

Rautaruukki Annual report 2005



RUUKKI more with metals

Ruukki in brief

Ruukki supplies metal-based components, systems and integrated systems to the construction and mechanical engineering industries. The company has a wide selection of metal products and services. Ruukki operates in 23 countries and employs 12,000 people. The share is quoted on the Helsinki Exchanges (Rautaruukki Corporation: RTRKS). Rautaruukki Corporation was established in 1960. The corporation has used the marketing name Ruukki since 2004.

Ruukki has three divisions with customer responsibility: Ruukki Construction, Ruukki Engineering and Ruukki Metals. The fourth division Ruukki Production is responsible for cost-effective production.

Ruukki Construction

Ruukki Construction supplies metal-based solutions for building construction, especially for the retail, industrial and logistics construction, as well as for infrastructure construction.

Ruukki Engineering

Ruukki Engineering supplies metal-based solutions for lifting, handling and transportation equipment industry as well as for paper and wood processing, marine and off-shore industries.

Ruukki Metals

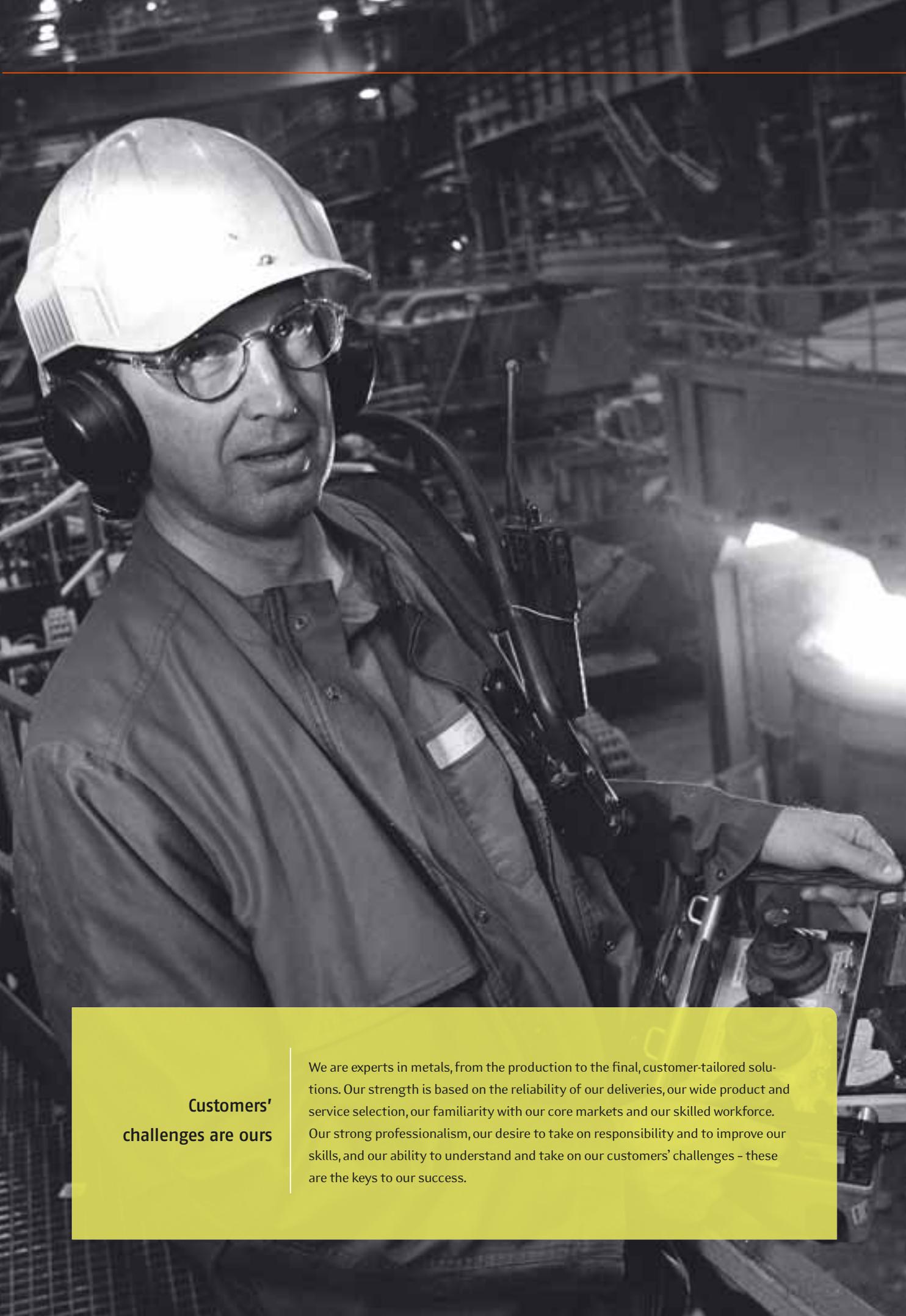
Ruukki Metals supplies a wide selection of steel, stainless steel and aluminium as standard and special products, parts and components.

Ruukki Production

Ruukki Production manufactures hot-rolled, cold-rolled and coated plate and strip products, steel tubes and reinforcing steel for Ruukki's divisions with customer responsibility.

Ruukki's strategic intent





**Customers'
challenges are ours**

We are experts in metals, from the production to the final, customer-tailored solutions. Our strength is based on the reliability of our deliveries, our wide product and service selection, our familiarity with our core markets and our skilled workforce. Our strong professionalism, our desire to take on responsibility and to improve our skills, and our ability to understand and take on our customers' challenges - these are the keys to our success.



**In-depth
knowledge
of materials**

Ruukki's metal-based solutions rest on our in-depth knowledge of materials. We are concentrating on serving our solution customers especially in the Nordic, Baltic and central eastern European countries. In addition we offer metal products and related services, special products primarily to our key customers in western Europe, and tailor-made metal products via our service centres.



**Innovative solutions
just in time**

We meet our customers' needs with wide-ranging, innovative and high-quality components, systems and integrated systems. Our well-placed, smoothly operated service centres and production units together with our reliable logistics ensure swift deliveries at just the right stage in the customer's production process, and accurate, on-site installations. We help our customers to streamline their operations by speeding up projects and increasing cost efficiency.



**Customers' needs
foundation for
our operations**

We develop our product range and ability to deliver for the benefit of our customers. Our development work is founded in a deep understanding of our customers', as well as our customers' customers' needs. Our customer relationships are based on mutual trust, and we are continuously developing our customer service to be better and more efficient. We aim to be a one, unified company with whom our customers are easy to deal with.

Rautaruukki

Annual report 2005

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www.ruukki.com

Ruukki operates in 23 countries and employs about 12 000 people.
On the cover some of them.

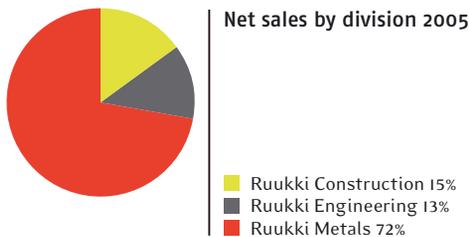
Excellent year 2005

- Market situation in most important customer sectors remained good
- Rautaruukki's profitability was excellent
- The company's balance sheet structure is now good
- Solutions businesses boosted by acquisitions
- Long steel business were transferred into Oy Ovako Ab

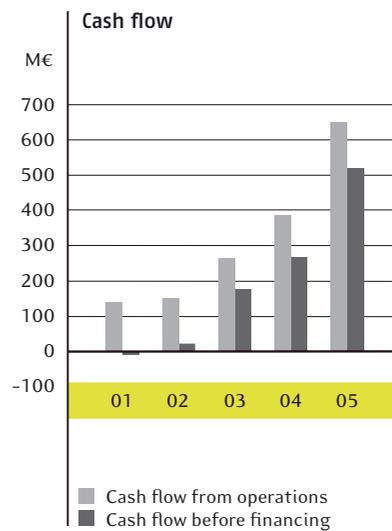
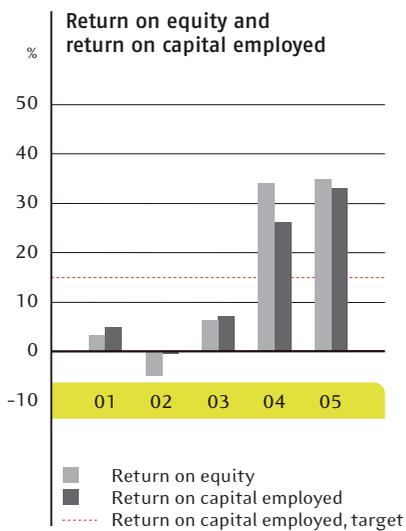
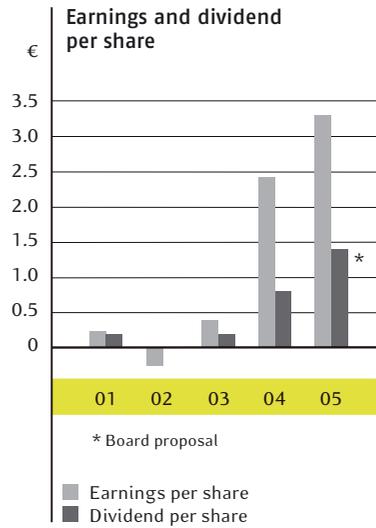
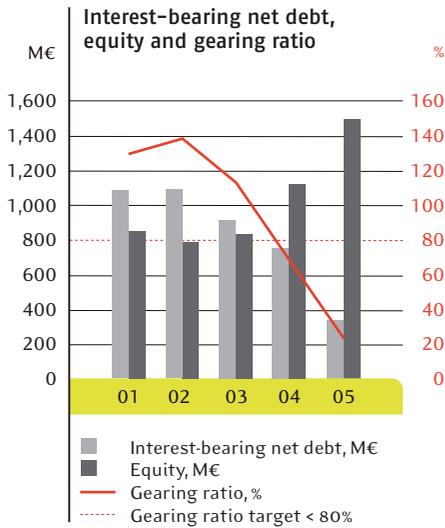
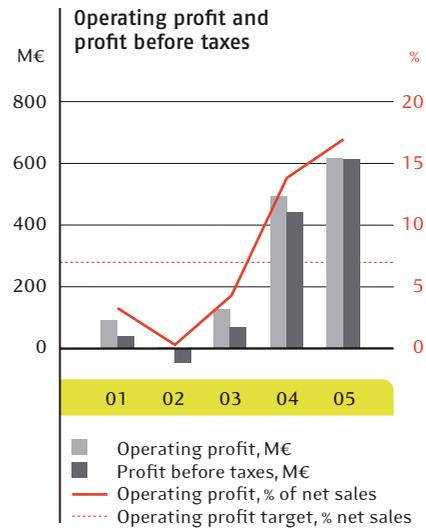
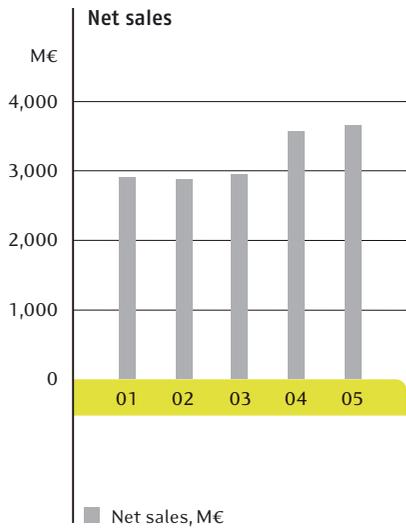
Key figures

	2005	2004
Net sales, M€	3,654	3,564
Operating profit, M€	618	493
Operating profit, % of net sales	16.9	13.8
Profit before taxes, M€	612	443
Return on capital employed, %	32,8	26.0
Return on equity, %	34.7	33.8
Equity ratio, %	56.0	41.7
Gearing ratio, %	22,8	68.0
Interest-bearing net debt, M€	341	761
Earnings per share, €	3.31	2.40
Dividend per share, €	1.40*	0.80
Equity per share, €	10.98	8.29
Personnel on average	11,684	12,273

* Board proposal



Financial statements for 2001-2003 according to Finnish (FAS) and for 2004-2005 according to international IFRS standards.



Now we have the foundation for profitable growth

During 2005 we focused on implementing our new strategy. We pushed ahead with measures to gear operations towards the solutions businesses and to improve the sales structure, whilst adjusting production in line with profitable demand. The Group's profitability in 2005 was excellent and the balance sheet structure is now good.

Our objective is to be the most desired solutions supplier to our customers in the construction and engineering industries by the end of this decade. Furthermore, we want to be the leading supplier of metal products and related services. By focusing on two customer industries and channelling resources into special products and into customised metal products that are sold through our service centres, we are seeking to build a customer-oriented way of working and better customer service along with clearly improved and more stable profitability.

We have worked purposefully to revitalise Ruukki's strategy and business model. 2005 saw many of the projects we have launched take shape, and our strategic decisions began to be realised in practice. During last year, at the latest, our strategy moved from the planning stage to become a part of day-to-day operations. A significantly improved balance sheet structure together with know-how that has been strengthened by our recent acquisitions have laid a solid foundation enabling us to concentrate now on growing our business profitably.

Better capabilities to meet the customers' needs

The acquisitions carried out in 2005 strengthened our solutions businesses. They also created a basis for organic growth of business. Within Ruukki Construction, the acquisitions greatly strengthened our expertise, our product range and our presence in the important market in central eastern Europe, Russia and Ukraine. Our capability to deliver inte-

grated systems improved. We are now able to supply our construction customers with foundation, envelope and frame structures and to take on an increased role in design and total projects. For our customers, this means a shorter construction time and smaller risk.

Our customers in the engineering industry are concentrating on their core businesses and are outsourcing operations. Ruukki Engineering's product selection for the lifting, handling and transportation equipment industry has been bolstered through acquisitions, giving it the readiness to meet the customers' needs and to deliver larger solutions ranging from cabins, frames, masts and booms all the way to completely assembled end products such as the drilling rig from Kurikka.

The Group's structure became much more balanced following the spin-off of the long steel business into Oy Ovako Ab together with Wartsilä of Finland and SKF of Sweden.

At present, solutions - components, systems and integrated systems to the construction and engineering industries - account for about a third of the Group's net sales. We are fast approaching our interim objective for 2007: striking a balance between our solutions businesses and metal products.

Good demand in core markets

Demand remained strong in the Group's most important customer sectors. Within traditional steel industry products, the situation was more challenging, but started to strength-



en towards the year-end. We continued to make inputs into a customer-oriented way of working and profitability-driven control of sales and production activities. The Group's profitability improved on the previous year and was excellent.

In the beginning of 2006, the market situation in the Group's core markets has been good. Demand is expected to hold up well within construction and engineering industry, and prices of steel products are set to strengthen.

Focus on production flexibility and working safety

Within production, we still pursuing our objectives of improving flexibility and cost-effectiveness as well as delivery accuracy.

Making a concerted effort to improve working safety was a Corporate-wide theme last year. We did achieve results, because accident frequency fell from 32 accidents per million hours worked in 2004 to 24 accidents in 2005. The amount of accidents is still high, and this is why our single-minded target is zero accidents. A key emphasis this year will be safety management, aided by the comprehensive safety management training that was started last year.

Ruukki United brings cost efficiency

We reassessed the financial objectives of the Ruukki United programme that aims to unify the Group's ways of working and to bring about a continuous improvement in operations.

By the end of 2008, the improvement of cost-efficiency is expected to add about 150 million euros to operating profit, and efficiency-boosting is estimated to free up capital an additional 150 million euros. The Ruukki United programme aims at improving customer service through the continuous development of our ways of working, so that it would be easy and convenient for our customers to work with us.

We fulfill the promises given to our customers

For our personnel, the past year has been full of work and demanding. Each and every one of our people has had to demonstrate their commitment and flexibility. For many, job tasks and the way they are done have changed, and nearly 1,800 new employees have joined Ruukki through acquisitions. Apart from the most important work – customer service – just about everybody has also had to find time for joint development projects. In order to be able to meet our customers' growing requirements, for example better delivery accuracy and reliability, we must act as a united Ruukki team.

I wish to express my warm thanks to everyone at Ruukki for their fine efforts on behalf of our customers and our company.

Helsinki, 8 February 2006
Sakari Tamminen
President and CEO

A growth focus on central eastern Europe

- Customer focused operating model
- Profitable growth from solutions
- Growth focus on central eastern Europe
- Strong position and know-how in the nearby markets
- Profitability across business cycles

Major changes have taken place in the steel industry over the past years. In customer industries, companies are concentrating on their core businesses, building their service businesses and outsourcing manufacturing. In the mature markets of Europe and the USA, companies are seeking new growth areas. Steel companies are adopting a basic strategy of either taking an active part in the consolidation process or else specialising in niche areas.

Objective is to be the most desired supplier of metal-based solutions

Ruukki's objective is to specialise by changing from being a reliable steel supplier to become the preferred supplier of metal-based solutions for selected customer segments by 2008-2010. The solutions business will enable

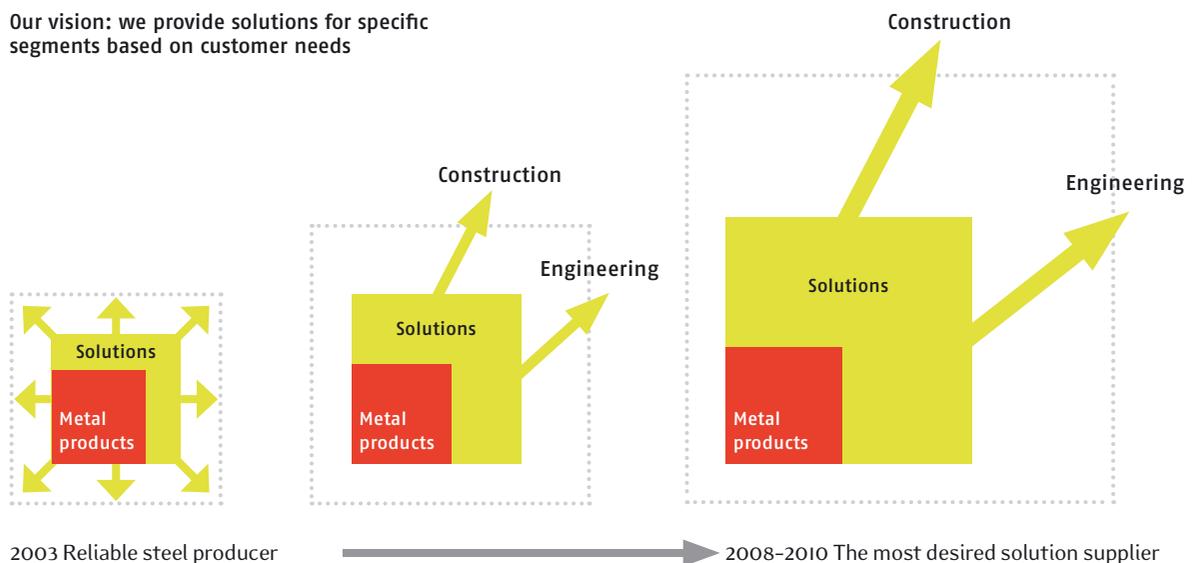
the company to achieve profitable growth over the longer term, reduce exposure to cyclical fluctuations and tie up less capital than is required in traditional steel production.

A customer orientation underpins operations

Ruukki's new way of working focuses on customer orientation. The Ruukki Construction, Ruukki Engineering and Ruukki Metals divisions are managed focusing on customer segments and market areas. Ruukki Production and the Group's support functions work in unison with the customer-aligned divisions. A special emphasis in competence development is put on thorough knowledge of customer industries and the demands of solutions business.

Forecasts and orders steer the optimisation of production, purchasing and transports. Concentrating on market and customer needs also calls for greater flexibility in steel production in line with profitability criteria and demand.

Our vision: we provide solutions for specific segments based on customer needs



Acquisitions and divestments					
Acquisitions		Net sales 2004 (M€)	Closing	Divestments	
				Net sales 2004 (M€)	Closing
Metalplast-Oborniki	know-how of construction systems	65	6/2005	Ruukki's long steel products to Ovako	600 5/2005
Syneco Industri	components for the lifting, handling and transportation equipment industry	37	10/2005	Froh HouseTech (vacuum cleaner tubes)	10 9/2005
PPTH	construction project know-how and total deliveries	101	1/2006	Halikko Works	13 10/2005
Steel-Mont	construction project know-how and total deliveries	15	*		

*requires approval from competition authorities

Growth from solutions

Ruukki's customers concentrate on their own core businesses and are looking for highly competent, reliable partners who are strong component and system suppliers.

Ruukki has set the target of generating half of its revenue and earnings in 2007 via its solutions divisions – Ruukki Construction and Ruukki Engineering – and half of Ruukki Metals. Solutions comprise deliveries of parts, components and systems to selected customer segments.

The organic growth and the development of the solutions businesses will be supported through acquisitions. The companies acquired must be profitable and growing, and they must have know-how that supports Ruukki's strategies. Ruukki Construction reinforces the know-how particularly within construction project management, construction

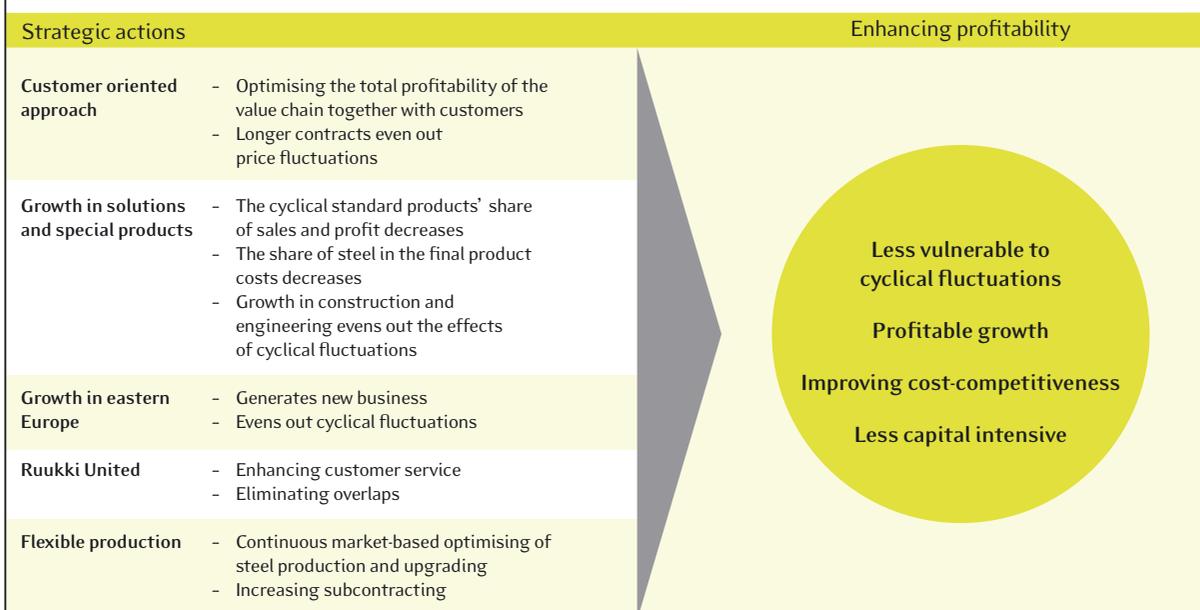
design and the fabrication of steel structures. Ruukki Engineering specialises in the manufacture of components and systems for the lifting, handling and transportation equipment industry.

The structural transformation is supported by divesting non-core units.

Fast-tracking profitable growth in central eastern Europe, Russia and Ukraine

Strong market growth in eastern Europe is a major opportunity for all Ruukki's businesses. Ruukki's objective in central eastern Europe, Russia and Ukraine is to gain market share and to achieve strong revenue growth from the 400 million euro level seen in 2005.

Profitability over the cycles



More flexibility in capacity utilization

Growth will be boosted in all the countries of central eastern Europe by strengthening sales and marketing, investing in local production and acquiring companies that bolster our growth. New projects will be launched, particularly in the large, growing markets of Russia and Ukraine.

efficiency and flexibility of the Ruukki Metals service centres and Ruukki Production's plants.

Target: to lower the cost level by 150 million euros

A strong position and know-how in nearby markets

Ruukki's objective is to strengthen its position as the leading supplier of metal-based solutions in the Nordic countries and the Baltic area. This will be done by improving customer service and continuously developing supply chain management.

An important aim for Ruukki is to reduce exposure to fluctuations in the business cycle by augmenting sales of solutions and speciality products and reducing the proportion of price-sensitive standard products within sales. Production will be driven by market demand and profitability instead of trying to maximise volumes. Flexibility in the use of capacity will be developed in all stages of production and processing.

Ruukki Metals is developing its services and is increasing the volume of its customer-specific steel service products, constantly looking for ways to add value. Delivery accuracy is being improved especially by increasing the joint

Customer service, delivery capability and operational efficiency will be improved by means of the Group-wide Ruukki United programme. A further objective of the project is to improve the cost structure. By the end of 2008, the

Implementation of strategy advances according to plan

Actions supporting strategy implementation							
2003				2004			
Ruukki		Change of the business model		New financial targets		New marketing name Ruukki	Ruukki United programme commenced
Ruukki Construction				Legal structure of the Group simplified			Production concentrated in Finland and Sweden
Ruukki Engineering						Acquisition of Velsa Oy	Holding raised in Presteel Oy
Ruukki Metals		Acquisition of two steel wholesalers in Norway		Acquisition of TP-teräskeskus Oy		New service center opened in Estonia	
Divestments				Technology Sales, Star Tubes Ltd and welding wire operations sold			

Financial targets

Financial targets and outcome				
	Target	Outcome		
		2005	2004	2003
Return on capital employed (ROCE)	15%	32.8%	26.0%	7.1%
Operating profit (EBIT), % of net sales	>7%	16.9%	13.8%	4.3%
Gearing ratio	< 80%	22.8%	68.0%	112%
Ruukki has adopted a competitive and stable dividend policy, which takes into account the company's earnings trend and adequate development of equity ratio.				
dividend per share, €		1.40*	0.80	0.20
dividend, M€		191*	109	27

* Board proposal

Group's cost level is expected to be permanently about 150 million euros lower compared with the costs of the business structure in 2004. Savings will be sought mainly in basic steel production and by enhancing the supply chain, centralising purchases and winding down overlapping functions. It

is estimated that the efficiency-boosting programme will free up about 150 million euros of capital by the end of 2008, especially through optimising stocks and stepping up the working capital turnover ratio.

2005					2008-2010	
Strategy fine-tuned				Ruukki United's cost saving targets defined		THE MOST DESIRED SOLUTIONS SUPPLIER
			Acquisition of Metalplast-Oborniki	Decision to acquire PPTH Decision to acquire Steel-Mont		A LEADING METAL BASED CONSTRUCTION SOLUTION PROVIDER IN NORDIC AND CENTRAL EASTERN EUROPEAN COUNTRIES
New service center opened in Raahe				Acquisition of Syneco Industri AB		A LEADING SOLUTION PROVIDER FOR SPECIFIC ENGINEERING CUSTOMERS IN NORTHERN EUROPE
			Operations of the service centre in St Petersburg expanded			LEADING METAL PRODUCTS SUPPLIER IN NORDIC AND BALTIC COUNTRIES
Production of long steel products transferred to Ovako				Halikko Works and Froh HouseTech GmbH (vacuum cleaner tubes) sold		DIVESTING NON-CORE OPERATIONS

Strong growth in Ruukki's customer industries

- Construction markets in central eastern Europe, Russia and Ukraine grew strongly
- Engineering industry grew globally
- Steel companies adjusted their production levels
- Companies in the steel industry continued to consolidate and increase internalisation

The world economy grew at a slightly weaker rate than a year ago. Economic growth in Ruukki's core markets in the Nordic and Baltic countries and central eastern Europe was stronger than elsewhere in Europe. China's economic growth remained robust and affected the growth rate of the global economy. Industrial output increased most in the United States and China.

Construction market growing in eastern Europe

There is strong construction activity in Ruukki's core market. The West European construction market is clearly larger than its counterpart in eastern Europe, but the East European market is growing considerably faster. In the old EU countries, building construction centres on repair and renovation projects. In eastern Europe and Russia, the emphasis is on creating new commercial and logistics buildings. Supported and funded by the EU, infrastructure works are booming in eastern Europe.

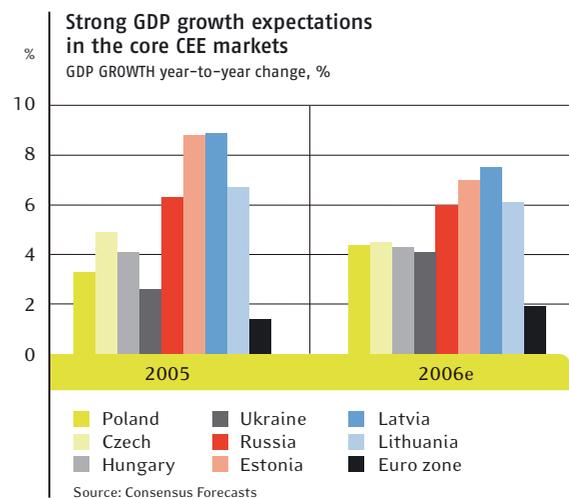
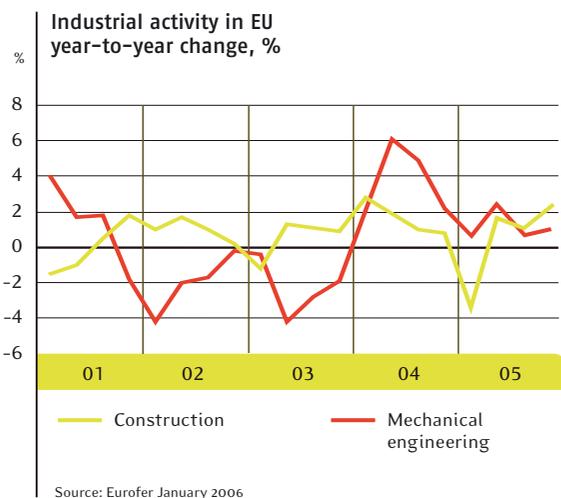
West European construction companies have bolstered their market positions in eastern Europe by acquiring local

companies and by investing in their own operations. Because the markets in eastern Europe are very fragmented, further consolidation among companies within construction industry is to be expected. In central eastern Europe and the Baltic countries, a shortage of skilled labour on construction sites has increased the demand for prefabricated building products that speed up the construction process and boost efficiency. The use of steel in construction has outpaced overall construction growth in several countries in eastern Europe.

The engineering industry powers ahead

Engineering companies have performed well, and this is reflected in their increased production volume. Growth has been especially strong in China, but the sector has also grown in Europe. Outsourcing of component manufacture in the engineering industry is spreading as companies concentrate on their core businesses. A greater amount of purchasing is now done in countries with lower production costs.

Demand has held up well in the lifting, handling and transportation equipment industry, where companies have



prospered. In the light of market growth and order books, they can look forward to robust sales. The forest machine market is growing worldwide, but fastest of all in Russia. The biggest growth in the construction and mining machinery market is in Asia (China and India). There has also been high activity in the shipbuilding industry in Europe.

Companies in the steel industry consolidate and increase internalisation

Efforts to reduce cyclicalities have led to consolidation in the steel markets. In 2005, the creation of the world's largest steel company took place, when ISG was merged into Mittal Steel. The steel markets are going through a realignment into global giants that are seeking economies of scale and smaller specialised steel companies. Many of the larger steel companies are striving to safeguard the availability of raw materials by increasing their holdings in mining companies, whereas other companies are looking for strong niches by investing either in special products or in a higher degree of upgrading in selected customer industries.

European and US steel companies, whose domestic markets are seeing moderate growth have turned their gaze towards the growing markets of China, South America and eastern Europe. These markets are attractive not only because of their strong growth, but also because of readily available raw materials and low production costs. In the steel industry's customer sectors, particularly in the automotive

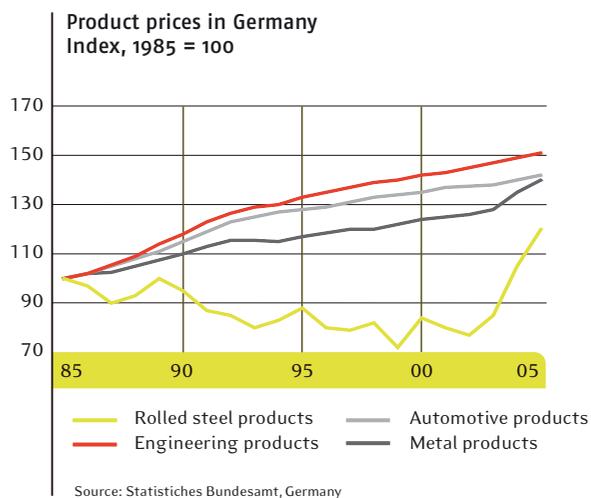
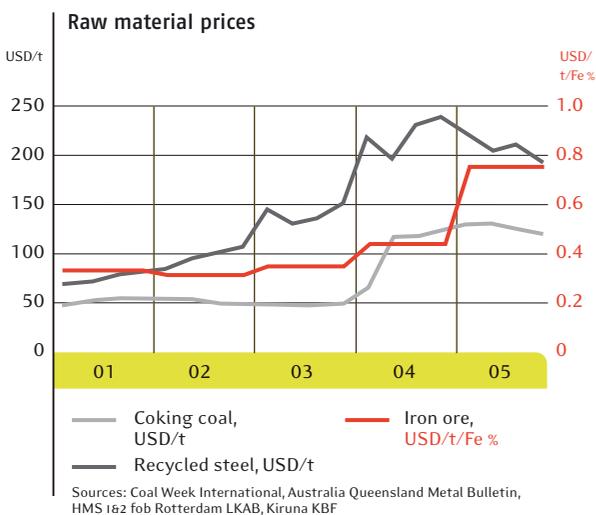
and electronics industries, there has been a clear trend towards moving operations to countries with lower production costs.

Adjusting steel output in line with demand

Deliveries of standard steel products were in decline in the early part of the year, especially in Europe, because wholesalers had topped up their stocks at the end of 2004. Steel prices were at record high levels at the beginning of 2005 but receded as destocking set in. By scaling back crude steel output in Europe, steel producers adjusted their production in line with demand. In the third quarter the world markets started slightly to grow as demand picked up, producers' order books got thicker and the price of recycled steel rose.

China's growth propelled a large part of the increase in world steel output in 2005. China's own output has headed sharply upward and the country's position as a net importer or exporter of steel has moved back and forth during the year. Transport costs are constraining extensive exports of basic steel products to distant overseas destinations.

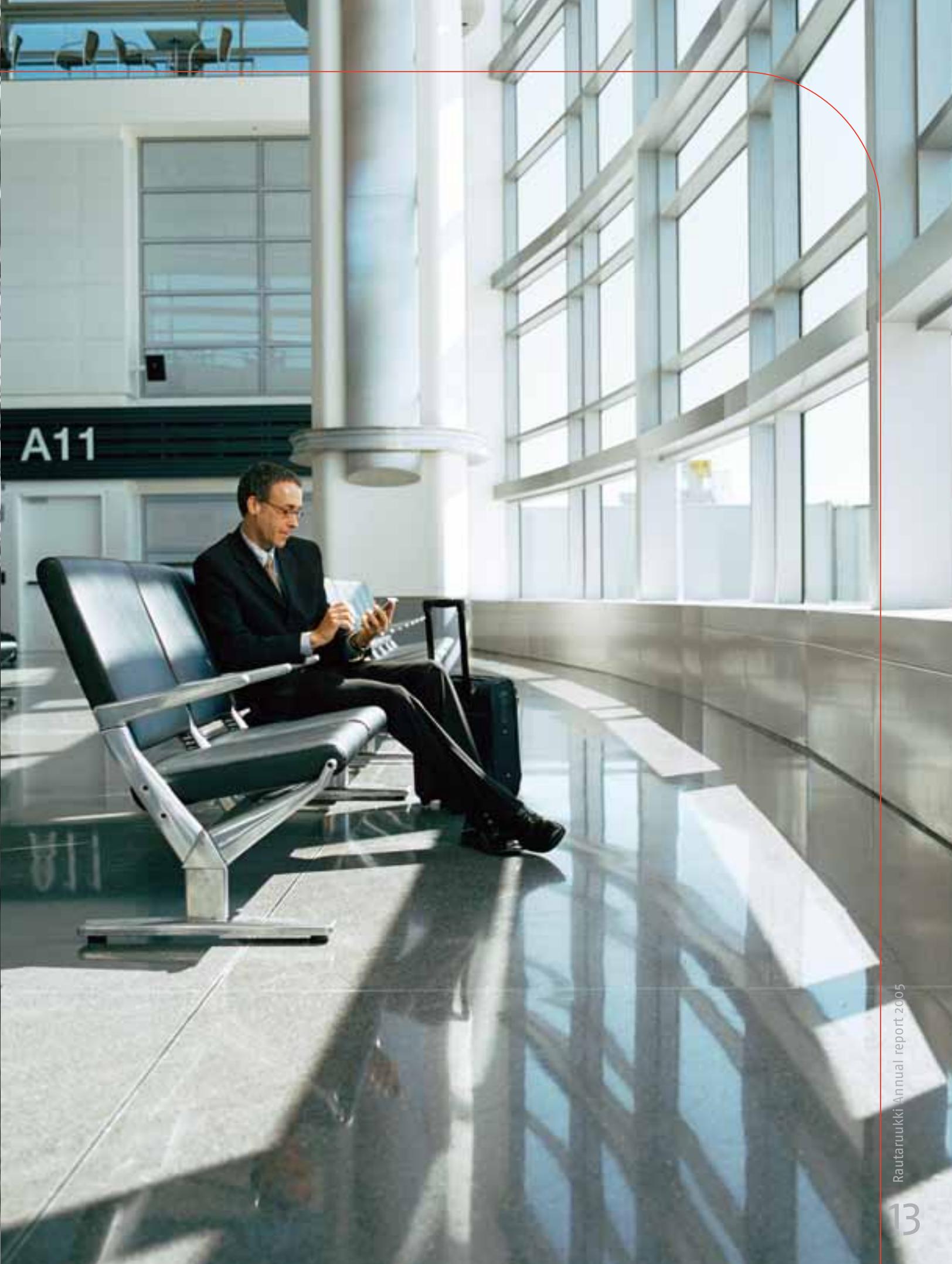
Prices of raw materials (concentrated iron ore and coal) and energy are heading upwards in the steel markets. Coke costs and freight charges, however, are decreasing. The added value contributed by the steel industry shows up more in customers' product prices than in the real prices of standard steel products.



Ruukki Construction

Metal-based solutions for construction

Ruukki's expertise and wide selection of metal-based products speed up construction. Our innovative components, systems and total deliveries including foundations, frames and shells provide cost-efficiency. The precision of our deliveries, our use of off-site construction and the speed of our installations ensure the smoothness of operations even in challenging environments. We are able to support construction projects of a variety of scales, from plans to installation.



A11

Strategy advances, accelerated by acquisitions

- Market situation good
- Increased deliveries and improved profitability
- Acquisitions and organic growth boosted business volume
- Customer focus and efficiency enhanced

Construction is one of the two solutions businesses in which Ruukki is looking for strong growth. Ruukki Construction's core market is the Nordic countries, the Baltic countries, central eastern Europe, Russia and Ukraine. Ruukki Construction's strategic intent is to become the leading supplier of metal-based construction components, systems and total deliveries in the market area.

Our goal is to produce for the customers solutions that speed up construction process at the construction site and reduce risks in construction projects. The critical success factors are a thorough knowledge of customers, a strong local presence in the core market area, good awareness among the customers and an extensive range of products and services. The highly prefabricated solutions speed up the construction process at the site. When providing total deliveries, the importance of design and project management know-how are emphasized.

Selected customer segments and customer focus are basis for operations

The targets set for system and total deliveries are reached by concentrating on selected customer segments. Ruukki Construction's main customer groups are comprised of private and public-sector developers, construction companies and distributors. The focus in building construction is on retail, industrial and logistics construction as well as office facilities. In infrastructure construction, the focus is on road and railway construction and harbour projects.

Customers are served by local experts and units in each country. Products are manufactured in accordance with the requirements for each project, and a significant portion of processing operations is done close to the customer, creating a good basis for meeting customers' even more tighter delivery time requirements. The processing is managed centrally, enabling production and logistics efficiency to be optimised.

Net sales and operating profit on the rise

In 2005 Ruukki Construction reported a net sales increase of 46 per cent to 550 million euros (377). Operating profit was 86 million euros (57). The division's share of consolidated net sales was 15 per cent.

Objective is to be one of the leading suppliers of solutions for metal-based construction

Net sales and operating profit were improved by the actions taken in order to expand selected business areas, coupled with a good market situation, an increased production efficiency and an improved sales structure.

A good market situation

Demand for industrial, retail and logistics premises grew strongly in central eastern Europe, Russia and Ukraine. There was also good demand in the Nordic countries.

Several traffic infrastructure and harbour projects were under construction in the Nordic countries, creating good demand for foundation and traffic structures.

The exceptionally cold winter in central eastern Europe was reflected in demand for roofing products. When the season got started, the demand was good.

Progress made in total deliveries

In central eastern Europe and Ukraine, total deliveries of frame and envelope structures for industrial, retail and logistics construction increased substantially. During the

Key figures

	2005	2004
Net sales, M€	550	377
Operating profit, M€	86	57

year about a hundred frame and envelope deliveries were made in the area. The envelope structures include external wall and roofing structures. In Russia, good progress was made in deliveries of envelope structures. External wall elements, in which cladding and windows are pre-installed in the elements at the plant, were well received by customers and deliveries of them showed an increase in the Nordic countries.

Ready-to-install retaining wall structures were delivered for a number of harbour projects in the Baltic sea area. The pile delivery to Skandia Harbour of Gothenburg, the biggest deep-sea harbour of the Nordic countries, was a long-term and demanding project delivery. In central eastern Europe and Ukraine, Ruukki received its first orders for component deliveries for bridge projects in the area. In Finland, a total delivery of noise barriers for the railway line project Oikorata between Kerava and Lahti got started in the autumn.

Strategy accelerated by acquisitions

During the year one acquisition was completed and two new ones were started. The acquisitions strengthen Ruukki's position in its core markets, extend its product range and bring in new know-how.

In June Ruukki acquired Metalplast-Oborniki Holding Sp. z o.o, Poland's leading manufacturer of metal-based construction panels. The acquisition has strengthened the division's delivery and service capability in central eastern Europe and the Baltic countries. The acquisition made Ruukki one of the leading suppliers of sandwich panels with a mineral wool core in Europe. In addition, the product range was expanded with sandwich panels with polyurethane and polystyrene cores. Ruukki is now more capable of offering customers the wall and roof delivery that are best suited to their needs in each project.

In September Ruukki announced it was acquiring PPTH Steelmanagement Oy, the leading steel constructor in the

Nordic countries. The acquisition was closed in January 2006. In December, Ruukki announced it was acquiring Steel-Mont a.s., Slovakia's leading steel constructor. The acquisition still requires approval from competition authorities. The acquisitions will bring Ruukki steel structure fabrication and strengthen significantly knowhow in construction design and project management.

With the acquisition of PPTH, the product range in building construction extends from facades and roofs to frame structures. In infrastructure construction, the product range expands from foundations, noise barriers and guard rails to steel structures for bridges. The acquisition strengthens Ruukki's position within total deliveries in the Nordic countries and provides a knowledge-based platform for growth in construction solution business in central eastern Europe. The acquisition of Steel-Mont, together with the factory in Hungary that will be opened in summer 2006, will enhance Ruukki's delivery capability substantially in total deliveries throughout central eastern Europe.

Efficiency further increased

New investments in production will lay the groundwork for organic growth. The enlargement of the plant in Estonia brought a doubling of the production capacity for external wall elements. The delivery capability in central eastern Europe was strengthened by adding production capacity for construction components in the Czech Republic and Poland. In Hungary the construction of a new plant was started.

Efficiency was further increased by concentrating the production of construction components in larger units in Finland and Sweden. The actions taken to increase production efficiency lowered production costs and improved the inventory turnover rate.

Ruukki Engineering



Total solutions for mechanical engineering

Ruukki wants to be a strategic system and component supplier for the lifting, handling and transportation equipment industry in particular. Our strength is our in-depth materials expertise combined with our product development, design and outstanding logistics management. To mobile machinery manufacturers we offer total solutions covering frames, cabins, booms and other component assemblies. With the help of our broad network we command of the whole production chain from material procurement and purchasing to production and spare parts services.



A good capability for wider customer co-operation

- Market situation held up well
- Deliveries to main customer sectors grew
- Profitability improved significantly
- Non-core businesses divested

Ruukki is seeking to be one of the leading suppliers to the lifting, handling and transportation equipment industry and is increasing the share of parts, components and systems.

Ruukki focuses on being a solutions supplier to the construction and engineering industries. Within the engineering industry, Ruukki Engineering supplies components and systems to the lifting, handling and transportation equipment industry. For customers in the paper and wood processing industry and the marine and off-shore industry, Ruukki Engineering operates primarily as a supplier of parts and components.

Objective is to be one of the leading solution suppliers for the lifting, handling and transportation equipment industry

Ruukki Engineering's customers are northern European companies that are leaders in their respective fields and operate globally. The division's objective is to serve customers better through a local presence in their new market areas. The customer benefits from in-depth materials know-how and flexible logistics. Via the acquisitions it has carried out, Ruukki Engineering has obtained a platform on which it can build more extensive solutions, such as frame and boom solutions for customers in the lifting, handling and transportation equipment industry.

Net sales and operating profit on the rise

In 2005 Ruukki Engineering's net sales were up 45 per cent to 476 million euros (329). Operating profit was 96 million euros

(53). The division's share of consolidated net sales was 13 per cent.

Apart from the good market situation, net sales were lifted by the inclusion of Velsa Oy in the division in November 2004 and by adding Syneco Industri AB in October 2005. Operating profit was lifted by positive price development coupled with improved operations and sales structure.

Good demand in the engineering industry

Demand in the lifting, handling and transportation equipment industry has been at a very good level all year long and deliveries grew substantially, particularly to manufacturers of materials handling equipment and forest machines.

Demand in the paper and wood processing industry was strong in 2005. New investments were made mainly in Asia, China, eastern Europe and Russia. Deliveries were up on the previous year. Roll blanks were delivered for new applications in the pulp and paper machine industry.

The market for wind power plants grew substantially and there was rising demand for the frame components for wind power plants.

Within the shipbuilding industry, order books were at a very good level around the world and some customers had orders for several years ahead. The rise in the price of oil has led to more new offshore projects.

Moving up the value chain through acquisitions

In October 2005 Ruukki acquired Syneco Industri AB, which manufactures frame structures and other large steel components for the lifting, handling and transportation equipment industry. Syneco Industri's operating subsidiaries are in Sweden, Poland and China. Companies have used marketing name Weibulls. Syneco Industri and its subsidiaries have

Key figures

	2005	2004
Net sales, M€	476	329
Operating profit, M€	96	53

been integrated into Ruukki Engineering and they have adopted the Ruukki marketing name. The clientele includes many of the world's leading manufacturers of end products, whose products are used in materials handling, the mining industry and the heavy vehicle industry.

The acquisition of Syneco Industri AB is a follow-up to the purchase of the cabin manufacturer Velsa Oy that was carried out in 2004. Through these acquisitions, Ruukki Engineering has speeded up implementation of its strategy of being a supplier of solutions for the lifting, handling and transportation equipment industry. Having combined Velsa's and Syneco Industri AB's know-how and products for the lifting, handling and transportation equipment industry, Ruukki is now ready to serve its customers better than ever before by delivering larger solutions ranging from cabins, frames, masts and booms all the way to completely assembled end products. An example of a system delivery is a

Being located close to the supplier network guarantees flexible logistics

materials handling machine for which Ruukki supplies the frame, mast and cabin. For forest machines, we supply cabins and parts of the frame.

Ruukki Engineering's strategic value chain has a fabrication capability for customised parts, components and systems. Ruukki Engineering's four service centres occupy a key position in the value chain. The newest of these service centres started up in Raahe in summer 2005 and it concentrates on delivering parts to the lifting, handling and transportation equipment industry. The location close to the supplier network guarantees flexible logistics. Because Ruukki Production has raised its quenching capacity for steel plates, Ruukki Engineering will be able to increase its deliveries of components made from high-strength steels.

Ruukki Engineering is building additional capacity in Kurikka in order to be able to meet increased demand and raise the efficiency of its cabin production. The additional capacity is set to go into operation in the second quarter of 2006.

Non-core operations and businesses divested

During the year, two non-core operations were divested and in May 2005 parts of Ruukki Engineering were transferred to Ovako, which was established jointly by Rautaruukki, SKF and Wärtsilä. In October, Ruukki sold the Halikko Works business that manufactures dished ends for tanks. The divestment freed up resources for developing the priority areas set out in the company's strategy.

Ruukki Metals



Metals as our customers need them

Ruukki is known in North European markets as a reliable supplier of quality metals. We take responsibility of our customers' metal-related needs by supplying metal products, their related services, and parts and components smoothly and efficiently. Our service centres offer a wide selection of products and a variety of customer-tailored prefabrication services. Efficient logistics ensure punctual deliveries even in demanding projects.



Enhanced efficiency with customer focus

- Good market situation continued
- Market position strengthened further in core markets
- Delivery proportion of special products grew as planned
- Development of operations continued

Ruukki has set the target of being the leading supplier of metal products in the Nordic countries and the Baltic Rim. Ruukki Metals supplies various types of steel, stainless steel, aluminium and reinforcement products in the form of standard and special products, parts and components. The network of steel service centres provides a wide range of prefabrication services and stocking of products. Through its products and services, the division also plays an important role in supporting the solutions divisions and rounding out their product lines.

The competitiveness of Ruukki Metals is based on a customer-oriented way of working, a comprehensive range of products and services as well as the speed and reliability that stem from our operational model. The core market area is the Nordic and the Baltic countries and the countries of central eastern Europe.

Our goal is to be the leading supplier of metal products in the Nordic and Baltic countries

In its core market area, Ruukki Metals' strength lies in its unique integrated-service concept consisting of deliveries from our plants and service centres, supplemented by materials from leading external suppliers. In other markets the division concentrates on highly upgraded special products in selected customer industries.

Operating profit improved

Sales of wire and bar products were transferred from Ruukki Metals to Oy Ovako Ab, which was established at the beginning of May.

In 2005 Ruukki Metals' net sales fell by 8 per cent to 2,625 million euros (2,850). The drop in net sales were largely attributable to the fact that the units that were transferred to Ovako were no longer included in the division's reporting as from 1 May 2005 and to the lower volume due to the adjustment of production. Measured against comparable net sales of 2,522 million euros in 2004, growth was 4 per cent. Operating profit grew by 14 per cent to 486 million euros (425). Comparable operating profit in 2004 was 385 million euros. Operating profit was lifted by higher prices coupled with efficiency-boosting and an improved sales structure. The division's share of consolidated net sales was 72 per cent.

Growing demand and stronger prices

Average prices of metal products were during 2005 clearly higher than in 2004. The rise in prices was affected by continuing good demand and higher raw material prices. Among wholesalers, the overstocking that was done towards the end of 2004 and at the beginning of 2005 depressed deliveries, and in the first half of the year this translated into considerable pressure on spot market prices. The steel industry reacted to the situation by adjusting production to profitable demand. The stock levels were normalised during the autumn and spot market prices began to rise slightly at the end of the third quarter.

The situation in the world markets impacted the availability of materials in Ruukki Metals' market area, and the main operational focus was on meeting the needs of customers in the core market area. Demand held up well in the most important customer industries in the Nordic countries and the Baltic area. In deliveries to central Europe, the volumes of standard products were reduced as planned, and the proportion of special products, such as ultra high-strength steels, was increased. The trend in project sales in different market areas was also positive.

Key figures

	2005	2004
Net sales, M€	2,625	2,850
Operating profit, M€	486	425

Efficiency in operations

The business model was streamlined by organising the division's operations by customer and market area. Development of the sales structure was continued by gearing operations towards the core market area. The product range was optimised with an accent on profitability, and the proportion of standard products was cut back.

During the year the groundwork was laid for expanding the core market area to Russia and central eastern Europe, where the key emphasis in future will be on the development of logistics and Ruukki's steel service centres. Operations of the service centre in St Petersburg were expanded, notably through investments in sheet metal working centres. In addition, the sales organisation in Russia and central eastern Europe was reinforced.

In Russia and central eastern Europe, the focus is on development of logistics and steel service centres

The delivery process was stepped up by developing logistics functions. The supply chain encompassing the plants and service centres underwent a critical review that led to an improvement in the cost-effectiveness of deliveries and logistics. Enhancing delivery accuracy was made the priority for the latter part of the year, and the development programme to accomplish this will move ahead during 2006.

Further steps were taken to develop and harmonise customer service. During the year preparations were made for taking in use a new operations management system, which will be in use at the steel service centres in the early part of 2006. The research and development effort will focus

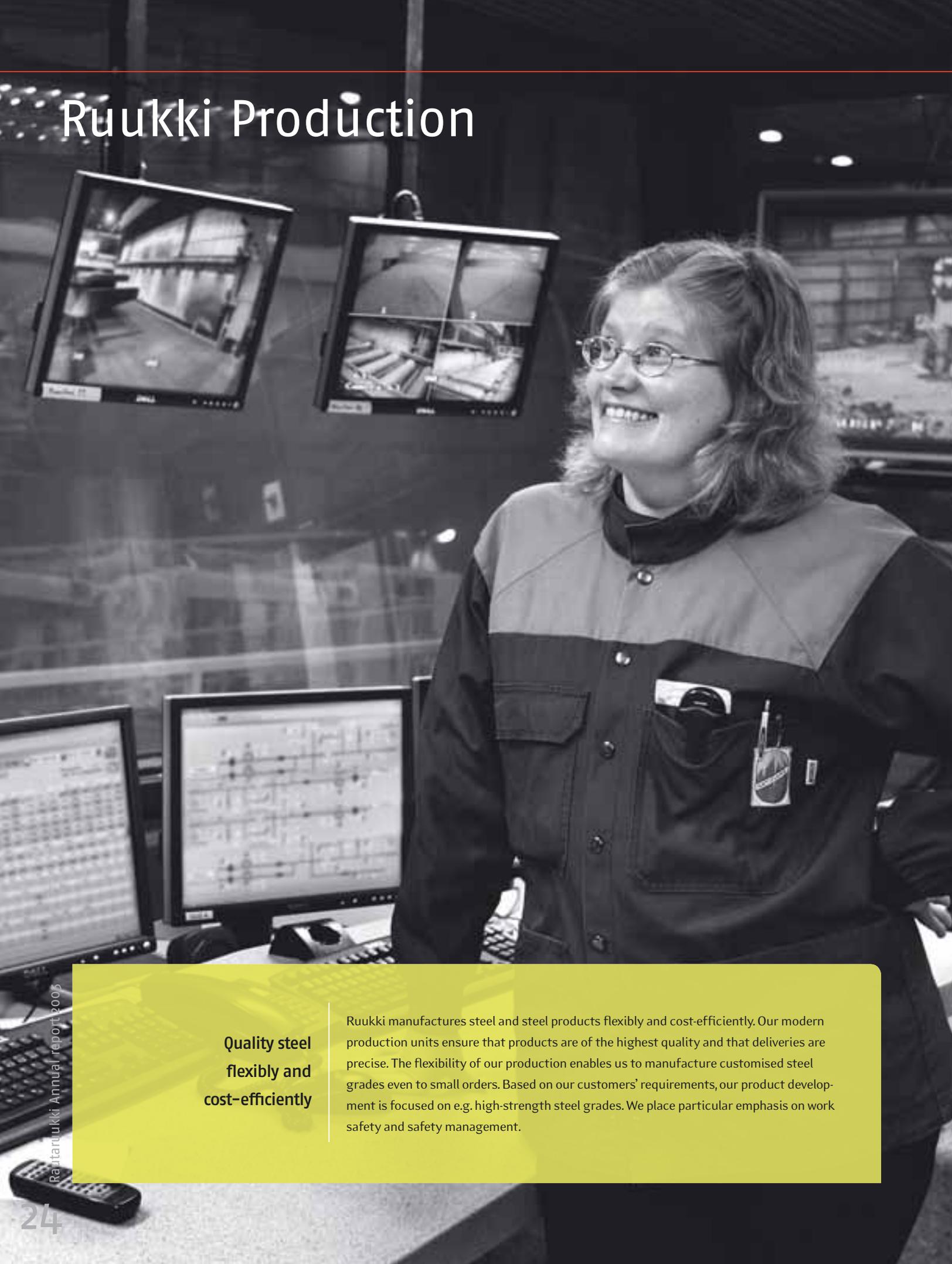


Steel service centres form an essential part of Ruukki's integrated service concept. The centres offer versatile prefabrication services such as cutting to length, slitting, sawing, flame cutting, edging and machining. These services in combination with a comprehensive stock programme and well-functioning logistics guarantee fast, accurate and flexible deliveries. Ruukki operates a comprehensive network of service centres comprising more than 20 units in the Nordic and Baltic countries, Russia, Poland and Germany.

on customer-oriented special products in co-operation with the solutions divisions and Ruukki Production.

As part of the operational streamlining, the non-core Froh HouseTech GmbH business was sold in September.

Ruukki Production



**Quality steel
flexibly and
cost-efficiently**

Ruukki manufactures steel and steel products flexibly and cost-efficiently. Our modern production units ensure that products are of the highest quality and that deliveries are precise. The flexibility of our production enables us to manufacture customised steel grades even to small orders. Based on our customers' requirements, our product development is focused on e.g. high-strength steel grades. We place particular emphasis on work safety and safety management.



Smoothly running production, added flexibility

- Production adjusted in line with profitable demand
- Launch of safety management programme
- Quality and productivity investments at the hot rolling mill reach completion

The major part of Ruukki's production is organised within the Ruukki Production division, which manufactures hot-rolled, cold-rolled and coated plate and strip products, tubular steel products as well as steel reinforcements. Ruukki Production has two steel mills and 10 other production plants in Finland, Norway, Sweden and Denmark. Wire and bar production operations were transferred to Oy Ovako Ab, which was established at the beginning of May. Sales of products are handled by Ruukki's divisions that serve specific customer segments.

Target to improve cost-effectiveness and delivery accuracy

Ruukki Production's main objectives are to improve cost-effectiveness and delivery accuracy.

Raw material prices continued to rise

The prices of raw materials used in steel manufacture rose further. The price of concentrated iron ore was about 60 per cent and the price of coking coal 40 per cent higher than in 2004. The price of recycled steel remained almost unchanged.

Purchases of raw materials came to approximately 930 million euros. Ruukki buys concentrated iron ore and pellets from Sweden and Russia. Coking coal is purchased mainly from producers in North America and Australia. The availability of raw materials is guaranteed through long-term delivery contracts.

Production flexibility increased

Production ran smoothly at all the plants and production flexibility was increased. At the production units, the operating reliability of the lines was improved and ways of working were put in place to enable output to be adjusted in line with sales volumes. Steel production at Raahe was 2,747,000 tonnes (2,719,000) and at Mo i Rana 687,000 tonnes (710,000). Steel production at the Koverhar and Smedjebacken works that were transferred to Oy Ovako Ab was 379,000 tonnes in January–April.

Delivery accuracy improved by 2 percentage points on the previous year. The volume of steel slabs purchased from outside suppliers fell to a quarter of the previous year's amount, thereby lowering production costs.

Focus on quality and productivity

Two major investments that will improve the quality of products and productivity went into operation at the hot strip mill in Raahe in early 2005: a new slab reheating furnace and an upgraded automated system. Commissioning went well.

At the plate rolling mill in Raahe, measures were launched for building new direct quenching equipment. The investment will bring a significant increase in the proportion of ultra high-strength steels in the Group's production and will support Ruukki Engineering's business in the fast-growing lifting, handling and transportation equipment sector. The investment is expected to be completed in 2007 at an estimated cost of about 24 million euros. The capital expenditure will support Ruukki's strategy of increasing the amount of special products.

Key figures

	2005	2004
Steel production, 1,000 t	3,813	4,549
Accident rate, No./mill. working hours	25	31

The plants manufacturing wire and bar products were transferred to Oy Ovako Ab, which was established in May. The plants in Toijala, Finland and Fredericia, Denmark, which manufacture cold-formed sections, were added to Ruukki Production from the beginning of 2005.

Emphasis on occupational safety

With a view to improving occupational safety, a safety management development programme was launched Corporate-wide. The programme started off at Ruukki Production, where procedures will be worked out that will later be introduced at the other divisions.

Initially, the principles of safety management were defined, and senior executives gave their full backing to them. Occupational safety was the theme of the year, and it

Accident frequency fell by 20 per cent

was dealt with extensively in the company's personnel magazine and on the intranet. The development of occupational safety became one of the criteria of performance bonuses. In addition to continuous safety training, all supervisors took part in a two-day training event.

A clear improvement in job attitudes and ways of working was registered during the year. Ruukki Production's accident frequency fell by 20 per cent compared with 2004 and was 25 accidents per million working hours. The trend in occupational safety is monitored regularly by joint management-personnel co-operation bodies. The objective is to further significantly improve occupational safety.

Ruukki's production capacity – From steel production to products and solutions

Steel production	Standard products	Production site
Raahe, Finland 2,9 Mt steel from iron ore and recycled steel	hot rolled strips	0,6 Mt
	plates	0,6 Mt
	galvanised strips	0,6 Mt
	cold rolled strips	0,2 Mt
	colour coated strips	0,3 Mt
tubes, pipes and profiles	0,5 Mt	
Mo i Rana, Norway 0,7 Mt steel from recycled steel	rebars	0,5 Mt
	billets	0,15 Mt
		Raahe Hämeenlinna Hämeenlinna, Kankaanpää Hämeenlinna, Lappohja, Oulainen, Pulkila, Gävle, Virsbo, Fredericia Mo i Rana

New customer applications and solutions

- Expanded co-operation with customers and end-users
- New steel grades for the needs of the solutions divisions
- Process development focuses on improving productivity and production flexibility

Ruukki's R&D activities focus on the development of customer applications and solutions for selected business areas. Process development centres on improving productivity, achieving greater production flexibility and reducing environmental impacts.

In 2005 Ruukki increased its development co-operation with customers and end-users. Research services calling for special expertise were obtained from universities and research institutes. A significant part of the company's longer-term research was done within national and EU joint research programmes.

R&D activities focus on the development of customer applications and solutions

Rautaruukki spent 22 million euros (17), or 0.6 per cent of net sales, on research and development.

Customer needs drive Ruukki Construction's R&D

Ruukki Construction's R&D work revolved around further developing present products and product systems as well as broadening Ruukki's product families on the basis of customer needs.

The division expanded its total deliveries of frame and envelope structures used in building industrial, retail and logistics facilities. As a result of development work, a hall structure that is suitable for production or warehousing purposes can now be enlarged by means of modular office and other spaces. Projects can be tailor-made to customers' needs.

The external wall system based on a steel thermoprofile was developed to be better in line with increasingly versatile requirements, and the system was expanded by new surface

material options. The new cladding systems were developed jointly with customers in different construction projects. In multi-storey projects load-bearing frame was made an integral part of the external wall. Prefabricated load-bearing external wall panels make possible large floor-to-ceiling glass surfaces and windows, and they can be erected quickly and cost-effectively at the site. Customer needs also led to the development of a plastered, self-ventilating facade cladding system. The self-ventilating structure gives the facade much greater functionality.

In answer to customers' needs, the division developed a partition wall structure that is lighter to handle at the worksite, easier to install and with excellent acoustical properties. The optimisation of technical characteristics such as the thickness and strength of the material also improves the product's overall economy.

The fire-resistant properties of sandwich panels with a mineral wool core were enhanced significantly, making them better suited to demanding applications in industrial and commercial construction. Industrial design expertise and the subcontractor network were strengthened and used to greater effect in product development work.

Ruukki Engineering highlights planning and industrial design

Ruukki Engineering strengthened its research and development organisation in 2005. The network relies on both in-house and, as needed, external resources. When moving forward in the value chain, planning and industrial design also become a critical element of operations. R&D resources will be increased in accordance with customer requirements.

Ruukki Engineering's product development is currently concentrating on developing vehicle cabins. In customer-oriented product design, the division employs state-of-the-art CAD systems and builds prototypes to ensure the functionality of cabins.

During the year the first cabins for mining vehicles were delivered. For the needs of the paper industry, the division produced a new forklift truck cabin with a pivoting floor structure.

Efficiency was enhanced by emphasising the development of welded components in the division's own and customers' production. The use of ultra high-strength steels in mobile work machines is being studied in a wide-ranging research project together with a number of customer companies.

Ruukki Metals develops new special products and coatings

With a view to bringing out new hot-rolled products, Ruukki Metals launched an extensive four-year development project together with key customers and Ruukki's solution divisions. The projects will focus on new applications for high-strength, hot-rolled special products, whilst the strength classes and thickness ranges of the current production programme are further expanded. The usability of completely new steel grades with exceptional strength and high toughness at low temperatures is being tested in the lifting, handling and transportation equipment industry and in marine applications.

During the year work was completed on high-strength formable DP steels (Dual Phase) that comply with Euronorm requirements, and galvanneal-coated DP steels were included in the production programme.

On a pilot basis, customers began taking delivery of chromate-free, colour-coated sheet steel. The products meet the requirements of the EU directive for the electrical and electronics industry, which will enter into force in 2006. At the same time, the division is preparing to comply with any future requirements within the construction industry.

Development work on antifingerprint as well as antibacterial coatings were continued together with VTT Technical Research Centre of Finland. The preliminary results with coatings based on nanotechnology have been very promising. The R&D work is pressing ahead with the aim of finding the best combinations of properties and ensuring lasting durability.

Technology and materials solutions, particularly for demanding component applications, were developed together with selected customers. The emphasis was on thin sheets and tubes as well as techniques for joining components. Within materials development, solutions were sought to the durability of end products.

Ruukki Production focuses on improving flexibility and productivity

Ruukki Production is running a number of process development projects aiming to enhance productivity and cost effectiveness, increase production flexibility and reduce environmental impacts.

The productivity of the coking plant and the properties of coke were improved by studying the effects of different coal grades on graphite formation on the coking oven. Such formations reduce the oven's effective volume. Six Sigma methodology was used in carrying out the study.

In order to lower the costs of the material used in charging the blast furnace, sinter and pellet grades having a different composition were tested and their effect on blast furnace reducing agent consumption was assessed. The melting shop developed a method of preheating scrap whereby the waste heat from the walking beam furnaces is utilised. This cuts down on energy consumption and improves occupational safety. The method is planned to be introduced in 2006.

Ladle metallurgy and the continuous casting process were developed by launching an extensive national research project with the primary aim of evolving techniques for demanding special products. It is forecast that demanding steel grades will occupy a sharply increased share in the Group's sales, in tandem with increasingly stringent requirements.

Thanks to the commissioning of a new walking beam furnace and upgrading of the automation of the roughing stand, considerably better uniformity was ensured for the quality of strip products, thus reducing rejects and improving the usability of products, especially when using automated sheet metal working centres.

Code of Conduct to steer responsible business operations

- The Board of Directors approved Ruukki's Code of Conduct
- New environmental and quality policies published
- New Corporate-wide EHSQ guidelines (Environment, Health, Safety, Quality) published
- Corporate Responsibility Report updated

Ruukki has given its commitment to honour the principles of sustainable development in its operations. This means that operations must result in good financial performance, burden the environment as little possible and show respect towards people.

Ruukki's operations are steered by the Corporate Governance guidelines that define the tasks and responsibilities of the Supervisory Board, the Board of Directors, the President and CEO and the company's top management. The activities of everyone at Ruukki are steered by the Code of Conduct, which was approved by the Board of Directors in early 2005 and which defines good business practices within Ruukki. The different aspects of responsibility in business operations are detailed in the Group's operating policies.

Customers' needs at the core of our vision

During 2005, Ruukki fine-tuned the concepts of responsibility in business operations and formed a team to ensure the development of responsible business operations. Environmental and quality policies were updated and the first Corporate-level guidelines for the management of environmental, health, safety and quality issues were published. Additional information about our way of working can be found on our website www.ruukki.com.

A reliable partner

Ruukki aims to be a reliable and responsible partner to its stakeholders and personnel. The company adheres to the principles of good corporate citizenship in all the countries in which it has operations.

Ruukki's Code of Conduct include principles of social responsibility which are based on human rights as defined by the UN as well as the rights of children and workers. Ruukki is committed to equality in recruitment and employment matters. The treatment and assessment of employees and job applicants is to be based on their skills.

Customers' needs

At the core of Ruukki's vision are the customers' needs and meeting them with metal-based solutions. Steel offers environmentally sound solutions for the modern construction and mechanical engineering industries. Due to its high strength, steel is a durable and light material that can be completely recycled after use. The EU's growing product related environmental legislation promotes the use of recyclable materials and solutions.

Responsible partners

Ruukki is a major buyer of raw materials and energy as well as external services. Ruukki's aim is to use only subcontractors and suppliers who are committed to compliance with ethical operating policies and legislation. The principle for making procurements is to invite competitive bids on them. The performance of suppliers is monitored and developed through regular co-operation, with an emphasis on matters relating to the cost and quality of products and services. Moreover, Ruukki monitors the environmental systems of companies supplying raw materials, goods and services.

Taking the needs of society into account

Ruukki is a major local operator in many of its business locations. Regular and open contacts with municipalities and other nearby communities ensure the continuity and development of operations in a way that meets with stakeholders' approval. Ruukki's representatives engage in regular interaction with local officials in matters of importance to the company and the nearby community.

Ruukki's Corporate Responsibility Report will be published in spring 2006.



Common processes for environmental issues

- EU emissions trading begun
- New environmental policy published
- Corporate-wide environmental objectives, targets and guidelines adopted

Ruukki takes the environment into account in all its business operations. At Ruukki, responsibility for the environment means attaining in reducing environmental impacts over the product's entire life cycle as efficient as possible.

Ruukki's Corporate-wide environmental objectives

Developing the management of environmental issues

- operations within the permit limits
- building environmental management systems for the production sites

Developing energy conservation

- reducing specific energy consumption
- creation of energy saving plans

Reducing wastes

- examination of current situation and identification of additional recycling possibilities

Promoting a product related environmental thinking

- taking environmental issues into account in R&D and marketing

In order to develop the management of environmental issues, Ruukki carried out a stakeholder analysis of environmental issues, fine-tuned the certification targets of environmental management systems and drew up a Corporate-wide environment and energy reporting system.

In order to improve energy efficiency, energy audits of the company's sites in Finland were completed. Ruukki carried out a survey of waste generated at its business locations and targets were fine-tuned based on this survey.

In 2005, Ruukki published five environmental declarations outlining the environmental effects during the lifespan of the company's product groups. In addition, the company published an update to the Corporate Responsibility Report as well as Raahe steel works' EMAS report and Mo i Rana steel works' environmental report.

Certified operations

All the sites where operations involve significant environmental impacts have a certified environmental management system. At the end of 2005, 77 per cent of Ruukki's staff and

96 per cent of its operations were covered by certified environmental management systems.

In accordance with the environmental management systems, the business locations have operationally gauged environmental targets that are based on studies of the importance of environmental issues and are monitored at each business location.

Eco-efficient products and solutions

The most significant environmental effects of Ruukki's operations occur as a result of steel production as well as in rolling, galvanising and paint coating. The greatest environmental effects are the consumption of raw materials and energy as well as carbon dioxide and particulate emissions.

Ruukki's aim is to develop eco-efficient products and solutions. In addition to minimising the effects on the environment, the company monitors and develops the products' environmental qualities. The main environmental property of a steel product is that it is fully recyclable, yet does not lose any of its strength through repeated recycling.

The EU Directive on certain electronic and electrical equipments bans the use of hexavalent chromium as from July 2006. Ruukki has made preparations for the protective treatment and pretreatment of steel strip in order to comply with the directive in its galvanised and paint coated products.

Progress on the issue of slags

On 20 September 2005, the Supreme Administrative Court reversed the decisions of the Vaasa Administrative Court and the North Ostrobothnia Regional Environment Centre regarding the environmental permit for slag processing at the Raahe steel works. In the decisions, the authorities had ruled that the fully-recyclable slags formed as a by-product in steel manufacture are a waste. The Supreme Administrative Court has referred the matter to the Northern Finland Environmental Permit Authority in connection with the steel works' new environmental permit. Blast furnace and steel

slags are tried-and-tested materials in earthwork and road construction, cement production and soil conditioning. The use of slag products conserves non-renewable natural resources and reduces carbon dioxide emissions. The possible interpretation that slag products are a waste will impede their recycling.

Emissions trading started

Of Ruukki's plants, Raahe and Hämeenlinna in Finland fall within the scope of the EU's emissions trading. A similar system has been developed in Norway whereby the EU's emissions allowances can be utilised unilaterally. The Norwegian system applies to the Mo i Rana Works. Smedjebacken in Sweden, Alblasterdam in the Netherlands and Koverhar in Finland became a part of Oy Ovako Ab, which was established in May.

In the initial allocation, Ruukki receives a total of 18.6 million tonnes of carbon dioxide allowances, of which 6.2 million tonnes were for 2005. Of these, the portion for the units that transferred to Ovako amounted to a total of 3.2 million tonnes, of which 1.1 million tonnes were for 2005.

Emissions trading will improve the profitability of energy saving investments and reduce carbon dioxide emissions. Since Ruukki's steel production is already carbon dioxide efficient, emissions trading has not led to major investments in 2005. Ruukki joined the World Bank's Community Development Carbon Fund (CDCF) with a 4 million dollar participation as part of its carbon dioxide balance management.

At Ruukki, trade in emissions allowances is conducted in a co-ordinated manner in accordance with the company's

risk policy. No emissions allowances were traded in 2005. The onset of emissions trading raised the price of electricity, as Scandinavian electricity producers added the costs of emissions rights to the market price of electricity.

In accordance with its national energy and climate strategy, the Finnish government will strive to ensure the competitiveness of the steel industry, notably, by distributing enough emissions allowances to meet the industry's estimated demands.

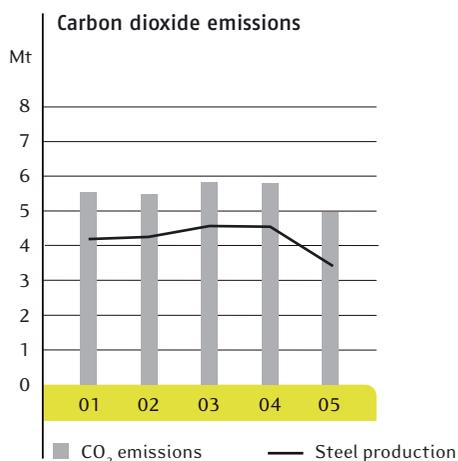
Investments in energy efficiency

Ruukki began major repairs on the air preheater of the Raahe steel works' blast furnace. The programme is estimated to bring annual energy savings of 20,000 MWh. The repairs are due for completion in 2006. The emissions measuring and reporting systems at the Raahe steel works' power plant were also renewed. Investments were also made in a VOC incineration plant at the Oulainen tube works, a noise barrier at the Lappohja tube works as well as the management of oil and particulate emissions at Mo i Rana. Ruukki spent a total of 5 million euros on environmental investments during 2005.

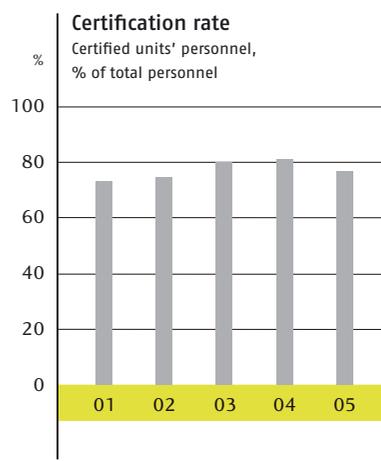
Active participation

Ruukki actively follows upcoming legislation and environmental demands set by stakeholders and develops its operations to meet the challenges of the future.

Additional information on environmental issues is available on Ruukki's website www.ruukki.com.



2005 figures excluding the units transferred to Ovako



2005 figures excluding the units transferred to Ovako

Achievements through personnel's competence

- Competence development and recruitment underpin growth and internationalisation programmes
- Safety management part of Ruukki's management system
- Strategy training of key personnel started up
- Initial implementation of common human resources processes and employee information system
- Personnel and working climate surveys utilised in acquisition processes

The management and development of Ruukki's human resources is guided by the company's long-term targets. When it comes to human resources management and enhancing our employer image, we aim to be a company that offers challenging and diverse tasks, good career advancement opportunities and a pleasant international working atmosphere.

Building a solutions business with a strong customer focus has steered the competence development both in our coaching and training events and in recruitment. The strengthening of human resources in central eastern Europe and Russia are the clearest indicators of the challenges of internationalisation. Acquisitions, the harmonisation of operations and retirements due in the near future have posed new challenges in managing resources, especially for expanding competence development.

Towards a unified Ruukki

Ruukki operates in 23 countries and had 11,374 employees at the end of the year.

Acquisitions are an essential part of Ruukki's strategy. During 2005, Ruukki gained new personnel in Finland, Poland, Sweden and China through acquisitions. Human resources management's ways of working have been developed in order to ensure the successful integration of the personnel of an acquired business, and this has been supported by a comprehensive personnel survey.

Ruukki Forum's - which develops international co-operation for Ruukki's management and personnel - central themes in 2005 were safety management and communication. Ruukki Forum has representatives from 8 countries and it convened twice in 2005.

The building of a unified Ruukki has been supported by common human resources management processes connected with the management of resources, performance and competence as well as compensation. Ruukki is committed to

fairness and equality in its recruitment and employment policies.

Resourcing and competence development

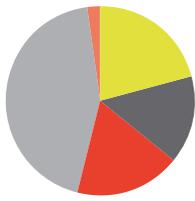
The human resources function and competence development seek to ensure that skilled people are available to meet Ruukki's strategic targets now and in the future. The focus of human resources development in 2005 was on strategy and management, safety and project management. Moreover, Ruukki arranged e.g. professional, language and IT training for its personnel and supported its employees' own training initiatives. A wide-ranging Steelmaster training programme was launched with the aim of securing skilled foremen in the future.

The main programmes for the development of key personnel were the Talent, Excellence and Strategy Training Programmes, the latter of which had about 300 participants in 2005.

Open positions in the company have been filled with Ruukki's own personnel wherever possible. People have also been recruited outside the company, with a special focus on functions in customer interface and different operations development projects.

Over the next few years, a large number of experienced and skilled personnel will retire. This challenge has been met by increasing the recruitment of young people for professional training at the Ruukki Industrial Institute. In summer 2005, young people were recruited for Ruukki's development projects through the Young Professionals Programme.

Ruukki's employer image has been enhanced among selected target groups, which included universities with courses in technology and economics. The divisions' target groups were certain polytechnics, while vocational institutes were targeted locally. The most important forms of co-operation included trade fairs and other recruitment events, research co-operation and traineeships. The aim in enhancing



Personnel by division at 31.12.2005

- Ruukki Construction 21%
- Ruukki Engineering 15%
- Ruukki Metals 18%
- Ruukki Production 44%
- Corporate headquarters and supporting functions 2%

Personnel by country at the year-end

	2005	2004
Finland	6,601	7,189
Poland	1,260	207
Norway	834	855
Sweden	865	1,723
Germany	449	517
Russia	216	221
Estonia	203	181
Ukraine	186	176
China	123	-
Denmark	107	121
Hungary	96	87
Latvia	84	86
Lithuania	84	82
Czech Republic	79	61
The Netherlands	71	458
Other countries	116	162
Total	11,374	12,126

Ruukki's employer image is to make the company an attractive employer that appeals to the best professionals on the market.

Compensation centres on meeting strategic targets

The aim of Ruukki's compensation systems is to support the integration of strategy into day-to-day operations and to motivate the personnel in achieving results and targets.

The company supports a corporate-wide development discussion model with the aim of making strategic targets more concrete. The development discussions involved defining joint and individual goals on the basis of which a part of performance bonuses are defined. The performance bonus system applies to salaried employees in Finland.

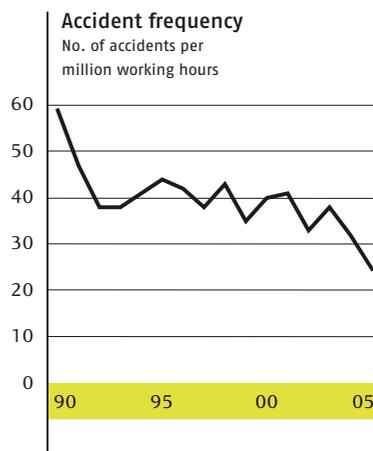
The profit bonus system encompasses all of Ruukki's personnel. According to this scheme, the bonus calculated on the basis of earnings in 2005 is EUR 19 million.

Ruukki's long-term incentive schemes consist of a bond loan with warrants targeted at all personnel and two share bonus schemes for management. More information on these can be found on pages 50-51.

Occupational safety theme of the year

The theme for 2005 was safety management and development. A safe working environment is an important part of corporate responsibility that has a positive impact on the quality of operations. The aim is to achieve a marked improvement in accident statistics by 2008. Safety management is a part of operational management and the responsibility for ensuring rests with each and every Ruukki employee. Pre-emptive actions should be taken in order to prevent hazardous situations and accidents. A pilot scheme for safety management was launched at Ruukki Production, and the operational models developed within the schemes will later be employed across the entire Group.

In 2005, the accident frequency within the Corporate decreased clearly - to 24 from the previous year's level of 32.



Principles of responsible business operations to be formulated into guidelines

Corporate governance

The Head Office of the Rautaruukki Group is located in Helsinki, Finland. Rautaruukki complies with the Finnish Companies Act, other similar legislation and the Articles of Association of Rautaruukki Corporation. The recommendations on good corporate governance issued by HEX Plc, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industry and Employers in 2003 are taken into account when arranging Rautaruukki's corporate governance.

Rautaruukki is managed in accordance with sound business principles through achieving long-term growth in the Group's shareholder value. In managing the Group's activities, its stakeholders and the principles of sustainable development are taken into account. The guidelines of responsibility in Rautaruukki's business have been compiled in the Code of Conduct, which Rautaruukki's Board of Directors approved in January 2005. The Code of Conduct can be found on Rautaruukki's website at www.ruukki.com.

Rautaruukki is managed in accordance with sound business principles through achieving long-term growth in the Group's shareholder value

Rautaruukki publishes its annual financial statements in accordance with Finnish legislation in Finnish, Swedish and English as well as interim reports in Finnish and English. International Financial Reporting Standards (IFRS) was adopted in 2005.

Governing bodies

Responsibility for the administration and operations of the Rautaruukki Group is exercised by the administrative bodies of the parent company, Rautaruukki Corporation. These are the General Meetings of shareholders, the Supervisory Board, the Board of Directors and the President and CEO. The Board of Directors is assisted by Audit and Compensation Committees, which prepare matters that are to be dealt with by the Board of Directors. The President and CEO is supported by a Management Group that operates within corporate administration.

Rautaruukki's governing bodies



General Meetings of shareholders

Shareholders' right of decision in the company's affairs is exercised by the shareholders in the General Meeting of shareholders.

The Annual General Meeting is held each year before the end of May. An Extraordinary General Meeting must be held when the Board of Directors deems it necessary or if the auditor or shareholders representing at least one tenth of all the shares outstanding submit a reasoned written statement to the Board of Directors requesting it for dealing with a specified matter.

A notice of an Annual or Extraordinary General Meeting of shareholders is given by the Board of Directors by announcing it in one or more widely circulated daily newspapers, no earlier than two months and no later than seventeen days before the meeting.

To participate in a General Meeting, a shareholder must register with the company no later than on the date stated in the notice of meeting, which must not be earlier than ten days before the meeting.

Any matter which a shareholder wishes to put forward at a General Meeting must be notified in writing to the Board of Directors in time for its inclusion in the notice of meeting.

At the Annual General Meeting, the parent company and consolidated income statement and balance sheet are adopted and a resolution on the dividend distribution is passed. In addition, resolutions are passed on matters such as the number of members of the Supervisory Board and Board of Directors and their emoluments, and the Chairman, Vice Chairman and other members of the Supervisory Board and the Board of Directors are elected as well as the auditor.

Nomination Committee

On 23 March 2005 the Annual General Meeting passed a resolution to set up a Nomination Committee to prepare proposals concerning the members of the Board of Directors and their emoluments for presentation to the Annual General Meeting.

The members elected to the Nomination Committee are the representatives of the three largest shareholders according to the situation at 1 December and the chairman of the Board, as an expert member, who convened meetings of the committee. The Nomination Committee must submit its proposal to the company's Board of Directors no later than on the 1st of February preceding the Annual General Meeting.

Rautaruukki's three largest registered shareholders at 1 December 2005 were the Finnish State, Odin Norden and Esa Rannila, whose representatives on the Nomination Committee are: Markku Tapio (Finnish State), Truls Haugen (Odin Norden) and Esa Rannila (Esa Rannila).

Supervisory Board

Duties of the Supervisory Board are to oversee the company's affairs so that it is managed in accordance with sound business principles, to issue instructions to the Board of Directors on matters of wide scope or fundamental importance as well as to submit statements to the Annual General

Meeting in respect of the financial statements, consolidated financial statements and the auditors' report.

The Supervisory Board is elected for a term of one year by the Annual General Meeting. The Supervisory Board has from 5 to 12 members, of whom the Ministry of Trade and Industry is entitled to name one member and the company's founding shareholders three members. In 2005 the Supervisory Board had 10 members. Four representatives of personnel groups take part in the meetings, at which they have the right to be present and to speak.

The Supervisory Board meets as required and its meetings have a quorum if more than half of the members are present. The Supervisory Board met 4 times in 2005. The average attendance rate of the members was 82 per cent.

Emoluments of members of the Supervisory Board

The emolument of the Supervisory Board Chairman is EUR 1,000, that of the Deputy Chairman EUR 600 and the emoluments of other members are EUR 500 a month. A meeting fee of EUR 200 is paid.

Emoluments to the Supervisory Board

euros	Total 2005	Total 2004
Chairman of the Supervisory Board	15,000	16,200
Deputy Chairman of the Supervisory Board	8,000	8,600
Other members of the Supervisory Board	53,000	54,700

Board of Directors

The Board of Directors is responsible for the Group's business management together with the President and CEO.

The Board of Directors is responsible for the company's administration and the due arrangement of its business operations as well as for controlling the arrangement of accounting and treasury functions. Other main duties of the Board of Directors are to set long-term objectives for the Group and the divisions and to approve the basic strategy for achieving these objectives, to approve the annual plans for the Group and the divisions, to decide on the Group's overall capital expenditure and major individual investments, to decide on the company's dividend policy, to present a proposal to the Annual General Meeting on the amount of the dividend to be paid, to decide on the Group's organisational

structure and to appoint and dismiss the company's President and CEO and the Group and divisional executives reporting to him. The Board of Directors sets the President and CEO's salary, bonuses and other benefits.

The Board of Directors approves for itself working order, the principles of which are published on the company's website. The Board of Directors defines the profitability and equity ratio targets as the benchmarks for increasing economic value added. The Board of Directors tracks the achievement of these principles and assesses its own ways of working.

The Board of Directors comprises the Chairman and Deputy Chairman as well as from 2 to 6 other members elected by the Annual General Meeting for a one-year term. The President and CEO participates in the meetings of the Board of Directors. During the period of office from 23 March 2005 to 23 March 2006 the Board of Directors had seven members.

The Board of Directors meets at least 6 times a year and has a quorum if more than half of the members are present. In 2005, the Board of Directors met 10 times and 4 meetings were arranged by telephone. The average attendance rate of the members was 98 per cent.

Board of Directors' independence

The Board of Directors has assessed the independence of its members with the recommendation on good corporate governance issued by Hex Plc, the Central Chamber of Commerce of Finland and The Confederation of Finnish Industries EK and observed that all the members are independent of the company and all the members except for Kalle J. Korhonen are independent of the company's major shareholders.

Board of Directors' committees

The Board of Directors committees assist the Board of Directors by carrying out preparatory work on matters within the Board of Directors' competence.

The Board of Directors appoints its number an Audit Committee and a Compensation Committee, both of which have a minimum of three and a maximum of five members who are elected by the Board of Directors each year from amongst its number. The committees report regularly on their work to the Board of Directors.

Audit Committee of Board of Directors

The Audit Committee assists the Board of Directors in carrying out its oversight duties. The Audit Committee prepares and assesses risk management, internal control systems, financial reporting as well as the outside audit and the internal audit.

The members of the Audit Committee must have a wide-ranging grasp of business affairs as well as adequate experience and knowledge of economic, financial and internal control, and a member must not be an employee of a company belonging to the Rautaruukki Group. The Audit Committee meets at least four times a year under the direction of the Committee's chairman.

In 2005 the Audit Committee had three members: Pirkko Juntti (Chairman), Maarit Aarni and Christer Gran-skog. The Committee met 5 times during the year.

Compensation Committee of Board of Directors

The purpose of the Compensation Committee is to ensure the objectivity of decision-making, to make use of incentive systems to promote achievement of the company's objectives and to see to it that reward and compensation systems are transparent and systematic. The Committee prepares and assesses compensation and appointment matters relating to the President and other members of top management as well as incentive systems for the rest of the personnel.

The Compensation Committee promotes the transparency and systematic implementation of reward systems

In 2005 the Compensation Committee had three members: Jukka Viinanen (Chairman), Georg Ehrnrooth and Kiuru Schalin. The committee met 4 times during the year.

Emoluments to the Board of Directors

euros	Total 2005	Total 2004
Chairman of the Board	51,500	50,700
Deputy Chairman of the Board	38,600	38,100
Other members of the Board	168,800	156,000

Emoluments of members of the Board of Directors

The emolument of the Chairman of the Board of Directors is EUR 43,200, that of the Deputy Chairman, EUR 32,400 and the emoluments of the other members of the Board of Directors are EUR 26,400 a year. A meeting fee of EUR 500 is paid for Board meetings as well as for Committee meetings.

President and CEO

The President and CEO is responsible for the Group's industrial and commercial operations and for attending to its day-to-day administration in accordance with the instructions and directions given by the Board of Directors.

The President and CEO has the right to retire on a full 60 per cent old age pension at the age of 60. Should the company dismiss the President and CEO, he has the right to severance compensation corresponding to 24 months salary.

The Management Group

In managing the Group, the President and CEO is assisted by the Group's Management Group which comprises the President and CEO and other executives appointed by the Board of Directors at the proposal of the President and CEO.

The Management Group meets regularly chaired by the President and CEO. The Management Group considers corporate strategic issues, annual plans, capital expenditure, company acquisitions, corporate structure and other issues that are important in managing the Group and monitors the Group's operations. The Management Group also prepares matters to be considered by the Board of Directors.

At the end of 2005 the Management Group had seven members. In 2005 the Extended Management Group was made up of the ordinary members and four additional members.

The Group's business organisation

Rautaruukki Group's business operations are organised as per divisions. The Presidents of the divisions report to the President and CEO and are responsible for developing their divisions' operations, for their result and equity, and for arranging the divisions' administration.

In managing the Group, the President and CEO is assisted by the Management Group and the corporate headquarters staff, whose principal functions are strategic planning and business development, logistics, communications, research and development, human resources, finance and treasury, investor relations, IT and legal affairs. The Group's corporate headquarters organisation also comprises functions providing services to the divisions and their units.

Division Steering Groups

Upon a proposal by the President and CEO, the parent company's Board of Directors appoints the Division Steering Groups from amongst Group and divisional senior executives. The employees also have representatives in the Division Steering Groups. The parent company's President and CEO acts as chairman of the Division Steering Groups.

The Division Steering Groups deal with issues related to the development and monitoring of divisions.

Long-term incentive schemes

Rautaruukki's long-term incentive schemes consist of the Group's two share bonus schemes (2000 and 2004) for the key persons and a bond loan with warrants (2003) targeted at the personnel and the Rautaruukki Personnel Fund. Additional information on the long-term incentive schemes is given on pages 50-51.

Emoluments to the President and CEO and the Management Group

euros	Salaries and fringe benefits		Bonuses		Share bonuses		Total	
	2005	2004	2005	2004	2005	2004	2005	2004
President and CEO	426,426	384,474	128,280	58,800	-	-	554,706	443,274
Other members of the Management Group	936,044	1,047,846	285,454	141,717	1,196,676	281,120	2,418,173	1,470,683

Monitoring system

The control and monitoring of the Rautaruukki Group's operations is assured by means of the above-discussed management system. The Group employs the reporting systems necessary for efficiently monitoring operations. The highest responsibility for the due arrangement of accounting and supervision of the management of funds rests with the Board of Directors. The President and CEO is responsible that the accounting is in compliance with legal requirements and that the management of funds is arranged in a reliable manner.

Internal Audit

The Internal Audit examines and evaluates the appropriateness and proper functioning of the Group's internal monitoring system, the suitability and efficiency of functions, the reliability of financial information and reporting and compliance with rules, operating principles and guidelines. The Rautaruukki Group's Internal Audit reports to the President and CEO. The Internal Audit reports are also distributed to the Chairman of the Board of Directors and the Audit Committee, and the audit plans are presented to the entire Board of Directors. As part of their legal oversight, the Group's auditor evaluates the proper functioning of internal control.

Audit

The Group's audit is organised such that a firm of independent public accountants elected by the Annual General Meeting to exercise responsibility for the parent company's audit carries out its audit via its own worldwide organisation across the entire Rautaruukki Group and is responsible for auditing the entire Group. The term of office of the auditor comprises the financial year in course at the time of election and the assignments ends at the close of the first Annual General Meeting following the election.

The firm of public accountants Ernst & Young Oy is Rautaruukki's auditor. The firm's principal auditor is Pekka Luoma, Authorised Public Accountant.

Auditor's fee

The independent auditors' fees for audit services and other services relating to the 2005 financial statements are:

- Audit fees and services connected with the audit 1,293,000 euros (2004: 1,435,000)
- Other services: 468,000 euros (2004: 193,000).

Compliance with insider regulations

Rautaruukki's Board of Directors has confirmed its insider guidelines on securities trading. The Rautaruukki Group observes the insider guidelines issued by the Helsinki Stock Exchange on 9 December 2005. The new regulations concerning insiders entered into force on 1 July 2005 in connection with an amendment to the Securities Market Act. The transition to an insider register in accordance with the new Act was made at the beginning of 2006.

Rautaruukki observes the insider guidelines issued by the Helsinki Stock Exchange

The persons belonging to Rautaruukki's public insiders are the members of the company's Board of Directors and the Supervisory Board, the President and CEO and his deputy as well as the principal auditor. According to a decision of the Board of Directors, the members of the Management Group and the Extended Management Group are also counted as public insiders. Information the shareholdings of public insiders are public and can be obtained from Finnish Central Securities Depository Ltd and on the company's website.

Apart from the public insider register, the company keeps a non-public company-specific insider register of persons who, by virtue of their position or duties, regularly receive insider information. Insiders are subject to trading restrictions and regulations, including a prohibition to trade in Rautaruukki shares during the two-week "closed window" period preceding the publication of the financial statement press release and the interim reports. In addition to the regular restrictions, the company sets, as necessary, share trading restrictions in respect of certain projects. Rautaruukki's insider guidelines are updated from time to time and observance of them is monitored regularly.

Supervisory Board 23.3.2005–23.3.2006

Chairman

Turo Bergman, b. 1946, Deputy Head of Department,
Central Organisation of Finnish Trade Unions, SAK,
Lic. Pol. Sc.

Deputy Chairman

Jouko Skinnari, b. 1946, Member of Parliament,
LL.M.

Other members

Heikki Allonen, b. 1954, President and CEO, Fiskars Oyj Abp,
M.Sc.(Tech)

Ole Johansson, b. 1951, President and CEO, Wärtsilä Oyj Abp,
M.Sc.(Econ)

Inkeri Kerola, b. 1957, Member of Parliament, class teacher

Miapetra Kumpula-Natri, b. 1972, Member of Parliament,
B.Sc.(Eng), student of Economics

Tauno Matomäki, b. 1937, Mining Counsellor, M.Sc.(Tech)

Petri Neittaanmäki, b. 1975, Member of Parliament, M.Soc.Sc.

Tapani Tölli, b. 1951, Member of Parliament, M.Pol.Sc.

Lasse Virén, b. 1949, Member of Parliament, police officer

Employee representatives

Salaried employees

Jarmo Kemppainen, b. 1951, chief shop steward

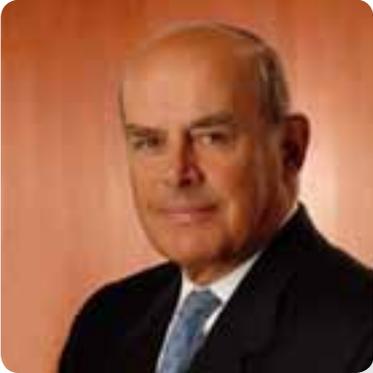
Markku Pelkkikangas, b. 1950, project manager

Workers

Jouko Luttinen, b. 1956, chief shop steward

Eero Raivio, b. 1945, stoker

Board of Directors 31.12.2005





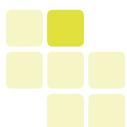
Chairman

Jukka Viinanen

b. 1948

M.Sc.(Tech)

President and CEO, Orion Corporation. Previously: President and CEO, Neste Oyj (1997-1999), Senior VP and Board member, Neste Oyj (1990-1997). Rautaruukki's Board member and Chairman since 2001. Shares: -



Deputy Chairman

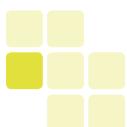
Georg Ehrnrooth

b. 1940

M.Sc.(Tech),

Dr.Sc. (Tech) h.c.

Previously: President and CEO, Metra Corporation (1991-2000), President and CEO, Lohja Corporation (1979-1991), executive duties, Wärtsilä Corporation (1965-1979). Principal Board memberships: Assa Abloy Ab (Chairman), Oy Karl Fazer Ab, Nokia Corporation, Sandvik AB (publ.), Sampo Corporation, The Research Institute of the Finnish Economy ETLA (Deputy Chairman), Finnish Business and Policy Forum EVA (Deputy Chairman). Rautaruukki's Board member and Deputy Chairman since 2001. Shares: 1,902



Maarit Aarni

b. 1953

M.Sc.(Tech), MBA

Vice President, Phenol Business Unit, Borealis Group. Previously: different positions in Borealis Group since 1994 and in Neste Oyj (1977-1994). Principal Board memberships: Borealis Polymers Oy (Finland), Vattenfall AB (Sweden). Rautaruukki's Board member since 2004. Shares: 1,000

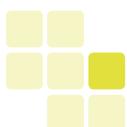


Christer Granskog

b. 1947

M.Sc.(Tech)

President and CEO, Kalmar Industries AB. Previously: Deputy to the President and CEO, Partek Oy Ab, President and CEO, Partek Cargotek AB (1997-1998), President and CEO, Sisu Group (1994-1997), President and CEO, Valmet Automation Oy (1990-1994). Principal Board memberships: Oy E Sarlin Ab. Rautaruukki's Board member since 2001. Shares: -



Pirkko Juntti

b. 1945

LL.M.

Previously: expert and executive duties of international financing, Senior Advisor, HSH Gudme Corporate Finance Oy (1998-2003), executive, JP Morgan (1983-1998). Principal Board memberships: VPU Pukutehdas Oy, AB Svensk Exportkredit, Boardman Oy, SAI Finland Partners Oy. Rautaruukki's Board member since 2003. Shares: -



Kalle J. Korhonen

b. 1948

M.Sc.(Tech)

Director General, Ministry of Trade and Industry (1999-). Previously different duties in Ministry of Trade and Industry (1973-1999). Principal Board memberships: Finnvera Plc (Chairman), Finnish Industry Investment Ltd, Finnish Foreign Trade Association Finpro. Rautaruukki's Board member since 2005. Shares: -



Kiuru Schalin

b. 1961

Student of
Economics

Managing Director, Oy AGA Ab, Senior Vice President, Human Resources, Safety; Environment & Quality, AGA Region North Europe. Previously: Controller, HR director, Administrative director and Member of the Board, Tecnomen Group (1996-1998), Administrative manager, Oy Kilroy Travels Finland Ab (1990-1996). Principal Board memberships: Oy AGA Ab, Agorum Oy, AGA Gas AB. Rautaruukki's Board member since 2005. Shares: -

Management Group 31.12.2005



Saku Sipola | Olavi Huhtala | Markku Koljonen | Sakari Tamminen | Heikki Rusila | Mikko Hietanen | Marko Somerma

<p>Chairman</p> <p>Sakari Tamminen</p> <p>b. 1953, M. Sc. (Econ.), President and CEO.</p>	<p>Joined the company in 2003. Management Group member since 2003. Previous main positions: Executive VP and CFO, Deputy to the President and CEO, Metso Oyj, Executive VP and CFO, Rauma Oyj. Principal Board memberships: SanomaWSOY Oyj, Lemminkäinen Oyj, Confederation of Finnish Industries EK, Technology Industries of Finland, Association of Finnish Steel and Metal Producers (Chairman), Finnish Foundation for Share Promotion, Eurofer, International Iron and Steel Institute. Supervisory Board memberships: Mutual Pension Insurance Company Varma, The Finnish Fair Corporation. Shares: 2,500</p>
<p>Mikko Hietanen</p> <p>b. 1953, M. Sc. (Econ.), Chief Financial Officer.</p>	<p>Joined the company in 2004. Management Group member since 2004. Previous main positions: CFO, Stonesoft Oyj, CFO, Metsä-Tissue Oyj, CFO, Elcoteq Network Oyj, CFO, Lohja Oyj. Principal Board memberships: Oy Ovako Ab, Lohjan Puhelin Oy. Shares: -</p>
<p>Olavi Huhtala</p> <p>b. 1962, B. Sc. (Eng), President of Ruukki Metals.</p>	<p>Joined the company in 1987. Management Group member since 2003. Previous main positions: President of Ruukki Fabrication, Sales and executive duties, Rautaruukki Metform. Shares: 6,482</p>
<p>Markku Koljonen</p> <p>b. 1951, B. Sc. (Eng), President of Ruukki Engineering.</p>	<p>Joined the company in 1989. Management Group member since 2001. Previous main positions: Senior VP, Rautaruukki Steel Structure Division, executive duties, Rautaruukki Steel. Shares: 11,794</p>
<p>Heikki Rusila</p> <p>b. 1949, M. Sc. (Tech), President of Ruukki Production.</p>	<p>Joined the company in 1974. Management Group member since 2001. Deputy to the President and CEO. Previous main positions: Senior VP, Rautaruukki Metform, Senior VP, Rautaruukki Steel. Principal Board memberships: Oy Ovako Ab. Shares: 16,438</p>
<p>Saku Sipola</p> <p>b. 1968, M. Sc. (Tech), President of Ruukki Construction.</p>	<p>Joined the company in May 2005. Management Group member since May 2005. Previous main positions: Senior VP, Business premises division, YIT Construction Ltd. Shares: -</p>
<p>Marko Somerma</p> <p>b. 1966, Lic. Tech., Senior Vice Senior VP, Corporate Planning.</p>	<p>Joined the company in 2004. Management Group member since October 2005. Previous main positions: Chief Process & Information Technology Officer, Instrumentarium Ltd, Business development director, Gustav Paulig Ltd. Shares: 3,000</p>

Extended Management Group 31.12.2005

Comprises the members of the Management Group along with:

Terhi Heikkinen	b. 1964, M. Sc. (Econ), Senior Vice President, Human Resources. Joined the company in November 2005. Shares: -
Taina Kyllönen	b. 1967, M. Sc. (Econ), Vice President, Corporate Communications. Joined the company in 2004. Shares: -
Ismo Platan	b. 1953, B. Sc. (IT), Chief Information Officer. Joined the company in 2003. Shares: -
Peter Sandvik	b. 1953, Dr. Sc. (Tech), Senior Vice President, Technology. Joined the company in 1983. Shares: 10,652

Ruukki adopts Enterprise Wide Risk Management

- Main risks identified; assessment made of the state of risk management
- Delineation of Enterprise Wide Risk Management and the principles of risk reporting
- A Corporate-wide system of monitoring customer-specific trade receivables was introduced
- The management of electricity and zinc price risk was stepped up and hedge accounting methods were developed
- The cost-effectiveness of insurance policies was improved

Rautaruukki's Board of Directors approved the Group's risk management policy in January 2006.

Ruukki's Enterprise Wide Risk Management is part of the Group's control system. Risk management is employed as a means of ensuring that risks affecting business operations are identified and monitored. Risk is defined as being an external or internal factor of uncertainty that poses a threat to the implementation of Ruukki's strategy, reaching the company's targets or the continuity of its operations.

A unified Enterprise Wide Risk Management operational model makes possible better decision-making information, better allocation and utilisation of resources as well as the transparency of operations that is essential for good corporate governance.

Ruukki endeavours to master and limit any effects of the main risks for business operations. Should such risks nonetheless materialise, they might have a material adverse effect on the implementation of Ruukki's strategy, the result of its business operations and its financial position.

Risks endangering the implementation of strategy and objectives

Ruukki's objective is to specialise by changing from being a reliable steel supplier to become the preferred supplier of metal-based solutions for selected customer segments by 2008-2010.

The main risks which endanger the implementation of strategy and achievement of objectives relate to the too slow growth of new businesses or a delay in setting up new business processes. Any failure of an acquisition or a protracted integration process also rank as central risks, as do failure or delay encountered in expanding into new markets.

The Group has launched the Ruukki United project, which aims for continuous improvement in operations and

unified ways of working. In connection with Ruukki United, the company is running a subproject aimed at revamping business processes and the applications supporting them. Concurrently, IT infrastructure and services will be unified.

In order to ensure that operations run continuously and without disturbance, the Group has made a study of mission-critical systems and solutions that safeguard operations. Work has moved ahead on monitoring the level of overall information security, and the company has circulated information on data security and organised training in data security.

External risks to the result of operations, which are beyond Ruukki's control

Of the external risks endangering the result of business operations, the main ones are connected with price fluctuations of basic steel products. The volatility of foreign exchange rates as well as electricity and zinc price risks are also major risks.

The demand and prices for steel and other metal products vary with business cycles. The situation of the global steel markets is reflected in Ruukki's main market area. Within a number of products in this area, the Group has a strong market position which, coupled with cost effectiveness, strengthens Ruukki's ability to adjust to the conditions of the prevailing business cycle.

Prices, including freight charges, of the raw materials used in steel production - iron ore, coal and other main raw materials - are determined in the world markets. Depending on the business cycle, the price of raw materials can show considerable volatility, and their procurement sources are changed from time to time. Electricity and zinc derivatives are used in managing the price risk over the next three years.

In order to keep availability risks under control, long-term agreements are made for the procurement of the main raw materials and energy that go into steel production. The Nordic electricity market is used in procuring electric energy.

As a manufacturer of steel, Ruukki consumes a large amount of energy. About a third of the electric energy used by the Group is self-generated by utilising the gases that are released in production processes. The remainder of the electricity is purchased at market prices on the Nordic energy market. The costs of purchased energy are estimated to rise over the next few years owing to the effects of the start-up of EU greenhouse gas emissions trading.

Ruukki's financing operations and the management of financial risks are handled centrally by the parent company's Corporate Treasury in accordance with the financing policy approved by the Group's Board of Directors.

Risk management is part of the Group's control system

The Group's main raw materials are priced in United States dollars. This results in a significant foreign exchange risk, because the Group's sales are denominated mainly in euros as well as partly in British pounds and Nordic kronor/kroner. The interest rate risk related to the Group's loans is managed by keeping 30–70 per cent of the loans at a fixed interest rate. Hedge accounting according to IFRS has been adopted in dealing with the Group's interest rate risk.

Management of the credit risk involved in sales activities has been centralised within Group Treasury. Management of this function was improved in 2005 by introducing across all Group units a comprehensive customer-specific and real-time system of monitoring trade receivables.

Additional information is given in Note 3 to the financial statements.

Risks to the Group's operations, which Ruukki can avert

The main internal and external risks threatening the Group's business operations, which Ruukki can avert, are personnel-related risks as well as a major interruption of production.

The implementation itself depends largely on management and other key personnel resources of the Group and the divisions. The fundamental principle is to build the commitment of key employees to the company and to offer them a competitive bonus system that is in step with the times. A new share-based long-term incentive system was introduced in 2005.

Ruukki's production equipment is in good condition and the Group employs modern and competitive technology. The production units undergo systematic maintenance and the necessary replacement investments are made according to an advance plan. The Group has loss-of-profits insurance to cover an interruption of operations, product liability and operating liability.

The Group's quality and environmental management system fulfils the requirements of the ISO 9001 and 14001 standards. Development of the systems is guided by the EHQS Steering Group (Environment, Health, Quality, Safety). The Six Sigma concept is used as a tool in quality management.

All Ruukki's main production sites operate in accordance with ISO 14001 environmental systems. When modernising production processes or building new processes, environmental risks are assessed as part of the plant's design and planning process. Ruukki operates in accordance with the principles of sustainable development.

The most important initiative within environmental protection in 2005 was the start-up of the EU scheme for emissions trading in greenhouse gases. During the three-year period from 2005 to 2007, it is not estimated that the purchase of emission rights will result in significant cost to the company's steel production from the standpoint of overall operations. The market risk in emissions trading will be handled by means of a Group-wide emissions balance. This will ensure cost-effective emissions trading.

Managing risks connected with property damage and interruption of operations is based on the principle of adequately protecting the Group's profit-making ability and capital adequacy against possible damage or loss. Maintaining proper insurance coverage against property damage and loss of profits is an essential part of the management of property damage and business interruption risks. The cost-effectiveness of insurance policies was improved by overhauling the structures of the Group's insurance programmes in respect of policies taken out in 2006.

Market capitalisation increased

- A dividend of 1.40 euros per share is proposed to be paid
- Share turnover increased by over 100 per cent

Share capital and shares

Under the Articles of Association, the minimum share capital is EUR 200,000,000 and the maximum share capital EUR 800,000,000, within which limits the share capital can be raised or lowered without amending the Articles of Association. Rautaruukki Oyj's fully paid-in share capital entered in the Trade Register at 31 December 2005 was EUR 236,106,956.50. The share capital was divided into 138,886,445 shares. During 2005 no changes were made in the share capital.

Rautaruukki Oyj has in use one series of shares. Each Series K share confers 10 votes at general meetings of shareholders. The accounting countervalue of the share is EUR 1.70. Series A shares, as provided for in the Articles of Association, have not been issued.

Treasury shares

At the end of the year, the company had 2,592,697 of its own shares (treasury shares) in its possession, corresponding to 1.87 per cent of the company's shares outstanding and the votes conferred by the shares.

The State's shareholding

The Finnish State's shareholding at 31 December 2005 was 40.1 per cent. The Government can, subject to an authorisa-

tion obtained from Parliament, reduce the State's shareholding in Rautaruukki Oyj such that its holding is nevertheless at least 20 per cent of all the company's shares and the votes they confer. As a shareholder, the State has not given guarantees or otherwise made commitments to assume responsibility for the company's debts and obligations.

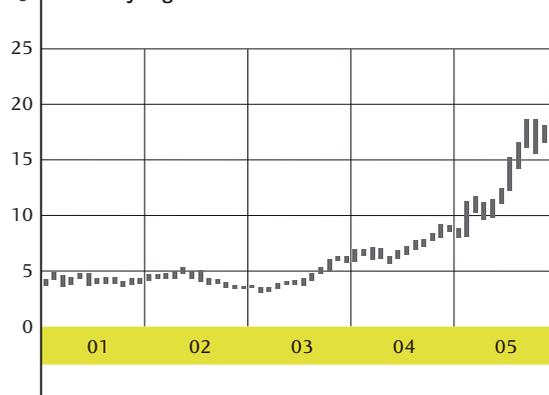
Redemption clause

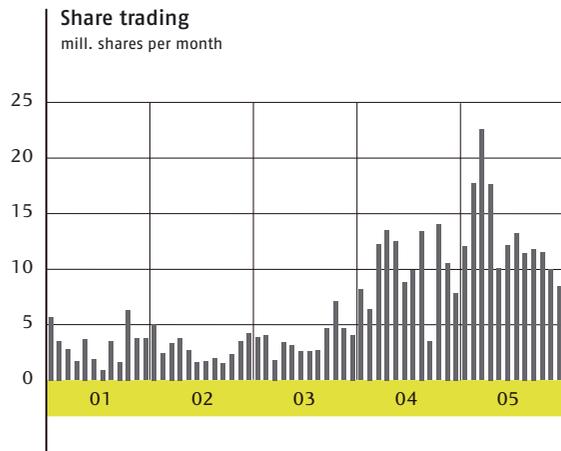
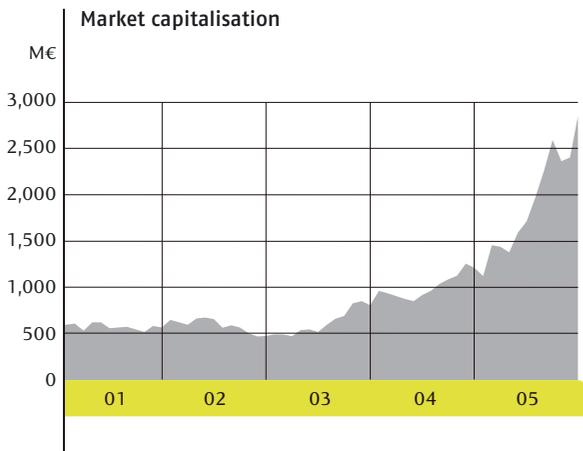
Under the Articles of Association, a shareholder whose proportional holding of all the company's shares or the votes conferred by them reaches or exceeds 33 1/3 or 50 per cent is obligated, upon a demand by other shareholders, to redeem their shares and securities giving entitlement to shares.

Share info for 2005

Highest price (in December)	21.15 €
Lowest price (in January)	8.02 €
Average price	12.90 €
Closing price	20.55 €
- year-to-year change	135 %
Market value at the year-end	2,854 M€
Taxation value in Finland	14.42 €

Share price monthly high-low





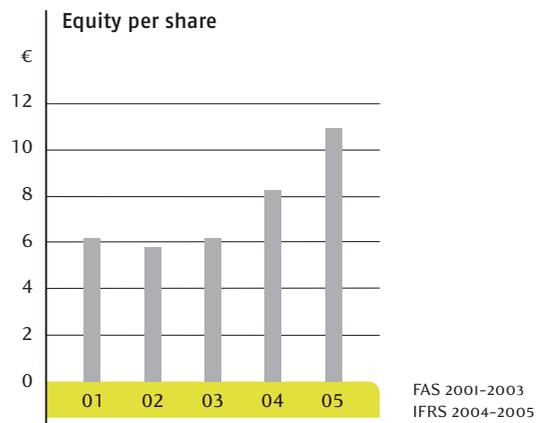
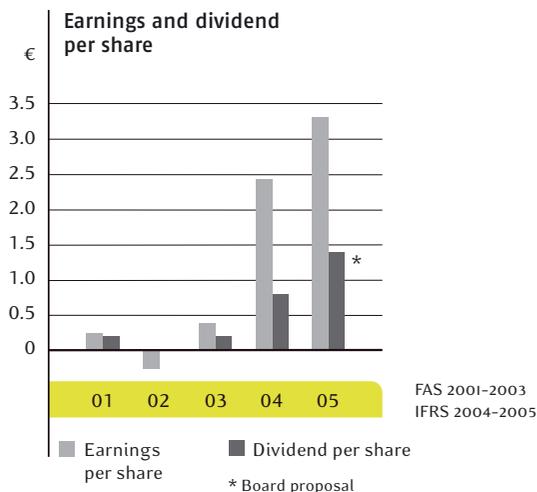
Share turnover on the Helsinki Stock Exchange

Rautaruukki Oyj's share is listed on the Helsinki Stock Exchange (RTRKS). During 2005 the number of shares traded was 159 million (2004: 127 million), representing 114 per cent of the shares outstanding (92). Shares were traded to a value of EUR 2,041 million (912) and the average intra-day trading volume was 717,692 shares. During 2005 Rautaruukki's share price rose by 135 per cent, the OMX Helsinki CAP Index was up 30 per cent and the OMX Helsinki Index increased by 31 per cent.

Board authorisations

The Annual General Meeting held on 23 March 2005 authorized the Board of Directors to resolve to repurchase a maximum of 3,800,000 Rautaruukki series K shares (2.74% of the total number of shares). The AGM also authorised the Board to decide on the transfer of a maximum of 6,872,960 Series K treasury shares. According to this authorisation, on 29 August 2005 the company transferred 480,263 of its own Series K shares (treasury shares) to persons covered by the Group's share bonus scheme.

Rautaruukki's Board of Directors does not have a valid authorisation to issue convertible bonds or bonds with warrants or to increase the company's share capital.



Dividend policy

Rautaruukki Oyj has adopted a competitive and stable dividend policy, which takes into account the company's earnings trend and adequate development of the equity ratio. The Board of Directors will propose to the Annual General Meeting on 23 March 2006 that a dividend of 1.40 euros per share is paid for the 2005 financial year.

2003 bond loan with warrants

On 26 May 2003 Rautaruukki Oyj issued an EUR 3.5 million bond loan with warrants targeted at the Group's personnel and the Rautaruukki Personnel Fund. The warrants entitle their holders to subscribe for a total maximum of 1,400,000 new Series K shares to be issued by Rautaruukki from 24 May 2006 to 23 May 2009. The subscription price of the shares is EUR 4.40 less the amount of dividends declared after 23 May 2003 and prior to the exercise of the subscription rights. As a consequence of share subscriptions through the exercise of warrants, the company's share capital can be increased by a maximum of EUR 2,380,000, which corresponds to about 1.0 per cent of the currently registered share capital.

Stock options

Rautaruukki does not have stock option programmes that are in effect.

Share bonus schemes

Share bonus scheme 2000

In February 2000 Rautaruukki introduced a share bonus scheme as part of the Group's incentive system for key executives. The scheme comprises three performance periods, the first of which commenced on 1 January 2000. Thereafter the periods have commenced at the start of each year. The last period began on 1 January 2004 and it will run until the end of 2006.

Under the share bonus scheme, the Group's key executives can receive a bonus equal to a maximum of half of their annual salary at the beginning of the performance periods. About 100 people are covered by the scheme. Of the bonus amount, 40 per cent is given in Rautaruukki shares and 60 per cent in cash to cover taxes on the bonus. The employee can sell the shares granted as a bonus no earlier than two years after the end of the incentive period.

It is a condition for receiving the maximum bonus that the Rautaruukki Group's average return on assets during the three-year incentive period is among the best three companies in a peer group. The bonus threshold is that Rautaruukki achieves at least a median ranking, i.e. sixth. In this case, the bonus is 5 per cent of annual salary. The size of the bonus if Rautaruukki places fourth or fifth varies linearly within the above-mentioned limits. The peer group comprises, in addition to Rautaruukki, Arcelor, Corus, Feralpi Group, Ispat International, Outokumpu, Salzgitter, SSAB, Stelco, US Steel and VA Stahl.

Incentive systems

For personnel	Amount of persons	Subscription price	Max. amount	Subscription time		Effect on share capital	Restrictions
Bond loan with warrants, 2003	- personnel - Personnel Fund	€ 4.40 less dividends declared after 23.5.2003	1,400,000	24.5.2006-23.5.2009		+ 1.0%	Could not be subscribed by management
For management	Amount of persons	Condition	Bonus	Incentive periods	Shares transferred	Effect on share capital	Restrictions
Share bonus scheme 2000	about 100	Average return on assets during the performance period in a peer group	Half of annual salary, of which - 40% in shares - 60% in cash	I.1.2000-31.12.2002 I.1.2001-31.12.2003 I.1.2002-31.12.2004 I.1.2003-31.12.2005 I.1.2004-31.12.2006	- 197,040 480,263	no effect	The shares can be sold no earlier than two years after the end of each performance period
Share bonus scheme 2004	about 60	Achieving the financial targets gauged by the criteria of earnings per share (EPS) and return on capital employed (ROCE)	Combination of shares and cash	I.1.-31.12.2005 I.1.-31.12.2006 I.1.-31.12.2007		no effect	The shares can be sold no earlier than two years after the end of each performance period
Stock options	-						

Rautaruukki's Board of Directors approved the maximum remunerations for the incentive period 2002–2004. The share bonus scheme for the period 2002–2004 covered 94 persons. As the share part of the total remuneration 480,263 the Company's Series K shares were transferred without consideration to the persons in August 2005.

Share bonus scheme 2004

In December 2004 Rautaruukki's Board of Directors decided on a new share bonus scheme for key executives. The aim of the scheme is to align the objectives of shareholders and key personnel in increasing shareholder value, to ensure the commitment of key employees to the company as well as to offer them a competitive, share ownership-based reward scheme.

The share bonus scheme is divided into three year-long performance periods, which are the years 2005, 2006 and 2007. Any bonuses earned are to be paid out during the year following the performance period. Payment of a bonus is contingent on achieving the financial targets set, which are gauged by the criteria of earnings per share (EPS) and return on capital employed (ROCE). Any bonuses are paid in the form of both Rautaruukki shares and a cash component.

The employee can sell the shares granted as a bonus no earlier than two years after the end of the performance period. However, the President and CEO and the members of the Management Group must retain any shares they have

obtained through the scheme at least to the value of their gross annual salary for as long as the CEO's tenure as chief executive continues or the members serve on the Management Board.

The maximum number of Series K shares which may be transferred under the bonus scheme is 1,020,000 shares. The shares to be transferred under the scheme can be treasury shares or they may be Rautaruukki Oyj shares obtained in public trading, and therefore the incentive scheme will not have a dilutive effect on the share value.

Shareholding of directors and management

At 31 December 2005, members of the Supervisory Board and Board of Directors held a total of 3,487 shares, or 0.003 per cent of the company's shares and the votes conferred by the shares. Members of the Group's Management Group owned a total of 40,214 of the company's shares at 31 December 2005, corresponding to 0.03 per cent of the company's shares and the votes conferred by the shares. Management's shareholding is discussed in greater detail on pages 43–45.

Rautaruukki insiders owned a total of 59,560 shares at 31 December 2005, or 0.04 per cent of the company's shares and the votes conferred by them. The shareholdings of Rautaruukki's public insiders are posted on the company's website at the address www.ruukki.com.

Share based key figures (FAS 2001–2003, IFRS 2004–2005)

		2005	2004	2003	2002	2001
Earnings per share, EPS	€	3.35	2.42	0.39	-0.26	0.22
- diluted	€	3.31	2.40	0.39	-0.26	0.21
Equity per share	€	10.98	8.29	6.07	5.81	6.21
Dividend per share	€	1.40*	0.80	0.20	0.00	0.20
Dividend per earnings	%	41.9*	34.7	51.3	0.0	91.9
Price per earnings, P/E		6.1	3.8	15.0	-13.2	18.8
Effective dividend yield	%	6.8*	9.2	3.4	0.0	4.9
Share trading	M€	2,041	912	207	145	162
Average price of the share	€	12.90	7.16	4.66	4.26	4.16
Lowest price of share	€	8.02	5.67	3.05	3.36	3.59
Highest price of share	€	21.15	9.19	6.36	5.30	4.85
Share price at year-end	€	20.55	8.74	5.84	3.44	4.10
Market capitalisation at year-end	M€	2,854	1,214	811	478	569
Average adjusted number of shares	thousands	135,977	135,683	135,616	135,616	136,132
- diluted	thousands	137,377	137,083	136,606	136,016	138,947
Adjusted number of shares at year-end	thousands	138,886	138,886	138,886	138,886	138,886
Number of shares at year-end	thousands	138,886	138,886	138,886	138,886	138,886
- not counting own shares	thousands	136,294	135,813	135,616	135,616	135,616
- diluted	thousands	137,694	137,213	137,016	136,016	138,431
Share trading	thousands	158,463	127,415	44,429	33,902	39,038
Stock turnover	%	116	94	33	25	29

* Board proposal

The biggest shareholders of Rautaruukki Oyj according to the share register at 31.12.2005

Shareholder	Shares, %	Number of shares
1 The Finnish State	40.07	55,656,699
2 Rautaruukki Oyj	1.87	2,592,697
3 Rautaruukki Pension Foundation	1.14	1,585,455
4 Esa Rannila	1.12	1,555,800
5 Odin Norden	0.92	1,281,420
6 Mutual Insurance Company Eläke-Fennia	0.36	500,000
7 Finnish State Pension Fund	0.36	500,000
8 S-stock Oy	0.35	480,000
9 Investment Fund Pohjola Finland value	0.34	477,000
10 Neste Oil Pension Fund	0.32	441,500
11 Onnenmäki Foundation	0.31	435,257
12 Odin Förvaltnings AS	0.28	393,400
13 Pension Insurance Company Ilmarinen Ltd.	0.27	377,890
14 Yleisradio Pension Fund	0.25	348,600
15 Einari Vidgrén	0.22	301,100
16 Åbo Akademi Foundation	0.22	300,000
17 OP-Focus Mutual Fund	0.21	287,000
18 Special Mutual Fund OMX Helsinki 25 Index Share Fund	0.17	237,340
19 OP-Delta Investment Fund	0.14	200,000
20 Technology Industries of Finland	0.14	196,800
Nominee registered shares	38.80	53,885,439
Other shareholders	12.13	16,853,048
Total	100.00	138,886,445

Shareholders by share ownership according to the share register at 31.12.2005

Number of shares	Shareholders		Shares	
	No.	%	Thousands	%
1-100	2,402	15.01	149	0.11
101-1 000	11,342	70.88	4,875	3.51
1 001-10 000	2,055	12.84	5,646	4.07
10 001-100 000	171	1.07	5,232	3.77
100 001-	32	0.20	122,984	88.55
	16,002	100.00	138,886	100.00

Shareholders by sector according to the share register at 31.12.2005

	Shareholders		Shares	
	No.	%	Thousands	%
Companies	505	3.16	4,932	3.55
Banks and insurance companies	49	0.31	2,512	1.81
Public institutions	32	0.20	59,978	43.19
Non-profit institutions	196	1.23	2,717	1.96
Private households	15,134	94.58	12,912	9.30
Nominee registered shares	11	0.07	53,885	38.80
Other international shareholders	75	0.47	1,949	1.40
	16,002	100.00	138,886	100.00

Stock exchange releases 2005

Dec 22	Rautaruukki received approval from competition authorities for purchase of PPTH
Dec 19	Rautaruukki acquires Slovakia's leading steel constructor Steel-Mont
Dec 14	Rautaruukki's nomination committee representatives
Dec 1	Rautaruukki Capital Market Day
Nov 25	Rautaruukki reduces the size of its share's trading lot
Nov 14	FCA continues probe in Rautaruukki's PPTH- acquisition
Oct 26	Rautaruukki Corporation Interim report January-September 2005
Oct 5	Rautaruukki has completed the acquisition of Syneco Industri AB
Sep 30	Rautaruukki has received authority approvals to acquire Syneco Industri
Sep 29	Rautaruukki acquires all of PPTH, largest Nordic steel constructor
Sep 28	Changes in Rautaruukki Corporation Management Group
Sep 28	Terhi Heikkinen to join Rautaruukki Corporation as Senior VP, Human Resources
Aug 31	Rautaruukki: Ruukki Engineering reinforces position by acquiring Syneco Industri
Aug 29	Rautaruukki Board approves the remunerations of the Group's share bonus scheme for 2002-2004
Jul 27	Rautaruukki Corporation Interim report January-June 2005
Jun 23	Rautaruukki raises holding in Metalplast to 99.8 per cent
Jun 6	Rautaruukki Corporation's pro forma information on Ovako arrangement
May 31	Rautaruukki raises holding in Metalplast to 68.7 per cent
May 24	Rautaruukki has received authority approval to acquire Metalplast
May 10	Rautaruukki, SKF and Wärtsilä have completed merger of long steel businesses
May 4	Rautaruukki, SKF and Wärtsilä have received European Commission approval to merge long steel businesses
Apr 27	Rautaruukki Corporation Interim report January-March 2005
Apr 26	Rautaruukki 2004 figures for comparison according to IFRS standards
Apr 22	Rautaruukki, SKF and Wärtsilä have today signed a definitive agreement to merge long steel businesses
Apr 8	Rautaruukille signed EUR 300 million syndicated loan agreement
Apr 6	Rautaruukki: Management Changes at Ruukki Construction
Mar 23	The resolutions of Rautaruukki's Annual General Meeting 2005
Feb 17	Rautaruukki: Notice of Annual General Meeting
Feb 17	Preliminary information about impact of IFRS on Rautaruukki's consolidated financial statements
Feb 17	Rautaruukki Corporation Financial statements bulletin 2004
Feb 17	Rautaruukki, SKF and Wärtsilä to merge long steel businesses
Feb 3	Proposal of the Board composition by the Nomination committee of Rautaruukki
Jan 27	Rautaruukki acquiring Polish Metalplast
Jan 12	Rautaruukki's nomination committee representatives

Annual General Meeting

Rautaruukki Corporation's 2006 Annual General Meeting will be held on 23 March 2006 at 12.00, midday, in Helsinki at the Marina Congress Center, address: Katajanokanlaituri 6, Helsinki. Listing of attendees and the passing out of ballots will begin at 11.30 (a.m.).

Those shareholders are entitled to participate in the Annual General Meeting who have been entered in the Shareholder Register kept by Finnish Central Securities Depository Ltd no later than on 13 March 2006 and have registered for the meeting. A shareholder in whose name the shares are made out is automatically entered in the company's Shareholder Register. A nominee-registered shareholder can be temporarily entered in the company's Shareholder Register, providing this is done by 13 March 2006.

Shareholders wishing to participate in the Annual General Meeting must notify the company of their intention to attend no later than on 20 March 2006 before 4.00 p.m. Registrations can be made via Rautaruukki's website at the address www.ruukki.com, by email on yhtiokokous@ruukki.com, by letter to the address Rautaruukki Oyj, Osakerekisteri, P.O. Box 138, 00811 Helsinki, by fax on +358 20 592 9104 or by phoning the number +358 10 804 430 from Monday to Friday, 9.00 a.m. to 4.00 p.m. It is requested that any proxies be delivered to the company's Shareholder Register before the close of the registration period.

Payment of dividends

The Board of Directors will propose to the Annual General Meeting that a dividend of 1.40 euros per share be paid for the 2005 financial year. The dividend will be paid on 4 April 2006 to a shareholder who, on the record date for the dividend payment, 28 March 2006, has been entered in the Shareholder Register kept by Finnish Central Securities Depository Ltd.

Financial reporting in 2006

Financial Statement Bulletin 2005:

Wednesday, 8 February 2006

Interim Report Q1/2006: Wednesday, 26 April 2006

Interim Report Q2/2006: Wednesday, 26 July 2006

Interim Report Q3/2006: Wednesday, 1 November 2006

The 2005 Annual Report was published in March 2006, week 11. The Annual Report is available in Finnish, Swedish and English and it is also published on the company's website at the address www.ruukki.com. Interim reports are published in Finnish and English as stock exchange releases and on the company's website.

Closed period

Ruukki observes the principle of a 14-day closed period before earnings announcements. During this period Ruukki does not meet with capital market representatives or discuss with them matters related to the company's earnings trend.

Investor Relations

The principal task of Rautaruukki's investor relations is to maintain regular contacts with the investment community, i.e. current and potential shareholders as well as analysts. This is done by actively communicating information on events having an impact on the company's operations, strategic decisions and other major operational actions. The company also arranges its own events for the investment community as well as one-on-one meetings. The main principles guiding these activities are to provide information, consistently and adequately, on an equal basis and at the same time to all investors in all situations as well as fairness, openness and good service. The aim of investor relations is to make available to investors and analysts the tools for determining the value of Rautaruukki's share.

Investor Relations function is responsible for contacts with the investment community. The company's top management participates actively in, and is committed to, well-run investor relations.

Investment analysis

According to information available to company, the following securities firms have followed the Rautaruukki Group regularly during 2005. The analysts have monitored the Rautaruukki on their own initiative. Rautaruukki Corporation is not responsible for the views they express.

ABG Sundal Collier, Alfred Berg ABN Amro, Cheuvreux Nordic AB, Credit Suisse First Boston, D. Carnegie AB, Danske Equities, Deutsche Bank, Enskilda Securities, eQ Bank Ltd., Evli Securities, FIM Securities, Handelsbanken Capital Markets, Kaupthing Sofi, Mandatum Stockbrokers Ltd., Opstock Ltd., UBS

Shareholders' changes of address

Changes in a shareholder's address should be notified via the relevant bank or Finnish Central Securities Depository Ltd.

Basic share information

Rautaruukki Corporation has one series of shares. Series K shares are listed on the Helsinki Stock Exchange and they are registered in the electronic book-entry system maintained by Finnish Central Securities Depository Ltd. Series A shares, as provided for in the Articles of Association, have not been issued.

Trading code: RTRKS

Round lot: 50 shares

Codes used by press offices:

Reuters: RTRKS.HE

Bloomberg: RTRKS FH

Startel: RTRKS

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