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**Statement of the Board of Directors of Rautaruukki Corporation regarding SSAB's voluntary public share exchange offer for the shares in Rautaruukki Corporation**

With reference to the stock exchange release of Rautaruukki Corporation (hereinafter "Rautaruukki") and SSAB AB (hereinafter "SSAB") on January 22, 2014 regarding the combination of SSAB and Rautaruukki through SSAB making a voluntary public share exchange offer for the outstanding shares in Rautaruukki, the Board of Directors of Rautaruukki issues the following statement referred to in Chapter 11, Section 13 of the Finnish Securities Market Act (746/2012, as amended) regarding the share exchange offer.

**THE SHARE EXCHANGE OFFER IN BRIEF**

Rautaruukki and SSAB have on January 21, 2014 entered into a combination agreement (hereinafter the "Combination Agreement") under which they have agreed to combine the operations of Rautaruukki and SSAB.

Subject to the Combination Agreement, SSAB has resolved to make a voluntary public share exchange offer pursuant to Chapter 11 of the Finnish Securities Markets Act (hereinafter the "Share Exchange Offer"). The Share Exchange Offer is made for all of the outstanding shares in Rautaruukki that are not held by Rautaruukki or any of its subsidiaries (hereinafter the "Shares" and each separately a "Share").

The Share Exchange Offer will be made in accordance with the terms and conditions of the share exchange offer document and prospectus (hereinafter referred to as the "Share Exchange Offer Document") expected to be published by SSAB by April 11, 2014.

It is the intention of SSAB to acquire all of the Shares. The Share Exchange Offer is, among others, subject to reaching 90 per cent ownership of the Shares and clearance from regulatory authorities, including receipt of approvals from all applicable competition authorities.

For each Share validly tendered in the Share Exchange Offer, 0.4752 newly issued SSAB class A shares and 1.2131 newly issued SSAB class B shares are offered as consideration (the "Share Consideration"). The aggregate maximum number of SSAB shares to be offered for the Shares amount to a maximum of 66,050,553 new class A shares and a maximum of 168,615,165 new class B shares in SSAB (the "Consideration Shares"). Pro-forma ownership of the combined company will be 42% of the capital and 25% of the votes for current Rautaruukki shareholders, assuming full acceptance of the Share Exchange Offer.

The Share Consideration offered for each Share validly tendered in the Share Exchange Offer corresponds to a premium of approximately 20 percent to the volume-weighted average trading price of the Rautaruukki Share (EUR 6.60) on NASDAQ OMX Helsinki Ltd (hereinafter the "Helsinki Stock Exchange") during the three-month period preceding the announcement of the Share Exchange Offer, based on the volume-weighted average trading price of the Class A shares (SEK 46.7/EUR 5.27) and Class B shares (SEK 39.5/EUR 4.45) of SSAB on NASDAQ OMX Stockholm Ltd (hereinafter the "Stockholm Stock Exchange") during the same period. The Share Consideration represents a premium of approximately 20 percent to the closing price of the Rautaruukki Share (EUR 6.89) on the Helsinki Stock Exchange on January 21, 2014, the last trading day before the announcement of the Share Exchange Offer based on the closing price of the Class A shares (SEK 48.47) and Class B shares (SEK 40.80) of SSAB on the Stockholm Stock Exchange on the same date and a Swedish krona per EUR 1.00 exchange rate of 8.807.

Fractional entitlements to the Consideration Shares will not be delivered to Rautaruukki shareholders. To the extent that Rautaruukki shareholders will be entitled to fractional entitlements, such fractional entitlements will be combined and sold on the Helsinki Stock Exchange on behalf of, and proceeds of the sales according to the average selling price, deducted with direct sales costs, will be distributed pro rata to Rautaruukki shareholders entitled to fractional entitlements.

The Consideration Shares will be registered in the Finnish book-entry system maintained by Euroclear Finland Ltd. The measures to be taken by holders of Consideration Shares in order to exercise voting rights and to be entitled to dividends, as well as other information being relevant to the holders of Consideration Shares, will be set out in the Share Exchange Offer Document.

SSAB has notified that the acceptance period of the Share Exchange Offer (hereinafter the "Offer Period") is expected to commence on or about April 14, 2014 and to run for approximately four (4) weeks. SSAB reserves the right to extend the Offer Period from time to time in accordance with the terms and conditions of the Share Exchange Offer.

SSAB's intention is to cause the Shares to be delisted from the Helsinki Stock Exchange as soon as permitted and practicable under applicable laws and regulations. If the Share Exchange Offer is completed, SSAB shall cause the shares of SSAB, including the Consideration Shares, to be secondarily listed on the Helsinki Stock Exchange in accordance with applicable laws, regulations and stock exchange rules.

SSAB did not hold any Shares in Rautaruukki at the time of the announcement of the Share Exchange Offer on January 22, 2014. The terms and conditions of the Share Exchange Offer as well as background and reasons for the Share Exchange Offer will be included in more detail in the Share Exchange Offer Document which SSAB has notified to be published by April 11, 2014.

## **STATEMENT OF THE BOARD OF DIRECTORS**

### **Background for the statement**

Pursuant to the Finnish Securities Market Act, the Board of Directors of Rautaruukki shall prepare a public statement regarding the Share Exchange Offer. The statement shall include a well-founded assessment on the Share Exchange Offer from the perspective of Rautaruukki and its shareholders as well as on the strategic plans and their likely effects on the operations and employment of Rautaruukki presented by SSAB in the Share Exchange Offer Document.

For the purposes of issuing this statement, SSAB has submitted to the Board of Directors of Rautaruukki the draft version of the Finnish language Share Exchange Offer Document in the form in which SSAB has filed it with the Finnish Financial Supervisory Authority for approval on March 21, 2014.

### **Assessment of the Board of Directors from the perspective of Rautaruukki and its shareholders**

The combination of SSAB and Rautaruukki through the Share Exchange Offer will create a steel company with a more cost efficient and flexible production system in the Nordic region. The combined company will have a better competitive position and product offering within high strength steels, standard strip and plate products as well as tubular products. As both SSAB and Rautaruukki have close relationships with customers in their key markets and complement each other geographically, the combination will release further resources for strengthening research and development activities and maintaining leadership in product development.

The global steel industry has over the past few years been characterized by overcapacity. Coupled with the challenging economic conditions, particularly in Europe, this has resulted in falling steel prices and lower, but also more volatile, demand. Adding to that the impact of continued high raw materials prices, profitability for steel companies has fallen.

The Board of Directors of Rautaruukki has therefore concluded that the Share Exchange Offer is in the best interests of Rautaruukki's shareholders and a more favorable alternative for the shareholders of Rautaruukki compared to continuing the business operations as an independent company, and other potential strategic alternatives analyzed by the Board of Directors, also taking into consideration the premium included in the Share Consideration and the competitive position and product offering of the combined company.

In order to support its assessment of the Share Exchange Offer, the Board of Directors of Rautaruukki has also received a fairness opinion regarding the Share Exchange Offer (the "Fairness Opinion") from Rautaruukki's financial advisor, UBS Limited. The Fairness Opinion, subject to assumptions and qualifications set out therein and dated January 21, 2014, states that the Share Consideration, from a financial point of view, is believed to be fair. The Fairness Opinion is attached as Appendix 1 to this statement.

The Board of Directors of Rautaruukki is aware that Solidium Oy, the largest shareholder of Rautaruukki, which holds 39.7% of the Shares, has undertaken to accept the Share Exchange Offer, which undertaking will terminate in certain circumstances related to the provisions of the Combination Agreement. The Board of Directors of Rautaruukki is also aware that Ilmarinen Mutual Pension Insurance Company, holding 2.99% of the Shares, and Varma Mutual Pension Insurance Company, holding 2.51% of the Shares, have expressed their preliminary support for the combination of Rautaruukki and SSAB through the Share Exchange Offer.

The Board of Directors of Rautaruukki has strived to form a well founded view of the value of the Consideration Shares and the risks related to them by conducting a due diligence investigation of SSAB. The due diligence investigation has been conducted on the basis of information provided to Rautaruukki by SSAB as well as information made publicly available by SSAB. Rautaruukki has not been in a position to verify the accuracy or completeness of such information.

The Board of Directors of Rautaruukki is aware that AB Industrivärden, which holds 23,4% of the votes and 18,2% of the capital in SSAB, has expressed its full support for the proposed combination and has undertaken to support the resolutions of SSAB necessary to implement the combination and the Share Exchange Offer.

#### **Assessment regarding strategy, business and employees**

Following the completion of the Share Exchange Offer, the operations of SSAB and Rautaruukki will be combined into the combined company. The draft Share Exchange Offer Document includes additional information about the combined company, including its operations and strategy, as well as unaudited pro forma financial information that illustrates the financial impact of the combination. The President and CEO of Rautaruukki, Sakari Tamminen will retire at the completion of the Share Exchange Offer. The plan is to organize the combined company through a divisional model that will be centered around the following divisions: Quenched & Tempered Steels division, European Flat Carbon Steels division, American Flat Carbon Steels division, Nordic Steel Distribution division, and Construction Products & Systems division. Parts of the synergies from the combination of SSAB and Rautaruukki through the Share Exchange Offer are expected to be derived from reduced headcount over time. The estimated reduction in headcount, mainly in Sweden and in Finland, is approximately 5 percent of the total headcount in the combined company to be formed in the combination of SSAB and Rautaruukki through the Share Exchange Offer. This is estimated to be realized over a three-year period following the completion of the combination of SSAB and Rautaruukki. SSAB and Rautaruukki will inform, consult and negotiate with relevant employee organizations regarding the social, economic and legal consequences in accordance with the applicable legal requirements.

In preparing its statement, the Board of Directors of Rautaruukki has relied on information provided in the draft Share Exchange Offer Document by SSAB and has not independently verified this information.

## **RECOMMENDATION OF THE BOARD OF DIRECTORS**

The Board of Directors of Rautaruukki has carefully evaluated the Share Exchange Offer and its terms and conditions based on the draft Share Exchange Offer Document, the Fairness Opinion and other available information.

The Board of Directors of Rautaruukki believes that the Share Consideration offered by SSAB for the Shares is fair to Rautaruukki's shareholders taking into account, amongst other factors, the premium being offered, the competitive position and product offering of the combined company, the support for the Share Exchange Offer by the largest shareholder of Rautaruukki referred to above, and UBS Limited's Fairness Opinion.

Based on the above factors, the Board of Directors unanimously recommends that the shareholders of Rautaruukki accept the Share Exchange Offer made by SSAB.

### **Other issues**

This statement of the Board of Directors of Rautaruukki is unanimous. The Board of Directors has in its entirety participated in providing this statement.

This statement shall not be considered to constitute investment or tax advice. The Board of Directors is not evaluating or expressing its view on the general price development of the Shares or risks relating to investments in general. Rautaruukki's shareholders shall independently make their decision on whether to accept the Share Exchange Offer by taking into account all information to be presented in the Share Exchange Offer Document, this statement of the Board of Directors, as well as other information that may impact the price of the Shares.

This statement is based on an assessment of the issues and factors which the Board of Directors has concluded to be material in evaluating the Share Exchange Offer, including, but not limited to, the information and assumptions on the business operations and finances of Rautaruukki at the date of this statement and their expected future development.

The Board of Directors of Rautaruukki notes that the combination of Rautaruukki's and SSAB's operations will, in addition to synergy benefits, pose challenges to both parties, and the combination may, as is common in such processes, involve unforeseeable risks.

The Board of Directors of Rautaruukki notes that the shareholders of Rautaruukki should also take into account the risks related to non-acceptance of the Share Exchange Offer.

The completion of the Share Exchange Offer reduces the number of Rautaruukki shareholders and the number of Shares, which would otherwise be publicly traded. Depending on the number of Shares validly tendered in the Share Exchange Offer, this could have an adverse effect on the liquidity and value of the Shares.

Pursuant to Chapter 18 of the Finnish Companies Act (624/2006, as amended), a shareholder with more than 90 per cent of all shares and votes in a company shall have the right to acquire, and subject to a demand by the other shareholders also be obligated to redeem, the shares owned by the other shareholders. The Shares held by Rautaruukki's shareholders who have not accepted the Share Exchange Offer may be redeemed through compulsory redemption proceedings under the Finnish Companies Act under the conditions set out therein. The value of the consideration received through such redemption proceedings may, depending on the development of the price of the Rautaruukki Share and SSAB share, be higher or lower than the value of the Share Consideration offered by SSAB in the Share Exchange Offer.

Rautaruukki has undertaken to comply with the Helsinki Takeover Code referred to in Chapter 11 Section 28 of the Finnish Securities Markets Act. Rautaruukki has in the Combination Agreement agreed to a standard non-solicitation clause whereby Rautaruukki has undertaken not to solicit any competing proposals and, subject to the fiduciary duties of the Board of

Directors of Rautaruukki, promote the progress of such proposals. Rautaruukki has also agreed to a break-fee, limited to the compensation of SSAB's verified out-of-pocket costs incurred if the Combination Agreement has been terminated by SSAB pursuant to the Board of Directors of Rautaruukki having decided to change or modify this recommendation due to a competing offer, or if a competing offer has been completed. Having carefully assessed the terms and conditions of the Share Exchange Offer, including the preconditions set by SSAB for launching the Share Exchange Offer, the Board of Directors of Rautaruukki has concluded that entering into the Combination Agreement and its above provisions is in the interest of Rautaruukki's shareholders.

Rautaruukki is being advised by UBS Limited as lead financial advisor, Roschier, Attorneys Ltd. as legal advisor and Nordea Markets as financial advisor.

## **THE BOARD OF DIRECTORS OR RAUTARUUKKI CORPORATION**

### **Important notice**

This statement may not be released or otherwise distributed, in whole or in part, in or into the United States of America, Australia, Canada, Hong Kong, Japan, New Zealand, South Africa or any other jurisdiction where prohibited by applicable laws or rules. This statement is not a share exchange offer document or a prospectus and as such does not constitute an offer or invitation to make a sales offer. Investors shall accept the share exchange offer for the shares only on the basis of the information provided in a share exchange offer document and prospectus in respect of the share exchange offer. Offers will not be made directly or indirectly in any jurisdiction where either an offer or participation therein is prohibited by applicable law or where any exchange offer document or registration or other requirements would apply in addition to those undertaken in Finland and Sweden.

The share exchange offer document and prospectus in respect of the share exchange offer as well as related acceptance forms will not and may not be distributed, forwarded or transmitted into, in or from any jurisdiction where prohibited by applicable law. In particular, the share exchange offer is not being made, directly or indirectly, in or into, Australia, Canada, Hong Kong, Japan, New Zealand, South Africa or, subject to certain exceptions, the United States of America. The share exchange offer cannot be accepted from within Australia, Canada, Hong Kong, Japan, New Zealand, South Africa or, subject to certain exceptions, the United States of America.

The SSAB shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or under any of the relevant securities laws of any state or other jurisdiction of the United States of America. The SSAB shares may not be offered or sold in the United States, except pursuant to an exemption from the Securities Act or in a transaction not subject to the registration requirements of the Securities Act.

It should be noted that certain statements herein which are not historical facts, including, without limitation, those regarding expectations for general economic development and the market situation, expectations for the combined company's development and profitability and the realization of synergy benefits and cost savings, and statements preceded by "expects", "estimates", "forecasts" or similar expressions, are forward-looking statements. These statements are based on current decisions and plans and currently known factors. They involve risks and uncertainties which may cause the actual results to materially differ from the results currently expected for the combined company. Such factors include, but are not limited to, general economic conditions, including fluctuations in exchange rates and interest levels which influence the operating environment and profitability of customers and thereby the orders received by the combined company and their margin; the competitive situation; the combined company's own operating conditions, such as the success of production and product development and their continuous development and improvement; and the success of future acquisitions.

UBS is acting exclusively for Rautaruukki and no one else in connection with Share Exchange Offer and will not regard any other person (whether or not a recipient of this document) as its client in relation to the Share Exchange Offer and will not be responsible to anyone other than the Rautaruukki for providing the protections afforded to clients of UBS, or for providing advice in relation to the Share Exchange Offer or any transaction or arrangement referred to in this document.

### **Appendix 1: Fairness opinion**

The Board of Directors

Rautaruukki Oyj

PL 138 (Suolakivenkatu 1)

00811 Helsinki

Finland

21 January 2014

Dear Sirs,

We understand that Rautaruukki Oyj ("**Ruukki**" or the "**Company**") is considering a transaction whereby the holders of shares in the Company will receive for each Ruukki share, 0.4752 newly issued SSAB series A shares and 1.2131 newly issued SSAB series B shares (the "**Consideration**") in exchange for their shareholdings in the Company (the "**Transaction**"), the terms and conditions of which are more fully described in the combination agreement between SSAB and Ruukki to be dated 22 January 2014 (the "**Agreement**").

In connection with the Transaction, you have requested UBS Limited ("**UBS**") to provide you with an opinion as to the fairness, from a financial point of view, of the Consideration to be received by the holders of ordinary shares in the Company, taken as a whole.

UBS has acted as financial adviser to the Company in connection with the Transaction and will receive a fee for its services, a portion of which is contingent upon the consummation of the Transaction. UBS will also receive a fee upon delivery of this opinion.

From time to time, UBS, other members of the UBS Group (which for the purpose of this letter means UBS AG and any subsidiary, branch or affiliate of UBS AG) and their predecessors may have provided investment banking services to the Company, SSAB or any of their affiliates unrelated to the proposed Transaction and received customary compensation for the rendering of such services. In the ordinary course of business, UBS, UBS AG and their successors and affiliates may trade securities of the Company or SSAB for their own accounts or for the accounts of their customers and, accordingly, may at any time hold long or short positions in such securities.

In determining our opinion we have used such customary valuation methodologies as we have deemed necessary or appropriate for the purposes of this opinion; for example we have:

- a) reviewed the financial position, operating results and balance sheet including goodwill of the Company and Thor;
- b) reviewed the impact of the Transaction on the Company;
- c) used a discounted cash flow analysis; and

d) subjected the Transaction to publicly available comparisons.

Our opinion does not address the relative merits of the Transaction as compared to other business strategies or transactions that might be available with respect to the Company or the underlying business decision of the Company to effect the Transaction. At your direction, we have not been asked to, nor do we, offer any opinion as to the material terms of the Transaction, other than the Consideration (to the extent expressly specified in this letter) under the Agreement, or the form of the Transaction. We express no opinion as to what the value of the newly issued ordinary shares in SSAB will be when issued pursuant to the Transaction or the prices at which they will trade in the future. Our opinion does not constitute an offer by us, or represent a price at which we would be willing to purchase, sell, enter into, assign, terminate or settle any transaction. The valuation herein is not an indicative price quotation, in particular, it does not necessarily reflect such factors as hedging and transaction costs, credit considerations, market liquidity and bid-ask spreads, all of which could be relevant in establishing an indicative price for the Company's ordinary shares. A valuation estimate for any transaction does not necessarily suggest that a market exists for the Transaction. In rendering this opinion, we have assumed, with your consent, that the Transaction as consummated will not differ in any material respect from that described in the Transaction documents we have examined, without any adverse waiver or amendment of any material term or condition thereof, and that the Company and SSAB will comply with all material terms of the Transaction documents.

In determining our opinion, we have, among other things:

- i. reviewed certain publicly available business and historical financial information relating to the Company and SSAB;
- ii. reviewed audited financial statements of the Company and SSAB;
- iii. reviewed certain internal financial information and other data relating to the business and financial prospects of the Company and SSAB, including estimates and financial forecasts prepared by the managements of the Company and SSAB and not publicly available and that you have directed us to use for the purposes of our analysis;
- iv. together with the Company's legal adviser reviewed SSAB's existing financing documentation as well as the bridge financing documentation for the Transaction provided by SSAB;
- v. conducted discussions with, and relied on statements made by, members of the senior managements of the Company and SSAB concerning the businesses and financial prospects of the Company and SSAB;
- vi. reviewed current and historic share prices for the Company and SSAB and publicly available financial and stock market information with respect to certain other companies in lines of business we believe to be generally comparable to those of the Company and SSAB;
- vii. compared the financial terms of the Transaction with the publicly available financial terms of certain other transactions which we believe to be generally relevant;
- viii. considered certain pro forma effects of the Transaction on the Company's financial statements and reviewed certain estimates of synergies prepared by Company management;
- ix. reviewed drafts of the Agreement; and
- x. conducted such other financial studies, analyses, and investigations, and considered such other information, as we deemed necessary or appropriate.

In connection with our review, at your direction, we have assumed and relied upon, without independent verification, the accuracy and completeness of the information that was publicly available or was furnished to us by or on behalf of the Company, or otherwise reviewed by us

for the purposes of this opinion, and we have not assumed and we do not assume any responsibility or liability for any such information. In addition, at your direction, we have not made any independent valuation or appraisal of the assets or liabilities (contingent or otherwise) of the Company, nor have we been furnished with any such evaluation or appraisal.

With respect to the financial forecasts, estimates, pro forma effects and calculations of synergies prepared by the Company as referred to above, we have assumed, at your direction, that they have been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of the Company as to the future performance of the Company and such pro forma effects and synergies.

To the extent we have relied on publicly available financial forecasts from various equity research analysts, we have assumed that they have been reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by the analysts as to the expected future results of operations and financial condition of the Company and SSAB.

We have also assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the Transaction will be obtained without any material adverse effect on the Company, SSAB or the Transaction. Our opinion is necessarily based on the economic, regulatory, monetary, market and other conditions as in effect on, and the information made available to us as of, the date hereof (or as otherwise specified above in relation to certain information). It should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or reaffirm.

We accept no responsibility for the accounting or other data and commercial assumptions on which this opinion is based. Furthermore, our opinion does not address any legal, regulatory, taxation or accounting matters, as to which we understand that the Company has obtained such advice as it deemed necessary from qualified professionals.

**Based on and subject to the foregoing, it is our opinion, as of the date hereof, that the Consideration to be received by the holders of shares in the Company is fair from a financial point of view.**

This letter and the opinion are provided solely for the benefit of the Board of Directors of the Company, in their capacity as Directors of the Company, in connection with and for the purposes of their consideration of the Transaction. This letter is not on behalf of, and shall not confer rights or remedies upon, may not be relied upon, and does not constitute a recommendation by UBS to, any holder of securities of the Company or any other person other than the Board of Directors of the Company to vote in favour of or take any other action in relation to the Transaction.

This letter may not be used for any other purpose, or reproduced (other than for the Board of Directors, acting in such capacity, and, on a no-reliance basis, its advisers), disseminated or quoted at any time and in any manner without our prior written consent.

This letter and the opinion is made without legal liability or responsibility on our part. We accept no responsibility to any person other than the Board of Directors of the Company in relation to the contents of this letter, even if it has been disclosed with our consent.

Yours faithfully

**UBS Limited**

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*Jonathan Rowley*

*Managing Director*

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*Eero Ehrnrooth*

*Managing Director*