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Adjusting capacity to demand

We began adjusting our capacity and cost structure immediately when the market situation started to weaken in September 2008 and have continued these measures in 2009. The aim is to ensure the competitiveness of our operations.

Our first steps were to reduce the number of temporary personnel and the use of subcontractors. In addition we have initiated temporary lay-offs and permanent reductions at several of our units. In most cases, the temporary lay-offs concern all employee groups, and their duration varies, depending on the work load, from few weeks to longer periods. The temporary lay-offs are mainly in use in Finland where local agreements allow for this type of flexibility. In other countries

we have applied alternative options made possible by labor legislation, such as a shortened work week. Through the implementation of temporary lay-offs in Finland, we estimate that we will achieve some EUR 25-30 million in savings in personnel costs over the course of this year. Furthermore, during the first quarter we have concluded negotiations to make about 1,800 permanent employees redundant. During the first quarter, we recorded EUR 22 million in non-recurring expenses resulting from these personnel reductions and the closures of units connected with them. With these measures we estimate that we will achieve annual savings of about EUR 90 million, of which about EUR 40 million is estimated to be realized in 2009.

The table below details the most significant capacity-adjustment measure decisions.

Segment	Business line	Measures	Implementation starting
Mining and Construction Technology	Mining business line	Reduction of about 300 people, temporary lay-offs according to work load, unit closures.	December 2008
Mining and Construction Technology	Construction business line	Reduction of about 300 people, temporary lay-offs, unit closures.	December 2008
Energy and Environmental Technology	Power business line	Reduction of about 20 people, temporary lay-offs.	March 2009
Energy and Environmental Technology	Automation business line	Reduction of about 80 people including closure of a unit and temporary lay-offs.	March 2009
Energy and Environmental Technology	Recycling business line	Reduction of about 20 people, temporary revoking of contracts, shortened working hours.	September 2008
Paper and Fiber Technology	Paper business line	Reduction of about 750 people, temporary lay-offs, unit closures, transfers of personnel to other units.	December 2008
Paper and Fiber Technology	Fiber business line	Reduction of about 250 people, temporary lay-offs, reduction of temporary personnel.	December 2008
Paper and Fiber Technology	Tissue business line	Reduction of about 80 people.	January 2009