



ERAMET

Press Release

9 December 2008

BOARD MEETING OF 9 DECEMBER 2008

- **ERAMET adapts output to changes in demand**

In its press release of 29 October 2008, ERAMET announced that the group would make a prudent and rigorous response to the global economic slowdown, stepping up cost-cutting initiatives, adapting production to changes in its markets and reviewing its investment priorities.

Worldwide production of carbon steel and stainless steel has been falling rapidly for several weeks, including in China. In the 4th quarter 2008, a drop of about 20% is seen at global level by comparison with the previous quarter.

ERAMET has taken account of this change and reacted rapidly by adjusting output at its various divisions:

- ERAMET Nickel

In 2008, the nickel delivery forecast has been revised to about 51,000 tonnes. Production has been adjusted accordingly.

In view of the current sales outlook, nickel output will be adjusted from the start of 2009 to an annualized level of about 50,000 tonnes, for a period which will be dictated by changes in demand. At the same time, ERAMET Nickel is also studying the steps it needs to take to reduce production costs.

- ERAMET Manganese

Production of manganese alloys was reduced to a level of 20% below full capacity in the 4th quarter 2008.

Comilog also cut ore and sinter output in the 4th quarter 2008. In the full-year 2008, production will therefore be about 3,250,000 tonnes, rather than the 3,500,000 tonnes previously forecast.

In the 1st quarter 2009 the division will continue to adapt production of ore and alloys to changes in demand, reducing it to 25-30% below full capacity.

- ERAMET Alloys

Visibility is currently limited in the aeronautics sector due to delays in some programmes (including the B787 programme,...), and changes in the air transport situation. The energy sector is still performing well.

In view of the sharp drop in new orders, Erasteel will reduce its output in December.

• AFEP-MEDEF recommendations of 6 October 2008

At its meeting of 9 December 2008, the Board of Directors of ERAMET has been aware of the conclusions reached by the Compensation Committee regarding the AFEP-MEDEF recommendations of 6 October 2008 concerning the compensation of executive directors of listed companies.

The Board estimates that the conclusions are in line with the company's principles of corporate governance.

Pursuant to the statute law of 3 July 2008 transposing EU directive 2006/46/CE of 14 June 2006, ERAMET will therefore refer to the AFEP-MEDEF code of corporate governance. Details of implementation will be given in the report provided for under Article L. 225-37 of the French commercial code, covering the current financial year.

• Financial outlook

On a comparable basis, that is to say without taking account of the positive contribution made by Tinfos, and despite the effects on the group's business of the dramatic slowing of the global economy in the 4th quarter 2008, ERAMET's current operating income in the full-year 2008 should be in the same range or slightly greater than in the full-year 2007. Current operating income came in at a strong EUR 1.2bn in 2007.

Patrick Buffet, Chairman and CEO of ERAMET, commented:

"After the acquisition of 56% of Tinfos and the major capital expenditure programme implemented in the 1st half 2008, group net cash came in at EUR 1bn at the end of October 2008. In the current economic climate, this strong net cash position is a significant advantage. By adjusting its output to take account of changes in demand, the group will still be able to react rapidly to a recovery in its markets, whilst maintaining its medium- and long-term objectives."

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