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**AvestaPolarit to restructure melting activities:
Plans to close melting shop at Degerfors in 2003 and invest
in long products casting at Sheffield**

AvestaPolarit's Board of Directors has today announced plans to proceed with a restructuring of the Group's stainless steel melting activities, following a review of its total anticipated melting needs and overall growth strategy for the coming years. The plan calls for the closure of the Degerfors melting shop and billet rolling facilities in Sweden by mid-2003 and the transfer of production to the UK. An investment of EUR 22 million will be made to install continuous casting facilities for blooms and billets at the Group's melting shop in Sheffield.

AvestaPolarit's Hot Rolled Plate business unit will continue operations at the Degerfors site and focus on developing the business further to maintain its position as the world's leading producer of stainless steel quarto plate.

AvestaPolarit is currently operating four stainless steel melting shops - in Tornio, Avesta, Sheffield and Degerfors – with a combined capacity of approximately 2 million tonnes. Ongoing major expansion at the Tornio facilities will within the next few years bring an additional 1 million tonnes of highly cost-efficient new capacity on stream. This will give the Group surplus capacity over its projected downstream requirements, and consequently provides an opportunity to proceed with the necessary reconfiguration of AvestaPolarit's existing melting shop structure to further reduce costs and ensure sustained profitability at world-class levels.

A thorough analysis of the restructuring alternatives has demonstrated that the closure of the smallest melting shop at Degerfors and the transfer of production to the Sheffield melting shop is the best option. The plan is closely linked to the strategy for developing the Group's Long Products business, by establishing a highly competitive cost base for blooms and billets feedstock.

Negotiations will promptly be initiated with trade union representatives at Degerfors with the objective to have a phased closure of the Degerfors Stainless melting and billet rolling activities at the site to be concluded by mid-2003.

The Degerfors site will continue to be the base for the Group's Hot Rolled Plate business. This business unit will continue to develop to consolidate its position as the world's leading producer of stainless steel quarto plate.

The Degerfors Stainless closure is estimated to lead to 330 job losses at the site, where the current total number of personnel amounts to approximately 700. Due to the shared-site

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operations, all employees at both of the local business units in Degerfors will initially be affected by the closure plans and the need to re-organise to allow for the continued production of Hot Rolled Plate.

AvestaPolarit's management recognises that the plant closure in Degerfors will have a significant impact on employees, sub-contractors and the local community, and the need to conduct the process in a professional and sensitive manner. This will include offering those employees affected assistance with re-training, early retirement, re-deployment to other sites, or outplacement.

The current output of the Degerfors melting shop, consisting mainly of blooms and billets for long products, is about 200 ktpa. This production will be transferred to AvestaPolarit's melting shop in Sheffield, where the established capacity is 600 ktpa. To accommodate the transfer, an investment of EUR 22 million will be made to install continuous casting facilities for blooms and billets to add to the existing slab casting facilities. Commissioning of the new facilities is scheduled to take place in mid-2002.

With a combined load of slab, bloom and billet production, the Sheffield melting shop will offer the Group's downstream Long Products business interests a stronger base with highly competitive feedstock to support its long-term development. In addition, the Group will have scope to utilise efficient slab production beyond that available from Tornio and Avesta to support fulfilment of its growth plans for coil products.

INVITATION TO PRESS CONFERENCE IN DEGERFORS

AvestaPolarit's CEO Ossi Virolainen will be holding information meetings for personnel at the Degerfors site today, and will also be hosting a press conference at the Bruksmässen in Degerfors starting at 16:00 hours Swedish time.

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