 2 674 EUR/tonne (I-II/2009: 1 784 EUR/tonne).

During the first half of 2010, the nickel price averaged 21 217 USD/tonne (I-II/2009: 11 696 USD/tonne) and the average contract price for ferrochrome was 1.19 USD/lb (I-II/2009: 0.74 USD/lb). The average price of molybdenum during the first six months of 2010 was 16.32 USD/lb (I-II/2009: 9.28 USD/lb) and the average price of recycled steel was 335 USD/tonne (I-II/2009: 203 USD/tonne). (CRU)

Profitability improved with higher delivery volumes

Group sales in the first half of 2010 increased by 56% to EUR 2 026 million (I-II/2009: EUR 1 296 million) as a result of both higher transaction prices and higher delivery volumes. Deliveries of stainless steel increased by 30% to 672 000 tonnes (I-II/2009: 515 000 tonnes). Group production facilities were operating at 75% capacity utilisation in the first half of 2010.

Operating profit for the first half of 2010 totalled EUR 49 million (I-II/2009: EUR -343 million). This result includes some EUR 65 million of raw material-related gains (I-II/2009: EUR -110 million) with the underlying result being some EUR -16 million (I-II/2009: EUR -228 million). The main contributors to the improved result were higher base prices and higher delivery volumes. The operating profit in the first six months of 2010 did not include any non-recurring items. In the first half of 2009 the operating loss included EUR 5 million of redundancy provisions.

Net financial income and expenses in the first half of 2010 totalled EUR -10 million (I-II/2009: EUR -10 million). Net profit for the review period totalled EUR 23 million (I-II/2009: EUR -274 million) and earnings per share totalled EUR 0.13 (I-II/2009: EUR -1.52). Return on capital employed during the first six months of 2010 was 2.5% (I-II/2009: -18.8%).

Net cash generated from operating activities totalled EUR -401 million (I-II/2009: EUR 316 million) in the first six months of 2010. Some EUR 445 million (I-II/2009: release of EUR 640 million) was tied up in working capital as a result of higher metal prices and higher inventory levels. Net interest-bearing debt increased by EUR 757 million and totalled EUR 1 683 million at the end of June 2010 (Jun 30, 2009: EUR 926 million). Gearing increased to 67.6% (Jun 30, 2009: 37.1%) approaching the Group's target of a maximum of 75%. In June, Outokumpu issued a EUR 250 million five-year domestic bond, which was listed on the NASDAQ OMX Helsinki exchange in July. The funds will be used for general corporate purposes.

Capital expenditure and investments

Capital expenditure in the first half of 2010 totalled EUR 68 million (I-II/2009: EUR 107 million) and covered the finalising of ongoing investment projects and maintenance. Capital expenditure by the Group in 2010 including the new investment projects announced in 2010 is expected to total approximately EUR 200 million.

Investment projects in China and the UK were completed in June. Now open, the Group's service centre in Kunshan represents an investment of some EUR 20 million, employs approximately 50 people and has an annual capacity of some 30 000 tonnes of stainless steel. In Sheffield in the UK, a new stainless steel bar and rebar facility was opened. This investment totalled some EUR 10 million.

In June, based on the results of an updated feasibility study, the decision was made to invest EUR 440 million in doubling ferrochrome production capacity at Tornio in Finland. The original decision on this investment was made in June 2008, but the financial crisis and uncertain market conditions resulted in it being put on hold in December 2008. Annual ferrochrome production in Tornio will be doubled to 530 000 tonnes enabling the Group to meet its internal needs and also supply the global market with more than 200 000 tonnes of ferrochrome annually. Implementation of the project will begin immediately and the additional production capacity is expected to be operational in 2013 and ramped up in 2015. The main capital expenditure cash outflows will take place in 2011 and 2012.

The decision to invest EUR 104 million in increasing quarto plate production capability and capacity in Degerfors in Sweden was also made in June. This investment strengthens Outokumpu's position as a world-leading producer of these thick, wide and individually rolled plates and will increase the Group's annual quarto plate production capacity to more than 200 000 tonnes. The majority of the new production capacity is scheduled to be available in 2014. Capital expenditure will be spread over five years with the majority of cash out-flows taking place in 2012 and 2013.

Risks and uncertainties

Outokumpu operates in accordance with the risk management policy approved by its Board of Directors. This policy defines the objectives, approaches and areas of responsibility in risk management. Risks and uncertainties may, if they materialise, have a substantial impact on earnings and cash flows. Key risks are assessed and updated on a regular basis.

Important strategic and business risks include structural overcapacity in stainless steel production, competition in stainless steel markets, the Euro-centricity of the Group's operations and weakening of the market situation affecting utilisation of the Group's stainless steel production capacity. To mitigate risks related to structural overcapacity and fierce competition in stainless steel markets, Outokumpu aims to maintain the cost-efficiency of its operations, broaden the Group's product offering and increase sales to end-users by, for example, developing distribution channels. This strategy is supported by the Group Sales and Marketing function, which ensures that customers are served in an optimal way. To mitigate impact of Euro-centricity, Outokumpu is also aiming to grow outside Europe.

The recovery in stainless steel markets continued during the review period. Outokumpu monitors the situation continuously and will adjust its operations in response to possible changes in the market situation. If the market for stainless steel remains weak for an extended period, this could have an impact on the Group's strategy implementation.

Operational risks arise as a consequence of inadequate or failed internal processes, employee actions, systematic or other events such as natural catastrophes, misconduct or crime. Operational risks also include different issues related to organisational efficiency. Key operational risks are a major fire or accident and insufficient ability to adjust production capacity. Protection of the Group's personnel, assets, processes, information and reputation against a wide range of potential losses is an essential component in Outokumpu's operations. These types of risks are primarily mitigated through preventive actions and insurances. To reduce the risk of property damage and interruptions to the Group's businesses, Outokumpu conducts systematic fire and security auditing.

Key financial risk are related to variations in the nickel and electricity prices, exchange rates for the US dollar and Swedish krona, interest rates and the value of receivables as well as certain equities. The strengthening of the US dollar during the second quarter had a slight positive impact on earnings but also increased Group working capital. Outokumpu issued a EUR 250 million five-year bond in June, which improved the Group's debt capital structure.

People and the environment

The Group's continuing operations employed an average of 7 900 full-time personnel during January-June 2010 (I-II/2009: 8 184). Summer-trainees expanded the number of full-time employees to 8 617 (June 30, 2009: 7 985) at the end of June. The lost-time injury rate (i.e. lost-time accidents per million working hours) improved during the second quarter and was 5.0 for the first half of 2010 (I-II/2009: 5.6), but did not reach the Group's 2010 target of less than four.

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

Emissions trading activities have been conducted in accordance with obligations, agreed procedures and the Group's financial risk policy. Emissions under the EU Emission Trading Scheme during the first half of 2010 totalled approximately 389 000 tonnes (I-II/2009: 282 000 tonnes). The main reason for the low level of emissions in 2009 was the temporary closure of the Group's ferrochrome production facilities from April until the end of September. No external trading of emission allowances was carried out during the first six months of 2010. Outokumpu's carbon dioxide allowances in Finland, Sweden and the UK proved adequate for the Group's planned production.

Outokumpu is participating in the construction of a wind farm in Tornio in Finland. Rajakiiri, a company specialising in wind power technology, has decided to invest in a 30 MW wind farm at Röyttä, close to the Tornio Works site. Outokumpu will be allocated 20% of the electrical energy produced. This new wind power project will meet approximately 0.5% of Outokumpu's total energy needs.

The Life Cycle Inventory Study on Stainless Steel Production in the EU shows that Outokumpu products have the smallest carbon footprint, 10–20% less than the EU average for stainless steel producers. Outokumpu also published a new *Energy and Low-carbon Programme*.

In 2010, for the second time, Outokumpu was awarded "Sector Mover" status by Sustainable Asset Management (SAM) for having the largest proportional annual improvement in sustainability performance within the steel industry compared to the previous year. Outokumpu also qualified for the OMX GES Sustainability Nordic index. Calculated by NASDAQ OMX in cooperation with GES Investment Services, this is a benchmark sustainability index which consists of 50 leading companies listed on the NASDAQ OMX Copenhagen, Helsinki, Stockholm and Oslo Bors exchanges.

Civil actions regarding the sold fabricated copper products business

In the autumn of 2004, the European Commission issued its judgment on Outokumpu's participation in a European price-fixing and market-sharing cartel involving sanitary copper tubes during 1988-2001 and imposed a fine of EUR 36 million on Outokumpu for participation in the cartel. In 2004, Outokumpu appealed to the General Court (previously known as the Court of First Instance for Europe) regarding the level of the fine. According to a Court decision issued in May 2010 the fine remained unchanged. As Outokumpu paid the fines in 2009, this decision will have no impact on Group profits or cash flow.

Outokumpu exited the copper fabrication business by divesting the major part of the Group's business in 2005 and the remaining units in 2008.

In connection with the industrial tubes cartel investigation, Outokumpu Oyj has since 2004 been in the process of addressing several civil complaints raised in the US against the company and its former fabricated copper products business in the US. The majority of those complaints have been concluded, but two civil actions are still pending in the US. The first of these is a class action brought in the federal court of Tennessee on behalf of certain indirect purchasers of industrial copper tubing. Outokumpu believes that this class action lacks merit and is attempting to reach a favourable resolution. The second pending civil complaint in the US, an individual action filed in 2006 in the federal district court in Memphis, Tennessee seeks an unstated amount of damages related to an alleged world-wide price-fixing and market allocation cartel. The court dismissed this complaint in 2007, and it is the appeal against that dismissal which is currently pending. In 2010, a third civil action was brought in the UK courts against Outokumpu Oyj (and two other defendant groups) by the same claimant group as that in the Memphis suit. The claimants allege that they suffered loss across Europe as a result of the cartel and are seeking to recovery from the three main defendant groups either jointly or jointly and severally. The claimants' initial claim for alleged losses (between the three defendant groups) is some GBP 20 million excluding interest. Outokumpu will be challenging the jurisdiction of the UK courts to hear this claim. In any event, Outokumpu believes that the allegations regarding damages caused by the cartel are groundless and, if pursued, Outokumpu will defend itself in any proceedings. No provisions have been booked in connection with these claims.

Customs investigation of exports to Russia by Tornio Works

In March 2007, Finnish Customs authorities initiated a criminal investigation into the Group's Tornio Works' export practices to Russia. It was suspected that a forwarding agency based in south-eastern Finland had prepared defective and/or forged invoices regarding the export of stainless steel to Russia. The preliminary investigation focused on possible complicity by Outokumpu Tornio Works in the preparation of defective and/or forged invoices by the forwarding agent.

In June 2009, the Finnish Customs completed its preliminary investigation and forwarded the matter for consideration of possible charges to the prosecuting authorities. The process of considering possible charges is expected to be completed in the third quarter of 2010.

Immediately after the Finnish Customs authorities began their investigations in 2007, Outokumpu initiated its own investigation into the trade practices connected with stainless steel exports from Tornio to Russia. In June 2007, based on its own investigation, a leading Finnish law firm Roschier Attorneys Ltd. concluded that it had not found evidence that any employees of Tornio Works or the Group would have committed any of the crimes alleged by the Finnish Customs.

Roschier has subsequently, at Outokumpu's request, examined the preliminary investigation material produced by the Finnish Customs and concluded that it contains no evidence that any Outokumpu employees would have committed either forgery or any accounting offences as alleged by the Finnish Customs. Outokumpu's Auditor, KPMG Oy Ab, has also stated that suspicions related to the making of false financial statements are groundless.

Outokumpu has stated that neither the Group nor its personnel have committed any of the crimes alleged by the Finnish Customs.

Organisational changes and appointments

At the beginning of April, Mr Pekka Erkkilä, EVP – General Stainless, left Outokumpu Oyj and joined Outotec Oyj. Mr Hannu Hautala, SVP – Tornio Works, took up his duties as head of Tornio Works at the beginning of April.

Mr Kari Parvento, EVP – Group Sales and Marketing, and a member of Outokumpu's Executive Committee, took up his position at Outokumpu Oyj at the beginning of April.

Some of the responsibilities of Outokumpu's Executive Committee members will change from August 1, 2010:

Karri Kaitue, Deputy CEO, will be responsible for the Tornio Works business unit and Hannu Hautala, SVP – Tornio Works will report to Mr. Kaitue. Starting in August, Legal Affairs and IPR, currently part of Mr Kaitue's responsibilities, will report to Juha Rantanen, CEO, and the Group's remaining brass operations will report to Esa Lager, CFO.

Shares and shareholders

According to the Nordic Central Securities Depository, Outokumpu's largest shareholders by group at the end of the second quarter were Finnish corporations (34.94%), foreign investors (21.84%), Finnish public sector institutions (18.55%), Finnish private households (14.86%), Finnish financial and insurance institutions (6.91%), and Finnish non-profit organisations (2.89%). The list of largest shareholders is updated regularly on Outokumpu's Internet pages: www.outokumpu.com/Investors.

Shareholders that have more than 5% of the shares and votes in Outokumpu Oyj are Solidium Oy (owned by the State of Finland) (30.85%) and the Finnish Social Insurance Institution (8.01%).

At the end of June, Outokumpu's closing share price was EUR 12.43 (II/2009: EUR 12.29). The average share price during the first half of 2010 was EUR 14.11 (I-II/2009: EUR 10.37) with EUR 17.88 (I-II/2009: EUR 14.68) as the highest traded price and EUR 12.03 (I-II/2009: EUR 7.72) as the lowest. At the end of June, the market capitalisation of Outokumpu Oyj shares totalled EUR 2 274 million (June 30, 2009: EUR 2 237 million) including treasury shares. Share turnover on the Nasdaq OMX Helsinki exchange during the first half of 2010 amounted to 186.0 million (I-II/2009: 204.5 million) shares. The total value of shares traded during the first six months was EUR 2 624.3 million (I-II/2009: EUR 2 119.9 million).

Outokumpu's fully paid-up share capital at the end of June totalled EUR 311.0 million and consisted of 182 956 249 shares. The number of shares outstanding at the end of the second quarter was 181 915 361 excluding treasury shares.

Annual General Meeting 2010

The 2010 Annual General Meeting (AGM) in March approved a dividend of EUR 0.35 per share for 2009. Dividends totalling EUR 64 million were paid on April 13, 2010.

The AGM authorised the Board of Directors to decide to repurchase the Group's own shares and to issue shares and grant special rights entitling to shares. The maximum number of shares to be repurchased is 18 000 000. These authorisations are valid for 12 months or until the next AGM, but no longer than May 31, 2011. To date, the authorisations have not been used.

The 2010 Annual General Meeting also decided that Outokumpu would make a donation (a maximum of EUR 1 million) to the Aalto University Foundation.

The AGM decided on the number of the Board members, including the Chairman and Vice Chairman, to be eight. The Outokumpu board members are: Evert Henkes, Ole Johansson (Chairman), Victoire de Margerie, Anna Nilsson-Ehle, Jussi Pesonen, Leena Saarinen, Anssi Soila (Vice Chairman) and Olli Vaartimo. 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.

Events after the review period

At the beginning of July, the Finnish Parliament voted on decisions-in-principle to build two new nuclear power plants in Finland. The voting was positive for Fennovoima, in which Outokumpu has a stake of some 10%. Once the new nuclear power plant is operational, Outokumpu will be able to obtain approximately one third of its current electricity needs at the cost of production from 2020 onwards.

SHORT-TERM OUTLOOK

Underlying demand for standard grades continues to recover and this is expected to continue also after the holiday season. Demand for special grades is still lagging. However, commercial activity in the investment-driven customer segments continues and is expected to generate orders within the next 6-12 months. Currently, the normal seasonality in demand that results from the ongoing holiday season in Europe is causing some distributors to be hesitant about placing orders. The declined nickel price is having a similar impact on buying behaviour. This has led to some destocking among distributors. Inventories in Europe are estimated to be close to normal level.

Lead times on mill-deliveries for standard grades are normal at 6-8 weeks. The slowdown of demand during the holiday season and annual maintenance breaks at the Group's mills will result in stainless delivery volumes for the third quarter to be 10-20% lower than in the second quarter (339 000 tonnes). Compared to the second quarter of 2010, Outokumpu's average base prices in the third quarter are expected to be fairly stable.

The underlying operational result^{*)} in the third quarter is expected to be somewhat negative. At current metal prices, raw material-related losses of some tens of millions of euros are expected in the third quarter as a result of the recent decline in metal prices. Operative cash flow (before investments) in the third quarter is expected to turn positive subject to metal price development.

^{*)} Underlying operational result= Operating profit without raw material-related inventory gains and losses and non-recurring items.

Outokumpu is a global leader in stainless steel with the vision to be the undisputed number one. Customers in a wide range of industries use our stainless steel and services worldwide. Being fully recyclable, maintenance-free, as well as very strong and durable material, stainless steel is one of the key building blocks for sustainable future. Outokumpu employs some 7 500 people in more than 30 countries. The Group's head office is located in Espoo, Finland. Outokumpu is listed on the NASDAQ OMX Helsinki.

www.outokumpu.com

CONDENSED FINANCIAL STATEMENTS (unaudited)
Condensed statement of comprehensive income
Condensed income statement

EUR million	Jan-June 2010	Jan-June 2009	April-June 2010	April-June 2009	Jan-Dec 2009
Continuing operations:					
Sales	2 026	1 296	1 110	617	2 611
Cost of sales	-1 854	-1 492	-974	-637	-2 764
Gross margin	172	-196	137	-21	-153
Other operating income	14	12	8	1	28
Costs and expenses	-134	-140	-71	-70	-280
Other operating expenses	-3	-19	-2	-4	-32
Operating profit	49	-343	71	-94	-438
Share of results in associated companies	-10	-3	-3	-0	-12
Financial income and expenses					
Interest income	8	9	5	5	17
Interest expenses	-20	-23	-11	-9	-38
Market price gains and losses	13	-0	7	-5	-2
Other financial income	2	3	0	0	5
Other financial expenses	-13	-0	-7	-1	-6
Profit before taxes	30	-357	63	-105	-474
Income taxes	-8	84	-20	20	142
Net profit for the period from continuing operations	22	-272	43	-85	-332
Discontinued operations:					
Net profit for the period from discontinued operations	1	-2	1	-2	-4
Net profit for the period	23	-274	44	-87	-336
Attributable to:					
Owners of the parent	23	-274	44	-87	-336
Non-controlling interests	-0	-1	0	-0	-0
Earnings per share for profit attributable to the owners of the parent:					
Earnings per share, EUR	0.13	-1.52	0.24	-0.48	-1.86
Diluted earnings per share, EUR	0.13	-1.52	0.24	-0.48	-1.86
Earnings per share from continuing operations attributable to the owners of the parent:					
Earnings per share, EUR	0.12	-1.50	0.24	-0.47	-1.83
Earnings per share from discontinued operations attributable to the owners of the parent:					
Earnings per share, EUR	0.01	-0.01	0.00	-0.01	-0.02
Statement of other comprehensive income					
EUR million	Jan-June 2010	Jan-June 2009	April-June 2010	April-June 2009	Jan-Dec 2009
Net profit for the period	23	-274	44	-87	-336
Other comprehensive income:					
Exchange differences on translating foreign operations	38	32	24	15	29
Available-for-sale financial assets					
Fair value changes during the period	11	17	-0	17	34
Income tax relating to available-for-sale financial assets	-0	-8	1	-5	-9
Cash flow hedges					
Fair value changes during the period	28	2	10	6	23
Reclassification adjustments from other comprehensive income to profit	2	-	2	-	1
Income tax relating to cash flow hedges	-8	-1	-3	-2	-6
Net investment hedges					
Fair value changes during the period	-	1	-	0	1
Income tax relating to net investment hedges	-	-0	-	-0	-0
Share of other comprehensive income of associated companies	-2	18	-6	-	5
Other comprehensive income for the period, net of tax	69	61	29	32	77
Total comprehensive income for the period	92	-213	73	-55	-259
Attributable to:					
Owners of the parent	92	-213	73	-55	-259
Non-controlling interests	-0	-0	0	-0	-1

Condensed statement of financial position

	June 30	June 30	Dec 31
EUR million	2010	2009	2009
ASSETS			
Non-current assets			
Intangible assets	562	574	566
Property, plant and equipment	2 115	2 051	2 097
Loan receivables and other interest-bearing assets	427	403	397
Other receivables	56	62	55
Deferred tax assets	39	20	42
Total non-current assets	3 198	3 111	3 157
Current assets			
Inventories	1 532	879	1 016
Loan receivables and other interest-bearing assets	49	66	39
Trade and other receivables	782	501	508
Cash and cash equivalents	123	218	112
Total current assets	2 487	1 663	1 674
Receivables related to assets held for sale	34	13	20
TOTAL ASSETS	5 718	4 787	4 850
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the Company			
Equity attributable to the equity holders of the Company	2 489	2 496	2 451
Non-controlling interests	1	1	0
Total equity	2 490	2 497	2 451
Non-current liabilities			
Interest-bearing liabilities	1 581	1 027	1 038
Deferred tax liabilities	98	132	100
Pension obligations	71	65	65
Provisions	18	32	17
Trade and other payables	1	1	1
Total non-current liabilities	1 769	1 256	1 221
Current liabilities			
Interest-bearing liabilities	723	593	705
Provisions	20	28	26
Trade and other payables	704	406	439
Total current liabilities	1 447	1 027	1 170
Liabilities related to assets held for sale	12	7	8
TOTAL EQUITY AND LIABILITIES	5 718	4 787	4 850

Statement of changes in equity

EUR million	Attributable to the owners of the parent							Non-controlling interests	Total equity
	Share capital	Share premium fund	Other reserves	Fair value reserves	Treasury shares	Cumulative translation differences	Retained earnings		
Equity on December 31, 2008	308	702	15	-28	-27	-138	1 961	1	2 795
Total comprehensive income for the period	-	-	-	33	-	28	-274	-0	-213
Transfers within equity	-	-	2	-	-	-	-2	-	-
Dividends	-	-	-	-	-	-	-90	-	-90
Share-based payments	-	-	-	-	2	-	-1	-	1
Share options exercised	1	3	-	-	-	-	-	-	4
Equity on June 30, 2009	309	705	17	6	-25	-110	1 594	1	2 497
Equity on December 31, 2009	309	706	15	22	-25	-110	1 534	0	2 451
Total comprehensive income for the period	-	-	-	33	-	36	23	-0	92
Dividends	-	-	-	-	-	-	-64	-	-64
Share-based payments	-	-	-	-	-	-	1	-	1
Share options exercised	2	8	-	-	-	-	-	-	9
Other change	-	-	-	-	-	-	-	1	1
Equity on June 30, 2010	311	713	15	55	-25	-74	1 494	1	2 490

Condensed statement of cash flows

	Jan-June 2010	Jan-June 2009	April-June 2010	April-June 2009	Jan-Dec 2009
EUR million					
Net profit for the period	23	-274	44	-87	-336
Adjustments					
Depreciation and amortisation	112	103	57	52	211
Impairments	-	-	-	-	15
Other non-cash adjustments	-65	-151	3	-82	-230
Change in working capital	-445	640	-402	150	548
Dividends received	2	3	0	0	3
Interests received	1	3	1	2	8
Interests paid	-22	-34	-12	-20	-57
Income taxes paid	-6	26	-3	6	36
Net cash from operating activities	-401	316	-314	21	198
Purchases of assets	-79	-118	-35	-47	-232
Proceeds from the sale of assets	9	7	5	1	17
Net cash from other investing activities	1	0	0	0	-2
Net cash from investing activities	-68	-111	-30	-45	-216
Cash flow before financing activities	-469	205	-344	-24	-19
Share options exercised	9	4	0	0	4
Borrowings of long-term debt	654	59	598	50	130
Repayment of long-term debt	-100	-283	-49	-274	-350
Change in current debt	-18	97	-119	173	212
Dividends paid	-64	-90	-64	-90	-90
Proceeds from the sale of other financial assets	-	0	-	0	0
Other financing cash flow	-6	1	-0	0	-1
Net cash from financing activities	475	-213	366	-141	-97
Net change in cash and cash equivalents	7	-8	22	-165	-115
Cash and cash equivalents at the beginning of the period	112	224	100	381	224
Foreign exchange rate effect	5	1	2	1	3
Discontinued operations' net change in cash effect	0	0	-1	1	0
Net change in cash and cash equivalents	7	-8	22	-165	-115
Cash and cash equivalents at the end of the period	123	218	123	218	112

Cash flows presented for continuing operations.

Key figures

EUR million	Jan-June 2010	Jan-June 2009	Jan-Dec 2009
Sales	2 026	1 296	2 611
Operating profit	49	-343	-438
Operating profit margin, %	2.4	-26.5	-16.8
EBITDA	162	-240	-212
Return on capital employed, %	2.5	-18.8	-11.7
Return on equity, %	1.9	-20.8	-12.8
Return on equity, continuing operations, %	1.8	-20.6	-12.7
Long-term debt	1 541	975	997
Current debt	685	555	652
Other interest-bearing payables	6	15	7
Derivative financial instruments	48	40	63
Investments in associated companies	-141	-177	-152
Available-for-sale financial assets	-128	-96	-112
Other interest-bearing receivables	-183	-162	-149
Assets held for sale	-22	-6	-12
Cash and cash equivalents	-123	-218	-112
Net interest-bearing debt at end of period	1 683	926	1 183
Capital employed at end of period	4 173	3 423	3 634
Equity-to-assets ratio at end of period, %	43.6	52.2	50.6
Debt-to-equity ratio at end of period, %	67.6	37.1	48.2
Earnings per share, EUR	0.13	-1.52	-1.86
Earnings per share from continuing operations, EUR	0.12	-1.50	-1.83
Earnings per share from discontinued operations, EUR	0.01	-0.01	-0.02
Average number of shares outstanding, in thousands ¹⁾	181 578	180 685	180 826
Fully diluted earnings per share, EUR	0.13	-1.52	-1.86
Fully diluted average number of shares, in thousands ¹⁾	181 596	180 736	180 970
Equity per share at end of period, EUR	13.68	13.79	13.54
Number of shares outstanding at end of period, in thousands ¹⁾	181 915	180 963	180 970
Capital expenditure, continuing operations	68	107	245
Depreciation, continuing operations	112	103	211
Deliveries, continuing operations, 1 000 tonnes	672	515	1 030
Average personnel for the period, continuing operations	7 900	8 184	7 941

¹⁾ The number of own shares repurchased is excluded.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

This interim report is prepared in accordance with IAS 34 (Interim Financial Reporting). The same accounting policies and methods of computation have been followed in the interim financial statements as in the annual financial statements for 2009, except for changes in IFRS-standards, which are applicable from the beginning of 2010. Of these, the most significant are in the following standards:

- IFRS 3 Business Combinations
- IAS 27 Consolidated and Separate Financial Statements

These changes have not had material impact on the interim financial statements.

All presented figures in this interim report have been rounded and consequently the sum of individual figures can deviate from the presented sum figure. Key figures have been calculated using exact figures.

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, 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 realisability 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.

EUR 250 million bond

In June, Outokumpu Oyj issued an EUR 250 million five-year domestic bond with an annual coupon of 5.125 %. The bond was listed on the NASDAQ OMX Helsinki on July, 14. The bond improves the structure of Outokumpu's debt portfolio and the funds will be used for general corporate purposes.

Shares and share capital

The total number of Outokumpu Oyj shares was 182 956 249 and the share capital amounted to EUR 311.0 million on June 30, 2010. Outokumpu Oyj held 1 040 888 treasury shares on June 30, 2010. This corresponded to 0.6% of the share capital and the total voting rights of the Company on June 30, 2010.

Outokumpu has a stock option programme for management. The stock options have been allocated as part of the Group's incentive programmes to key personnel of Outokumpu. The option programme has three parts 2003A, 2003B and 2003C. On June 30, 2010 a total of 650 881 Outokumpu Oyj shares had been subscribed for on the basis of 2003A stock option programme, a total of 1 016 813 Outokumpu Oyj shares on the basis of 2003B stock option programme and a total of 38 000 Outokumpu Oyj shares on the basis of 2003C stock option programme. On June 30, 2010, only stock options 2003C had remaining share subscription period and an aggregate maximum of 62 500 shares can be subscribed with the remaining 2003C stock options. In accordance with the terms and conditions of the option programme, the dividend adjusted share price for a stock option 2003C was EUR 10.09 on June 30, 2010. As a result of the remaining share options, Outokumpu Oyj's share capital may be increased by a maximum of EUR 106 250 and the number of shares by a maximum of 62 500 shares. This corresponds to 0.0% of the Company's shares and voting rights.

Outokumpu has also two share-based incentive programmes for years 2006-2010 and 2009-2013 as part of the key employee incentive and commitment system of the Company. The second earnings period for 2006-2010 incentive programme was ended on December 31, 2009. The set targets for the earnings period were not met and thus no reward was paid to the participants.

Outokumpu Board approved on February 2, 2010 134 employees to be in the scope of the share incentive programme 2009-2013 second earnings period (2010-2012). The amount of reward will be determined and paid to the participants on the basis of the achievement of performance targets after the financial statements of the last year of earnings period have been prepared. If persons covered by both share-based incentive programmes were

to receive the number of shares in accordance with the maximum reward, currently a total of 1 050 580 shares, their shareholding obtained via the programme would amount to 0.6% of the Company's shares and voting rights.

Detailed information on the option programme and of the share-based incentive programmes can be found in the annual report of Outokumpu from <http://ar.outokumpu.com/2009>.

Discontinued operations and assets held for sale

EUR million	Jan-June 2010	Jan-June 2009	Jan-Dec 2009
Sales	27	15	31
Operating profit	2	0	-1
Net profit for the period from discontinued operations	1	-2	-4
Assets			
Non-current	9	4	4
Current	24	10	16
Liabilities			
Non-current	3	3	3
Current	10	4	5
Operating cash flows	-4	8	3

Outokumpu Brass produces brass rods for applications in the construction, electrical and automotive industries. The brass rod plant is located in Drünen in the Netherlands and the unit also has a 50% stake in a brass rod company in Gusum, Sweden. Outokumpu Brass employs some 160 employees. The assets and liabilities of brass rod business are presented as held for sale. Outokumpu intends to divest the brass rod business.

Major non-recurring items in operating profit

EUR million	Jan-June 2010	Jan-June 2009	Jan-Dec 2009
Write-down of Avesta melt-shop investment	-	-	-15
Redundancy provisions	-	-5	-5
	-	-5	-20

Property, plant and equipment

EUR million	Jan 1 - June 30, 2010	Jan 1 - June 30, 2009	Jan 1 - Dec 31, 2009
Historical cost at the beginning of the period	4 309	4 021	4 021
Translation differences	126	23	69
Additions	67	109	246
Disposals	-21	-5	-23
Reclassifications	-3	-2	-4
Historical cost at the end of the period	4 478	4 146	4 309
Accumulated depreciation at the beginning of the period	-2 212	-1 994	-1 994
Translation differences	-69	-14	-38
Disposals	17	3	20
Reclassifications	0	0	0
Depreciation	-100	-91	-185
Impairments	-	-	-15
Accumulated depreciation at the end of the period	-2 363	-2 095	-2 212
Carrying value at the end of the period	2 115	2 051	2 097
Carrying value at the beginning of the period	2 097	2 027	2 027

Commitments

EUR million	June 30 2010	June 30 2009	Dec 31 2009
Mortgages and pledges			
Mortgages on land	229	189	185
Other pledges	21	1	1
Guarantees			
On behalf of subsidiaries for commercial commitments	35	19	22
On behalf of associated companies for financing	1	5	1
Other commitments	48	56	53
Minimum future lease payments on operating leases	57	62	62

Group's off-balance sheet investment commitments totalled EUR 63 million on June 30, 2010 (June 30, 2009: EUR 86 million, Dec 31, 2009: EUR 62 million).

Related party transactions

Outokumpu's ownership in Outokumpu Industriunderhåll AB (previously ABB Industriunderhåll AB) increased from 49% to 51% on March 1, 2010 and since then the company has been consolidated as a subsidiary. Non-controlling interest is presented separately from the net profit and disclosed as a separate item in the equity. The acquisition price for the 2% increase in the ownership was EUR 22 000.

At June 30, 2010, remaining material related party transactions were loan receivables from associated companies totalling EUR 12 million (June 30, 2009: EUR 7 million, Dec 31, 2009: EUR 11 million).

Fair values and nominal amounts of derivative instruments

	June 30 2010 Positive fair value	June 30 2010 Negative fair value	June 30 2010 Net fair value	Dec 31 2009 Net fair value	June 30 2010 Nominal amounts	Dec 31 2009 Nominal amounts
EUR million						
Currency and interest rate derivatives						
Currency forwards	17	29	-12	-42	2 221	1 784
Interest rate swaps	-	5	-5	-3	203	199
Cross-currency swaps	1	27	-26	-8	221	212
Currency options, bought	1	-	1	1	10	30
Currency options, sold	-	0	-0	-0	10	31
Interest options, bought	1	-	1	2	84	78
Interest options, sold	-	3	-3	-2	84	78
					Tonnes	Tonnes
Metal derivatives						
Nickel options, bought	2	-	2	2	5 760	13 290
Nickel options, sold	-	1	-1	-4	4 800	13 290
Forward and futures copper contracts	1	0	0	-0	1 900	1 275
Forward and futures zinc contracts	0	0	0	-0	1 150	400
Emission allowance derivatives	1	0	0	0	605 000	404 000
					TWh	TWh
Electricity derivatives	2	6	-5	-8	0.9	0.8
	24	72	-48	-63		

Segment information
General Stainless

EUR million	I/09	II/09	III/09	IV/09	2009	I/10	II/10
Sales	476	501	496	592	2 065	754	962
of which Tornio Works	270	300	303	420	1 292	481	653
Operating profit	-157	-52	-38	-12	-259	-2	75
of which Tornio Works	-129	-33	-44	22	-183	-7	63
Operating capital at the end of period	2 390	2 379	2 355	2 421	2 421	2 484	2 718
Average personnel for the period	3 917	3 848	3 820	3 752	3 834	3 780	4 278
Deliveries of main products (1 000 tonnes)							
Cold rolled	114	132	112	128	486	151	160
White hot strip	57	64	64	62	248	84	74
Semi-finished products	39	51	45	61	196	70	76
Total deliveries of the division	210	248	221	250	929	304	309

Specialty Stainless

EUR million	I/09	II/09	III/09	IV/09	2009	I/10	II/10
Sales	371	278	258	332	1 239	367	469
Operating profit	-82	-37	-21	-10	-149	-21	22
Operating capital at the end of period	1 007	906	965	1 035	1 035	1 109	1 245
Average personnel for the period	3 892	3 656	3 433	3 372	3 588	3 319	3 412
Deliveries of main products (1 000 tonnes)							
Cold rolled	25	19	19	24	86	35	36
White hot strip	23	25	21	24	92	30	34
Quarto plate	20	19	15	18	71	21	22
Tubular products	14	12	10	11	47	12	12
Long products	9	8	10	10	38	13	14
Total deliveries of the division	92	82	75	87	335	111	119

Other operations

EUR million	I/09	II/09	III/09	IV/09	2009	I/10	II/10
Sales	66	58	56	62	243	89	86
Operating profit	-12	-5	-4	-9	-31	2	-15
Operating capital at the end of period	108	252	233	240	240	172	284
Average personnel for the period	527	526	521	497	518	503	510

Income statement by quarter

EUR million	I/09	II/09	III/09	IV/09	2009	I/10	II/10
Continuing operations:							
Sales							
General Stainless	476	501	496	592	2 065	754	962
of which intersegment sales	97	100	107	117	421	138	214
Specialty Stainless	371	278	258	332	1 239	367	469
of which intersegment sales	75	67	64	87	293	91	122
Other operations	66	58	56	62	243	89	86
of which intersegment sales	61	52	52	55	221	65	70
Intra-group sales	-233	-220	-224	-259	-935	-294	-407
Total sales	679	617	587	728	2 611	916	1 110
Operating profit							
General Stainless	-157	-52	-38	-12	-259	-2	75
Specialty Stainless	-82	-37	-21	-10	-149	-21	22
Other operations	-12	-5	-4	-9	-31	2	-15
Intra-group items	2	0	-3	2	1	-1	-10
Total operating profit	-249	-94	-65	-29	-438	-22	71
Share of results in associated companies	-3	-0	-6	-3	-12	-7	-3
Financial income and expenses	0	-11	-11	-4	-25	-4	-6
Profit before taxes	-252	-105	-81	-36	-474	-33	63
Income taxes	64	20	26	32	142	12	-20
Net profit for the period from continuing operations	-188	-85	-55	-4	-332	-21	43
Net profit for the period from discontinued operations	0	-2	-1	-2	-4	0	1
Net profit for the period	-187	-87	-56	-6	-336	-21	44
Attributable to:							
The owners of the parent	-187	-87	-55	-7	-336	-21	44
Non-controlling interests	-0	-0	-0	0	-0	-0	0

Major non-recurring items in operating profit

EUR million	I/09	II/09	III/09	IV/09	2009	I/10	II/10
Specialty Stainless							
Write-down of Avesta melt-shop investment	-	-	-15	-	-15	-	-
Redundancy provisions	-5	-	-	-	-5	-	-
	-5	-	-15	-	-20	-	-

Key figures by quarter

EUR million	I/09	II/09	III/09	IV/09	I/10	II/10
Sales	679	617	587	728	916	1 110
Operating profit	-249	-94	-65	-29	-22	71
Operating profit margin, %	-36.7	-15.3	-11.1	-4.0	-2.4	6.4
EBITDA	-198	-42	2	26	34	128
Return on capital employed, %	-27.5	-11.1	-7.6	-3.3	-2.4	7.2
Return on equity, %	-28.0	-13.8	-9.0	-1.0	-3.4	7.1
Return on equity, continuing operations, %	-28.1	-13.5	-8.9	-0.7	-3.5	7.0
Capital employed at end of period	3 376	3 423	3 459	3 634	3 709	4 173
Net interest-bearing debt at end of period	825	926	1 014	1 183	1 293	1 683
Equity-to-assets ratio at end of period, %	51.3	52.2	50.8	50.6	47.3	43.6
Debt-to-equity ratio at end of period, %	32.3	37.1	41.4	48.2	53.5	67.6
Earnings per share, EUR	-1.04	-0.48	-0.31	-0.04	-0.12	0.24
Earnings per share from continuing operations, EUR	-1.04	-0.47	-0.30	-0.03	-0.12	0.24
Earnings per share from discontinued operations, EUR	0.00	-0.01	-0.00	-0.01	0.00	0.00
Average number of shares outstanding, in thousands ¹⁾	180 413	180 955	180 963	180 963	181 245	181 907
Equity per share at end of period, EUR	14.09	13.79	13.51	13.54	13.28	13.68
Number of shares outstanding at end of period, in thousands ¹⁾	180 953	180 963	180 963	180 970	181 897	181 915
Capital expenditure, continuing operations	62	45	55	82	28	40
Depreciation, continuing operations	52	52	52	55	56	57
Deliveries, continuing operations, 1 000 tonnes	247	268	238	277	333	339
Average personnel for the period, continuing operations	8 336	8 031	7 774	7 621	7 601	8 199

¹⁾ The number of own shares repurchased is excluded.

Definitions of key financial figures

EBITDA	=	Operating profit before depreciation, amortisation and impairments
Capital employed	=	Total equity + net interest-bearing debt
Operating capital	=	Capital employed + net tax liability
Return on equity	=	$\frac{\text{Net profit for the financial period}}{\text{Total equity (average for the period)}} \times 100$
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	=	$\frac{\text{Net interest-bearing debt}}{\text{Total equity}} \times 100$
Earnings per share	=	$\frac{\text{Net profit for the financial period attributable to the owners of the parent}}{\text{Adjusted average number of shares during the period}}$
Equity per share	=	$\frac{\text{Equity attributable to the owners of the parent}}{\text{Adjusted number of shares at the end of the period}}$