

**OUTOKUMPU DIVESTING PART OF ITS OWNERSHIP IN TALVIVAARA**

Outokumpu has today sold all of its shares in Talvivaara Mining Company Plc to Solidium Oy, a holding company wholly-owned by the Finnish State. Additionally, Outokumpu has sold one fifth of its 20 % holding in the unlisted Talvivaara Sotkamo Ltd to Talvivaara Mining Company Plc. Simultaneously Outokumpu granted an option to Talvivaara Mining Company Plc to purchase the remaining 16% in Talvivaara Sotkamo Ltd by the end of the first quarter of 2012. Outokumpu's holding in Talvivaara has been a financial investment and the disposal will improve Outokumpu's financial flexibility.

Outokumpu has sold its entire holding of 10 522 366 shares, representing 4.3% of total shares, in Talvivaara Mining Company Plc, listed both in Helsinki and London, to Solidium Oy. The total consideration of the transaction is EUR 60 million. Outokumpu will record a capital gain of EUR 27 million as financial income in its second quarter 2011 accounts for the transaction. The holding in the Talvivaara Mining Company Plc has been classified as available-for-sale financial assets in Outokumpu's accounts.

In addition, Outokumpu has sold one fifth of its 20 % ownership, representing 4% of the shares, in Talvivaara Sotkamo Ltd to Talvivaara Mining Company Plc. The total consideration of this transaction is EUR 60 million. Simultaneously, Outokumpu granted an option to Talvivaara Mining Company Plc to purchase the remaining 16% ownership in Talvivaara Sotkamo Ltd. The option is valid until the end of the first quarter 2012 and can be executed at the same price per share entirely or partially and in one or several instalments. If fully exercised, it would result in a total consideration of EUR 240 million. Consequently, the total transaction price if divesting the whole 20% holding in Talvivaara Sotkamo Ltd would be EUR 300 million.

Outokumpu's 20% holding in Talvivaara Sotkamo Ltd has been classified in Outokumpu's books as associated companies. After the change in ownership, Outokumpu will no longer have a significant influence in Talvivaara Sotkamo Ltd and thus the remaining 16% holding, will be classified as a financial asset valued at fair value through profit and loss on Outokumpu's financial statements. As a result of the sale of shares in Talvivaara Sotkamo Ltd and the fair-value accounting of the remaining shares, Outokumpu will record a capital gain of EUR 178 million as financial income in its second quarter 2011 accounts.

Following these transactions, Outokumpu will record capital gains as financial income totalling EUR 204 million in its second quarter accounts 2011 with a total cash flow impact of EUR 118 million. The positive impact on Outokumpu's gearing from these transactions is 13 percentage points. The tax impact from these transactions will be marginal and will not result in any current cash payouts.

JP Morgan acted as sole financial advisor to Outokumpu.

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## OUTOKUMPU OYJ

***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 8 000 people in more than 30 countries. The Group's head office is located in Espoo, Finland. Outokumpu is listed on the NASDAQ OMX Helsinki.*

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