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29 October 2013

Tata Steel's Long Products business announces restructuring

Tata Steel's Long Products business today announces restructuring proposals to help strengthen its competitiveness. The proposed changes affect predominately management and administrative functions at sites in Scunthorpe, Teesside and Workington and could lead to the loss of around 500 jobs.

About 340 positions could be affected in Scunthorpe, 90 in Workington and 40 in Teesside.

The proposals come amid a prolonged downturn in demand for some of the key products made by the Scunthorpe-based business, including the UK market for construction steel, which is about half of 2007 levels.

Karl Koehler, CEO of Tata Steel's European operations, said: "European steel demand this year is expected to be only two-thirds of pre-crisis levels after falls in the past two years.

"On top of the challenging economic conditions, rules covering energy and the environment in Europe and the UK threaten to impose huge additional costs on the steel industry.

"As difficult as the proposed changes are, they are intended to build a stronger future by enabling the Long Products business to compete in even the current challenging economic and regulatory conditions.

"We will of course engage fully with employees, trade unions and our political stakeholders during this restructuring process. We will do everything we can to support our employees through this unsettling time."

Michael Leahy, General Secretary of Community and Chair of the UK Steel unions' Committee said: "We are obviously very concerned to hear this news and are doing all we can to support those affected by the announcement. We recognise the business has been

TATA STEEL

Tata Steel Europe Limited
30 Millbank, London SW1P 4WY
T: +44 (0) 20 7717 4444 F: +44 (0) 20 7717 4455



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dealing with a downturn in some of its markets for the past five years. Nevertheless, today's news once again reflects the fragile state of our economy and the lack of any real impetus by government to support our manufacturing base.

"Community is seeking an urgent meeting with the company to get their agreement to extending the consultation period to allow for all alternatives to be explored and also to reiterate Community's opposition to any compulsory redundancy."

Jon Bolton, Director of the Long Products operations, said: "UK demand for construction steel has fallen further since we launched an improvement programme at our Long Products business in 2011. This further market decline means we must now build on the work we have been doing to restore Long Products' ability to compete throughout the economic cycle.

"The proposed changes at our Workington engineering operations, meanwhile, are as a result of a shortfall in external projects.

"Today's proposals would help us build a more sustainable business. I know this will be a difficult and unsettling time for affected employees and their families. This action, unfortunately, cannot wait if we are to remain a vital foundation industry supporting the UK's manufacturing and construction sectors.

"We will work closely with our trade union colleagues and government at a national and local level to ensure we provide our employees with as much assistance and support as possible."

In addition, Tata Steel's subsidiary UK Steel Enterprise will look at how it can provide more support to the local communities affected by today's announcement and help stimulate new job creation in those areas.

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UK Steel Enterprise has regeneration teams in North Lincolnshire and the North East. Over the last four decades the company has helped to regenerate local economies with £85m of support and created 75,000 new jobs across the UK.

A consultation process will begin soon with affected employees and their representatives.

The company will make every effort to achieve the job losses through voluntary redundancies, though it is important that critical skills are retained. A comprehensive range of redundancy packages and outplacement support services will be made available to those leaving the company.

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For further information, contact:

Tata Steel:

Damien Brook on T. +44 (0)7951 989490 or E. damien.brook@tatasteel.com

Bob Jones on T. +44 (0) 7764 710340 or E. bob.jones@tatasteel.com

Rob Simpson on T. +44 (0) 7990 786531 or E. rob.simpson@tatasteel.com

Community:

Paul Talbot on T. +44 (0)7768 69 39 36 or E. ptalbot@community-tu.org

About Tata Steel in Europe

The European operations of Tata Steel comprise Europe's second largest steel producer. With the main steelmaking operations in the UK and Netherlands, they supply steel and related services to the construction, automotive, packaging, rail, lifting & excavating, energy & power, aerospace and other demanding markets worldwide. The combined Tata Steel Group is one of the world's largest steel producers, with an aggregate crude steel capacity of more than 29 million tonnes and approximately 80,000 employees across five continents.

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