

SHARE-BASED INCENTIVE PROGRAMME FOR 2006-2010 – EARNING PERIOD 2006-2008

Outokumpu's Board of Directors has approved a share-based incentive program as part of the key employee incentive and commitment system of the company. The share incentive program will last five years, comprising three earning periods of three calendar years each. The earning periods commence on January 1, 2006, January 1, 2007 and January 1, 2008. The Board of Directors decides on the persons entitled to participate in the program for each earning period. Today 132 people have been confirmed to be in the scope of the program for the earning period 2006-2008.

The objective of the share-based incentive program is to reward for good performance which supports the Company's strategy and at the same time to direct the management's attention to increasing the company's shareholder value over a longer period of time. The program offers a possibility to receive Outokumpu shares and cash (equaling to the amount of taxes of the total reward) as an incentive reward, if the targets set by the Board for each earning period are achieved. The aggregate number of shares to be distributed for each of the earning periods cannot exceed 500 000 shares. In accordance with targets confirmed for the earning period 2006-2008 the reward is based on relative development of TSR (50 % of the maximum reward) and achieving targets set for Operational Excellence programs (50 % of the maximum reward).

According to the share ownership plan of the Outokumpu Group the members of the Group Executive Committee are obliged to own Outokumpu shares received under incentive programmes for the value of their annual gross base salary.

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