

Ruukki as a company

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Rautaruukki's Annual Report 2007 consists of two separate parts. The annual report tells about Ruukki as a company, corporate governance and the company's share. The report also contains information about corporate responsibility.

The second part, the Financial Statements 2007, includes the report of the Board of Directors and the consolidated and parent company financial statements.

Ruukki in

2
minutes

Image: The Imarsundet bridge in Møre and Romsdal in Norway was delivered by Scanbridge AS, which has been part of Ruukki since 2007. Delivery included production and installation of the 550-metre composite box girder bridge. The bridge sections, pre-installed in factory conditions, were 120 metres long and weighed 350 tonnes each.

what?

Rautaruukki supplies metal-based components, systems and integrated systems to the construction and engineering industries.

The company has a wide selection of metal products and services. Rautaruukki has operations in 24 countries and employs 14,600 people. Net sales in 2007 totalled EUR 3.9 billion. The company's share is quoted on the OMX Nordic Exchange Helsinki (Rautaruukki Oyj: RTRKS). 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's strategic intent

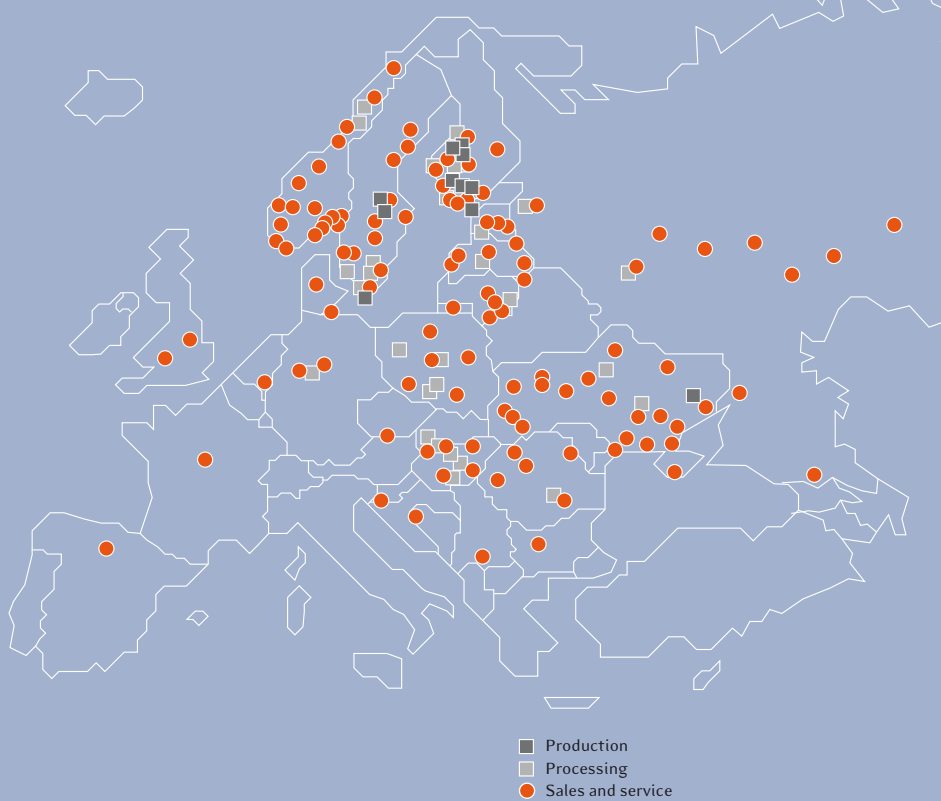
The industry leader in steel construction in Europe

A leading solutions provider for specific engineering customers in Europe

Outstanding delivery promise with strong focus on special products



where?



Net sales by division



Net sales by region



Key figures

Figures for 2006 in the income statement exclude capital gain on divestment of Ovako

	2007	2006
Net sales, €m	3,876	3,682
Operating profit, €m	637	529
Operating profit, as % of net sales	16.4	14.4
Profit before taxes, €m	621	535*
Return on capital employed, %	29.6	27.4*
Return on equity, %	24.0	24.9*
Equity ratio, %	70.4	61.6
Gearing ratio, %	1.4	1.2
Net interest-bearing liabilities, €m	28	22
Earnings per share, €	3.31	2.92*
Dividend per share, €	1.70+0.30**	1.50+0.50
Equity per share, €	14.30	13.26
Personnel on average	14,715	13,121

* Excludes capital gain of around EUR 100 million arising from divestment of Ovako.

** The Board of Directors proposes a dividend of EUR 1.70 per share, and an additional dividend of EUR 0.30 per share arising from funds freed up from the long steel business.

Operating profit clearly improved on last year's figure – future outlook is good

- Net sales EUR 3,876 million (3,682, comparable 3,515), up by 10 per cent on comparable figure
- Operating profit EUR 637 million (529, comparable 515), up by 24 per cent on comparable figure
- Return on capital employed 29.6 per cent (31.5, excluding impact of capital gain arising from divestment of Ovako 27.4)
- Earnings per share (diluted) EUR 3.31 (3.65, excluding impact of capital gain arising from the divestment of Ovako 2.92)
- Dividend proposed by Board of Directors EUR 1.70 and an additional dividend of EUR 0.30 per share (EUR 1.50 per share and an additional dividend of EUR 0.50 per share)
- The company's strong growth especially in Russia and in Central Eastern Europe, together with brisk demand in customer industries, creates a good platform for Rautaruukki's growth in 2008. Comparable net sales growth is expected to meet the target and exceed 10 per cent. Operating profit in 2008 is expected to be higher than in 2007.

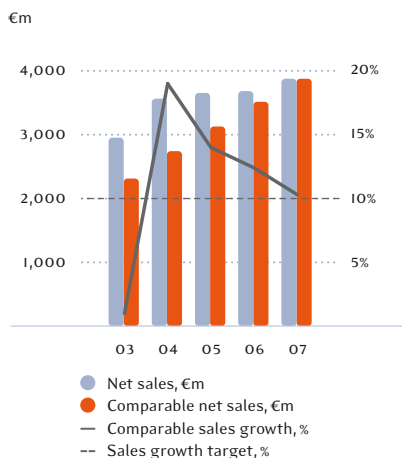
Net sales by division



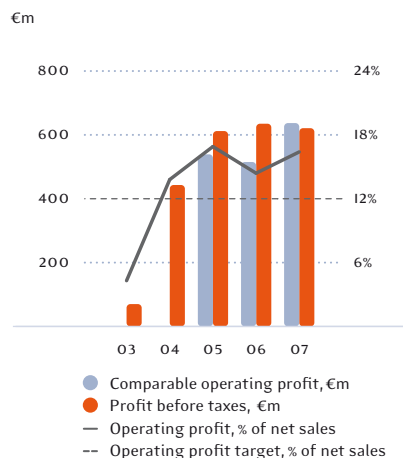
Net sales by region



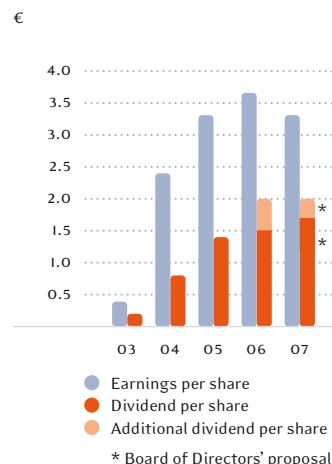
Net sales and growth



Operating profit and profit before taxes



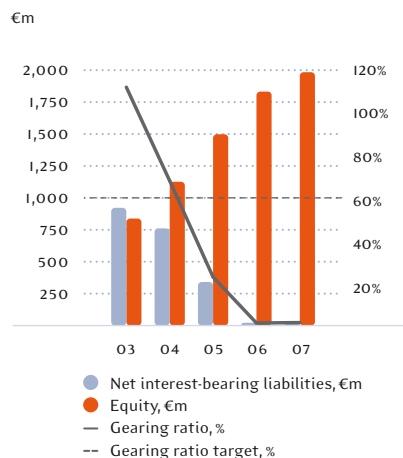
Earnings and dividend per share



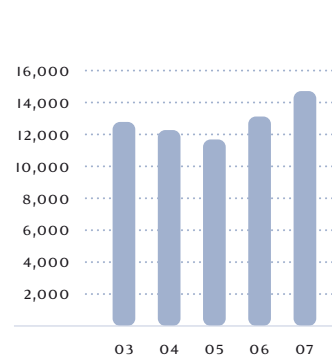
Return on equity and return on capital employed



Net interest-bearing liabilities, equity and gearing ratio



Personnel on average

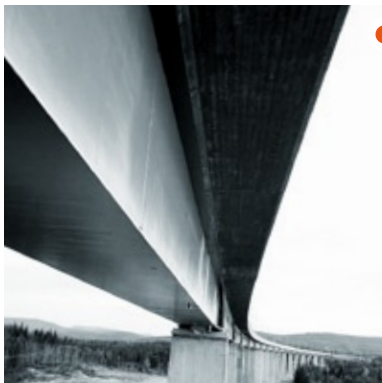


Headlines in 2007



25 January 2007

Rautaruukki received final regulatory clearance for the acquisition of AB Omeo Mekaniska Verkstad. Omeo's core business is welding and assembling booms used in materials handling equipment. This transaction supported implementation of Rautaruukki's growth strategy and strengthened the company's market position by adding to frame and boom solutions for customers in the lifting, handling and transportation equipment industry. The transaction was closed on 31 January 2007.



13 February 2007

Rautaruukki strengthened its position as a supplier of steel bridge structures in the Nordic countries through the acquisition of Norwegian company Scanbridge AS, a supplier of load-bearing steel bridge structures. The acquisition increases the share of the solutions business of Rautaruukki's overall operations and strengthens Ruukki's expertise as a supplier of total bridge deliveries from materials and design all the way to installation. Regulatory clearance was received on 16 March 2007 and the transaction was closed on 2 April 2007.



23 April 2007

Rautaruukki strengthened its position as supplier to the lifting, handling and transportation equipment industry through the acquisition of Hungarian company Aprítógépgyár Zrt (AGJ). Regulatory clearance for the transaction was received on 10 May 2007. Rautaruukki closed the transaction on 29 May 2007 by acquiring an 80.7 per cent share in AGJ.

31 May 2007

Rautaruukki launched a solution package to increase the speed and safety of constructing multi-storey buildings. The package includes many construction engineering innovations which also improve building-site safety. Launched initially in Finland and Sweden, the package includes the foundations, frame and façade structures for multi-storey office or commercial construction.



12 September 2007

A new direct quenching unit came on stream at the Raahе Works in Finland. The investment is part of an approximately EUR 100 million investment programme in high-strength and quenched steels. A direct quenching unit provides steel with the desired strength properties by cooling products quickly with water after heating and rolling.

23 October 2007

The first production lines at Rautaruukki's new plant in Romania started up. The Romanian plant is located near Bucharest and, when completed in spring 2008, will be Rautaruukki's first plant producing in the same place steel frames, sandwich panels, roofing and cladding sheets and structural tray liners for commercial and industrial construction. The total investment is worth around EUR 35 million.

30 November 2007

Rautaruukki divested its remaining reinforcing units Ruukki Betonstahl GmbH in Germany and Ruukki Welbond BV in the Netherlands.

> See page 63 for a list of Rautaruukki's stock exchange releases.

CEO's review

Last year was a successful one for Rautaruukki in many ways. Demand was brisk in all customer industries and, driven mainly by organic growth, our comparable net sales were up by 10 per cent, which is in line with targets. Operations during the year focused on further improving efficiency and delivery reliability. Our operating profit of EUR 637 million was the best in the company's history.

We enter 2008 yet another step closer to our strategic intent of becoming Europe's leading metal-based solutions provider to customers in construction and in the lifting, handling and transportation equipment industry. The solutions businesses - construction and engineering - currently account for 44 per cent of our net sales. We are actively pursuing new growth opportunities in component and systems deliveries in the energy sector, special products and in the parts processing business.

Pacesetter for steel construction

Ruukki has doubled its construction business over the past two years through acquisitions and organic growth. The company has rapidly become a pacesetter in steel construction and aims to become the industry leader in Europe. The steel construction markets are in a growth phase, especially in the non-residential construction sector in Eastern Europe. Between 2007 and 2009, we are investing some EUR 110 million in growing our production capacity in Russia, Ukraine and Central Eastern Europe. During the reporting period, we completed investments to expand our operations in Poland and Hungary and started up production at our new plant in Romania. We also expanded our network of sales offices into Bulgaria and Croatia. Geographical expansion brings us within even closer reach of our customers. Strong growth in Russia, Ukraine and Central Eastern Europe increased the share of this market area to about a fifth of consolidated net sales.

Spring 2007 saw us launch an innovation for multi-storey construction. This innovation not only considerably shortens construction time, but also improves building site safety. The new innovation successfully combines Ruukki's broad expertise in foundation, frame and façade construction. We believe that this type of solution will gain a foothold in the construction market both in the Nordic countries and in Central Europe. Acquisition of bridge supplier Scanbridge in spring 2007 complemented Ruukki's expertise, especially in the design and implementation of large bridge projects, and makes Ruukki the leading supplier of steel bridge foundations and superstructures in the Nordic countries.

Broader customer base and product range

Hungarian company AGJ, acquired in May 2007, has given us major new customers in the lifting, handling and transportation equipment industry and enabled us to broaden our product range. The acquisition is part of our strategy to establish an efficient production network in Europe to serve the engineering industry.

We have major growth potential in the lifting, handling and transportation equipment industry since the entire sector in our target market across Europe has already grown to around EUR 10 billion. We see major growth potential also in the energy industry, espe-

cially in the fast growing production of wind power. The cost of integrating acquisitions in particular had an adverse impact on Ruukki Engineering division's result for the year. To enhance profitability, at the start of 2008 we launched a programme aimed at improving the division's operating profit for 2008 by some EUR 20 million compared to 2007.

Growth driven by special products

Strong, growing demand for special steel products makes them a focal area of Ruukki Metals division. September saw the completion of an investment programme worth around EUR 100 million at the Raahe Works in Finland to further increase the production capacity of special steels. We plan to increase the share of special products of Ruukki Metals division's net sales from the current figure of 25 per cent to 40 per cent by the end of 2010. The lightness, strength, durability and new design properties of special steel products enable customers to make more cost-efficient end-products of higher quality. We have also reviewed the role of the works and service centres to further improve customer service.

Climate change affects our business

Combating climate change creates challenges and opportunities for Ruukki's business. In construction, we can drive down energy consumption by providing solutions with good thermal insulation properties and solutions that enable compact urban construction. Our high-strength, lightweight products can help reduce energy consumption and emissions in transportation equipment. We are also involved in building cleaner energy production through the growing wind power market. Our steel production will incur additional costs of around EUR 3-5 million a year during the 2008-2012 emissions trading period, which began at the start of this year.

Focus on profitable growth

Strong growth especially in Russia and in Central Eastern Europe, together with brisk demand in customer industries, creates a good platform for Rautaruukki's growth in 2008. We expect comparable net sales growth to meet the target and exceed 10 per cent. We also expect operating profit in 2008 to be higher than in 2007.

I would like to thank our customers, partners and shareholders for the confidence they have shown in us over the past year. I am also very grateful to all Ruukki's employees for their part in making 2007 such a successful year.

Helsinki, 6 February 2008

Sakari Tamminen
President & CEO
Rautaruukki Corporation

where?

“We enter 2008 yet another step closer to our strategic intent of becoming Europe’s leading metal-based solutions provider to customers in construction and in the lifting, handling and transportation equipment industry.”



Vnukovo Airport is one of Moscow’s three major airports and, like the other airports in the city, is constantly being enlarged. Ruukki supplied almost 20,000 square metres of façade cladding and roof structures for the international passenger terminal at Vnukovo and was also responsible for the associated structural and detail planning.

Building Eastern Europe

- **Innovations for construction processes**
- **Rationalisation of engineering value chain**
- **Profitable growth from special products**

Ruukki aims to be the leading supplier of metal-based solutions in Europe to customers in construction and in the lifting, handling and transportation equipment industry. Ruukki is also seeking growth in component and systems deliveries in the energy sector, special products and in parts processing business, which will further reduce share of sales of standard products that are exposed to price fluctuations.

Good progress has been made with Group’s structural change over the past few years. Ruukki Construction and Ruukki Engineering, the divisions forming the focus of the solutions business, are approaching the target of 50 per cent of the company’s net sales and results. At year-end 2007, these two divisions accounted for 44 per cent of net sales. Solutions include parts, components and systems deliveries that Ruukki Construction and Ruukki Engineering supply to chosen customer segments. Ruukki is also heavily strengthening its special product business. Ruukki Metals aims to grow the share of special products to 40 per cent of the division’s net sales by the end of 2010.

Innovations for construction processes

Ruukki Construction’s strategic intent is to be the leading provider of steel construction solutions in Europe. The division has rapidly risen to be a pacesetter in its field. Ruukki’s competitive edge includes

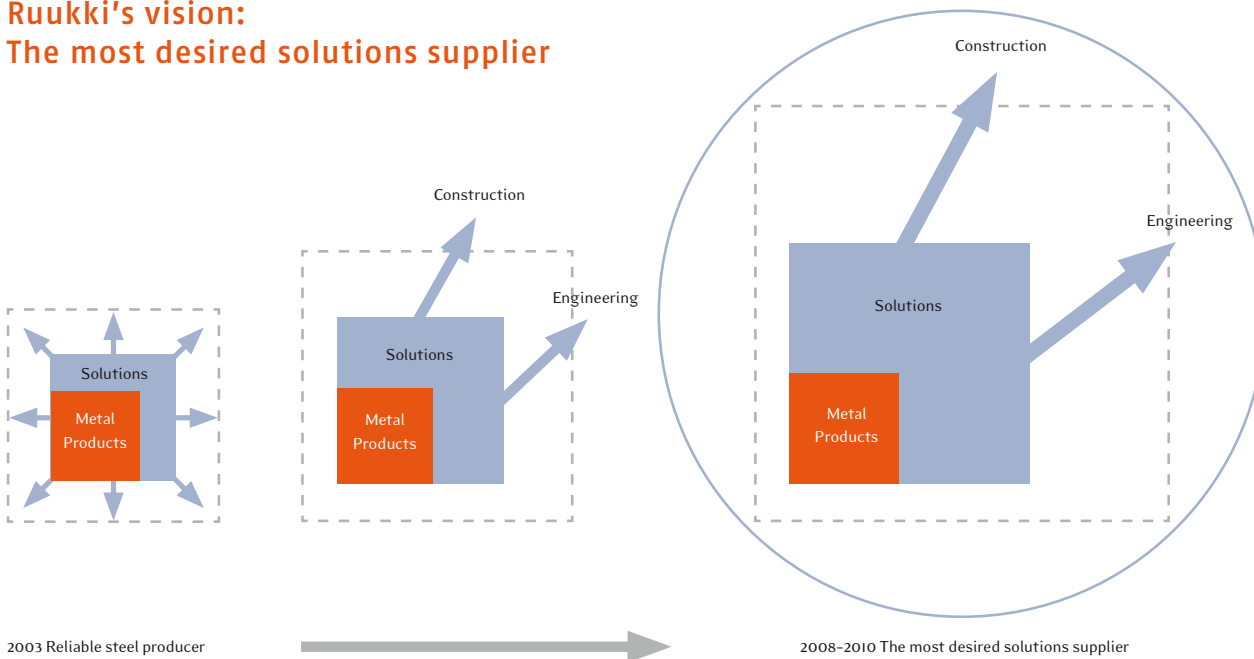
a good reputation, customer proximity, innovative product development and a strong sales, design and production network in Eastern Europe and the Nordic countries.

The importance of design and project expertise is particularly highlighted in total deliveries. To develop project expertise, Ruukki has a comprehensive project management training programme and the company is developing new construction technologies to industrialise the construction process. For the customer, this translates into shorter construction times, improved quality and less risk between construction stages. Safety improves and labour costs fall as the number of subcontractors decreases.

The results of development are already visible and work continues. Over the past year, Ruukki launched a solutions package which includes a number of construction technology innovations to speed up multi-storey office and commercial construction, make it more efficient and improve on-site safety. Construction work using the first solutions package, which contains a new type of pile foundation base and frame and envelope structures, began in Helsinki in June 2007. The concept has also been launched in the other Nordic countries and the next move is to develop a new solution for the hall construction market in Central Europe. The foundation element solution not only shortens construction time, but is also independent of weather, thus reducing the typical seasonality of the construction industry.

The steel construction markets are growing strongly, especially in the commercial and office construction sector in Eastern Europe. The target market is valued at an estimated EUR 17 billion, which

Ruukki's vision: The most desired solutions supplier



is forecast to rise to EUR 21 billion by the end of 2010. Ruukki has ongoing investment programmes in Romania, Ukraine, Poland and Russia to considerably strengthen its delivery capability of frame structures, wall panels and profiled products in these rapidly growing markets. Acquisition of Norwegian company Scanbridge AS in spring 2007 complemented Ruukki's expertise as a total supplier of challenging bridge projects. Ruukki is now the leading supplier of steel bridge foundations and superstructures in the Nordic countries. Ruukki Construction aims to grow its net sales organically to more than EUR 1.5 billion by year-end 2010.

[➤ Read more about Ruukki Construction on page 18.](#)

Rationalisation of engineering value chain

Ruukki Engineering's strategic intent is to be one of the leading providers of systems and components to the lifting, handling and transportation equipment (LHT) industry. Apart from its strategic focus on LHT, the division also seeks new growth from the energy sector. Ruukki furthers the business growth of its customers by establishing an efficient production network in Europe. An expansion of the customer base and product range also enables growth. Investments in increasing capacity, carefully chosen acquisitions and value chain rationalisation are needed to carry out the strategy. The value chain in the LHT industry is very fragmented, often with small, local suppliers and there is much rationalisation potential along the entire chain. Ruukki is especially focusing on optimising the production network, automation, product design and new manufacturing technologies. The

company's strengths are its in-depth steel excellence combined with component and solutions development, design, efficient processing and logistics. Product development work takes place in close cooperation with customers to boost the competitiveness of both parties.

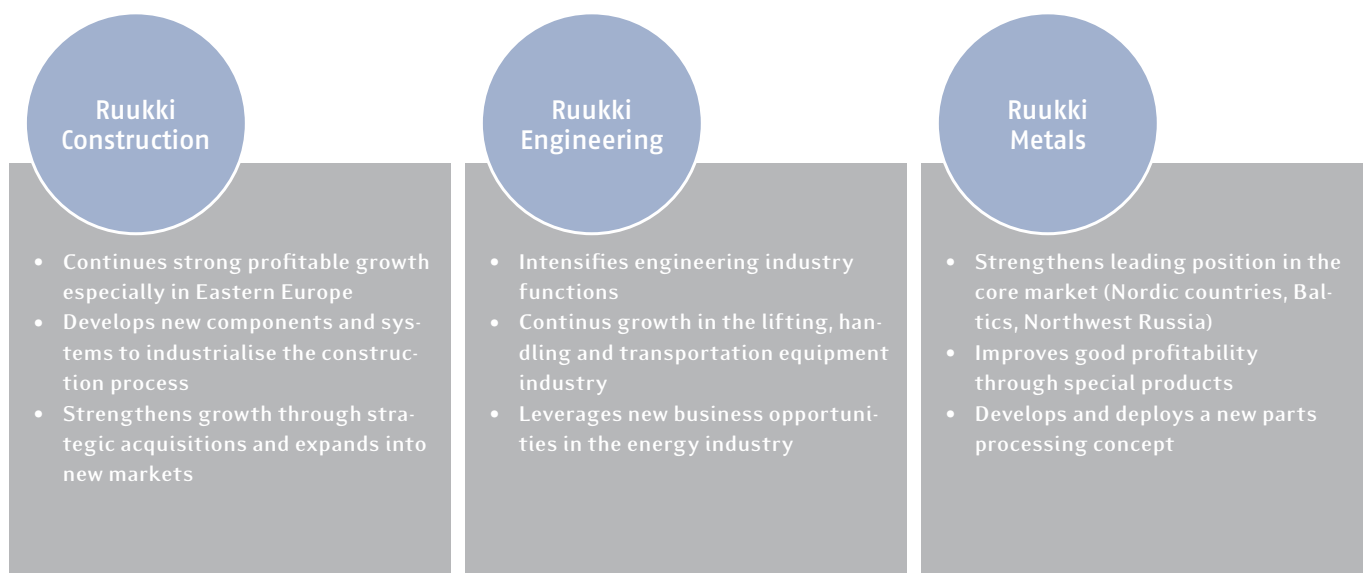
Acquisition of Hungarian company Aprítógépgyár Zrt. (AGJ) in May 2007 supports the company's growth strategy, especially in the LHT customer segment. AGJ's production units in Hungary complement Ruukki's production network in Central Eastern Europe. AGJ has also enabled Ruukki to start delivering components to new customers, who are leading manufacturers of earth-moving machinery and materials handling equipment.

There is a growing need to develop alternative energy technologies. The basic energy need is expected to increase by 50 per cent by 2030. The growing debate about global warming, especially in Europe, opens up new growth potential also for Ruukki. The renewable energy market is expected to show significant growth. Production of wind turbines, for example is forecast to double by 2012. Ruukki's competitive edge includes an ability to quickly respond to long-standing customers' growth needs and top-class expertise in welding demanding, heavy-duty components.

Ruukki Engineering is constantly developing its operations as a parts and components supplier within the paper and wood processing industry and offshore sector.

[➤ Read more about Ruukki Engineering on page 22.](#)

Key factors for profitable growth



Profitable growth from special products

In metal products, Ruukki consolidated its leading position on its core markets in the Nordic countries, Baltics and the St Petersburg region. Ruukki Metals is increasingly focusing on customised, pre-fabricated special products and parts processing. Special products are less exposed than standard steel products to cyclical swings in the steel market.

There is strong demand for special products. Ruukki's customers want lighter structures, lower maintenance costs, longer product life and better design. Ruukki's abrasion-resistant and high-strength steels are ideal for such applications.

The strategic intent is that by the end 2010, special products will account for 40 per cent of Ruukki Metals division's net sales compared to the current figure of 25 per cent. Ruukki aims to be Europe's leading supplier of abrasion-resistant steel.

In addition to special products, development and implementation of the parts processing concept are central to Ruukki Metals' strategy. Parts processing frees up the customer's resources for engineering operations proper. In practice, this means that instead of large plates, Ruukki supplies parts cut-to-shape direct to the customer's production line.

Ruukki's customer-driven operations enable it to provide a comprehensive range of products tailored to each market. Deliveries are made to order direct from plants or service centres, whichever is the most effective. The supply chain is being further developed to continually improve delivery reliability and flexibility.

[➤ Read more about Ruukki Metals on page 24.](#)

Steel production becoming more specialised

A focus on high-strength steels is driving investments at Ruukki Production. Deployment of the latest technology makes it possible to produce increasingly demanding special products cost-efficiently. As the focus shifts towards demanding special products, Ruukki is competing less and less with Eastern European and Asian steel companies that make standard products. Apart from specialisation, steel production is especially addressing the ongoing improvement in delivery reliability and flexibility.

[➤ Read more about Ruukki Production on page 26.](#)

Building Eastern Europe

Dynamic growth in the Eastern European market presents a major opportunity for all Ruukki's businesses. The company intends to considerably grow its net sales in Central Eastern Europe, Russia and Ukraine. At year-end 2007, the region accounted for 21 per cent of consolidated net sales.

Construction in particular is growing strongly in the emerging markets, but the relocation of production in the western engineering industry to Eastern Europe and the modernisation of the local engineering industry also provide new opportunities for both Ruukki Engineering and Ruukki Metals divisions. Ruukki already has a strong

Acquisitions 2004–2007

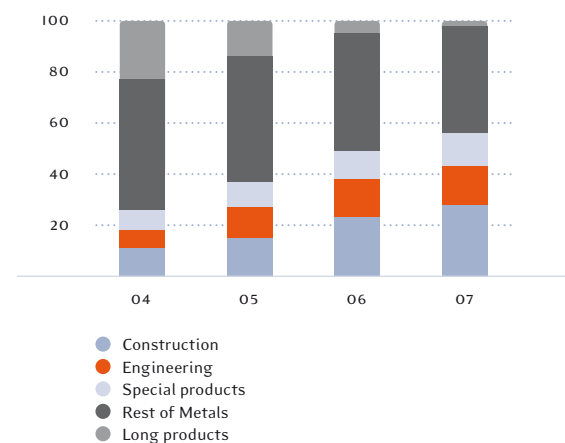
	At time of purchase Net sales, €m	At time of purchase Employees	Closed
TP-teräskeskus Oy	4	18	3/2004
Velsa Oy	47	400	10/2004
Metalplast-Oborniki	65	685	6/2005
Syneco Industri AB	37	495	10/2005
PPTH Steelmanagement Oy	101	500	1/2006
Steel-Mont a.s.	27	130	3/2006
OOO Ventall	70	1,250	6/2006
AZST-Kolor CJSC	-	100	6/2006
AB Omeo Mekaniska Verkstad	23	55	1/2007
Scanbridge AS	9	75	4/2007
Aprítógéppýár Zrt. (AGJ)	43	740	5/2007

Divestments 2004–2007

	At time of sale Net sales, €m	At time of sale Employees	Closed
Technology Sales unit	3	8	3/2004
Star Tubes Ltd	15	50	4/2004
Welding wire production	-	30	6/2004
Long steel products (Ovako)	600	1,900	5/2005
Froh HouseTech GmbH	12	50	9/2005
Halikko works	13	100	10/2005
Reinforcing steel business	328	690	8/2006
Metalplast Systems Sp.zo.o.	8	245	8/2006
Duisburg service center	-	75	9/2006
Fredericia works	15	21	11/2006
Oy Ovako Ab	-	-	11/2006
Ruukki Betonstahl GmbH	66	68	11/2007
Ruukki Welbond BV	10	45	11/2007

Structural change 2004–2007

Share of net sales
%



presence in all target countries. This enables the company to react quickly to market changes. The company has been active in Eastern Europe since the early 1990s. At year-end 2007, Ruukki had around 5,700 employees in Eastern Europe. Apart from acquisitions, Ruukki is also investing heavily in Eastern Europe. Investments to expand operations in Poland and Hungary and the profile production lines at the new plant in Romania were completed in 2007. The new plants in Romania and Ukraine will be fully operative in 2008. A three-year investment programme is currently to expand production capacity in Russia and will be completed by early 2009.

Profitability key to all operations

Business profitability is the basic factor in all Ruukki's operations. Rather than maximising production volumes, the company's own steel production is driven by flexible adaptation to the market situation and profitable demand. The company is enhancing customer service, delivery capability and operational efficiency through the corporate-wide Ruukki United programme, which aims at developing and harmonising ways of working across different countries and businesses throughout the company. The programme also aims to permanently improve the cost structure and boost the working capital turnover ratio. Cost savings are expected to have a positive impact of around EUR 150 million on the consolidated operating profit by year-end 2008. Around EUR 96 million of this figure had been achieved by the end of 2007. Rationalising ways of working is expected to release a further

EUR 150 million of working capital by year-end 2008. EUR 76 million of this target had been achieved by the end of 2007.

Platform in place for profitable growth

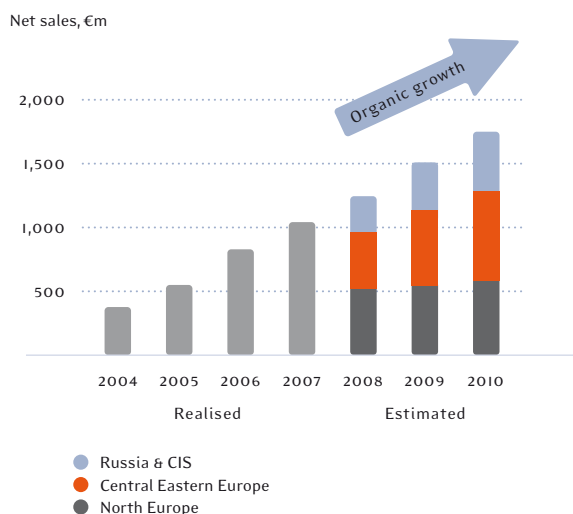
Ruukki has a strong platform for profitable growth provided by acquisitions, investments and the divestment of non-core businesses. The company has a strong balance sheet and structural change within the Group is progressing well. Subsequent to structural change, products susceptible to market disruptions are accounting for a considerably smaller share of net sales.

A strong balance sheet enables growth to be accelerated through investments and carefully chosen acquisitions. The organisation's main attention in recent years has been on growth. Structural change is now at the stage where increasingly more attention can be given to operational efficiency.

The top line growth target is 10 per cent a year. Strongest growth is in Ruukki Construction, which, through organic growth, aims at net sales of over EUR 1.5 billion by the end of 2010. Ruukki aims for an operating profit of 12 per cent of net sales. Increasing the share of special products of Ruukki Metals net sales to 40 per cent from a current figure of 24 per cent will have a major impact on profitability. The target for the return on capital employed is 20 per cent and the gearing ratio less than 60 per cent. The dividend policy is a pay out ratio of 40-60 per cent of earnings. The aim is for a steadily growing dividend taking into account the needs for business growth.

Ruukki Construction's target

Net sales are expected to grow organically to over €1.5bn by the end of 2010 (excluding acquisitions)



Ruukki Metals net sales by products 2007

The aim is to grow the share of special products to 40 per cent of the division's net sales by the end of 2010



Strong growth in customer industries continued

- **Strong growth in global economy continued**
- **Fast growth in construction in Europe, especially in the Baltics, Central and Eastern Europe**
- **Strong demand continued in the engineering industry**

The global economy continued to grow strongly in 2007. The investment boom in Europe and higher consumption especially in Central Eastern European and Eastern European countries drove growth in Ruukki's core market areas. Growth in the eurozone was strong particularly during the first half of the year but levelled off towards the end of the year. The economies of the Nordic countries continued to outperform those of the rest of Western Europe. Continued record economic growth in a number of Central Eastern European countries exceeded expectations, while a strong increase in industrial production and investments boosted the Russian economy. There were no signs of the Chinese economy slowing. The financial turmoil triggered by the US subprime crisis spread to the rest of the world. In the autumn, this caused great uncertainty as to the direction of economic development. As the USA's difficulties begin to be reflected in other areas, the global economy is facing a somewhat weaker outlook for 2008.

Strong growth in construction continues in Ruukki's target markets

Construction growth in Europe was consistent with that of 2006. Growth in Ruukki's target markets averaged around 7 per cent and in the Baltics and Russia escalated to as much as over 10 per cent. The growth rate in Central and Eastern Europe was over 8 per cent. Driven by office and commercial construction, the Nordic markets grew by about 4 per cent. Construction growth in Ruukki's target markets is forecast to continue at a rate of around 8 per cent in 2008.

A shortage of raw materials and skilled labour drove up construction costs in 2007. The shortage of skilled labour slows construction growth and is adding to labour costs in almost all target markets. This in turn increases the demand for industrially prefabricated construction products.

Demand for total deliveries will grow in the future and enlarge the size of delivery projects. It will become increasingly important factor in environmental aspects into the construction industry and materials.

Attracted by rapidly growing markets, international and local construction material manufacturers continued to invest in Russia and Central Eastern Europe. Also western construction firms invested further in Russia.

Continued strong order books in the engineering industry

Demand remained especially strong in the engineering industry. Growth was reflected in expansion and investment and in the globalisation of the customer base.

Order books in the lifting, handling and transportation equipment industry continued to grow strongly. The strong market situation has been sustained in all segments of the lifting, handling and

transportation industry in line with growing global trade and the demand for international transportation.

Ruukki's customers have prospered and market growth as well as order books suggest a bright outlook both for Ruukki's customers and Ruukki. The order books of material handling equipment manufactures are at a record level. Metal consumption and high prices reflected positively in the construction and mining machinery markets.

The globally growing need for energy and the EU's environmental regulations are pushing for the development of renewable forms of energy such as wind power, the production of which is predicted to double by 2012.

High oil prices and growing consumption are resulting in oil exploration in new, increasingly less accessible areas. This increases demand in the offshore sector. Order books in the shipbuilding industry are especially healthy and Ruukki's shipyard customers have full order books until 2012.

Growing demand for special products

The more challenging needs of customer industries have increased demand for special products. The market for special products has grown much faster than for standard ones. Future growth in the market for special products will be sustained also by the growing need of customers to manufacture cost-efficient, longer lasting, lighter and more environmentally friendly products.

Customer industries, especially the automotive and household appliance industry, continued to relocate production to Central Eastern Europe, Russia and Asia. Development within the heavy engineering industry is also gathering momentum in Eastern Europe. Modernisation of the engineering industry is growing the demand for special products also in Eastern Europe.

Continued strong demand for steel

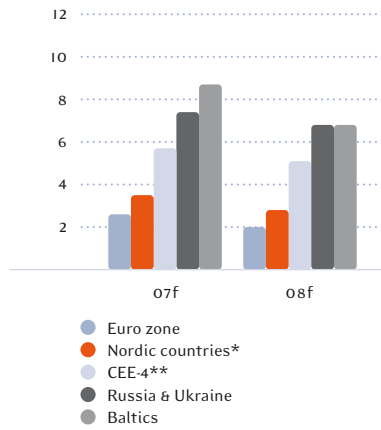
Demand for steel remained upbeat in the company's main market areas and customer industries. Prices for steel products have kept at a good level. Especially since early 2007, demand has been strong and steel prices rising. In some places, wholesaler and service centre stocks were too high during the second half of the year and this put pressure on the prices of standard products. However, the start of a clear correction in stock levels, especially at service centres, was visible towards the end of the year.

Steel consumption rose by around 3 per cent across the EU-15 countries. Consumption in Central Eastern Europe grew by roughly 11 per cent. China is accounting for an increasing share of the increase in global steel production and produces approximately one third of the world's raw steel. Imports from Asia, especially to Western Europe, doubled compared to 2006. Growing imports puts pressure on prices, mostly for standard products, across Europe. However, imports declined significantly towards the end of 2007.

➤ See pages 12-15 and the financial statements for more information about 2007.

GDP growth 2007–2008

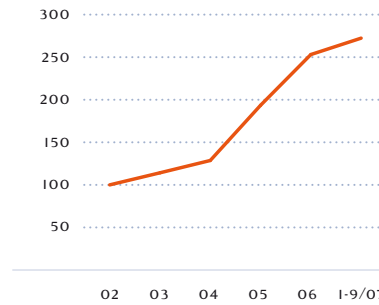
Change on last year
%



* Finland, Sweden, Norway, Denmark
** Poland, Czech, Slovakia, Hungary
Source: Consensus Forecasts October 2007

Continued increase in order books of Ruukki Engineering's key customers

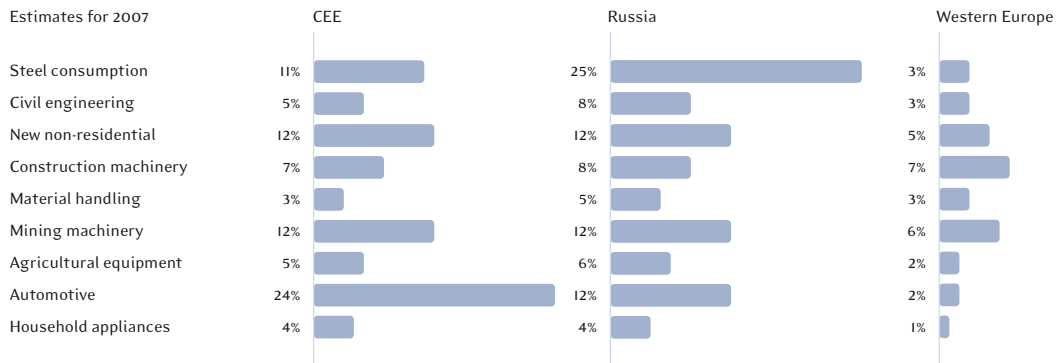
index



Source: Compiled order book data of some Lifting, Handling and Transportation players within Ruukki's market.

Strong market growth in metal products and engineering industry sectors

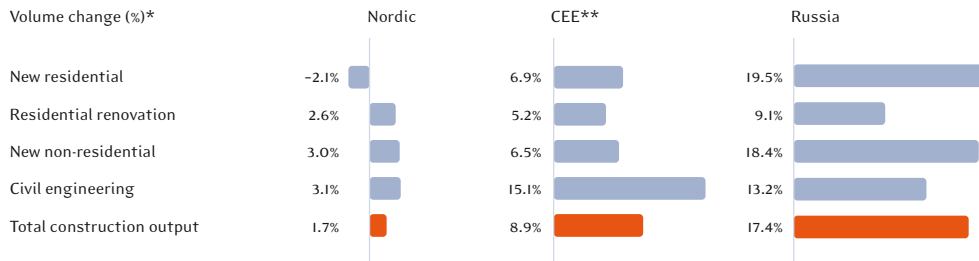
Estimates for 2007



Sources: Euroconstruct, BuildEcon, PWC Autofacts, Freedonia Group, IISI

Strong growth continues in Ruukki's target market

Volume change (%)*



* annual change (% by value) 2008, forecast
** Poland, Czech Republic, Slovakia, Hungary, Romania, Bulgaria, Ukraine
Source: Euroconstruct, BuildEcon

Strong balance sheet enables growth investments

- Growth in line with targets
- Good profitability
- Progress with structural change

Net sales grew

Consolidated net sales in 2007 rose 10 per cent to EUR 3,876 million against the comparable figure (3,515) a year earlier. Rautaruukki reported net sales of EUR 3,682 million in 2006. The comparable figures exclude the Nordic reinforcing units, which were part of the Group until 31 July 2006. Higher net sales in 2007 were especially driven by strong organic business growth, the acquisition of Scanbridge AS in Norway, Apri tőégépgyár Zrt (AGJ) in Hungary and Omeo Mekaniska Verkstad Ab in Sweden, as well as by strong demand in Rautaruukki's main customer industries.

The solutions businesses - Ruukki Construction and Ruukki Engineering - increased their total share of the company's net sales during the year to 44 per cent (38). Ruukki Metals accounted for 56 per cent of consolidated net sales at year-end 2007. Ruukki Metals division further increased the share of special products (high-strength and abrasion-resistant steels, and special coated steel grades) of its net sales to 23 per cent. The aim is to increase the share of special products of Ruukki Metals' net sales to 40 per cent by year-end 2010.

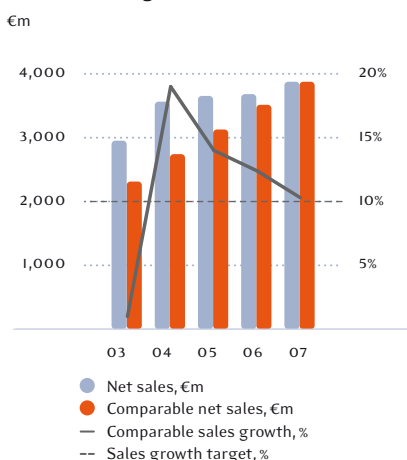
Net sales growth was strongest in Russia, Central Eastern Europe and Ukraine. The share of net sales in these markets was up 4 percentage points on the year (5). The company has a strong market position in Finland and the other Nordic countries, with Finland accounting for 31 per cent (31) of the company's net sales and the other Nordic countries for 30 per cent (31). The relative share of net sales coming from the rest of Europe reduced to 15 per cent (19) as the company cut back on underperforming sales.

The good market situation in the Group's core markets and main customer industries was maintained throughout 2007. Construction demand and deliveries held up extremely well, with office, commercial, industrial, logistics premises and sports complexes forming the focus of systems and integrated systems deliveries within building construction. The delivery focus within infrastructure construction was on large transport infrastructure and harbour projects. Ruukki Construction's net sales are expected to grow organically to more than one and a half times by year-end 2010 from a current figure of around EUR 1 billion. The long-term outlook for construction in Russia and Central Eastern Europe is good. Order books were strong in all Ruukki Engineering's customer sectors and acquisitions completed in 2007 have provided Rautaruukki with major new customers in the lifting, handling and transportation equipment industry, especially in Central Europe.

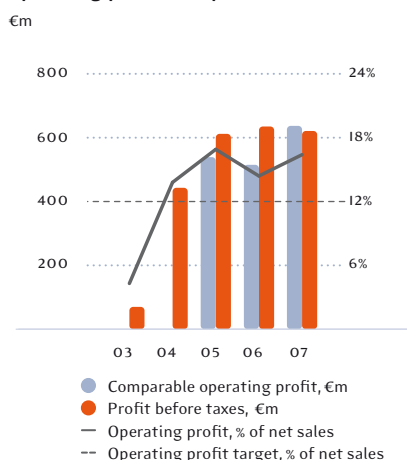
Investments accelerating organic growth, especially in Eastern Europe

Gross investments in tangible and intangible assets in 2007 totalled EUR 172 million (147). The largest investments were related to expanding Ruukki Construction's production capacity in Eastern Europe. An investment totalling around EUR 9 million was completed in new machinery and equipment at a plant opened in Hungary in 2006. The year under review saw the start of a EUR 19 million investment to ramp up steel frame output and modernise production at the Oborniki plant in Poland. In Ukraine, an approximately EUR 15 million investment was made in a new production plant to produce load-bearing cladding profiles and sandwich panels. Work on building the plant started in spring 2007 and production is expected to start up in early 2008. The first production lines came on stream at the new profile plant in Bolintin Deal in Romania in October 2007. The entire facility will cost

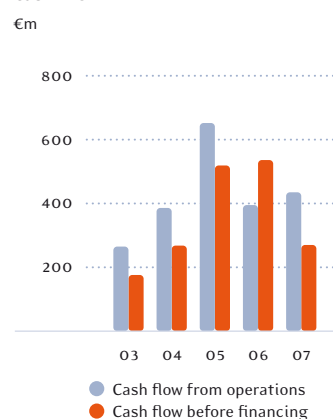
Net sales and growth



Operating profit and profit before taxes



Cash flow



around EUR 35 million and will be completed to schedule in 2008. A EUR 30 million investment programme rolled out in the summer at the Obninsk and Balabanovo plants in Russia near Moscow will be completed by 2009. These investments will strengthen deliveries of frame and façade structures and complete halls in Central Russia and speed up expansion of the company's market area into other parts of Russia. The investments will also enable Ruukki to triple its construction business in Russia over the next few years.

Construction growth is strong in Central Eastern Europe and Russia. The strong growth in Ruukki Construction's office and commercial construction segments is expected to continue during 2007-2009. In addition, construction activity in large cities is growing at a much faster rate than in other areas. Growing demand for construction solutions in these target markets and the growing market share of construction in steel as compared to other materials is also providing momentum for Ruukki's growth.

August saw the installation of a direct quenching unit in the plate mill at the Raahe Works in Finland. The new unit will enable the company to considerably expand its range and production volumes of high-strength steels. Investments to increase the delivery capability of high-strength steels support Ruukki Engineering's business in the growing lifting, handling and transportation equipment sector and pave the way for Ruukki Metals to increase the percentage of high-strength steels of total sales. Prices and profitability of special products and the processed products from them are considerably higher than those of standard products.

M&A arrangements boosted share of solutions businesses of net sales

Acquisitions completed in 2007 supported the company's growth strategy and structural change.

Net sales grow strongest in Russia, Central Eastern Europe and Ukraine.

Financial targets

	Target	2007	Actual	
			2006	2005
Growth in net sales, %	10	5.3	0.8	2.5
Operating profit, as % of net sales	12	16.4	14.4	16.9
Return on capital employed, %	20	29.6	31.5	32.8
Gearing ratio, %	< 60	1.4	1.2	22.8

	Target	2007	Actual	
			2006	2005
Ruukki Construction's net sales by year-end 2010, €bn	over 1.5	1.0	0.8	0.6
Share of special products of Ruukki Metals' net sales by year-end 2010, %	40	23	19	17

Dividend policy

	Target	2007	Actual	
			2006	2005
Dividend per share, €		1.70+0.30*	1.50+0.50	1.40
Dividend per earnings, %	40-60	60.4*	55.1	41.9
Dividend, €m		277*	276	191

* The Board of Directors proposes a dividend of EUR 1.70 per share, and an additional dividend of EUR 0.30 per share arising from funds freed up from the long steel business.

Net sales by division



Ruukki strengthened its position as a supplier of steel structures for bridges in the Nordic countries through acquisition of the entire share capital of the Norwegian company Scanbridge AS. The shares were acquired for a debt-free purchase price of around EUR 6 million. The acquisition complemented Ruukki Construction's expertise and competitive edge in infrastructure construction, especially in the manufacture and installation of large bridge structures.

Ruukki Engineering division expanded its product portfolio through the addition of frame and boom solutions. January saw the acquisition of Swedish company AB Omeo Mekaniska Verkstad for a debt-free purchase price of around EUR 4 million. This was followed in May by the acquisition of Hungarian company Apri-tógépgyár Zrt. (AGJ), which also bought with it major new customers in the lifting, handling and transportation equipment industry. Ruukki's competitive edge is in solutions. This is evident in the form of more efficient deliveries to engineering industry customers to whom Ruukki can provide, on a one-stop-shop basis, ready-to-install systems, welding and materials expertise and the production of high-strength steels to meet customers' special needs. Ruukki's own plants and the partnership network coordinated by Ruukki bring additional expertise and the resources to grow with the customer.

The company divested its underperforming non-core reinforcing units. Reinforcing steel producers Ruukki Betonstahl GmbH of Germany and Ruukki Welbond BV of the Netherlands were part of Ruukki Metals division and divested in November 2007. The transaction freed up capital of over EUR 25 million.

Profitability grows as business structure changes

Consolidated operating profit rose to EUR 637 million to account for 16 per cent of net sales. Operating profit increased by EUR 122 million or 24 per cent on the comparable figure (515) for the previous year. The

Group reported a 2007 operating profit of EUR 529 million, of which the solutions businesses accounted for 39 per cent (39).

Consolidated pre-tax earnings were EUR 621 million (635), the return on equity (ROE) was 24.0 per cent (30.1) and the return on capital employed (ROCE) increased to 29.6 per cent (31.5), which clearly exceeded targets.

The solutions businesses - Ruukki Construction and Ruukki Engineering - focused on strong profitable growth. Ruukki Construction's operating profit rose to EUR 150 million (101) and that of Ruukki Engineering to EUR 96 million (106). These businesses are less capital intensive, which means that the ROCE is better than in the traditional steel business. In Ruukki Metals division, the focus is on profitability. The strategy is to grow the share of sales of profitable special products and to correspondingly scale back on sales of standard products susceptible to price fluctuations. Ruukki Metals' operating profit was up 15 per cent to EUR 417 million (364).

Higher selling prices and a change in the sales structure contributed to Ruukki's improved profitability. The costs of raw materials for steel production were similar to those during 2006. The company expects to incur costs of around EUR 3-5 million a year to purchase the additional emissions allowances it needs during the 2008-2012 emissions trading period.

Steel increasingly sourced from outside the company

The company's structural shift towards the solutions business hedges it from huge fluctuations in product prices. Likewise, accurate deliveries and products based on customer needs improve the company's competitive edge. Growth, especially in Eastern Europe, calls for cost-effective sourcing of materials also outside the company's own steel production. The use of steel sourced from outside suppliers has increased over the past year.

Strong growth in Eastern-Europe and Russia

Net sales by region 2007 (2006)



Steel volumes sourced from outside

2007: 593,000 tonnes (2006: 529,000 tonnes)



Ruukki United

Ruukki United, the company's programme to harmonise ways of working and improve efficiency, aims to deliver cost savings of around EUR 150 million by year-end 2008. EUR 96 million of this target had been achieved by year-end 2007. More efficient sourcing and optimising the profitability of steel production are expected to deliver savings during 2008. The Ruukki United programme also seeks to permanently free up some EUR 150 million in working capital by year-end 2008. EUR 76 million of this target had been achieved by year-end 2007. Reducing stocks by improving the turnover rate will be a key factor in achieving these capital reduction targets during 2008.

Strong capital structure for profitable growth

The company's equity ratio rose to 70.4 per cent (61.6) during the year. Correspondingly, the gearing ratio stayed low being 1.4 per cent (1.2). Net interest-bearing liabilities at year-end 2007 were EUR 28 million (22). During the year under review, the company made a premature repayment of two high-interest callable subordinated notes issued in September 2002. The aggregate capital of the notes was EUR 104 million. Shareholders' equity at year-end 2007 was EUR 1,984 million (1,832), corresponding to EUR 14.30 per share (13.26). In April 2007, Rautaruukki paid its shareholders dividends totalling EUR 207 million and an additional dividend totalling EUR 69 million on the capital gain arising from the divestment of its associated company Ovako.

A strong capital structure enables investments in profitable growth and in acquisitions to support the company's strategy.

Share performance and trading in 2007

On the last trading day of 2007, the company's shares closed at EUR 29.65 (30.15), down 1.7 per cent on the year. The highest price quoted

was EUR 52.50 in July and the lowest was EUR 27.38 in January. The volume weighted average share price was EUR 38.34. Rautaruukki had a market capitalisation of EUR 4,157 million (4,220) at the end of 2007.

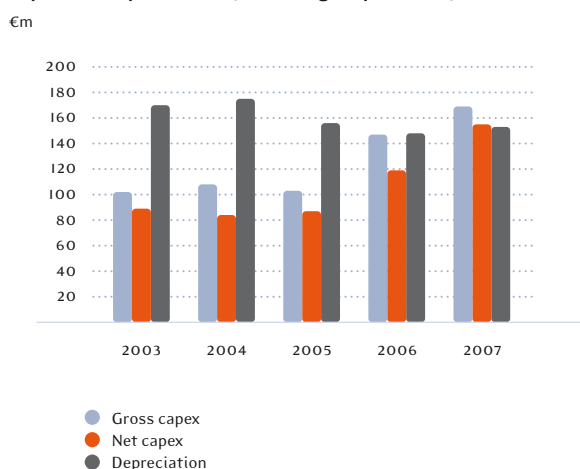
During 2007, 219,940,007 (179,214,473) Rautaruukki Oyj shares were traded for a total of EUR 8,444 million (4,628) on the OMX Nordic Exchange Helsinki. Trading in Rautaruukki Oyj shares (RTRKS) was up compared to 2006. A daily average of 879,760 Rautaruukki Oyj shares were traded during 2007.

Good near-term outlook

The good market situation in the Group's core market areas and in key customer industries is expected to continue. Non-residential construction activity is expected to remain brisk across the entire market area, with the construction market in Eastern Europe growing at a faster rate than in other areas. The infrastructure construction market is also expected to remain good in all market areas. Demand from engineering industry customers is likely to remain strong in the lifting, handling and transportation equipment industry, as well as in the energy, marine and offshore sectors. Good demand for steel products, especially special steel and plate products is expected to continue. Steel wholesaler stocks of standard products were high during the fourth quarter of 2007, but had normalised at the turn of 2008.

The company's strong growth especially in Russia and in Central Eastern Europe, together with brisk demand in customer industries, creates a good platform for Rautaruukki's growth in 2008. Comparable net sales growth is expected to meet the target and exceed 10 per cent. Operating profit in 2008 is expected to be higher than in 2007.

Capex vs. depreciation (excluding acquisitions)



The company's structural shift towards the solutions business hedges it from huge fluctuations in product prices.

Ruukki's customer divisions

Ruukki Construction

supplies metal-based solutions for building construction, especially for commercial and industrial buildings, as well as for infrastructure construction.

Percentage of:

- Net sales 27%
- Operating profit 23%
- Personnel 36%

Product range

- Integrated systems
- Systems
- Components

Net sales by region 2007 (2006)



Market region

- Nordic countries, the Baltics, Central Eastern Europe, Russia, Ukraine

Ruukki Engineering

supplies metal-based solutions to lifting, handling and transportation equipment industry, as well as energy, offshore & marine and paper industries.

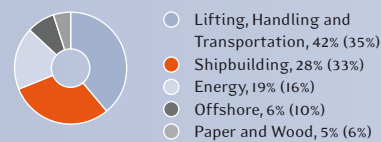
Percentage of:

- Net sales 17%
- Operating profit 14%
- Personnel 21%

Product range

- Systems
- Components
- Parts

Net sales by customer segments 2007 (2006)



Customers

- Globally operating European companies

Ruukki Metals

supplies first-class steel products to customers in the form they require either prefabricated or as parts from works or stores.

Percentage of:

- Net sales 56%
- Operating profit 63%
- Personnel 9%

Product range

- Steels, stainless steel and aluminium as standard and special products, parts and components

Net sales by region 2007 (2006)



Market region

- Nordic countries, the Baltics, Northwest Russia
- Selected special steel customers in Europe

Ruukki's strategic intent

The industry leader in steel construction in Europe

Key figures

	2007	2006
Net sales, €m	1,042	829
Operating profit, €m	150	101
Operating profit, as % of net sales	14.4	12.2
Personnel at year-end	5,278	4,498

A leading solution provider for specific engineering customers in Europe

Key figures

	2007	2006
Net sales, €m	667	557
Operating profit, €m	96	106
Operating profit, as % of net sales	14.4	19.0
Personnel at year-end	3,044	1,999

Outstanding delivery promise with strong focus on special products

Key figures

	2007	2006
Net sales, €m	2,168	2,291
Operating profit, €m	417	364
Operating profit, as % of net sales	19.2	15.9
Personnel at year-end	1,381	1,626

Investments and new technology ensure profitable growth

- **Strong growth continued across market area**
- **Launch of production investments to support growth**
- **Strengthened leading position in bridge construction**

Ruukki Construction has rapidly evolved into a pacesetter in steel construction. In addition to continued organic growth, Ruukki's development is based on acquisitions that underpin the company's expertise and local presence. The strategic intent is to become the industry leader in steel construction in Europe. Ruukki Construction's core markets are the Nordic countries, the Baltics, Central Eastern Europe, Russia and Ukraine. Geographical expansion streamlining the construction process will ensure continued competitive growth.

In building construction, Ruukki's focus is on commercial, logistics and industrial buildings, offices, hotels, shopping centres and sports complexes and multi-purpose recreation centres. At their broadest, deliveries to customers building office and commercial premises include building foundations, frame, façades and roof structures. Ruukki delivers piling, retaining wall and foundation solutions for demanding foundation structures in building harbour as well as road and railway construction projects. The company supplies major bridge, noise barrier and guard rail systems for transport infrastructure construction projects.

Strengthening the competitive edge of customers

Private and public sector developers, building firms and construction product distributors are Ruukki's key customer groups within the construction business. The company also works closely with architects and structural designers.

Ruukki is strengthening the competitive edge of its construction customers by developing project management, new technology and industrial prefabrication, as well as by providing design tools and effective standard solutions for structural joints. For the customer, Ruukki's local production and insight into building practices translate into speed, quality and delivery accuracy. Investments already completed and still under way aim at providing total deliveries of highly prefabricated construction products made near the customer.

Continued fast growth

In 2007, Ruukki Construction's net sales were up 26 per cent to EUR 1,024 billion (829). Operating profit increased by 49 per cent to EUR 150 million (101) year on year. The division's share of consolidated net sales rose to 27 per cent (23).

Strong growth in net sales and operating profit was owing to continued good demand for construction products across the entire market area. Ruukki Construction responded to this demand by stepping up and boosting production and by effectively integrating acquisitions. An exceptionally mild winter during 2006-2007 meant the seasonal fluctuation in construction was only minor.

Demand is expected to hold up well in Russia and neighbouring territories and in Central Eastern Europe. However, local and also partly international competition is increasing. Ruukki's assets include

long-term local expertise, an ability to deliver extensive concepts and a leading edge in technology. There is increasing demand for total deliveries based on compatible technical solutions across the entire market area.

Full deployment of synergies delivered by acquisitions

Acquisitions completed during 2006 added to the division's product range and enhanced its expertise in frame and envelope structures and thus strengthened project deliveries especially in the Nordic countries, Russia and Slovakia. The successful integration of operations improved the profitability of project deliveries. Acquisition of Scanbridge in Norway in spring 2007 complemented Ruukki's expertise, especially in the design and implementation of large bridge projects. As a result of the transaction, Ruukki is now the leading supplier of steel bridge foundations and superstructures in the Nordic countries.

Investments strengthen market position

During 2007, Ruukki Construction completed and launched a number of significant investments to strengthen its market position and geographical expansion. The profile lines at the new steel frame, sandwich panel and roofing plant under construction in Romania came on stream in the autumn. Pencilled in for completion in 2008, the plant will primarily serve the Romanian and Bulgarian markets. Ruukki opened its first sales office in Bulgaria and in Croatia in the autumn. Frame structure production lines were enlarged and modernised in Finland and frame structure and profile production will be upgraded and increased in Poland. The sandwich panel and profile plant under construction in Ukraine will start up in 2008.

In Russia, a three-year investment programme was launched to considerably increase the output of frame and wall structures and profiled products. In addition, Ruukki Construction built a new technology centre at Obninsk in Russia to strengthen design services and technical customer service. The new truss production line came on stream in autumn 2007. The investments will be completed by early 2009 and besides serving Central Russia will also serve to expand Ruukki's market area into other major growth centres in Russia and into Kazakhstan.

Technology programme speeds up construction

At the start of 2007, Ruukki Construction strengthened resources and launched a technology programme aimed at speeding up the development and deployment of new technologies. The first result of the programme was a construction innovation launched in Finland and Sweden to speed up the construction of multi-storey commercial premises and office buildings. New foundation and frame structure solutions together with compatible façade systems enable a typical office building to be erected around a fifth faster than using conventional methods.

- [Read more about multi-storey construction innovations on pages 20-21.](#)
- [See the financial statements for more information about 2007.](#)

Swift occupation of premises

ITAB operates in ten countries and in just under six months, 400 workers in a new unit were able to move into new premises in Boskovice in the Czech Republic.

Light, slender structures

Light, slender steel structures were chosen for the frames of the production hall and top floor, which houses offices. Ruukki's delivery also included roofing structures, project planning and installation.



What?



Impressive, quality premises for ITAB in Czech Republic

Ruukki delivered production and office premises to ITAB Shop Concept, which makes furnishings and fittings for the retail trade. The premises comprise a single-storey 19,000-square metre production hall and a three-storey office building. Ruukki's delivery included production and installation of the steel frame and roof, as well as project planning.

Construction work began in January and the building was completed in less than six months. This enabled production and business to get off to a quick start. Apart from construction speed, quality, safety and aesthetic use of steel and wood were also important factors.

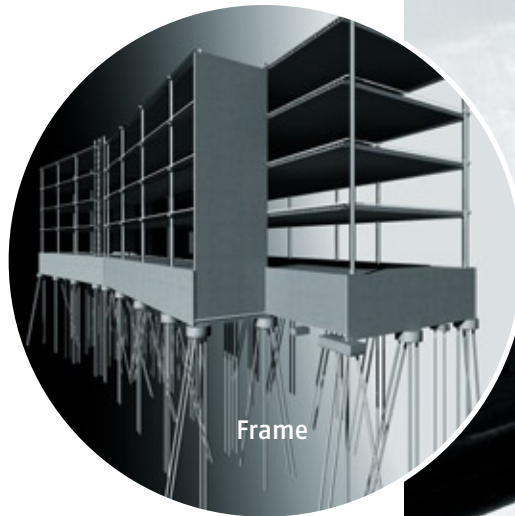
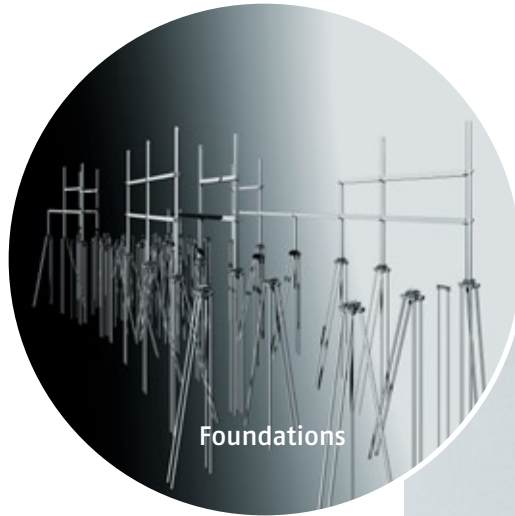
 For more information about the delivery of diverse commercial and industrial premises, visit www.ruukki.com > Products and services > Construction.

More efficiently and safely

Ruukki's new multi-storey construction solutions use technical innovations to combine the company's sound experience in construction foundations, frames and façades. A seamless supply chain and construction technology mean a building can progress from the foundations stage to being warm and weathertight, faster, more efficiently and with less risk than using traditional construction methods.

Use of new foundation and frame structure solutions in tandem with compatible façade systems enable construction of a typical office building to be speeded up in this respect by about a fifth compared to traditional methods. Apart from which, the new solutions considerably reduce the risk of contract outline and errors.

The first construction project to use the solutions is Technopolis Oyj's office premises in Helsinki, which are due for completion in spring 2008. Ruukki supplied the foundation, frame and façades for the project. Delivery also included detailed design and installation.



Drawings: CES Architects

what?

Solutions package for multi-storey construction

Technopolis Oyj's new technology centre being built in Ruoholahti in Helsinki features Ruukki's steel pile foundation base, steel frame and façades. Construction work on the office complex, which will house technology companies, started in summer 2007.

> For more of Ruukki's customer cases, visit www.ruukki.com.

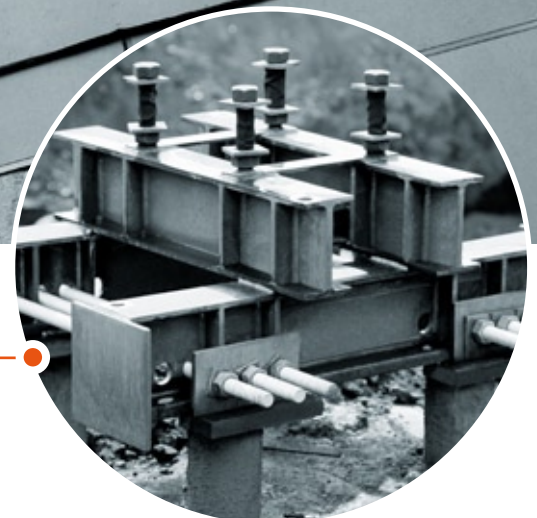
Safe building site

The safety rails needed during construction are factory-fitted to edge beams before the beams are installed. This solution increases construction worker safety.



Major innovation

The steel foundation base innovated for pile foundations reduces planning time and is quick to install.



Growing role as a supplier of components and systems

- **Good market continued**
- **Start of ready-to-install booms for materials handling equipment**
- **New business opportunities in the energy industry**

Ruukki Engineering is a supplier of systems and components to the engineering industry. The division's customers include globally operating leading European companies in their respective fields in the lifting, handling and transportation equipment industry, as well as the energy, offshore & marine, and paper industries. Ruukki Engineering's strategic intent is to be one of the leading solutions providers in chosen engineering sectors.

For the lifting, handling and transportation equipment industry, Ruukki is a strategic solutions supplier that provides components and systems. For customers in the energy, offshore & marine and paper industries, Ruukki is a parts and components provider.

Ruukki Engineering is geared towards rationalising the customer supply chain to enable the customer to obtain the components and systems it requires as a total delivery on a one-stop-shop basis. Besides materials and welding excellence, planning and design are an integrated part of the total delivery Ruukki provides for its customers. No major rivals offer a similar concept. Other players are single companies that focus on one link in the supply chain.

Ruukki Engineering focuses on design and continuous product development, taking into account the entire product environment and lifecycle from production to recycling already during the design and product development process.

Excellent market continued

In 2007, Ruukki Engineering's net sales were up 20 per cent to EUR 667 million (557). Operating profit was EUR 96 million (106). Integration costs of companies acquired during 2007 and delivery problems at the Mo i Rana Works in Norway had a negative impact on operating profit. The division accounted for 17 per cent of consolidated net sales.

The excellent market in the lifting, handling and transportation (LHT) equipment industry continued throughout the year. West European customers in the LHT equipment industry are looking for reliable partners with the resources to assume a larger role as a systems and components supplier. Thanks to an excellent market, capacity utilisation rate was exceptionally high.

Global demand for energy continued to rise. This was also reflected in strong growth in the wind energy industry. There was continued good demand in the paper industry. Likewise, order books in the shipbuilding and offshore sectors remained extremely healthy.

The share of component deliveries to the energy industry continued to grow. Ruukki began to supply components such as the crane grids and base frames used in nacelles in wind turbines. For some customers in the energy industry, Ruukki is the main partner for certain components. The company doubled deliveries in Finland of the base frames and oil sumps used on ships and in power plants and increased exports to Italy and China.

Deliveries of roll blanks used in the paper industry reached record levels in 2007. Ruukki's competitive edge in deliveries to the shipbuilding and offshore sectors is in delivery accuracy, excellent logistics management, materials expertise and a wide partnership network.

Delivery capability strengthened further

Ruukki also further strengthened its position in the LHT equipment industry in 2007 through acquisitions. Completion of the acquisition of AB Omeo Mekaniska Verkstad in Sweden in January 2007 was followed in May by acquisition of a majority stake in Hungarian company Apri Tógépgyár Zrt. (AGJ). Both acquisitions spawned new business opportunities and customers and added to Ruukki's production network in Central Eastern Europe. The acquisitions resulted in Ruukki expanding its systems deliveries in ready-to-install booms.

Cabin assembly began and a new paint shop came on stream at Wroclaw in Poland to meet increased demand in the LHT equipment industry. Ruukki also decided to acquire an automated boom welding line and a machining centre for use in machining forest machine frames. The company acquired additional capacity to be able to deliver finished, precision products direct to the welding and assembly process. Ruukki invested in additional capacity to meet the growing needs of the energy industry.

Improved delivery accuracy

Ruukki Engineering improved production efficiency by focusing on the production of certain products, enhancing plant layout and by stepping up production automation. Boom production was centralised and automated. These actions resulted in improved delivery accuracy and shorter lead times. The new direct quenching plant that came on stream at the Raahe Works in Finland in autumn 2007 boosts Ruukki's ability to deliver components and systems made of high-strength and abrasion resistant steels.

Ruukki Engineering also scaled up its research and product development resources in its efforts to add to the division's own product range and to intensify the deployment of new production technologies. The division's increased focus on energy industry solutions in 2007 was also evident on the product development front. Ruukki Engineering responded to the growing needs of wind energy construction by taking part in a European research project to develop high-strength steels and new joining methods.

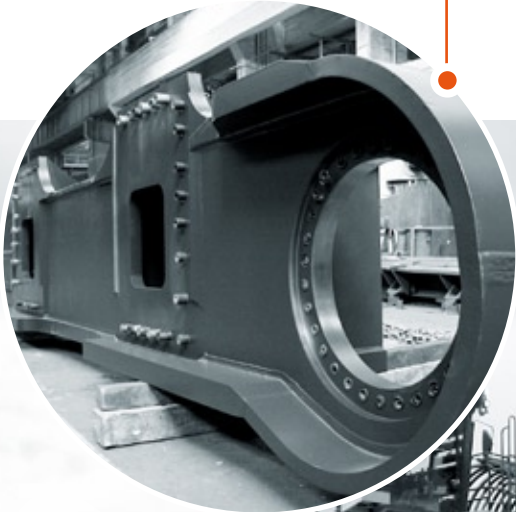
Safety practices in all operations

Safety is one of the key focus areas in improving operations. Ruukki's safety practices were introduced in all Ruukki Engineering's operations. A definite turn for the better was achieved in accident frequency rates.

➤ See the financial statements for more information about 2007.

Crawler side beams for excavators

Ruukki welds and machines crawler side beams, which carry the mass of a giant mining excavator.



Wide range of booms

Ruukki manufactures booms for a variety of excavators.



Komatsu Mining

Komatsu Mining Germany specialises in the development and manufacture of large hydraulic mining excavators. The company applies the latest design technology to provide its customers with state-of-the-art products.

Ruukki has a long experience of cooperation with leading mining equipment manufacturers. For Komatsu Mining, Ruukki currently supplies welded components such as crawler frames, crawler side beams, sticks and booms for mining excavators. Komatsu Mining and Ruukki are exploring the possibility to intensify their cooperation.

The mining excavators are used around the clock in remote open-pit mines. The conditions in which these huge excavators operate place especially high requirements on component production in terms of welding quality.



Read more about Ruukki's solutions at www.ruukki.com > Products and services > Engineering.

Outstanding delivery promise ensures strong position

- **Continued good demand for steel products**
- **Strong growth in special products**
- **Spotlight on customer-focus and parts processing business**

Ruukki Metals supplies first-class steel products to customers in the form they require either prefabricated or as parts from works or stores. At their simplest, customer relationships are based on the sale of an individual steel product, at their broadest Ruukki assumes responsibility for the customer's entire supply of steel material from sourcing to storage.

In its core markets in the Nordic countries, Baltics and Northwest Russia, Ruukki Metals' operations are based on a best-in-class delivery promise near the customer in each market. Special products in selected customer segments are spearheading growth in Western and Eastern Europe.

The division's main customers are the construction, automotive, transportation, engineering, household appliance and electronics industries, including subcontractors and distributors. Ruukki Metals also complements the solutions provisions of the other divisions.

Continued good demand for steel products

Ruukki Metals' net sales in 2007 were EUR 2,168 million (2,291), up by 2 per cent against the comparable figure of EUR 2,124 million in 2006. The comparable figures exclude the Nordic reinforcing units, which were part of the Group until 31 July 2006. Operating profit was up by 15 per cent to EUR 417 million (364). Comparable operating profit in 2006 was EUR 350 million. The division accounted for 56 per cent (62) of consolidated net sales.

There was continued good demand for steel products in Ruukki Metals' core markets. Selling prices strengthened and average prices for the year ended marginally higher than in 2006. During the second half of the year, there was an oversupply in certain product groups, including galvanised products, and this led to sales being scaled back for profitability reasons. Towards the end of the year, a longer maintenance shutdown than a year earlier reduced plate delivery volumes.

Divestment of Ruukki Metals' reinforcing steel units - Ruukki Betonstahl GmbH in Germany and Ruukki Welbond BV in the Netherlands - to the Al-Tuwairqi Group of Saudi Arabia was completed in November 2007.

Outstanding delivery promise

Ruukki Metals' strong position in its core market areas of the Nordic countries, Baltics and Northwest Russia is based on a unique service concept, where customers are served by deliveries of first-class metal products from Ruukki's works and service centres. The division's product portfolio includes steels, stainless steels and aluminium and a diverse range of associated prefabrication services. Ruukki's

customer-driven approach is reflected in the form of long-standing customer relationships, based on an ability to identify the best service package for each customer.

In Poland, the Zyrardow service centre was relocated to the panel and steel structure plant in Oborniki. This step further improved the Ruukki's ability to serve customers and its role as a construction systems and metal products supplier. Ruukki is also developing its service centre in St Petersburg to actively pursue new opportunities in Russia.

Special products give customers better competitive edge

Demand for special products has remained good. Ruukki boasts an extensive range of special products, which play an important role in the company's customer divisions. The lightness, strength, durability and new design properties of special products enable customers to make more cost-efficient end-products of higher quality. Special products are based on individual customer business needs and an understanding of performance logistics.

Ruukki's special products include abrasion-resistant Raex, which is used for example in truck platforms and mining machinery, high-strength structural steel Optim, which is used, for example, in the lifting, handling and transportation equipment industry, and colour-coated Pural, which is typically used in roofing.

Ruukki strengthened its ability to serve special products customers by a decision, taken in September 2007, to ramp up hot-rolled cutting capacity at the Raahe Works in Finland. The additional capacity is scheduled to be up and running in 2009.

Customer-driven operations

Ruukki Metals has embarked on a development project to identify the best service package for customer, to ensure best-in-class customer service and to get the supply chain to function as a unified service provider. For customers, this creates a platform for identifying customer needs and for in-depth expertise in customer applications. Hyvinkää's role as the centre of small batch deliveries is a key part of the new business model. In sales in Finland, the move to a sector-based way of operating in autumn 2007 is also part of this project.

Growing the parts processing business will increase Ruukki Metals' ability to create value added and establish fixed customer relationships. In autumn 2007, the Hyvinkää service centre in Finland started to deploy laser technology to cut large tubes and profiles. The technology enables a new type of design for customers in the engineering industry and construction and is an example of our efforts in parts processing.

➤ [See the financial statements for more information about 2007.](#)

High-strength steel for trucks

Ruukki's steel is used in the frame beams, shafts and bumpers of trucks.

Intense teamwork

Quality criteria for trucks are extremely high.



What?
SCANIA



Teamwork in special products

Ruukki has been working with Swedish truck and bus manufacturer Scania since 1994. Scania's high quality criteria have provided a platform for continually increasing mutual collaboration and the development of overall quality. Ruukki's focus on first-class supply chain management and active product development have played an important role in meeting Scania's demands. Intense teamwork has also shortened lead times and enhanced logistics. Ruukki supplies Scania with high-strength OPTIM 500 MC steel and customer specific steel grades. The steel is roll formed for truck frame beams and is also used in truck shafts and bumpers.

Scania especially appreciates Ruukki's in-depth expertise in materials development. Both Ruukki and Scania are also ready to work together to reduce waste and improve cost-efficiency throughout the supply chain.

 Read more about Ruukki's service and products at www.ruukki.com > Products and services > Metals.

Greater capacity for special steel products

- **Growing share and range of special steel products**
- **Improved operating reliability and efficiency, better safety**
- **Production volumes were realigned to profitable demand**

Ruukki Production is responsible for Ruukki's own output of steel and special steel products. The division makes hot-rolled, cold-rolled and coated plate and strip products, steel tubes and cold-formed sections. All production, starting with steel output, is based on customer orders, in other words the needs of Ruukki's customer divisions, which are responsible for processing products into parts, components and systems and for marketing and sales. Profitable demand governs Ruukki's flexible, cost-efficient production of steel and special steel products.

Ruukki Production has a steel works in Raahe, Finland and 11 other production facilities in Finland, Sweden and Ukraine.

The focus in 2007 was on ramping up the production capacity of special steel products and improving supply chain management, efficiency and safety.

A total of 2,545,700 tonnes (2,852,500 comparable) of steel was made. Production was adjusted especially during the fourth quarter. This resulted in destocking and steel production being aligned to profitable demand.

Raw material and energy costs were down year-on-year as a result of lower production volumes. Iron ore prices were up 10 per cent and the price of coking coal was down 10 per cent compared to the previous year. Hedging agreements help to even out fluctuations in zinc and electricity prices on the world market. Long-term delivery contracts ensure the availability of raw materials.

Ruukki signed a long-term contract in January 2007 with Swedish company LKAB, which since April 2007 has supplied all the iron ore pellets used by Ruukki in the iron-making process. The pellets are sourced in the north of Sweden.

In January 2007, Ruukki divested the cold-formed section production unit in Fredericia, Denmark and made Toijala in Finland the focus of cold-formed section production.

The product range of the production lines was expanded and efficiency improved in different production units. The modernised painting line at Kankaanpää in Finland came on stream in February 2007. The product range of the painting lines at Antratsyt in Ukraine and at Anderslöv and Gävle in Sweden was broadened to especially meet the needs of construction customers.

Key figures

	2007	2006
Steel production, 1 000 t	2,546	3,217
Accident frequency, per mill. hours worked	19	22
Personnel at year-end	4,480	4,782

Greater delivery capacity for special steel products

An investment programme of around EUR 100 million is currently under way at the Raahe Works in Finland to increase the production capacity of high-strength and abrasion-resistant steels. These steels are especially used in the lifting, handling and transportation equipment industry. September 2007 saw the start up of a new direct quenching unit at Raahe. This will increase the production capacity of high-strength and abrasion-resistant plate products.

The new cold leveller at the plate mill, greater ladle metallurgy capacity, higher cut-to-length line capacity and expansion of the dimensional range at the hot-strip mill will also increase delivery capability and broaden the product range of high-strength and abrasion-resistant steels. The investments will be completed during 2008-2009.

Special steel products driving development

Ruukki Production works closely with the company's customer divisions. The focus of product and manufacturing process development was on special steel products, especially the high-strength and abrasion-resistant steels used in the lifting, handling and transportation equipment industry, the coatings used in construction, the high-strength structural tubes used in construction and lifting, handling and transportation equipment and on the special cross sections of cold-formed sections.

➤ [Read more about product and production process development on pages 28-29.](#)

Improved safety

The production division continued work to further improve safety. Apart from Ruukki's common safety requirements, unit-specific safety arrangements ensure safe working at production plants and workstations. Attitudes and working practices are improving in the right direction. Accident frequency fell to 19 incidents (22) per million hours worked.

➤ [See the financial statements for more information about 2007.](#)

Production volumes 2007

Raahe 2.5 Mt steel



Standard products		Production site
plates	0.57 Mt	Raahe
hot-rolled strip	0.48 Mt	Raahe
cold-rolled strip	0.12 Mt	Hämeenlinna
galvanised strip	0.37 Mt	Hämeenlinna
coated strip	0.31 Mt	Hämeenlinna, Kankaanpää, Antratsyt, Gävle, Anderslöv
tubes and cold-formed sections	0.48 Mt	Hämeenlinna, Lappohja, Oulainen, Pulkkila, Toijala, Virsbo

Responsible approach

Smooth cooperation and a good team spirit in tandem with a visibly responsible approach in the field ensured the safe installation of the direct quenching unit.

Summary of safety in direct quenching project

- 40 safety rounds
- 27 risk assessments, as well as going through and commenting on the studies prepared by the manufacturers
- 56 safety training sessions
- over 300 trained persons
- 2 slight incidents

what?



Installation of the direct quenching unit also posed a safety challenge

The direct quenching unit that came on stream at the Raahe Works in Finland posed a real safety challenge as regards planning, building and installation work, not to mention test runs. A comprehensive safety plan was drawn up for the two-year project, which was also required from the largest contractors. Risk assessment studied each smaller project in advance to manage work performance and safety.

Worker commitment and training, the active presence of subcontractor foremen and Ruukki's supervisors on the site and joint safety rounds also played an important part. These factors, together with immediate intervention in any shortcomings, careful proactive planning and practical ideas arising during the course of the project considerably improved safety. Production went smoothly with no long breaks during the project.

Tailored solutions for discerning customers

- **More efficient construction**
- **Flexibility for the lifting, handling and transportation equipment**
- **Focus on high-strength steels in development of steel grades**

Research & development at Ruukki aims at ensuring the production processes, products and solutions help the company to retain a competitive edge in its chosen business sectors. This calls for the constant improvement of existing processes, products and solutions, as well as the innovation of entirely new products to replace obsolete ones and to spawn new growth. During the course of 2007, the company stepped up product development resources and addressed customer needs even more intensely.

In line with the company's strategy, the focus on product development has shifted from standard to special products and the delivery of parts for prefabricated systems. Products are increasingly being tailored to customer needs, which means Ruukki can provide increasingly advanced prefabricated solutions that save customers both time and money. Management of the entire supply chain allows the company to optimise product properties, production costs and logistics solutions.

In 2007, the company spent EUR 28 million (22) on research and development. Two thirds of this sum was spent on developing solutions and one third on developing production methods and processes.

Major progress in steel construction

The main focus of development within steel construction has been on shortening construction time. Ruukki's new steel pile foundation base solution enables a start to be made on installing the frame of a building immediately after piling without having to wait for the concrete to cure. Any casting can be done later. The foundation solution engineered for rock bases is easy to install and considerably reduces the need for blasting.

A new edge tray beam solution not only speeds up frame construction, but also simplifies and accelerates edge casting and the installation of façade elements. Building worker safety is improved by fastening the safety rails needed during construction to the edge beams already before the beams are installed.

Development of the system was driven by a strong emphasis on new coatings that enable the development of increasingly more durable and diverse products. Special coloured, matt structured coatings developed by the company to enhance the diversity and appearance of façades provide architects with additional choices. The development of functional coatings that repel dirt, graffiti and microbes has continued in new applications. These coatings are based on nanotechnology and are expected to become more widespread in the future.

The focus on cold-rolled and galvanised products in 2007 was on high-strength special steels used in construction and on zinc coatings, which have excellent resistance to corrosion. High-strength

steels developed help to lighten structures and reduce the consumption of energy and materials in product manufacture and end-use.

On the tubular products front, research and development addressed high-strength structural tubes and cold-formed sections used in the lifting, handling and transportation equipment industry and on their special cross sections. These deliver cost savings to customers through new strong, improved abrasion-resistant solutions. Ruukki's new product development process streamlines the tailoring of customer-specific solutions and the identification of customer needs.

Flexibility for the lifting, handling and transportation equipment

Cabins, machine frames and boom structures were the main objects of systems development for products for the engineering industry. The aim was for greater flexibility in prefabricated systems to enable use of a basic model for as many applications as possible. Cabin development saw the completion of an individual product concept - a multipurpose cabin for a harbour crane. The range of products was enlarged with cabins for trucks, asphalt rollers and military vehicles. Customer-driven flexible versions of cabins were designed for forwarders and mining vehicles.

The company also addressed development in the growing wind energy construction by taking part in a pan-European project examining the use of high-strength steels and jointing technology in wind turbines. Work continues on developing flange materials for wind-mill towers and plans were made to develop the further processing of flange materials. A joint project with the solutions division to utilise laser technology progressed to practical application projects.

Performance with high-strength steels

Research into steel grades focused on the development of strategically important high-strength hot-rolled steels and their applications. High-strength steels are especially applicable themselves to the manufacture of lifting, handling and transportation equipment. The use of such steels enables lighter, cost-efficient and environmentally friendlier structures delivering improved performance. High-strength steels can help to cut the manufacturing costs of structures, whilst providing them with higher load-bearing capacity and enhanced durability and safety. Thinner material thicknesses and slimmer structures mean space can be used more effectively.

The production and application of high-strength steels is much more challenging than for conventional steels and requires intense cooperation between the parties concerned. Ruukki's Research Centre in Raahe, Finland acquired a new effective field emission scanning electron microscope to help develop high-strength steels. Thanks to a new heavy-duty coiler installed on the hot strip line, thicker and wider plates were added to the dimension range of the direct quenched product family. In addition to this, the company began to produce abrasion-resistant steel as a hot strip product. New direct quenching equipment and the deployment of a pre-leveller on the

plate line enabled the inclusion of thicker plates in the dimension range of structural and abrasion-resistant plates. To control the flatness of high-strength steels, efforts were channelled into the cooling and levelling procedures of direct-quenched products.

Use of olivine pellets in iron-making

A major development project in the iron-making process involved switching the blast furnace stock from iron pellets supplied from Kostamuksha in Russia to olivine pellets supplied by LKAB of Sweden. In the same context, the sinter composition was made more acidic and coarse ore were deployed in blast furnace control. The change of blast furnace stock had been studied and a number of laboratory- and production-scale tests carried out over a number of years before the actual change took place. Information gained from the studies meant the switchover to pellets was made without problems.

Iron-making causes environmental impacts which are regulated in detail in the Raahе Works’ environmental permit. In conjunction with renewing the permit, Ruukki dedicated considerable resources to studying by-products and effluent and to developing different options to utilise them. The aim is to reduce the volume of material for sorting and to make maximum use of the different recyclable raw

materials and slag products either within the works or through external sales. Processing converter slag into a raw material for cement production is one of the areas being studied.

Research to cut carbon dioxide emissions

Within the framework of the Research Fund for Coal and Steel (RFCS) programme, the company is carrying out extensive research with other European producers to improve coking and blast furnace processes. The joint European ULCOS (Ultra Low CO2 Steelmaking) project is innovating new blast furnace technologies to reduce carbon dioxide emissions. The long-term aim is to halve carbon dioxide emissions in steelmaking. The technology under development will enable the blast furnace gas to be recycled back into the blast furnace as hot blast and reduction gas. The technology is still at the feasibility study stage. Implementation requires an oxygen blast furnace, two tuyere levels in the blast furnace and the selective separation of the blast furnace gas. The technology will be tested in a pilot plant and a commercial solution is not expected until after 2015 at the earliest.

> See pages 38-39 for more information about Ruukki’s environmental impacts.



Faster, more efficiently and safer

Ruukki’s new multi-storey construction solutions use technical innovations to integrate the company’s strong expertise in building foundations, frames and façades.

> Read more on pages 20-21.



Flexible cabin for harbour cranes

Based on operator research, this cabin is ideal for various harbour cranes and can be easily adapted depending on application and customer needs.

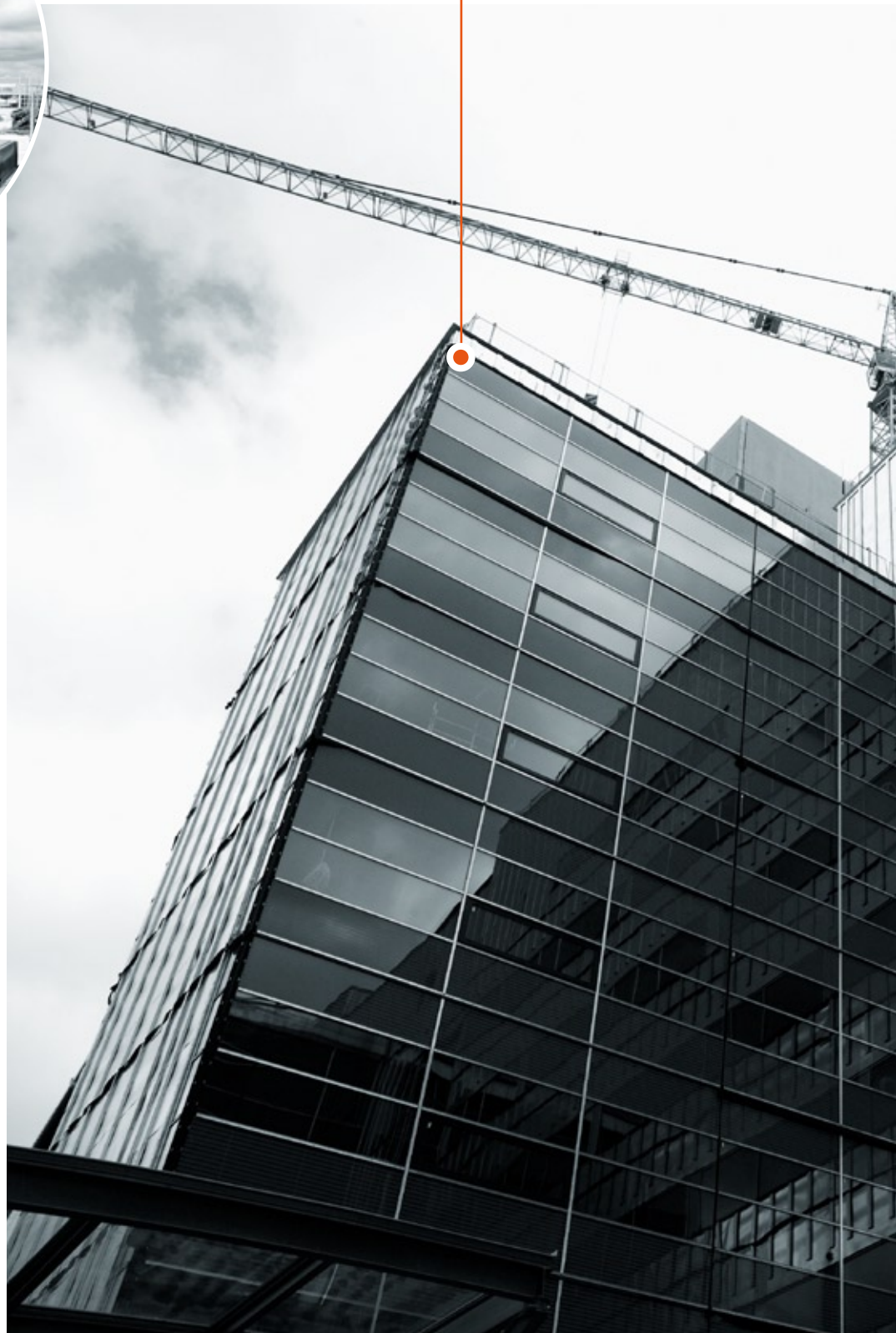


Extensive, diverse frame deliveries

Ruukki was responsible for materials deliveries, as well as design and installation of the steel frames.

Impressive, multi-faceted façades

Façades mainly made from thermo structural panels that are as high as the storey and as wide as the gaps between the pillars.



what?

The safety practices employed on the Panorama Tower office complex construction site in Espoo, Finland can serve as a model for other sites.

> Visit www.ruukki.com for more of Ruukki's customer cases.

Safety is paramount

Ruukki works in close cooperation with the different parties involved in the project to ensure absolute safety.



Safety first

The steel-framed Panorama Tower is a 76-metre high, 17-storey office complex under construction in Espoo, just outside Helsinki. Ruukki delivered the steel frame and façades for the building and provided the design and installation.

The project involved close teamwork, especially with the developer, in safety issues on the construction site. Any shortcomings discovered on the site during weekly safety inspections were immediately intervened in.

A new safety rope system fixed to hollow slabs was adopted on the construction site and is also in use on other sites. In addition, work experience led to the innovation of a new safety fence system that can remain in place until the façades have been installed. Safe working is also an important part of worker induction and safety issues were told about in a number of different languages to ensure the message got through.

Panorama Tower is being built by Skanska and NCC and is scheduled for completion in spring 2008.

Corporate responsibility

Corporate responsibility at Ruukki aims to safeguard long-term business conditions from the financial, social and environmental aspects. In this context, safeguarding business conditions means profitable operations, the commitment and availability of competent employees and a continual improvement in the standard of operations in all sectors.

Ruukki operates in compliance with the principles of sustainable development. These principles have been factored into in the Group’s environmental policy and procedural guidelines related to environment, health, safety and quality issues and are applied in practice through management systems.

The company’s operations are subject to the provisions of the Code of Conduct, which means good business practice in compliance with generally accepted ethical standards and the applicable legislation. The Code of Conduct also depicts the targets set by the company for its working practices. The company does everything it can to identify the ethical, legal, environmental, employment and human rights problems relating to operations and to solve such matters in accordance with the Code of Conduct. Each and every employee at Ruukki must, without exception, comply fully with the Code of Conduct. Ruukki also requires the commitment of its partners to these practices. Ruukki’s Code of Conduct complies with OECD Guidelines for Multinational Enterprises and has been approved by Rautaruukki Corporation’s Board of Directors.

The actions of senior management are subject to the provisions of Corporate Governance, which define the principles of Group adminis-

tration and control systems. Management takes into account stakeholders and the principles of sustainable development.

The different aspects of corporate responsibility are managed based on environmental and quality policies and the principles of social responsibility. Corporate-wide safety management principles are used in the push for a zero-accident working environment. The company’s finance, human resources, environment, legal affairs and technology functions - each of which is the responsibility of executives in various sectors - support implementation of the company’s policies and principles and develop operations.

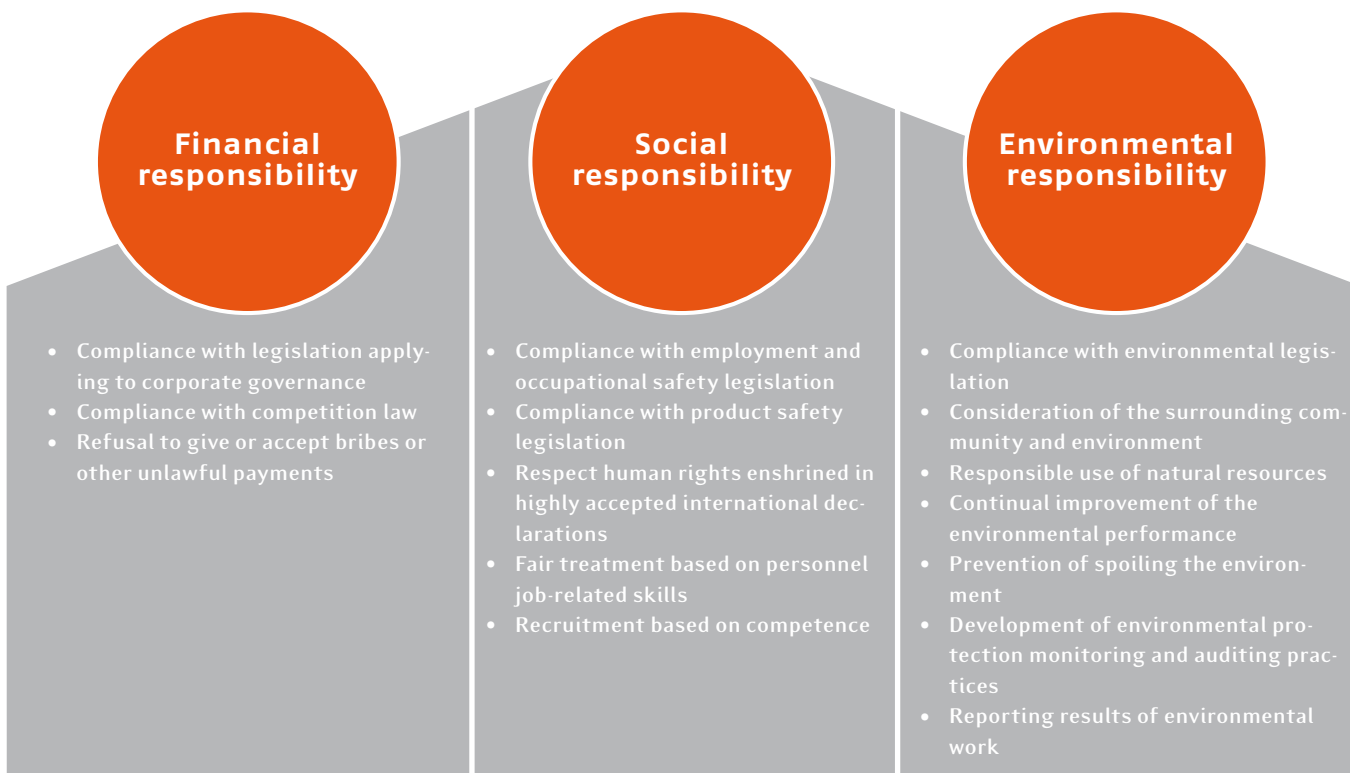
> The policies and principles applying to corporate responsibility can be viewed at www.ruukki.com.

Reporting of corporate responsibility

Ruukki’s corporate responsibility report is part of the company’s annual report. In 2007, a separate corporate responsibility report was published in conjunction with the annual report. Rautaruukki regularly reports matters related to corporate responsibility.

The reporting of corporate responsibility information is based on the relevant parts of the Global Reporting Initiative’s (GRI) G3 reporting guidelines. The corporate responsibility information contained in this report is supplemented by the Sustainable Development section on the company’s website. The section also contains unit-specific environmental reports and environmental product declarations.

> For more information about reporting, a comparison of G3 reporting guidelines and a responsibility glossary, visit www.ruukki.com.

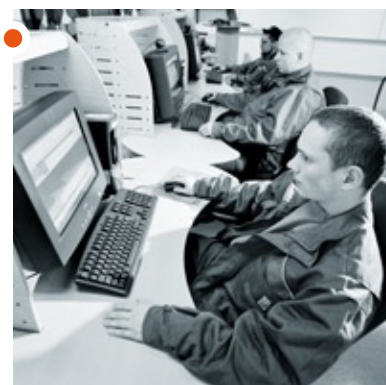
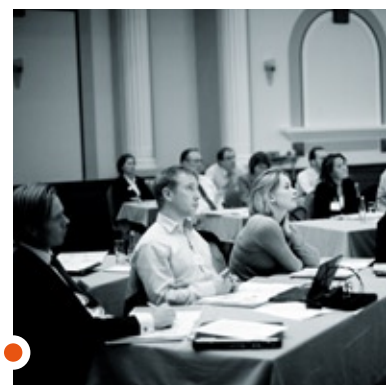


Stakeholder touchpoints

Stakeholder touchpoints are an important part of corporate responsibility. Ruukki uses several different channels for dialogue with stakeholders.

Stakeholder dialogue

Stakeholder	Means of interaction
Customers	<ul style="list-style-type: none"> • personal selling • technical product support • stakeholder magazine Inline • customer satisfaction surveys • customer events • replying to customer enquiries • product brochures • product launches • environmental product declarations • products and services section on website
Personnel	<ul style="list-style-type: none"> • development discussions • job satisfaction surveys • cooperation • unit industrial safety committees • training • suggestion and innovation scheme • intranet • personnel magazine • website
Investors and shareholders	<ul style="list-style-type: none"> • annual general meeting • annual report and interim reports • stakeholder magazine Inline • stock exchange and press releases • capital markets days • meetings with investors • replying to investor enquiries • investor fairs and other events for investors • investors section on website
Partners and subcontractors	<ul style="list-style-type: none"> • interaction between sourcing and suppliers • supplier evaluation • participation in activities of trade organisations • product launches • training • stakeholder magazine Inline • website
Society	<ul style="list-style-type: none"> • working with and reporting to local authorities • annual report • neighbourhood • environmental reports • organisations • open days • stakeholder magazine Inline • participation in activities of interest groups • website
Educational institutions	<ul style="list-style-type: none"> • research and development projects • practical training and thesis projects • training by recruiting at Ruukki Industrial Institute • recruitment fairs • guest lectures • visits by schoolchildren and students to units • stakeholder magazine Inline • website
Media	<ul style="list-style-type: none"> • annual report • stock exchange and press releases • articles • meetings with the media • replying to press enquiries • stakeholder magazine Inline • press room section on website



Good profitability a platform for financial responsibility

- **Aiming for long-term profitable growth through the solutions business**
- **Good financial performance creates local well-being**
- **Company included in Dow Jones STOXX Sustainability Index**

Ruukki's focus in 2007 was on fast-tracking profitable growth. The company's comparable net sales rose by 10 per cent. A strong financial position not only paves the way for profitable business growth and future investments, but also hedges against fluctuations in the business cycle. Work continued on rolling out Ruukki United, the company's programme to harmonise and enhance ways of working.

Financial responsibility at Ruukki means achieving financial targets through good business practice. It also means earning power, profitably growing business and added value for stakeholders. Creating economic well-being for stakeholders requires continuous development of working practices and the management of business risks. Business operations are guided by legislation and the principles enshrined in corporate governance.

In September 2007, Rautaruukki was one of the leading European companies selected for inclusion in the Dow Jones STOXX Sustainability Index. The Index was launched in 2001 to track the financial, social and environmental performance of European companies.

➤ See pages 12–15 for more information about Rautaruukki's financial performance.

Long-term profitable growth through the solutions business

By 2010, Ruukki aims to be one of the leading solutions providers in the engineering industry and the leading solutions provider in construction in its core market area. The solutions business enables profitable growth and reduces exposure to fluctuations in the business cycle. It also ties up less capital than traditional steel production.

The strategic intent is for the solutions business to account for the bulk of net sales and earnings in 2008–2010. The figure at year-end 2007 was 44 per cent (38 in 2006) of earnings. Structural change has been promoted through recent acquisitions and through the divestment of those parts of the steel business outside core operations. Investments in Central Eastern Europe and Russia enables organic growth in emerging markets.

Ruukki's range of products and services ideally meets the needs of growing economies. Structural change and a customer-driven approach have resulted in changes to Ruukki's business models and corporate culture and lead to greater dynamic cooperation within the company. The extensive insight of Ruukki's people into the industries of its customers and a strong local presence in core markets are key assets in carrying out the corporate strategy.

➤ See pages 6–9 for more information about Ruukki's strategy.

Ruukki is a reliable supplier of top quality products

A customer approach drives deliveries throughout the value chain. For Ruukki Construction customers, this is evidenced in shorter construction times, less labour and greater safety on site. For Ruukki Engineering customers, efficient operations ensure ready-to-install solutions on a one-stop-shop basis and the resources to grow with the customer. Ruukki Metals' customer-driven development work and materials and quality expertise translate into customer-specific volume and delivery accuracy.

In 2007, customer satisfaction was measured by an extensive customer satisfaction survey across 14 countries. Ruukki's strengths were considered as being reliability, product quality and a high standard of expertise.

Good financial performance makes it possible to create local and regional economic well-being. In 2007, net sales totalled EUR 3,876 million (3,682). Of net sales, 31 per cent (31) was generated in Finland, 30 per cent (31) in the other Nordic countries, 21 per cent (17) in Central Eastern Europe, Russia and Ukraine, 15 per cent (19) in the rest of Europe and 3 per cent (2) in other countries.

Sourcing harmonised

Ruukki's purchases in 2007 totalled EUR 1,850 million (1,912). Purchases of raw materials and consumables create economic well-being for external suppliers and subcontractors.

Commenced in 2006, the harmonisation of sourcing operations models and cooperation between units progressed to plan during 2007. Steel sourcing was focused outside the group to ensure cost-effectiveness and availability. Ruukki's Code of Conduct is taken into account in the general terms and conditions of purchase contracts.

A financially sound company is able to establish long-term, reliable contractual relationships. The strategic change, especially in the solutions businesses, has led to an expansion of the network of partners, which in turn delivers the optimal end result through close cooperation and shared goals.

Bonus schemes to motivate the personnel

The company employed 14,587 people (13,303) at year-end 2007. Ruukki paid a total of EUR 448 million (448) in wages and salaries during 2007. Pension insurance premiums and pensions totalled EUR 42 million (46) and other social security costs were EUR 58 million (54).

Ruukki's units in different countries employ mostly local staff. The company has different bonus schemes in place to commit employees to their jobs, support implementation of the strategy and motivate people to achieve their targets. Part of the bonus of salaried employees covered by the performance bonus scheme is linked to personal targets and performance defined each year in development discussions.

All Ruukki's employees belong to a profit sharing scheme, according to which the bonus, calculated on 2007 earnings, is EUR 12 million (8). In Finland, the bonus is paid into a personnel fund and in other

countries paid to employees as a non-recurring payment. Additionally, the company has a share bonus scheme for management on the basis of which expenses totalling EUR 9 million (22) were booked the 2007 financial year.

➤ See pages 59–61 for more information about the share bonus schemes.

Taxes and other public charges

In 2007, Rautaruukki paid taxes totalling EUR 204 million (175), of which 81 per cent (90) was paid to the Finnish tax authorities. Besides taxes, the company also paid other public charges such as real estate and road taxes, as well as environmental charges. Apart from levies paid directly to society, Ruukki also remitted other forms of taxes and charges such value added tax, customs duties, withholding taxes and social security contributions. The company received no significant governmental grants.

Owners and financiers

Profitable growth underpins shareholder value. The company’s shareholders benefit from dividends paid and from any rise in share price.

Rautaruukki’s shares (RTRKS) are listed on the OMX Nordic Exchange Helsinki. At year-end 2007, the company had 20,530 (18,164) registered shareholders. The Finnish State had a holding of 39.7 per cent (39.8) and 35.14 per cent (39.60) of the shares were nominee registered. During the year, the company’s share price fell by 1.7 per cent (rose 47). Rautaruukki’s market capitalisation at year-end 2007 was EUR 4,157 million (4,220). Under the new Act on State Shareholdings that entered into force at the start of 2008, the Finnish

Government may reduce or fully dispose of the State’s shareholding in the company.

Rautaruukki’s main financiers are Nordic and international financial institutions.

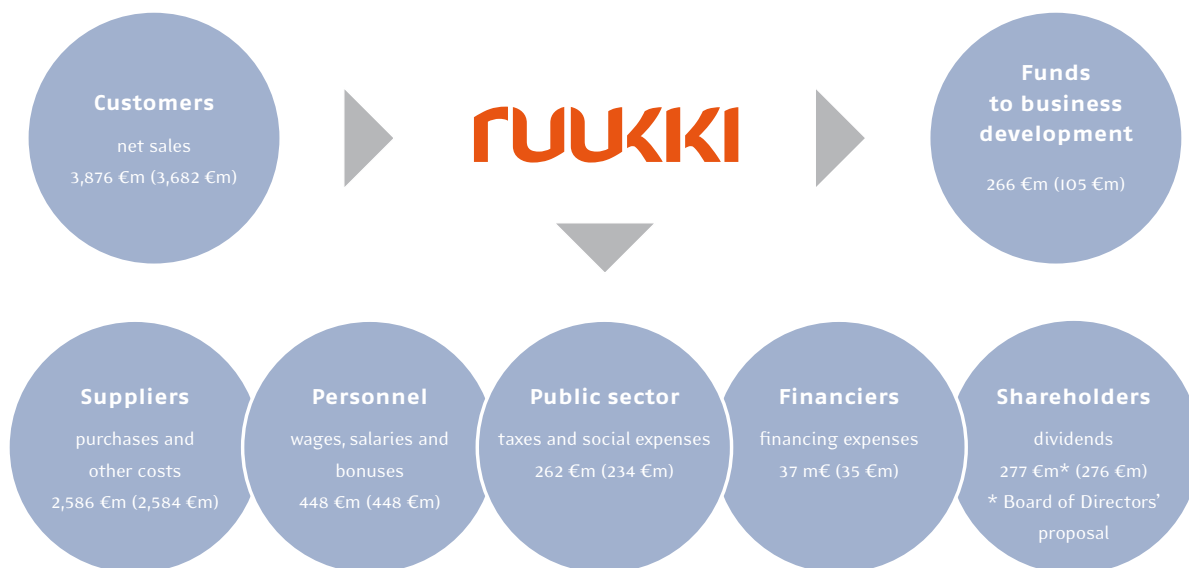
The company aims to serve all its owners and financiers fairly and to disclose, without delay, any material factors that may affect its credit rating.

In 2007, the company’s net finance expenses were EUR 20 million (22). At year-end 2007, the company’s net interest-bearing debts stood at EUR 28 million (22), the equity ratio was 70.4 per cent (61.6) and the gearing ratio 1.4 per cent (1.2).

Personnel costs

€m	2007	2006
Finland	375	384
Sweden	39	40
Norway	35	44
Russia	26	12
Poland	19	18
Germany	17	21
Hungary	8	2
Estonia	5	5
Slovakia	4	2
Ukraine	3	2
Other countries	16	18
Total	548	548

Distribution of value added



Ruukki is taking aboard many new employees, especially in Central Eastern Europe and Russia

- **More than 2,000 persons recruited in 2007**
- **Business targets require competence development**
- **A new near-miss incident reporting model was introduced to further improve safety**

Personnel numbers clearly reflect Ruukki's internationalisation and growth and the increasing shift towards Central Eastern Europe and Russia in the company's geographical focus. The number of personnel has grown through both recruitment and acquisitions.

At year-end 2007, Ruukki had 14,587 employees across 24 countries, up by 1,284 persons year-on-year. Acquisitions meant Ruukki took aboard 870 new employees, whereas divestments resulted in 113 persons leaving the company. Total 2,272 new employees were recruited during the year. Staff turnover was 6.7 per cent and employment lasted an average of 11.3 years.

Between 2004 and 2007, some 4,448 new persons have joined Ruukki through acquisitions and 3,282 have left the company through divestments. Personnel numbers increased 21 per cent during the period under review.

With growth and internationalisation, the main focus of human resources is on resources management. This means focusing on recruiting and developing personnel competence. Growth and internationalisation also call for a further push in induction and the international training.

Challenging, international recruiting needs

The challenges facing recruitment are the acquisition of new competence, targets for organic growth - especially in Central Eastern Europe and Russia - migration from new EU member states and the retirement of large age groups in Finland.

Ruukki has focused on increasing employee mobility within the company. Internal notification of vacancies, job rotation as part of competence development and the corporate-wide applicant pool, launched in 2007, support career development within the company.

During 2007, the company developed corporate-wide recruiting practices and a shared induction model was created to support supervisors. This new model helps to make new employees familiar with their own job and the company's ways of working. Joint training events for newcomers and for persons taking up supervisory positions are one of the ways the company has supported induction. Experiences about the events have been positive and there are plans to expand them during 2008.

Attractive employer

It's important for Ruukki to be an attractive employer, both for job-seekers and for the company's existing employees. Ruukki is a profitable, growing company that is able to offer its people an international working environment and good opportunities for development.

To strengthen its employer reputation, Ruukki is active in cooperating with the student target group through joint research and

development projects, for example, by providing summer jobs and arranging events for students. In 2007, company provided some 1,000 summer jobs and training places, as well as 85 places for young people writing their thesis.

An employee opinion survey studies people's job satisfaction. In the 2006 corporate-wide survey, the employee satisfaction index was 60.4, which is on a par with the international average. Points for development highlighted by the survey have been tackled during 2007. The next survey will take place in early 2008.

Recruitment through training and Young Professionals programmes

Ruukki makes use of recruitment through training to secure and develop skilled labour for its own needs. Training corresponds to the company's new business needs.

In summer 2007, professionals were recruited for training on the SitePro programme for project management positions on construction sites. Ruukki's own welding training has been successfully deployed in securing workers. The Steelmaster programme trained new foremen for supervision jobs in production.

The right of Ruukki Industrial Institute to award further vocational qualifications was expanded to meet the needs of the solutions business to include not just metal processing and maintenance, but also further vocational qualifications in machining and sheet metal working. In 2007, a total of 187 students studied at the Institute, which provides qualified labour for Ruukki's Finnish units.

The second Young Professionals programme for young university students was launched in summer 2007. Sixteen young people were chosen to take part in the training programme. The international Controller programme began at the start of 2008. Training programmes include training periods, practical training and mentoring.

➤ Visit www.ruukki.com for more information about recruitment through training at Ruukki.

Key figures – personnel

	2007	2006
Personnel at year-end	14,587	13,303
Personnel, average	14,715	13,121
% of female employees	17	16
Average age of personnel	41	42
Net sales per employee, €1000	266	277
Accident frequency, no. per million working hours	18	21

Ruukki's harmonised working practices for construction projects

Training presents good working practices that can help us to serve customers even better.

New international training programmes

Ruukki's professionals receive training in 17 different countries for the successful completion of customer projects.



New training supports solutions business

Tried and tested ways of working in tandem with best business practices form the main content of the development programme for the construction project business.

Training will be given in local languages in 17 countries between 2007 and 2009. Because construction is by definition local, training periods will also include localised modules for each country. The aim is to serve customers even better.

Learning is based on putting new things into practice. Training is intended to ensure consistent, first-class project sales everywhere.

New leadership principles introduced

Ruukki's leadership principles were presented and introduced during 2007. These serve as a basis for leadership development and as the rules of play for everyday supervision work.

An electronic workdesk, which enables supervisors at Ruukki to find the tools required for managing personnel matters in their group in one place, was also introduced to support supervision. A start was also made on international successor planning to identify and develop future management potential.

Safety is everyone's responsibility

Safety management is part of operative management and the responsibility for ensuring safety rests with everyone. The aim is to work proactively to prevent the occurrence of near-misses and accidents. A safe working environment is an inherent part of corporate responsibility and results in better quality of work. In 2007, the accident frequency rate across the Group was 18 (21) and the total number of accidents 421 (447). The company aims to achieve a further marked improvement in safety in line with corporate-wide safety management principles and targets.

In 2007, work continued to forge ahead on safety management training and on improving safety. A total of 7,112 days of safety training were held. A unified near-miss reporting model was introduced in Finnish units and will be implemented in other countries in 2008. Near-miss incident reports aim at fostering safety by identifying situations that pose a risk.

Occupational healthcare at Ruukki aims to maintain the physical and mental well-being of the personnel. Action on this front is mainly geared towards proactive care through health checks and risk assessment of the working environment.

Competence development to support Ruukki's course

Development discussions are an inherent part of annual planning and target implementation. The discussions set the targets for each employee and make a development plan based on skills evaluation.

Owing to new markets and new types of customer relationship management, a total of 37 sales and special product training and project sales training events were held in many countries where Ruukki has a presence.

Management and supervisor training took place in local languages in different countries. The development discussion training, with a total of 46 events were attended by 718 managers in 15 countries.

Good business practices and ethics workshops were rolled out in 2007 and during 2008 will be held in each country where Ruukki has a presence.

The language and IT training partnership network was enlarged to include the countries where Ruukki has a major presence.

The employees were trained also for the introduction of harmonised operational models and systems.

There were 8,191 days of vocational training in production in Finland during the year. The focus was on maintenance, production and technical training.

Cooperation with personnel

Cooperation between Ruukki's management and personnel is regular and organised. Ruukki Forum is a cooperation council between management and personnel that deals with matters relating to the personnel and the company's operations. The themes in 2007 included safety and the internationalisation of the working environment.

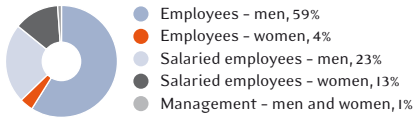
Ruukki Forum has representatives from eight countries and meets annually. Matters relating to the personnel and company's operations are also discussed with the personnel at the Group Meeting and in cooperation groups.

➤ Visit www.ruukki.com for more information about social responsibility.

Personnel by country at year-end

	2007	2006
Finland	7,009	7,157
Russia	2,100	1,880
Poland	1,316	1,161
Hungary	889	128
Sweden	762	691
Norway	566	479
Ukraine	385	330
China	281	171
Estonia	267	259
Germany	223	327
Slovakia	204	201
Romania	171	54
Czech Republic	150	139
Latvia	106	100
Lithuania	100	90
Other countries	58	136
Total	14,587	13,303

Personnel by gender



Personnel by employment type

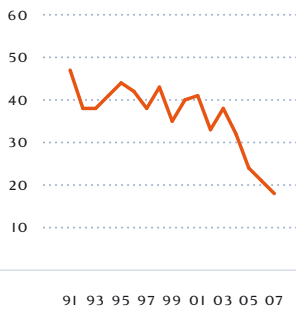


Personnel by division

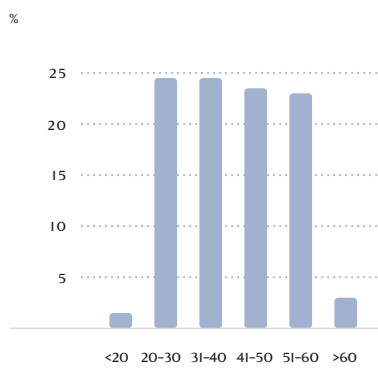


Accident frequency

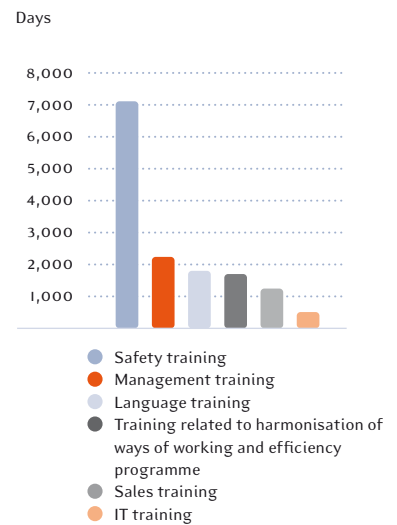
No. of accidents per million working hours



Personnel by age



International training



Acquisitions and recruiting resulted in an increase in personnel numbers

Personnel by region 2007 (2006)



In 2007, Ruukki took aboard new employees through acquisitions and recruiting. During the year, some 2,272 new employees were recruited.

Ruukki Construction recruited 1,058 new professionals in 2007. Around 75 per cent of recruitments are made in Eastern Europe and Russia. Significant local recruiting as a result of divisional investments and the growth of project deliveries will continue in 2008. Intellectual capital and operational efficiency are also strengthened by training personnel and harmonising working practices.

Recycling helps to save the environment

- **Recyclable, high-strength products are the cornerstone of eco-efficient solutions**
- **Second EU emissions trading period started on 1 January 2008**
- **Certified environmental management systems cover 95 per cent of production**

The environmental policy defined by management governs the environmental management of all operations at Ruukki.

Within Ruukki's Extended Management Board, environmental issues are the responsibility of the Senior Vice President, Environment, Energy and Community Relations.

Ruukki's EHSQ Steering Group, under which environment, health, safety and quality teams were set up in 2007, develops common practices for environmental, health, safety and quality issues. The EHSQ organisation in each division coordinates the management of environmental issues in units belonging to the division concerned. Units and functions have operative responsibility for environmental protection. Under the company's environmental policy, each and every one of Ruukki's employees is responsible for environmental issues in their work.

Further progress with environmental management systems

Ruukki uses the ISO 14001 Environmental Management System as a tool to continually improve environmental issues. Certified systems cover 75 per cent (70 in 2006) of employees and 95 per cent (95) of production.

Work forged ahead on harmonising unit-specific systems by bringing them under multi-site ones in each division in 2007. Ruukki Metals division received multi-site certification for the environmental management systems of its operations in Finland and Sweden in autumn 2007. Ruukki Metals and Ruukki Engineering divisions are pushing for multi-site certification for all their units in 2008. The environmental management systems of Ruukki Production and Ruukki Construction divisions were harmonised under multi-site certificates in 2006. All multi-site certificates also include quality management systems.

Certified environmental management systems and EHSQ procedures are used to manage environmental risks in the planning and output of operations and products. An environmental due diligence study is carried out at each new site in conjunction with business acquisitions. The results of each study are taken into account in the terms and conditions of the relevant transaction and when integrating the site into an environmental management system.

> Visit www.ruukki.com for more information about certified environmental management systems at each site.

First period of emissions trading ended

At year-end 2007, the Raahe Works and steam boilers at the Hämeenlinna Works came within the scope of EU emissions trading as regards

operations. The Mo i Rana rolling mill came under the Norwegian emissions trading scheme.

In 2007, total carbon dioxide emissions were 4.7 million tonnes, of which 98 per cent came within the scope of emissions trading.

During the first emissions trading period, Ruukki sold emissions allowances for EUR 5 million. A reduction in emissions owing to the Raahe Works adjusting production to profitable demand resulted in emissions allocations being sold.

The Raahe Works received emissions allowances corresponding to 91 per cent and the steam boilers at the Hämeenlinna Works 86 per cent of their needs at maximum capacity in the free initial allocation for the second period 2008–2012 of the EU Emissions Trading Scheme (EU ETS). The company expects to incur extra costs of around EUR 3–5 million to purchase the additional emissions allowances it needs.

As part of managing the carbon dioxide emissions balance, Ruukki is a participant in the World Bank's Community Development Carbon Fund and GreenStream Network Oy's Fine Carbon Fund. These funds purchase certified emission reduction units, based on the Kyoto Protocol, that can be used in EU ETS. Emissions reductions projects are carried out in developing countries where they decrease greenhouse gas emissions or increase carbon sinks. The projects are a major way of including developing countries in the combat against climate change and in this way are part of corporate responsibility.

> See the financial statements for more information about 2007.

New legislation entered into force

The EU's REACH Regulation (Registration, Evaluation, Authorisation and Restriction of Chemicals), which aims at the safe use of chemicals and substances, entered into force in June 2007. REACH affects Ruukki's operations as a producer, importer and upstream user of chemical substances. During 2007, Ruukki embarked on preparations for the pre-registration process in compliance with REACH.

Limit values for emissions from existing operations and installations and final targets for reduction plans in compliance with the VOC Directive (Volatile Organic Compounds) entered into force in autumn 2007. Studies were made, especially at the tube works, of the use of solvent-free protective oils in respect of all tube products. Many sites also invested in VOC emission treatment plants. The biggest investment to reduce VOC emissions was made at the Kankaanpää Works in Finland, where the coating line furnace and afterburner were replaced at the turn of 2007.

Ruukki tracks and envisages future legislation through active membership of the Federation of Finnish Technology Industries, the Association of Finnish Steel and Metal Producers, the European Confederation of Iron and Steel Industries (Eurofer) and the International Iron and Steel Institute (IISI). The company supervises its interests and also carries out research work with interest groups.

Clean energy

Ruukki's deliveries for wind turbine promote the production of renewable energy.

A reliable supplier of materials and components

Customers can rely on Ruukki's high standard of materials and welding expertise, and efficient logistics.



what?



Components for the needs of the growing wind power industry

Wind power is the fastest growing sector in the energy industry. In 2007, around 20,000 megawatts of new wind power came on stream in the world. This is an increase of 30 per cent compared to a year earlier. The rapid growth of the wind power industry has also fuelled demand for components.

Ruukki supplies precision cut sheets and flange materials, as well as welded components such as gear box frames, crane grids and hub frames to the wind power industry.

Ruukki is also involved in a three-year European project to develop the use of the properties of high-strength steels in increasingly taller, more efficient wind turbines.



Visit www.ruukki.com for more examples of Ruukki's customers.

New environmental permits

Of the company’s production sites, 24 have operations that are subject to environmental permits. Four of these places received a new environmental permit during 2007.

In July 2007, the Raahe Works in Finland received an environmental permit for a new landfill site. Work on the first part of the landfill site was completed and brought into use in November. A decision was issued by Vaasa Administrative Court regarding an appeal made in respect of an environmental permit received by the Raahe Works in 2006. An appeal against the court’s decision was submitted to the Supreme Administrative Court in August 2007.

The Hämeenlinna Works received an environmental permit in November 2007. The permit was appealed to Vaasa Administrative Court. The appeal proposed changes to a number of permit provisions.

Besides the Raahe landfill site and Hämeenlinna Works, the company’s units in Mirkow and Wroclaw in Poland received environmental permit decisions.

Environmental investments

In 2007, Ruukki spent a total of EUR 7 million (8) on environmental investments.

The most significant investment at the Raahe Works was a VOC emission incinerator at the component works. At the coking plant, an investment was made to recycle sludge from the wastewater treatment plant back to the process. This reduces the amount of sludge for final disposal and improves water protection. A new direct quenching unit for high-strength steel production came on stream at the Raahe Works in September. Part of the total investment included building a new wastewater treatment plant for the wastewater from the unit.

The cooling units on the coating lines were replaced at Gävle in Sweden. This will reduce the consumption of energy and cooling water. Likewise in Sweden, investments were made in equipment in the pre-treatment unit of the coating line at Anderslöv to enable the use of chromium-free pre-treatment agents. A wastewater treatment plant was built for the new production plant in Kiev, Ukraine. The boiler plants at the Hämeenlinna Works in Finland began to use natural gas meters in compliance with the requirements of the emissions trading emissions permit.

➤ See the financial statements for disclosure on environmental provisions for 2007.

Mine closure plan

The company will submit by the end of March 2008 a completed plan to the Finnish-Swedish Frontier Rivers Commission regarding water-course arrangements and other subsequent actions after closure of the Rautuvaara mine. The plan drawn up in 2007 is based on surveys made in the area, specialist recommendations and alternative environmental impact and risk assessments. Ruukki ceased mining operations in 1988, since when there have been other actors in the area.

Environmental targets deliver results

Corporate-wide environmental objectives and targets ensure positive progress in the management of major environmental issues. Measurable targets are used to track achievement of these objectives. An environmental working group is responsible for monitoring targets and implementing the associated environmental programmes.

The units determine the objectives and targets relating to their own operations and environmental aspects and the programmes to achieve these targets.

Environmental targets

Objective	Targets 2007-2009	Situation at 31 December 2007
Continual development of environmental management		
	Environmental management system in all sites and operations having environmental impacts	Coverage 75% of personnel (2006: 70) 95% of production (95)
	Ensuring adequate environmental awareness	Training needs studied
	Improving knowledge of existing and future legislation	Training in environmental legislation arranged Shared EHS law register piloted
Management and reduction of environmental impacts		
	Reduction in amount of waste	Potential to reduce waste studied
	Operations in line with permit limits	Exceedings of permit limits at nine sites
	Development of corporate energy efficiency programme	Planned integration of energy efficiency into the environmental management system
	Development of management of environmental impacts of transport	Study of CO ₂ emissions from distribution of products, Ruukki Logistics unit’s own environmental targets are presented on page 46
Development of product- and customer-driven environmental aspects		
	Development of environmental management with R&D functions and sourcing	Environmental management included in supplier assessment and development projects
	Active use of environmental aspects in marketing and product information	Communications plan prepared and start made on supplementing material

Actions to minimise exceedings of permit limits

In 2007, there were exceedings of environmental permit limits at nine sites.

At the Hämeenlinna Works in Finland, exceedings in hydrochloric acid and dust emissions occurred at one of the regeneration plants. Whilst corrective actions initiated in late 2006 have reduced average emissions, some isolated exceedings nevertheless occur. This is why development work still continues to reduce emissions.

At the Raahe Works in Finland, suspended solids discharged into the sea exceeded the permit limit for a period of one month. Non-compliance was caused by an increase in the solids content of intake water in connection with earthworks to extend the water intake pipe at the works. Dust emissions exceeded permit levels at the coking plant as a result of incorrect interpretation and the ensuing deterioration of the scrubbers. Chemical oxygen demand exceeded the permit level at the coking plant wastewater treatment unit once due to a faulty sample. Corrective actions were taken immediately.

At the Kankaanpää Works in Finland, there were exceedings of permit limits in the pH of wastewater and sulphate and cobalt concentrations. Exceedings occurred owing to a faulty measuring instrument in the wastewater treatment process which meant that

the wastewater was insufficiently cleaned. Corrective actions were taken in the form of replacing the measuring instrument and increasing user training for employees.

At the tube works in Sundern, Germany, there was an excess in aluminium dust emissions on one line. Investments made in 2006 to install scrubbers on two lines will be extended to the third line in 2008.

At Wroclaw in Poland, zinc, copper and phosphorus permit limits were exceeded in the rainwater sewer in the paintshop. The exceedings came to light when the paintshop started operating and were due to incorrect working practice, which was remedied through personnel training.

Environmental impacts of operations 2007

Raw materials, t

iron ore	1,950,000
pellets	1,058,000
alloying, filler and slag	
forming materials	507,000
recycled steel	552,000
zinc	54,000
other metals	7,800
plastics and paints	19,000
other	26,000

Energy, 1000 TJ

natural gas	1.6
liquefied petroleum gas	1.3
heavy fuel oil	0.3
light fuel oil	0.2
electricity	2.8
coal	36.2
coke	2.3
coke breeze	1.4
special heavy fuel oil	9.8

Water usage, m³

municipal water	791,000
process and cooling water	200,193,000



Steel, t	2,546,000
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By-products and residuals

mineral products, t (utilised and stored for utilising)	890,000
district heat, 1000 TJ	0.6
electricity, 1000 TJ	1.0
tar, 1000 TJ	1.1
other materials recycled outside the Group, t	55,000
stored residuals, t	70,000

Emissions to air

carbon dioxide (CO ₂), Mt	4.7
nitrogen oxides (NO _x), t	2,300
sulphur dioxide (SO ₂), t	4,100
volatile organic compounds (VOC), t	490
particulates, t	2,200

Waste water, m³

to municipal sewer system	272,000
to water courses	198,945,000

Emissions to water, t

suspended solids	781
chemical oxygen demand (COD)	204
oil	20
zinc (Zn)	1.2
nitrogen (N)	52
iron (Fe)	31

Waste, t

municipal waste to landfill	3,800
municipal waste to recycling	4,100
industrial waste	2,500
hazardous waste	4,900

The company took over the Hatvan and Jaszbereny sites in Hungary at the end of May 2007. Non-compliances were found in the prescribed emissions measurements and there were some exceedings of VOC emission limits. Ruukki worked with the local authorities during 2007 to make plans of action for measurements in accordance with requirements based on emissions calculations. VOC emission limit was exceeded also at the company's tube works in Lappohja in Finland.

The Virsbo unit in Sweden exceeded noise permit limits. Additional measurements and studies will be carried out at the unit during 2008 to reduce noise.

No significant oil, chemical or fuel spills were reported during the 2007. A minor oil leak occurred at one site and was reported to the local environmental authorities. The leak took place in conjunction with service work at the rolling mills and the necessary tools have been deployed to prevent similar recurrences. The company received no significant environmental fines.

Significant environmental impacts

Ruukki's most significant environmental impacts are the use of energy and raw materials and carbon dioxide and particulate emissions. Environmental impacts arise primarily in steel production and at the start of further processing.

Consumption of raw materials and energy

Consumption of raw materials consists mainly of iron ore concentrates and pellets, scrap steel and coal used as a reducing agent at the Raahe Works. In 2007, it took 2.26 tonnes (2.18) of raw materials to make one tonne of steel.

The company's total energy consumption in 2007 was 52.3 PJ, equivalent to 4 per cent of Finland's total energy consumption. The Raahe Works consumes most of the energy.

Ruukki has long addressed energy efficiency. The sites in Finland were parties to the Ministry of Trade and Industry's voluntary energy conservation agreements between 1992 and 2007. Actions effected over the last period delivered implicit annual energy savings of 1.25 TWh. This is equivalent to the annual amount of energy used by some 62,500 single-family houses and reduced carbon dioxide emissions by about 480,000 tonnes.

In December 2007, Rautaruukki Corporation signed up for action programmes in a new energy efficiency agreement hammered out by the Finnish Ministry of Employment and the Economy, the Confederation of Finnish Industries (EK) and sector associations. The new agreement is valid from 2008 to 2016. During 2007, Ruukki also developed its own energy efficiency system. A start was made at the beginning of 2008 on the deploying the system at all the company's production sites.

Emissions to air

The Raahe Works is responsible for most of Ruukki's emissions to air. Changes in the company's business structure have resulted in

increased specific emissions in relation to steel production at group level.

Most of the company's 4.7 million tonnes of carbon dioxide emissions occur in the ore production process in the blast furnaces. The blast furnaces at the Raahe Works use almost the minimum raw materials possible using current technology. To take a case in point, Ruukki's steel production generates almost 300,000 tonnes less carbon dioxide emissions each year compared to the European average. In the short-term, there are no technical and economic solutions available to considerably reduce the consumption of reducing agents. In 2007, the group's carbon dioxide emissions accounted for around 6 per cent of Finland's greenhouse gas emissions.

Particulate emissions result from the combustion processes and dispersoids used in iron and steel production. Sulphur dioxide emissions primarily originate from the sulphur contained in iron ore concentrates. Nitrogen oxides are mainly formed as a result of the combustion process in the coking and sintering plants and rolling mill furnaces at the Raahe Works. Particulate emissions corresponded to about 3 per cent, sulphur dioxide emissions to around 6 per cent and nitrogen oxide emissions to around per cent of Finland's emissions.

Heavy metal emissions originate from the iron ore concentrates used as a raw material. VOC emissions occur from the use of coatings, protective and profiling oils in the further processing of steel.

➤ See page 29 for more information about the ULCOS project to reduce carbon dioxide emissions.

Use of water and discharges into waterways

The bulk of the water consumed at production sites is used in process cooling and in scrubbing flue gases at the steel works and rolling mills. Suspended solids, zinc and oil discharges account for most of the effluents discharged into the waterways. The suspended solids and zinc discharges arise mainly at the Raahe Works and rolling mills. Oil discharges originate in the rolling processes.

Residual production and wastes

Around 70 per cent of the dust and sludge from steel production at the Raahe Works is returned to the process. However, each year some of the dust has to be stored at the landfill on the works site because it cannot technically and economically be recycled. The amount of stored corresponds to about one per cent of the raw material used by the works.

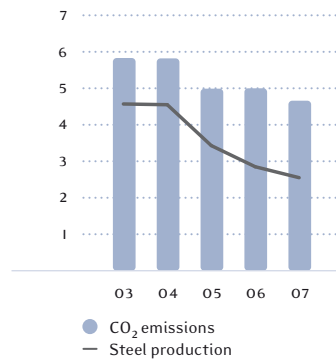
Hazardous wastes arising in production are mostly oil-containing waste and sludge and sediment from wastewater treatment. Most of the hazardous waste occurs in steel production, rolling and on the coating lines.

Transportation

Transportation consists of transporting both products and raw materials. The iron ore, limestone and iron pellets come mainly from

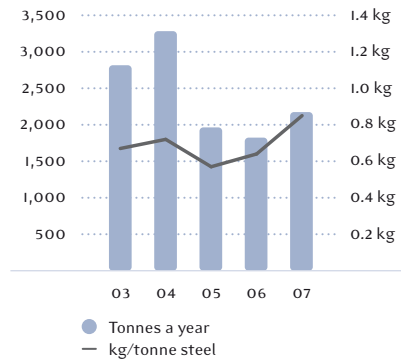
Carbon dioxide emissions

Mt



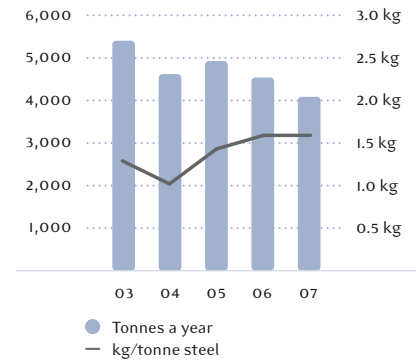
Particulate emissions

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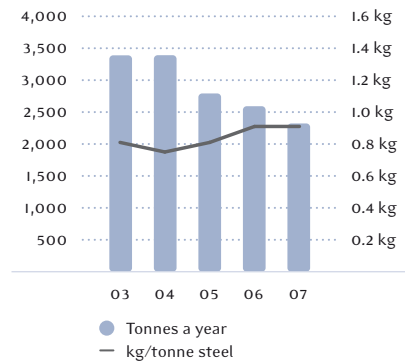
Sulphur dioxide emissions

t



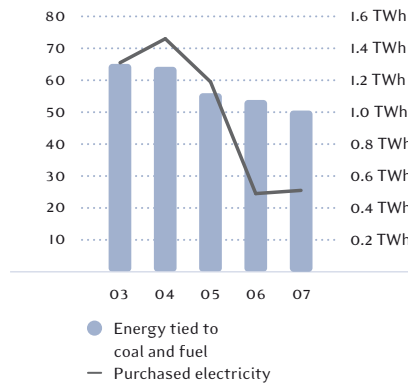
Nitrogen oxide emissions

t



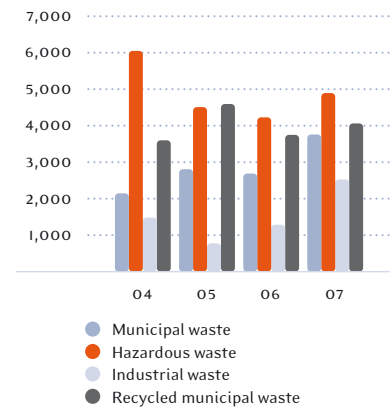
Energy consumption

1,000 TJ



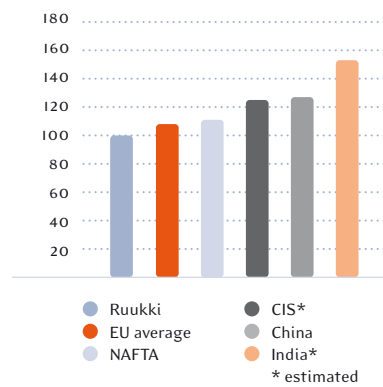
Waste

t



Blast furnace carbon dioxide efficiency

The indexed carbon efficiency in iron-making based on coal consumed

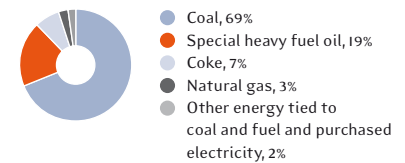


Source: Stahl-Zentrum

Water consumption



Sources of energy



➤ Visit www.ruukki.com for information about heavy metal emissions to air.

Sweden and the coal from North America and Australia. Products are destined for the company's main market areas.

Most of the transportation is operated by the Ruukki Logistics unit, which manages environmental issues through a certified environmental management system. The unit's environmental objectives are to cut transportation emissions, improve transportation efficiency and reduce energy consumption in transportation.

The environmental target for vessels operated by Ruukki is to increase the loading on return voyages by five per cent each year. In 2007, this meant an increase to 55 per cent. The target was achieved and the loading on return voyages was over 58 per cent. The transportation damage target for 2007 was a maximum of 2.08 per cent of transported volume. This target, too, was achieved and transportation damage was 1.33 per cent.

The aim is also to minimise shipping risks by chartering seaworthy vessels from reputable shipping companies. No shipping incidents involving environmental risks occurred in 2007. Ruukki encourages

its contractual partners to track and reduce energy consumption in transportation.

The environmental impacts of transportation can be reduced through more efficient logistics. Rationalisation of the supply chain can shorten transportation distances, which in turn reduces emissions, improves delivery reliability and decreases product storage.

Acting on climate change through products and recycling

Switching from a steel supplier to the solutions provider enables the company to reduce the risk of additional costs attributable to combating climate change. In the same context, growth of the solutions business results in lower energy and emissions intensity.

Most of the energy consumption and emissions during the life-cycle of a product typically arise during use. We can impact on this through the solutions business by offering customers strong, lasting, recyclable products.

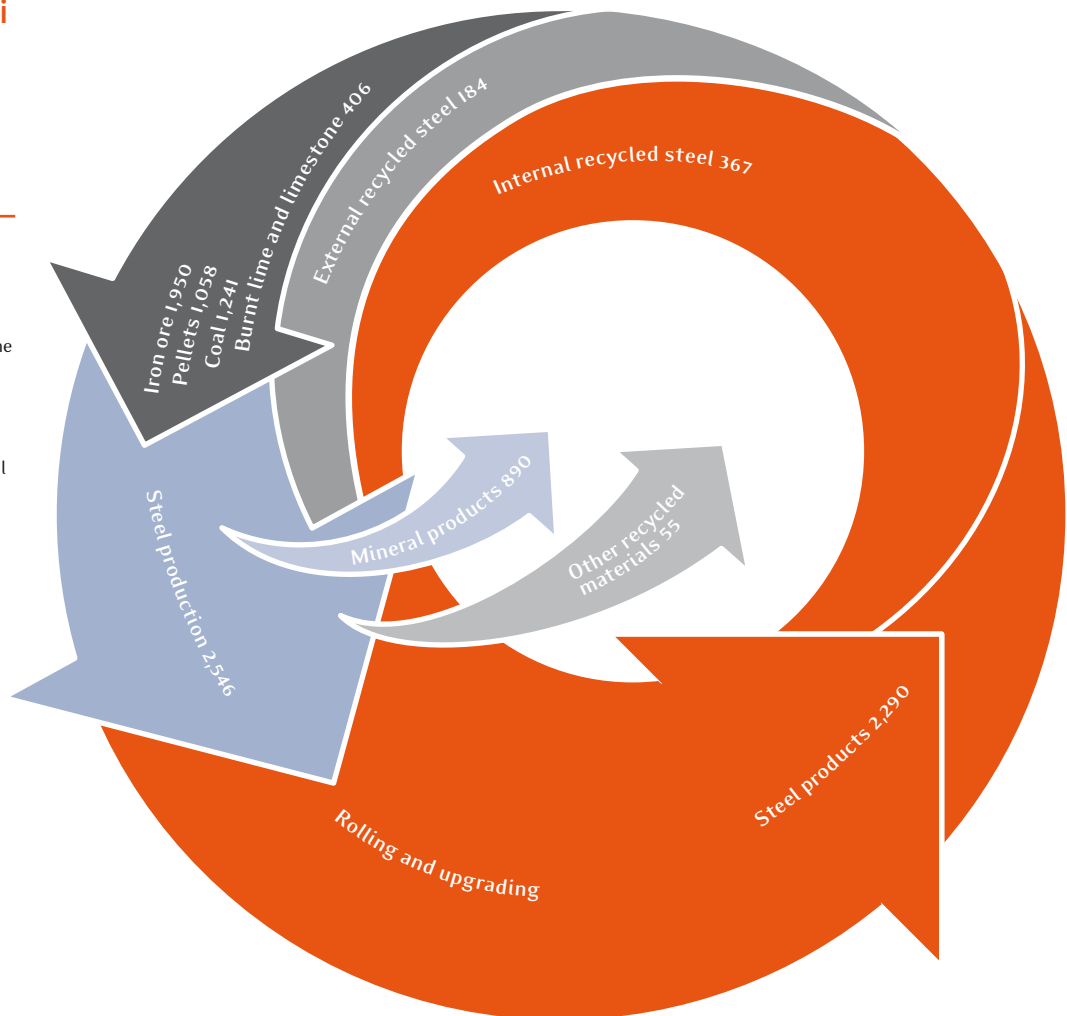
Recycling at Ruukki

1,000 tonnes

Recycling reduces emissions

The use of recycled steel reduces carbon dioxide emissions in steel production. In 2007, recycling reduced Ruukki's emissions by 420,000 tonnes, or 9 per cent of the company's total emissions.

The use of mineral products in the cement industry and agriculture reduced global emissions by a total of 280,000 tonnes.



Steel recycling reduces carbon dioxide emissions in the steel production process. Utilisation of by-products decreases emissions in cement production and agriculture.

➤ See pages 6–9 for more information about Ruukki's strategy and structural change.

Good environmental aspects in steel construction

Construction using Ruukki's solutions saves materials and energy. The company's total deliveries can consist of an entire building from design to erection. Industrial production ensures efficient use of materials and construction speed, quality and worksite safety.

Energy consumption during the time a building is occupied causes the most significant impact of buildings on climate change. Improved ventilation, windows and thermal insulation can lead to more efficient energy consumption in buildings.

Most of the heat loss through walls occurs in the walls frame structures. Ruukki's panel systems have good thermal insulation properties. One particularly energy efficient solution is an external wall elements based on a thermal purlin. Based on a perforated sheet profile, the structure has exceptionally good thermal insulation because the perforation used in the thermal purlin reduces the impact of the cold bridge caused by the frame to about a tenth of that compared to an unperforated structure.

The location of buildings affects on their indirect carbon dioxide emissions. Highly advanced industrial manufacture of steel construction and the modifiability of structures help at the planning stage to make compact urban construction, which is more energy efficient than sparse construction. The various steel pile foundations, which require little space to install, can be easily put in place close to existing buildings.

Steel structures allow flexible modification to create extremely efficient space arrangements to meet all needs. The use of premises can be changed without having to alter bearing structures. Flexibility adds to a building's usability and thus its useful life.

In addition to these properties, all steel structures can be easily demolished and recycled.

Many applications for high-strength, lightweight steel grades

The high-strength, lightweight steel grades improves the material efficiency of products. Stronger material means lighter structures or structures with a greater bearing capacity.

Lightweight and high-strength special steels provide the potential to make our own and customer products more effective from the environmental point of view. If, for example, payloads can be increased, less transportation is needed. When there is no payload, emissions decrease because less fuel is consumed since the transportation equipment weighs less than earlier.

➤ Read more about special steels and their development on pages 26–29.

Steel is durable and recyclable

According to public sources, steel is the most recycled material in the world. Not only is steel fully recyclable, its properties remain unchanged however many times it is recycled. Around 500 million tonnes of steel are recycled in the world each year. Each tonne of recycled steel saves around 1.4 tonnes of global carbon dioxide emissions.

Ruukki uses 20–30 per cent of recycled steel as raw material in steel production depending on the grade being made. Waste material from Ruukki's own processes and material purchased on the scrap steel market are used in production. Use of recycled steel replaces raw materials used in iron production. These raw materials account for most of the carbon dioxide emissions. In 2007, company saved 420,000 tonnes in carbon dioxide emissions by recycling steel in the production process.

According to lifecycle assessments that take recycling into account, the degree of post-usage recycling of the steel in a product has the greatest effect on the environmental impacts of the product during its life cycle.

By-products help to conserve nature

Steel production gives rise to many by-products, which the company recycles as efficiently as possible. In terms of volume, mineral products make up the most significant by-products. Mineral products are used as a substitute for gravel in earthwork construction, lime in agriculture and clinker in the cement industry. In 2007, use of mineral products reduced global carbon dioxide emissions by some 280,000 tonnes. Around 250,000 tonnes of mineral products was also used in earthworks and road construction, which saved natural resources.

The coking process at the Raahe Works gives rise to by-products in the form of tar, benzene and sulphur, which are used as raw materials in the chemical industry. The heat and steam generated in the production process are utilised for electricity production and heating on the work site and for district heat in the neighbouring environment. The blast furnace and coke oven gases are used as energy for processes and for electricity generation at the Raahe Works' power plant. The power plant generates about 60 per cent of the electricity used by the works. The zinc slag from galvanising at the Hämeenlinna Works is recycled as a raw material for zinc production.

Steel is the most recycled material in the world.

Board of Directors at 31 December 2007



Chairman
Jukka Viinanen
b. 1948

MSc (Tech)

Member and chairman of Rautaruukki's Board (2001-) Chairman of Compensation Committee (2003-)

Previous main positions:
President & CEO, Orion Corporation (2000-2007)
President & CEO, Neste Corporation (1997-1999)
Senior VP and Board member, Neste Corporation (1990-1997)

Shares: -



Deputy Chairman
Reino Hanhinen
b. 1943

MSc (Eng), DSc (Tech) hc

Member (2006-) and deputy chairman (2007-) of Rautaruukki's Board
Member of Compensation Committee (2007-)

Previous main positions:
President & CEO, YIT Corporation (1987-2005) and Group CEO (2000-2005)
Managing Director, Perusyhtymä Oy (1986-1987)
Managing Director, YIT Oy Yleinen Insinööritoimisto (1985-1986)
Managing Director, Oy PPTH-Norden Ab (1976-1985)

Other elected positions:
Chairman of the Board, YIT Corporation
Board member, Kone Corporation

Shares: 2,000



Maarit Aarni-Sirviö
b. 1953

MSc (Tech), MBA
Mint of Finland Ltd, President and CEO; effect from 1st April 2008

Member of Rautaruukki's Board (2004-)

Previous main positions:
Member of Borealis Senior Leadership Team, Borealis Group (1994-31.3.2008), including Vice President, BU Phenol (2001-2007) in Finland, Vice President, BU Olefins (1997-2001) in Denmark
Various executive positions, Neste Corporation (1977-1994)

Other elected positions:
Board member, Borealis Polymers Oy
Board member, Ponsse Corporation
Board member, Wärtsilä Corporation
Board member, Vattenfall AB (2003-2007)

Shares: 1,000



Christer Granskog
b. 1947

MSc (Tech)
CEO, Oy Piceum Ab

Member of Rautaruukki's Board (2001-)
Member of Audit Committee (2003-)

Previous main positions:
President and CEO, Kalmar Industries (1998-2007)
Deputy to the President and CEO, Partek Oy Ab (1997-1998)
President and CEO, Partek Cargotec AB (1997-1998)
President and CEO, Sisu Group (1994-1997)
CEO, Valmet Automation Oy (1990-1994)

Other elected positions:
Chairman of the Board, Oy Piceum Ab
Board member, A/O Baltkran
Board member, Havator Holding Oy
Board member, Sarlin Group Oy Ab

Shares: 1,000



Jukka Härmälä
b. 1946

BSc (Econ), DSc(Tech) hc, DSc (Econ) hc
Senior Advisor, CapMan Capital Management Oy
Member of Rautaruukki's Board (2007-)
Member of Compensation Committee (2007-)
Previous main positions:
President & CEO, Stora Enso Corporation (1999-2007)
President & CEO, Enso-Gutzeit Oy/Enso Corporation (1988-1998)
Other elected positions:
Chairman of the Board, Outokumpu Corporation
Board member, Russian Timber Group Ltd
Supervisory Board member, Varma Mutual Pension Insurance Company
Board member, Confederation of Finnish Industry and Employers Foundation, Research Institute of the Finnish Economy Supporters' Association, Finnish Business and Policy Forum EVA, Foundation for Economic Education Supporters' Association
Shares: 1,000



Pirkko Juntti
b. 1945

LLM
Member of Rautaruukki's Board (2003-)
Chairman of Audit Committee (2003-)
Previous main positions:
Senior Advisor, HSH Gudme Corporate Finance Oy (1998-2003)
Expert and executive, duties in international financing, JP Morgan, London (1983-1998)
Other elected positions:
Board member, Finavia
Board member, AB Svensk Exportkredit, Stockholm
Shares: -



Kalle J. Korhonen
b. 1948

MSc (Eng)
Undersecretary of State, Ministry of Employment and the Economy
Member of Rautaruukki's Board (2005-)
Previous main positions:
Director-General, Ministry of Trade and Industry (1999-2007)
Various other positions, Ministry of Trade and Industry (1973-1999)
Other elected positions:
Chairman of the Board, Finnvera plc
Board member, Finnish Foreign Trade Association Finpro
Shares: -



Liisa Leino
b. 1960

MSc (Nutrition)
Chairman of the Board of Directors of Leinovalu Oy
Member of Rautaruukki's Board (2007-)
Member of Audit Committee (2007-)
Previous main positions:
Managing Director, Nurmi Group & Perkko Oy (2003-2004)
Business Director, Sitra (2002-2003)
Business Director, Gillette Central Europe (1999-2002)
Managing Director, Gillette Braun Finland Oy (1996-1999)
Other elected positions:
Board member, Respecta Oy
Supervisory Board member, Varma Mutual Pension Insurance Company
Board member, The Finnish Family Firms Association
Central Chamber of Commerce of Finland Tax Committee
Shares: 300

Corporate Management Board at 1 January 2008

Chairman

Sakari Tamminen

b. 1953

MSc (Econ), President and CEO. Joined the company in 2003. Corporate Management Board member 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 Corporation, Lemminkäinen Group, Technology Industries of Finland, Association of Finnish Steel and Metal Producers, The Finnish Foundation for Share Promotion, Eurofer, International Iron and Steel Institute, Varma Mutual Pension Insurance Company

Supervisory Board memberships: The Finnish Fair Corporation

Shares: 61,538

Mikko Hietanen

b. 1953

MSc (Econ), Chief Financial Officer, Deputy to the President & CEO. Joined the company in 2004. Corporate Management Board member 2004-

Previous main positions: CFO, Stonesoft Oyj, CFO, Metsä-Tissue Oyj, CFO, Elcoteq Network Oyj, CFO, Lohja Oyj.

Principal Board memberships: Lohjan Puhelin Oy

Shares: 20,552

Marko Somerma

b. 1966

Lic Tech, Chief Strategy Officer. Joined the company in 2004. Corporate Management Board member 2005-

Previous main positions: Chief Process & Information Technology Officer, Instrumentarium Ltd, Business Development Director, Gustav Paulig Ltd.

Shares: 17,216

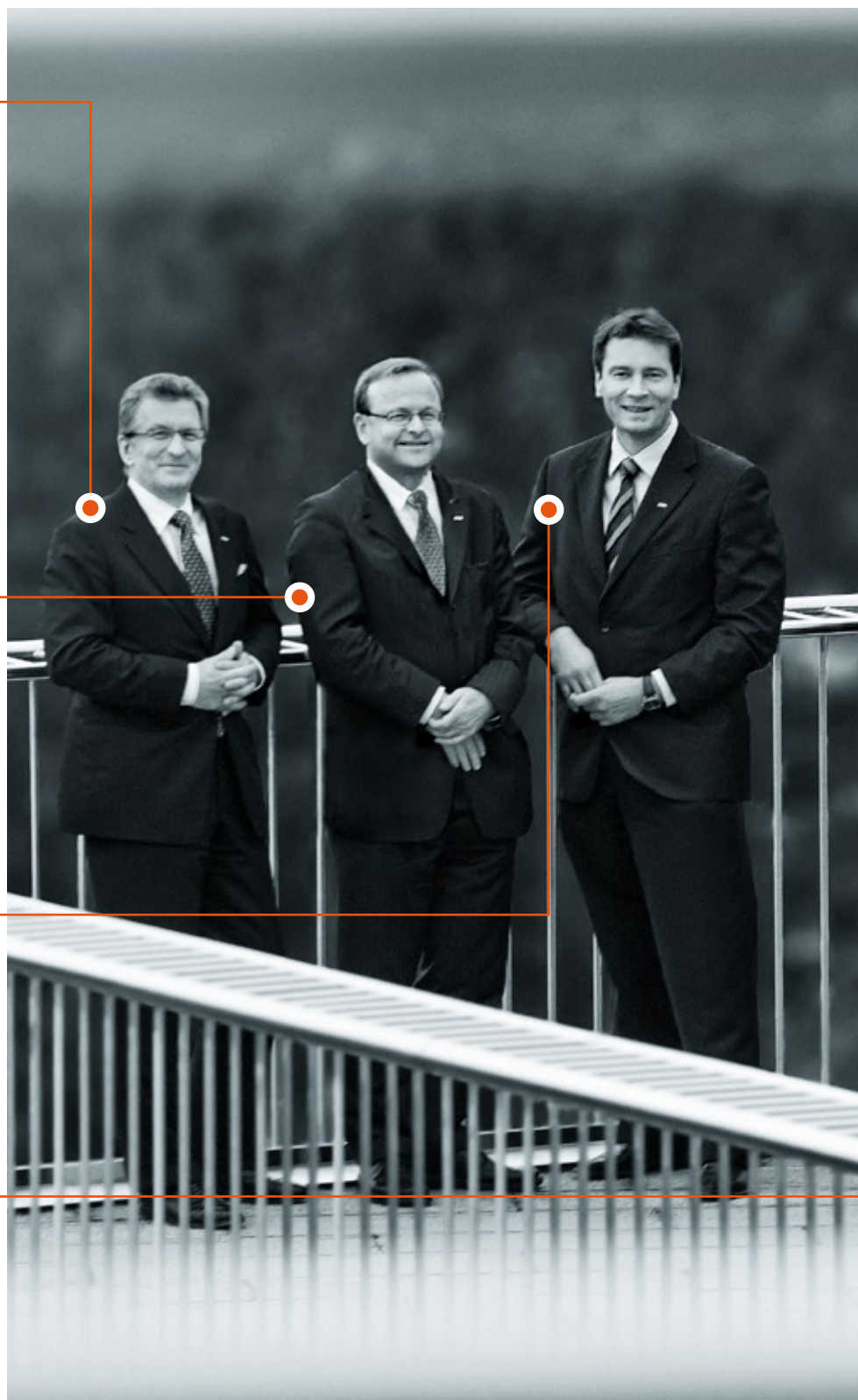
Heikki Rusila

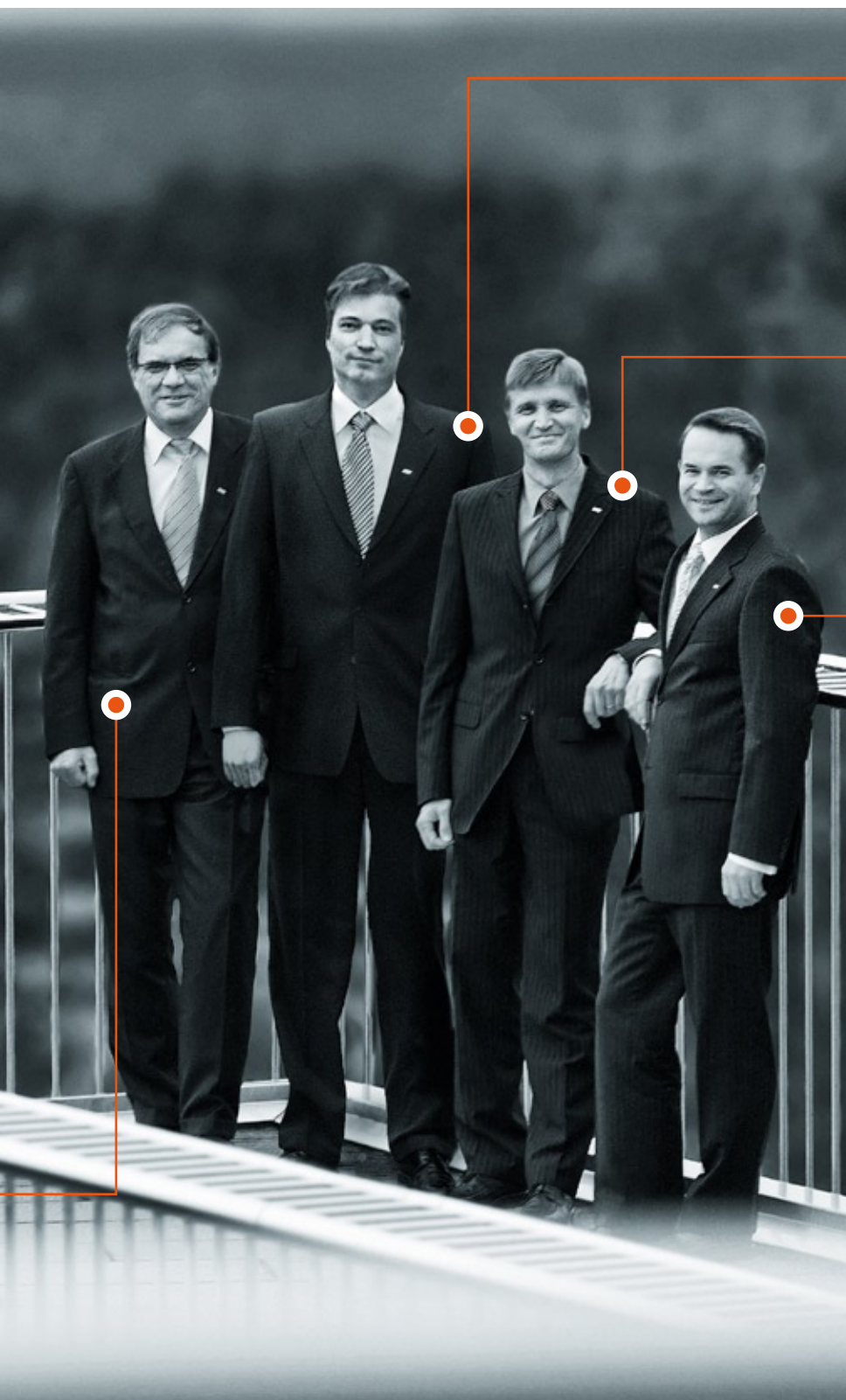
b. 1949

MSc (Eng), President of Ruukki Production. Joined the company in 1974. Corporate Management Board member 2001-

Previous main positions: Senior VP, Rautaruukki Metform, Senior VP, Rautaruukki Steel.

Shares: 54,922





Tommi Matomäki

b. 1967

MSc (Tech), President of Ruukki Engineering from 1 January 2008. Corporate Management Board member from 1 January 2008.

Previous main positions: Managing Director, Technip Offshore Finland Oy, Metso Works Oy.

Shares: -

Olavi Huhtala

b. 1962

BSc (Eng), President of Ruukki Metals. Joined the company in 1987. Corporate Management Board member 2003-

Previous main positions: President of Ruukki Fabrication, Marketing and executive duties, Rautaruukki Metform.

Shares: 31,458

Saku Sipilä

b. 1968

MSc (Eng), President of Ruukki Construction. Joined the company in 2005. Corporate Management Board member 2005-

Previous main positions: Senior VP, business premises division, YIT Construction Ltd.

Shares: 4,000

Extended Management Board at 1 January 2008

In 2007 the Extended Management Board comprises the members of the Corporate Management Board along with:

Terhi Heikkinen, b. 1964, MSc (Econ), Senior Vice President, Human Resources. Joined the company in 2005. Shares: 1,500

Olli Huuskonen, b. 1961, LL.M., Senior Vice President, General Counsel. Joined the company in 2007. Shares: -

Markku Koljonen, b. 1951, BSc (Eng), Chief Technology Officer from 1 January 2008. Joined the company in 1989. Shares: 41,302

Taina Kyllönen, b. 1967, MSc (Econ), Senior Vice President, Marketing. Joined the company in 2004. Shares: 10,184

Anne Pirilä, b. 1963, MSc, Senior Vice President, Corporate Communications and Investor Relations. Joined the company in 2007. Shares: -

Ismo Platan, b. 1953, BSc (IT), Chief Information Officer. Joined the company in 2003. Shares: 12,436

Peter Sandvik, b. 1953, DSc (Tech), Senior Vice President, Environment, Energy and Community Relations. Joined the company in 1983. Shares: 23,562

Corporate governance

General principles

Rautaruukki Corporation is a Finnish limited company and the responsibilities and obligations of its governing bodies are provided by Finnish law, the company’s Articles of Association and the principles of corporate governance determined by the company’s Board of Directors.

Corporate governance and decision-making comply with the Finnish Limited Liability Companies Act, other similar legislation, other regulations applying to listed companies, the company’s Articles of Association and rules and regulations issued by the OMX Nordic Exchange Helsinki. Additionally, the company complies with the corporate governance recommendation for listed companies issued by the Helsinki Stock Exchange, the Central Chamber of Commerce and the Confederation of Industry and Employers. In all its operations, the company complies with the valid laws and regulations and with the Code of Conduct adopted by the Board of Directors.

Each business area is responsible for ensuring compliance with the Code of Conduct and valid laws and regulations. Likewise, all employees are required to be aware of and comply with the laws, regulations and principles applying to their own work.

Governing bodies

Responsibility for the administration of the Rautaruukki Group is vested in the governing bodies of the parent company, Rautaruukki Corporation. These bodies are: the General Meeting of Shareholders, the Board of Directors, the Supervisory Board and the President & CEO.

Rautaruukki’s governing bodies



General Meeting of Shareholders

Ultimate decision-making power is vested in the General Meeting of Shareholders. The Annual General Meeting is held once a year before the end of June at a date decided by the Board of Directors to transact the business assigned to it by law and the company’s Articles of Association and to consider any proposals to the Meeting.

Notice of general meetings is given by the Board of Directors no earlier than two months and no later than 17 days before the meeting.

Nomination Committee appointed by the General Meeting

The Nomination Committee appointed by the Annual General Meeting (AGM) on 20 March 2007 prepares nominations for appointments to the Board of Directors and for the emoluments of Board members for presentation to the following AGM. The Committee consists of representatives appointed by the three largest shareholders as at 1 November preceding the AGM together with the Chairman of the Board of Directors as an expert member. The Chairman of the Board of Directors convenes the Committee, which must submit its proposal to the company’s Board of Directors by 1 February preceding the AGM.

Rautaruukki’s three largest registered shareholders as at 1 November 2007 were the Finnish State, Ilmarinen Mutual Pension Insurance Company and Varma Mutual Pension Insurance Company, whose representatives on the Nomination Committee are Markku Tapio, Senior Financial Counsellor, Jussi Laitinen, Chief Investment Officer, and Matti Vuoria, President and CEO, respectively.

Board of Directors

The General Meeting elects the Chairman, Deputy Chairman and other members of the Board of Directors for a term of office lasting one year at a time. Besides the Chairman and Deputy Chairman, the Board consists of between two and six other members. Rautaruukki’s President & CEO attends Board meetings. During the term of office lasting from 20 March 2007 to 2 April 2008, the Board had eight members. In 2007, the Board of Directors met 8 times and additionally held 1 meeting by conference call. The average attendance rate at Board meetings was 99 per cent.

The Board of Directors oversees the company’s operations and management and decides on significant matters relating to the company’s strategy, investments, organisation and finance. The Board approves its own working order. The Board’s main tasks are to:

- set long-term targets and approve strategies
- approve financial targets
- approve the organisational structure and confirm the principles of incentive schemes
- appoint the President & CEO and members of the Corporate Management Board
- oversee the proper arrangements for accounting and financial management
- decide on overall capital expenditure and on significant individual investments and to
- approve the operating principles for the most important areas of management and supervision.

The Board of Directors sets profitability and equity ratio targets as benchmarks for producing economic value added. The Board monitors how these principles are implemented and assesses its own working practices and the independence of its own members.

Independence of members of the Board of Directors

The Board of Directors has assessed the independence of its own members. All members are independent of the company and all Board

members, except for Kalle J. Korhonen, are independent of the company's major shareholders.

Board of Directors' committees

The Board of Directors has two permanent committees: the Audit Committee and the Compensation Committee. The Board appoints the chairperson and members to each committee from among Board members for a term of office lasting one year at a time. The Board oversees the work of the committees and has confirmed written working orders for them. The orders contain the main duties and working principles of the committees.

Both committees report regularly on their work to the Board of Directors.

Audit Committee

The Audit Committee assists the Board of Directors in carrying out its supervisory duties and oversees financial reporting by evaluating the drafts of the company's annual and interim financial statements and the accounting principles. The Audit Committee monitors the development of the Group's economic and financial situation and evaluates compliance with internal guidelines. The Audit Committee also evaluates the adequacy of internal auditing and risk management and studies the internal audit reports. Additionally, the Audit Committee's remit includes preparations relating to the election of auditor, as well as evaluating the audit plan and costs and the auditors' report. The Committee also assesses the quality and independence of the audit.

Members of the Audit Committee are required to have broad business knowledge and adequate experience of financial and supervisory matters.

In 2007, the Audit Committee had three independent members: Pirkko Juntti (chair), Christer Granskog and Liisa Leino. The Committee met 9 times. The average attendance rate was 97 per cent.

Compensation Committee

The Compensation Committee is tasked with assessing the competitiveness of the company's internal bonus and incentive schemes, preparing remuneration and appointment matters relating to the President & CEO, chart successors to the President & CEO and members of the Corporate Management Board and to decide on the salary and other benefits of members of the Corporate Management Board reporting to the President & CEO.

In 2007, the Compensation Committee had three members: Jukka Viinanan (chair), Reino Hanhinen and Jukka Härmälä. The Committee met 6 times. The average attendance rate was 94 per cent.

Fees paid to members of the Board of Directors

The Chairman of the Board of Directors received a monthly fee of EUR 4,400, the Deputy Chairman EUR 3,000 and other members EUR 2,400. An attendance fee of EUR 500 was paid for Board and Committee meetings.

Emoluments paid to the Board of Directors

€	2007	2006
Chairman of the Board	61,100	56,300
Deputy chairman of the Board	55,800	39,900
Other members of the Board	206,100	204,000

Supervisory Board

The General Meeting elects the Supervisory Board for a term of office lasting one year at a time. The Board consists of five to twelve members. The Finnish government is entitled to appoint one member and the company's founding shareholders two members. There were nine members in 2007. Four representatives appointed by employee groups attend Supervisory Board meetings, at which they have a right to be present and to speak.

The Supervisory Board is tasked with overseeing the company's administration for which the Board of Directors and President & CEO are responsible.

In 2007, the Supervisory Board met four times. The average attendance rate was 85 per cent.

Fees paid to members of the Supervisory Board

The Chairman of the Supervisory Board received a monthly fee of EUR 1,000, the Deputy Chairman EUR 600 and other members EUR 500. An attendance fee of EUR 200 was paid for meetings.

President & CEO

The Board of Directors appoints the President & CEO, who is responsible for managing the company's business in accordance with the Finnish Limited Liability Companies Act, the Articles of Association and the instructions issued by the Board of Directors. The President & CEO serves as chairman of the Corporate Management Board.

Emoluments paid to the President & CEO and the Management Group

€	Salaries and fringe benefits		Performance bonuses		Share bonuses		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
President & CEO	516,532	484,729	160,450	170,005	1,817,168	2,726,737	2,494,150	3,381,470
Other members of the Management Group	1,189,130	1,070,498	367,269	266,537	4,384,159	5,020,992	5,940,558	6,358,027

The President & CEO is entitled to retire on a full 60 per cent pension at the age of 60. He is also entitled to severance pay corresponding to 24 months' salary if dismissed by the company.

Corporate Management Board

The President & CEO and other persons appointed by the Board of Directors at the President & CEO's proposal form the company's Corporate Management Board. Meetings of the Board are headed by the President & CEO. The Board assists the President & CEO in business planning and operative management.

At year-end 2007, the Corporate Management Board had seven members and the Extended Management Board seven members in addition to these.

Long-term incentive schemes

Rautaruukki's long-term incentive schemes consist of two share bonus schemes, 2004 and 2008–2010, for key persons.

➤ See pages 59 and 61 for further information about incentive schemes.

Control system

The management system referred to above ensures the control and supervision of corporate-wide operations. The Group employs the reporting systems needed to monitor business effectively. Ultimate responsibility for the proper arrangement of accounting and supervision of financial management is vested in the Board of Directors. The President & CEO is responsible for ensuring that accounting complies with legal requirements and that financial management is reliably organised.

Internal audit

Internal audit examines and assesses the appropriateness and effectiveness of the Group's internal control system, the relevance and efficiency of operations, the reliability of financial information and reporting, as well as compliance with rules, operating principles and guidelines. In addition, internal audit seeks to promote the development of risk management in different functions.

The Group's internal audit reports to the President & CEO. Internal audit reports are also submitted to the Chairman of the Board of Directors and the Audit Committee. Audit plans are presented to the entire Board of Directors.

The Group's auditor assesses the effectiveness of internal controls as part of legality control.

Audit

Under its Articles of Association, the company has one auditor, which must be a KHT audit firm, an audit firm which is authorised by the

Central Chamber of Commerce of Finland. The Annual General Meeting elects the auditors for a term of office lasting one year at a time. In the statutory audit, the auditor audits the accounting records, financial statements and administration. The auditor of the parent company also audits the consolidated financial statements.

The KHT audit firm responsible for auditing the parent company also, through its global organisation, carries out an audit of the entire Group and is responsible for the audit within the entire Group.

Ernst & Young Oy has served as Rautaruukki's auditor since 2003 and the principal auditor is Pekka Luoma, KHT Auditor.

Auditor's fee

Fees paid to independent auditors for the audit and other services relating to the 2007 financial statements were as follows:

- Audit and other closely related fees: EUR 1,808,000 (1,724,000 in 2006).
- Other services EUR 371,000 (373,000 in 2006).

Insiders

Under the Finnish Securities Markets Act, Rautaruukki's public insiders are members of the Board of Directors and Supervisory Board, the President & CEO and his deputy, and the principal auditor. Under a decision taken by Rautaruukki's Board of Directors, members of the Corporate Management Board and the Extended Management Board are also counted as public insiders. Information about the interests in Rautaruukki of public insiders and their related parties is public. Besides a public insider register, Rautaruukki also keeps a company-specific and project specific register. Permanent company-specific insiders are persons who, by virtue of their position or job, regularly receive insider information and whom the company has defined as company-specific insiders. The company-specific register is not public.

Rautaruukki complies with the Helsinki Stock Exchange's Guidelines for Insiders, which recommend that insiders schedule trading in a company's securities at times when the market has as much information as possible about any factors affecting the value of that company's share. Rautaruukki's permanent insiders may not trade in securities issued by the company for a period of 14 days prior to the publication of the company's financial statement release or interim report (closed window).

Rautaruukki's insider registers are maintained by the Group's Legal Affairs Department in the Finnish Central Securities Depository's SIRE system, where information about securities ownership can be obtained directly from the book-entry system. The interests of insiders on the public insider register are posted on the company's website and updated once a day.

➤ Further information at www.ruukki.com.

Supervisory Board 20 March 2007–2 April 2008

Chairman:

Turo Bergman

b. 1946, LicPolSc

Deputy Chairman:

Jouko Skinnari

b. 1946, Member of Parliament, LLM

Other members:

Heikki Allonen

b. 1954, Msc (Tech), appointed by Fiskars Corporation

Inkeri Kerola

b. 1957, Member of Parliament, class teacher

Miapetra Kumpula-Natri

b. 1972, Member of Parliament, BSc (Eng), student of economics

Petri Neittaanmäki

b. 1975, Special Adviser, MSocSc

Markku Tynkkynen

b. 1952, Executive Vice President, Resources, UPM-Kymmene Corporation, MSc (Tech)

Tapani Tölli

b. 1951, Member of Parliament, MPoSc

Lasse Virén

b. 1949, Entrepreneur, police officer

Employee representatives:

Matti Kelloniemi

b. 1950, HRD specialist

Jouko Luttinen

b. 1956, Chief shop steward

Markku Pelkkikangas

b. 1950, Project manager

Eero Raivio

b. 1945, Stoker

Risk management at Ruukki

- **Total risk management is part of the management system**
- **Risk assessment in relation to strategy**
- **Aiming for a safe, accident-free environment at Ruukki**

Risk management seeks to underpin the achievement of Ruukki’s strategy and targets and to safeguard business continuity. Effective risk management measures and the transparency required by good corporate governance are brought about by identifying risks and describing their significance, reasons and consequences in a consistent way that facilitates comparison.

The risk management policy approved by Rautaruukki’s Board of Directors sets out the operating principles and process of the Group’s risk management.

Risk management is an integrated part of Ruukki’s management system and all core business and support processes and related decision-making incorporate the risk aspect. Corporate level risk management measures, a summary of the risk reports of the various functions and support in risk management issues are dealt with centrally.

Strategic risks

Ruukki aims to be the leading supplier of metal-based solutions in Europe to customers in construction and in the lifting, handling and

transportation equipment industry. Ruukki is also seeking growth in component and systems deliveries in the energy sector, special products and in the parts processing business. The company seeks to leverage its strategy to reduce its dependency on fluctuations in the market for standard steel products and the risk of a change in the competitive situation in the steel industry in all Ruukki’s core markets.

Good progress has been made with transforming the Group’s business structure from that of a traditional steel producer to a solutions provider for construction and the engineering industry. New business functions call for new types of expertise, especially in the engineering business, project management and materials sourcing. The takeover of acquisitions in new geographical regions such as Eastern Europe brings about new challenges in controlling business growth, securing and retaining employees and management resources. The company has prepared for these risks by thorough human resources planning, training, international recruiting, developing management and control systems, effective acquisition integration processes and by strengthening local organisations.

Operational and hazard risks

Combating climate change poses challenges for Ruukki’s business. The additional costs ensuing from increasingly tighter environmental regulations and carbon emissions trading affect Ruukki’s investments

Risks and risk management at Ruukki 2007

Risk	Policy or instructions	Risk owner or remit
Cost competitiveness of own steel production	Ruukki’s business strategy	Board of Directors and Corporate Management Board
Actions of competitors on the market	Ruukki’s business strategy	Board of Directors and Corporate Management Board
Tighter environmental regulations	Environmental policy Environmental management system (ISO 14001)	Business divisions and environmental risk management function EHSQ organisation (Environment, Health, Safety and Quality)
Cyclical fluctuations in prices of standard steel products	Ruukki’s business strategy	Board of Directors and Corporate Management Board
Labour market disruptions	Human resources policy	Corporate Management Board, business divisions, Human Resources Management
Development of new types of business	Ruukki’s business strategy	Board of Directors and Corporate Management Board, business divisions and M&A function
Major interruptions to production	Risk management policy Insurance risk management policy	Corporate Management Board, business divisions, Risk Management function
Availability and prices of raw materials	Sourcing strategy	Corporate Management Board, business divisions, sourcing organisation
Financial risks	Finance policy Credit risk policy	Corporate Financial Management and Finance organisation
Operating processes	Quality policy Quality management systems (ISO 9001) Information security policy	EHSQ organisation, IT organisation, projects to harmonise operating processes
Injuries	Safety instructions	Corporate Management Board, business divisions, safety team and Risk Management function
Liability risks	Contract policy Risk management policy Insurance risk management policy	Business divisions, Legal Affairs department, Risk Management function

and competitiveness. The company has taken thorough steps to actively track and anticipate future changes in environmental legislation. The blast furnaces at the Raahe Works in Finland are first rate in terms of carbon dioxide efficiency or the use of raw materials causing carbon dioxide emissions. However, the current emissions trading scheme fails to take this into account. The EU Emissions Trading Scheme distorts competition in relation to steelmaking outside the EU. Ruukki, together with European steelmaking as a whole, is actively pushing for a global emissions trading scheme based on efficiency.

Demand for steel and other metal products and the prices of standard products vary according to economic cycles. Ruukki has prepared for cyclical fluctuations in the price of steel by increasing the share of special products in its own output, by improving supply chain management and delivery accuracy and by aligning production to profitable demand in each market situation. In pricing, profitability is more important than volume. Ruukki is increasingly selling directly to end-customers and thus better identifying customer needs.

Labour market disruptions are risks which jeopardise business performance. Delivery accuracy is becoming an increasingly critical competitive factor. Production disruptions are exerting a growing economic impact. This risk is reduced by developing negotiation and decision-making mechanisms with elected bodies and by striving to improve our people's understanding of the impacts of the market and competitive situation, basic business issues and globalisation. One of the major aims of the entire personnel is to continually improve delivery accuracy.

The prices and freight charges of iron ore, coal and other raw materials used in steelmaking are determined on the world market. Raw material prices can be very volatile and their sourcing is changed from time to time. Derivatives are also used to manage the price of electricity and zinc. The impact of these can extend to the following six years for electricity and three years for zinc.

Availability risks are controlled through long-term agreements to source the main raw materials and energy used in steel production. The Group generates almost half of the electrical energy it uses by utilising the gases released in the production process.

Ruukki utilises a modern systematic proactive maintenance strategy to prevent the occurrence of production breakdowns and extensive corporate insurance programmes covering property damage, business interruption and transportation. From the business perspective, it is important to ensure that adequate support is in place to minimise or avert information system failures, communications disruptions or information security risks in core processes in all situations.

Ruukki is pushing for a zero-accident, safe working environment. To avoid injuries, Ruukki particularly focused on training and integrating safety into the management system through a corporate-wide safety programme during 2007.

Ruukki operates adequate quality systems and correctly targeted liability insurance to avert and minimise product flaws and liability. The integrated management system employed for quality and

Allocation of risk management responsibility at Ruukki

Board of Directors

Responsibility for the Group's risk management policy and for ensuring its implementation. Approval of the risk management policy.

President & CEO

Responsibility for the proper arrangement of risk management.

Chief Financial Officer

Responsibility for the risk management model and for reporting.

Management Group

Involved in risk identification, assessment, accountability and control.

Heads of divisions and support functions

Responsibility for identifying and managing risks in their own area and for implementing and reporting risk management development.

Corporate Risk Manager

Responsibility for supporting the divisions and other functions to develop risk management and maintain risk information.

Internal audit

Evaluates the Group's risk management.

Each employee

Responsibility for identifying and assessing work-related or any other risks and bringing them to the attention of his or her supervisor.

environmental management complies with the requirements of ISO 9001 and ISO 14001. All Ruukki's main production sites operate in accordance with the ISO 14001 environmental management system.

Financial risks

Ruukki's financing and financial and credit risk management is dealt with centrally by the parent company's Financing function in accordance with the financing and credit policy approved by the Board of Directors. The Group's main raw materials are priced in US dollars. This exposes the Group to a considerable foreign exchange risk since US dollar-denominated sales account for roughly just one per cent of consolidated net sales. The interest rate risk associated with the Group's borrowings is managed by keeping 30-70 per cent of borrowings at a fixed rate. See Note 3 to the Financial statements for more information about financial risks management.

Clear increase in shares traded

- **Rautaruukki's share closed at EUR 29.65 on the year and the company had a market capitalisation of EUR 4,157 million**
- **There were no major changes in the ownership structure during the year**
- **Under the new Act on State Shareholdings, the Finnish Government may reduce or fully dispose of the State's shareholding in the company**

Shares and share capital

Rautaruukki Oyj's share (RTRKS) is listed on the OMX Nordic Exchange Helsinki in the Large Cap segment and is classified in the Materials sector. Rautaruukki has one series of share, with each share entitling the holder to 10 votes at general meetings of shareholders. The Annual General Meeting in March 2007 decided to discontinue the division of the company's shares into Series K and Series A.

Rautaruukki Oyj's fully paid share capital entered into the Finnish Trade Register as at 31 December 2007 was EUR 238,336,817.60 distributed over 140,198,128 shares. The share capital was increased by EUR 212,139.60 during 2007 as a result of subscriptions exercised under the 2003 bond loan with warrants.

Share performance and trading

The company's share closed 1.7 per cent down on the year at EUR 29.65 (EUR 30.15 at year-end 2006). The highest price quoted was EUR 52.50, in July, and the lowest was EUR 27.38, in January. The average price was EUR 38.34.

During the report period, 219,940,007 (179,214,000 million in 2006) of the company's shares were traded for a total of EUR 8,444 million (4 628) on the OMX Nordic Exchange Helsinki. The average daily trading was 879,760 shares.

In September 2007, Rautaruukki was one of the leading European companies selected for inclusion in the Dow Jones STOXX Sustainability Index. The Index was launched in 2001 to track the financial, social and environmental performance of European companies.

> The latest market information is available online at www.ruukki.com.

Board of Directors' authorisations

Rautaruukki Corporation's Annual General Meeting of 20 March 2007 authorised the Board of Directors to resolve to buy back a maximum of 12,000,000 of the company's own shares (8.57 per cent of the votes). This authorisation was not exercised during 2007. Furthermore, the Annual General Meeting authorised the Board of Directors to resolve to transfer a maximum of 13,785,381 treasury shares held by the company. The authorisation is valid until the close of the 2009 Annual General Meeting. Pursuant to the authorisation granted by the 2007 Annual General Meeting, on 20 March 2007, the company transferred 84,000 treasury shares to persons covered by earning period 2006 of the Group's Share Ownership Plan 2004. Pursuant to the currently valid authorisation, on 3 August 2007, the company transferred 225,194 treasury shares to persons covered by the last incentive period,

2004–2006, of the Group's share bonus scheme 2000. A total of 750 shares were returned to the company. After the transfers above, the company has 1,476,937 treasury shares.

Dividend policy

The company's dividend policy is a payout ratio of 40–60 per cent of earnings for the financial year. The aim is for a steadily growing dividend taking into account the need for business growth. The Board of Directors is to propose to the Annual General Meeting convening on 2 April 2008 that a dividend of EUR 1.70 per share and extra dividend of EUR 0.30 per share arising from funds freed up from the long steel business, making a total dividend of EUR 2.00 per share be paid for 2007.

Shareholders

At 31 December 2007, Rautaruukki had 20,530 shareholders. The percentage of Rautaruukki's shares that were nominee registered or owned by non-Finnish investors decreased by 4.4 points during the report period. At year-end 2007, 36.4 per cent of the company's shares were in non-Finnish ownership.

At year-end 2007, the Finnish State owned 39.7 per cent of Rautaruukki's shares. Under the new Act on State Shareholdings that entered into force at the start of 2008, the Finnish Government may reduce or fully dispose of the State's shareholding in the company.

Treasury shares

At year-end 2007, Rautaruukki owned 1,476,937 treasury shares (1,785,381 in 2006), which had a capitalisation value of EUR 43.8 million at 31 December 2007.

Board and management interests

At year-end 2007, members of the Supervisory Board and Board of Directors owned a total of 5,910 shares in the company, corresponding to 0.004 per cent of the shares and votes. At year-end 2007, members of the Corporate Management Board owned a total of 189,686 shares, corresponding to 0.14 per cent of the shares and votes. Management ownership rose by 23,442 shares during 2007. See pages 48–51 of this report for an analysis of management and Board of Directors' interests in the company. The interests of the company's public insiders and any movements in shareholdings during the year may be viewed in real time on the company's website at www.ruukki.com/investors.

Disclosure notifications

During 2007, the company received no notifications of changes in ownership requiring disclosure under Chapter 2, Section 9 of the Finnish Securities Markets Act.

2003 bond loan with warrants

Warrants under the EUR 3.5 million bond loan with warrants issued on 26 May 2003 and targeted at the Group's personnel and Rautaruukki's Personnel Fund entitle holders to subscribe a maximum aggregate of 1,400,000 shares between 24 May 2006 and 23 May 2009. A total

of 1,311,683 shares (94 per cent) have been subscribed under the 2003 bond loan and the share capital has been increased by EUR 2,229,861.10 accordingly.

Incentive schemes

Rautaruukki had one incentive scheme in effect during 2007: the Share Ownership Plan 2004 for key personnel decided by the Board of Directors in December 2004. The share bonuses for the final three-year incentive period, 2004–2006, of the Share Bonus Scheme introduced in February 2000 for management and key personnel vested in August 2007. Shares received under the scheme must be retained until at least 31 December 2008. In December 2007, the Board of Directors decided on a new Share Ownership Plan 2008–2010 for key personnel.

Share Ownership Plan 2004

The Share Ownership Plan 2004 is divided into three year-long earning periods, which are the years 2005, 2006 and 2007. In March 2007, the Board of Directors decided to transfer 84,000 treasury shares to those covered by the plan as a bonus for the 2006 earning period. Under the terms of the Share Ownership Plan, 60 per cent of the total bonus is paid in cash and 40 per cent in shares. The 2006 earning period covered 62 members of the company's management or other key personnel. Payment of the share bonus is subject to the achievement of financial targets, which are gauged by the criteria of earnings per share (EPS) and return on capital employed (ROCE). Any shares paid as bonus must be held for a minimum of two years after the end of each earning period. However, the President & CEO and other members of the Corporate Management Board must retain any shares received under the plan to at least the value of their annual fixed gross salary for as long they continue to serve as president & CEO or membership of the Corporate Management Board continues.

The last earning period under the Share Ownership Plan 2004 ended on 31 December 2007. Provided that the performance criteria have been met, the final bonuses under the plan will be paid out in 2008. There were 70 persons covered by the 2007 earning period.

Share Ownership Plan 2008–2010

In December 2007, the Board of Directors decided on a new Share Ownership Plan for key personnel. The new plan seeks to align the objectives of shareholders and key personnel to increase shareholder value and to commit key personnel to the company.

The plan comprises three one-year earning periods, which are the years 2008, 2009 and 2010. Any bonuses will be paid out partly in the form of company shares and partly in cash during the year following the respective earning period. Payment of a share bonus is subject to the achievement of financial targets, which during the 2008 bonus earning period are gauged by the criteria of earnings per share (EPS) and return on capital employed (ROCE).

Any shares received under the Share Ownership Plan must be held for at least two years after the end of each earning period. If the employment of a key person ends during this time, the person

concerned must, without consideration, return the shares received as bonus to the company. The President & CEO and other members of the Management Group must, in addition to the two-year commitment period, retain any shares received under the Share Ownership Plan to at least the value of their annual gross salary for as long as their service contract continues.

The plan covers 85 persons. Bonuses payable under the plan correspond to a maximum aggregate of 1,200,000 Rautaruukki Oyj Shares (including the cash element).

Option programmes

Rautaruukki has no option programmes in effect.

Investor relations

The main principles guiding Rautaruukki's Investor Relations function are to provide consistent information impartially and at the same time to all investors in all situations, honestly, transparently and voluntarily.

Investor Relations is principally tasked with regular communication with existing and potential shareholders and analysts. The aim is to help investors and analysts to understand the company's business and industry and to provide the tools to determine the value of the company's share. The company's senior management also plays an active role in investor relations.

2007 an active year

Investor interest in Rautaruukki grew and there were 19 banks and stockbrokers analysing the company at the end of 2007. Together with senior management, the investor relations team met investors and analysts more than 200 times in 2007, either in one-to-one meetings, seminars or at trade fairs. The company arranged works visits for shareholders and a capital markets day in Moscow.

> The Financial Reports and presentation materials and the investor calendar may be viewed online at www.ruukki.com/investors.

Closed period

Rautaruukki observes the principle of a 14-day closed period before earnings disclosures. During this period, the company does not meet capital market representatives, comment on the quarter concerned or report on matters relating to the company's performance for the period.

Latest information online for investors

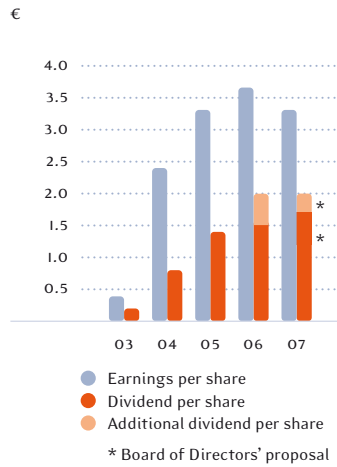
The Investor section (www.ruukki.com/investors) of Rautaruukki's website gives share trading information, subject to a 15-minute delay, the latest stock exchange releases, the company's corporate governance principles and a share monitor, which shows the performance of the company's share over the periods required during the past five years.

> Visit www.ruukki.com/investors for further information.

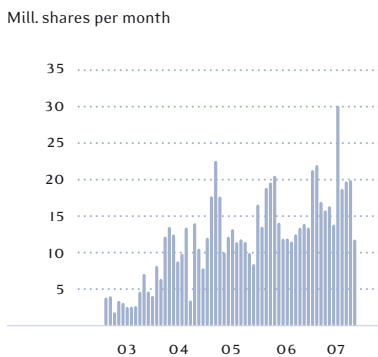
Market capitalisation



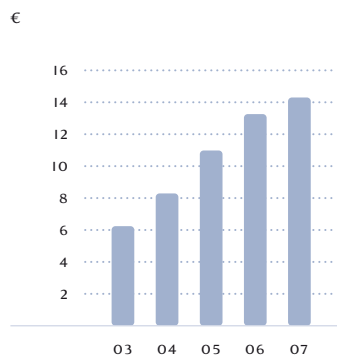
Earnings and dividend per share



Share trading



Equity per share



Share price, monthly high-low



Ownership structure as at 31 December 2007



Share data for 2007

Highest price, € (in July)	52.50
Lowest price, € (in January)	27.38
Average price, €	38.34
Closing price, €	29.65
- year-on-year movement, %	-1.7
Market capitalisation at year-end, €m	4,157

Incentive schemes

For personnel	Number of persons	Subscription price	Max. amount	Subscription period	Shares subscribed	Effect on share capital	Restrictions
Bond loan with warrants 2003	Personnel Personnel Fund	€1.70 (€4.40 less dividends declared after 23 May 2003)	1,400,000	24 May–31 Dec 2006 15 Apr–31 Dec 2007 15 Apr–31 Dec 2008 15 Apr–23 May 2009	1,311,683	+ 0.8%	Could not be subscribed by management
For management	Number of persons	Condition	Bonus	Earning periods	Shares transferred	Effect on share capital	Restrictions
Share bonus scheme 2000	about 100	Average return on equity during the earning period in a peer group	Half of annual salary, of which period in a peer group • 40% in shares • 60% in cash	1 Jan 2000–31 Dec 2002 1 Jan 2001–31 Dec 2003 1 Jan 2002–31 Dec 2004 1 Jan 2003–31 Dec 2005 1 Jan 2004–31 Dec 2006	– 197,040 480,263 519,316 225,194	None	The shares can be sold no earlier than two years after the end of each earning period
Share Ownership Plan 2004	about 60	Achieving the financial targets gauged by the criteria of EPS and ROCE	Combination of shares and cash	1 Jan–31 Dec 2005 1 Jan–31 Dec 2006 1 Jan–31 Dec 2007	291,000 84,000	None	The shares can be sold no earlier than two years after the end of each earning period
Share Ownership Plan 2008–2010	about 85	Achieving the financial targets gauged by the criteria of EPS and ROCE	Combination of shares and cash	1 Jan–31 Dec 2008 1 Jan–31 Dec 2009 1 Jan–31 Dec 2010	–	None	The shares can be sold no earlier than two years after the end of each earning period
Stock options	–						

Per share financial indicators (FAS 2003, IFRS 2004–2007)

	2007	2006	2005	2004	2003
Earnings per share, EPS, €	3.31	3.66	3.35	2.42	0.39
- diluted, €	3.31	3.65	3.31	2.40	0.39
Equity per share, €	14.3	13.26	10.98	8.29	6.07
Dividend per share, €	1.70+0.30*	1.50+0.50	1.40	0.80	0.20
Dividend per earnings, %	60.4	55.1	41.9	34.7	51.3
Price per earnings, P/E	9.0	8.2	6.1	3.8	15.0
Effective dividend yield, %	6.7	6.6	6.8	9.2	3.4
Share trading, €m	8,444	4,628	2,041	912	207
Average price, €	38.34	25.70	12.90	7.16	4.66
Lowest price, €	27.38	19.00	8.02	5.67	3.05
Highest price, €	52.50	33.31	21.15	9.19	6.36
Closing price at balance sheet date, €	29.65	30.15	20.55	8.74	5.84
Market capitalisation, €m	4,157	4,220	2,854	1,214	811
Average adjusted number of shares, thousands	138,491	136,864	135,977	135,683	135,616
- diluted, thousands	138,566	137,145	137,377	137,083	136,606
Adjusted number of shares at year-end, thousands	140,198	139,957	138,886	138,886	138,886
Number of shares at year-end, thousands	140,198	139,957	138,886	138,886	138,886
- excluding treasury shares, thousands	138,721	138,172	136,294	135,813	135,616
- diluted, thousands	138,566	138,501	137,694	137,213	137,016
Share trading, thousands	219,940	179,214	158,463	127,415	44,429
- % of shares	157	128	116	94	33

* The Board of Directors proposes a dividend of EUR 1.70 per share, and an additional dividend of EUR 0.30 per share arising from funds freed up from the long steel business.

Rautaruukki Corporation's largest shareholders according to the share register as at 31 December 2007

Shareholder	Shares, %	Number of shares
1 The Finnish State	39.70	55,656,699
2 Ilmarinen Mutual Pension Insurance Company	2.18	3,058,240
3 Varma Mutual Pension Insurance Company	1.79	2,511,492
4 Rautaruukki Pension Foundation B	1.13	1,585,455
5 Rautaruukki Corporation	1.05	1,476,937
6 Esa Rannila	1.04	1,457,800
7 OP-Delta Investment Fund	0.73	1,021,192
8 Finnish State Pension Fund	0.71	1,000,000
9 Odin Norden	0.62	866,495
10 Etera Mutual Pension Insurance Company	0.60	840,000
11 Odin Förvaltnings AS	0.38	534,550
12 Mutual Insurance Company Pension Fennia	0.36	500,500
13 Stiftelsen för Åbo Akademi	0.30	423,500
14 Sampo Suomi Share Investment Fund	0.25	350,009
15 Rautaruukki Personnel Fund	0.25	348,528
16 OP-Focus Investment Fund	0.18	249,563
17 Einari Vidgrén	0.16	219,000
18 Veritas Pension Insurance Company Ltd	0.14	200,000
19 Selective Investor Ltd	0.14	200,000
20 Investment Fund ABN Amro Finland	0.14	198,211
Nominee registered shares	35.14	49,263,231
Other shareholders	13.01	18,236,726
Total	100.00	140,198,128

Shareholders by share ownership according to the share register as at 31 December 2007

Number of shares	Shareholders		Shares	
	No.	%	Thousands	%
1-100	5,794	28.2	347	0.2
101-1,000	12,510	60.9	4,999	3.6
1,001-10,000	1,966	9.6	5,170	3.7
10,001-100,000	222	1.1	5,899	4.2
100,001-	38	0.2	123,783	88.3
	20,530	100.0	140,198	100.0

Shareholders by sector according to the share register as at 31 December 2007

	Shareholders		Shares	
	No.	%	Thousands	%
Companies	966	4.70	4,090	2.91
Banks and insurance companies	92	0.45	52,830	37.68
Public institutions	40	0.20	66,104	47.15
Non-profit institutions	239	1.16	2,511	1.79
Households	19,083	92.95	12,827	9.15
Non-Finnish owners	110	0.54	1,835	1.30
Total	20,530	100.00	140,198	100.00
- of which nominee registered shares	16	0.08	49,263	35.14

Stock exchange releases 2007

- 25 Jan** Rautaruukki received approval from competition authorities for purchase of Omeo Mekaniska Verkstad
- 29 Jan** Rautaruukki and LKAB conclude a long-term raw material supply contract
- 29 Jan** Rautaruukki to publish Financial Statement Bulletin 2006 on Wednesday, 7 February at 9:00
- 1 Feb** Proposals of Rautaruukki's Nomination Committee regarding composition of the Board of Directors and Board remunerations
- 7 Feb** Rautaruukki Corporation Financial Statement Bulletin 2006
- 7 Feb** Rautaruukki posts excellent results for 2006 and expects strong growth in Eastern Europe
- 7 Feb** Rautaruukki Corporation: Notice of Annual General Meeting
- 13 Feb** Rautaruukki to acquire Norwegian steel bridge supplier Scanbridge
- 15 Feb** Subscription of Rautaruukki's shares with warrants
- 21 Feb** Roundup of Rautaruukki in 2006
- 22 Feb** Rautaruukki to invest in growing Polish construction market
- 16 Mar** Rautaruukki received authority approval for purchase of Scanbridge
- 19 Mar** Rautaruukki's Annual Report 2006 published
- 20 Mar** Rautaruukki's Annual General Meeting today
- 20 Mar** Transfer of Rautaruukki's own shares - share bonus scheme 2004
- 20 Mar** Resolutions of Rautaruukki's Annual General Meeting
- 16 Apr** Rautaruukki to publish Interim Report Q1/07 on Wednesday, 25 April at 9:00
- 23 Apr** Rautaruukki strengthens its position as a supplier of LHT equipment through acquisition of Aprítógépgyár Zrt. in Hungary
- 25 Apr** Rautaruukki Corporation Interim Report January-March 2007
- 25 Apr** Rautaruukki's first quarter operating profit almost doubled, growth driven by Eastern Europe and Russia
- 10 May** Rautaruukki received approval from the competition authorities for purchase of Aprítógépgyár Zrt.
- 29 May** Rautaruukki acquired 80.7 per cent share in Hungarian Aprítógépgyár Zrt.
- 4 Jun** Subsidiaries merged into Rautaruukki Corporation
- 20 Jun** Rautaruukki continues to simplify the Group's legal structure
- 25 Jun** Rautaruukki's Financial Information in 2008
- 28 Jun** Subscription of Rautaruukki's shares with warrants
- 19 Jul** Rautaruukki to publish interim report Q2/07 on Wednesday, 1 August at 9:00
- 1 Aug** Rautaruukki Corporation Interim Report January-June 2007
- 1 Aug** Rautaruukki's net sales up 20 per cent and operating profit up more than 70 per cent for January-June, construction continues to grow profitably
- 1 Aug** Rautaruukki Board approves the remunerations of the Group's share Bonus Scheme for 2004-2006
- 3 Aug** Rautaruukki Corporation - transfer of shares held by the company
- 22 Aug** Rautaruukki to complete early repayment of callable subordinated notes on 25 September 2007
- 29 Aug** Subscription of Rautaruukki's shares with warrants
- 26 Sep** Rautaruukki's Capital Market Day in Moscow, 1-2 October 2007
- 1 Oct** Rautaruukki to make total delivery worth EUR 10 million to YIT in Russia
- 1 Oct** Significant market potential for Rautaruukki within construction and engineering industries
- 16 Oct** Rautaruukki's third quarter result to be published on 24 October 2007
- 22 Oct** TU members began strike at Rautaruukki's Raahe units
- 24 Oct** Rautaruukki Corporation Interim Report January-September 2007
- 24 Oct** Rautaruukki's operating profit increased by 49 per cent in January-September, good market situation expected to continue
- 25 Oct** Rautaruukki sells remaining reinforcing steel units
- 26 Oct** Rautaruukki won dispute concerning use of name Ruukki
- 26 Oct** Production back to normal at Rautaruukki's Raahe Works
- 31 Oct** Subscription of Rautaruukki's shares with warrants
- 1 Nov** Subsidiary merged into Rautaruukki Corporation
- 2 Nov** Effect of strike by Union of Salaried Employees on Rautaruukki's operating profit is about EUR 5 million
- 12 Nov** Rautaruukki's Nomination Committee appointed
- 30 Nov** Sale of Rautaruukki's reinforcing steel units in Germany and the Netherlands closed today
- 10 Dec** Rautaruukki secures EUR 10 million natural gas pipeline orders from Gasum
- 13 Dec** Changes in Rautaruukki's management
- 13 Dec** Rautaruukki Corporation's Board of Directors decided on incentive scheme for key persons
- 18 Dec** Emissions allowances for Rautaruukki's works in Finland under amendment to Emissions Trading Act
- 19 Dec** Subscription of Rautaruukki's shares with warrants
- 22 Dec** Boliden initiated arbitration proceedings against Rautaruukki

➤ Visit www.ruukki.com to view all stock exchange releases.

Information for shareholders

Annual General Meeting

Wednesday 2 April 2008 at 10am
Helsinki Fair Centre, Messuaukio 1, 00520 Helsinki

To be eligible to attend the Annual General Meeting, shareholders must be on the company's shareholder register maintained by the Finnish Central Securities Depository Ltd by 20 March 2008 and have notified the company of their intention to attend the meeting. A shareholder in whose name the shares are held is automatically on the company's shareholder register. Nominee-registered shareholders can be temporarily entered on the company's shareholder register, provided they do so by 20 March 2008.

Shareholders must notify of their intention to attend the Annual General Meeting by 4pm Finnish time on 27 March 2008 either:

- online at www.ruukki.com
- by email to yhtiokokous@ruukki.com
- by letter to Rautaruukki Oyj, Osakerekisteri, PO Box 138, FI-00811 Helsinki
- by fax to +358 20 592 9104 or by telephoning +358 10 804 430 between 9am and 4pm, Monday to Friday.

Any letters of proxy are requested to be sent to the company's shareholder register before the close of the notification deadline.

Shareholders are entitled to have considered by the General Meeting any matter that, pursuant to the Finnish Limited Liabilities Companies Act, falls within the competence of the General Meeting, by notifying the Board of Directors thereof in writing early enough for the item to be included in the notice of the meeting.

Payment of dividends

The Board of Directors is to propose to the Annual General Meeting that a dividend of EUR 1.70 per share and an extra dividend of EUR 0.30 per share be paid for 2007.

Dividend payment date: 16 April 2008

Record date: 7 April 2008

Financial reports in 2008

Financial statements release 2007: Wednesday 6 February 2008

Annual Report 2007: published during week 11 in March 2008

Interim report Q1/2008: Wednesday 23 April 2008

Interim report Q2/2008: Wednesday 30 July 2008

Interim report Q3/2008: Wednesday 22 October 2008

Rautaruukki's annual and interim reports are published in Finnish and English and may be viewed on the company's website at www.ruukki.com. Printed versions of the annual report may also be ordered by emailing annualreport@ruukki.com.

Changes of address

Shareholders should notify the bank with which they have their book-entry account or the Finnish Central Securities Depository of any changes of address.

The following banks and stockbrokers cover Rautaruukki

ABG Sundal Collier
Alfred Berg ABN Amro
Credit Agricole Cheuvreux Nordic AB
Danske Bank A/S
Carnegie Investment Bank AB
Deutsche Bank AG, Helsinki Branch
SEB Enskilda
eQ Bank Ltd.
Evli Securities
E. Öhman J:or Fondkommission AB
Glitnir Bank Ltd
Handelsbanken Capital Markets
HSBC
Kauthing Sofi
Landsbanki Islands HF
Pohjola Bank plc
S&P Equity Research
Swedbank Markets
UBS

➤ Visit www.ruukki.com/investors for more detailed contact information.

Share information

Listing: OMX Nordic Exchange Helsinki

Date of listing: 20 October 1989

Sector: Materials

Segment: Large Cap

Trading ticker: RTRKS

ISIN code: FI0009003552

Trading lot: 1 share

Reuters ticker: RTRKS.HE

Bloomberg ticker: RTRKS FH

Startel ticker: RTRKS

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what?

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RUUKKI