

ORBIS STEEL INDEX and STEEL REFERENCE PRICES

METHODOLOGY AND SPECIFICATIONS

GENERAL

SteelOrbis is a completely impartial and independent service provider, monitoring the steel markets worldwide and collecting data, and always open to dialogue with all sides of the market including sellers, buyers and any intermediaries.

Steel price and market information is gathered via SteelOrbis' experience, strong relations and in utmost confidentiality with the leading steel industry officials all around the world. The information stored and the data presented in our index model are derived from actual international & local transactions made, confirmed by both the sellers and buyers.

SteelOrbis provides a methodology and specifications guide for all the indices published under Orbis Steel Index, and the historical steel price series published as Steel Reference Prices in order to explain and confirm all the criteria taken into consideration for the assessments and calculations made.

This document is updated regularly and any changes are advised to SteelOrbis subscribers on the SteelOrbis website www.steelorbis.com and in all other SteelOrbis publications.

The price data published by SteelOrbis are based either on transactable value or the transaction prices of the products traded in the open market.

TRANSACTABLE VALUE

Transactable value means the bids and/or offers in the market. SteelOrbis is not a party to any of the transactions of these products and does not have any financial interest in such trade transactions.

TRANSACTION PRICES

Transaction price is the amount paid for a specified product in a booking concluded. SteelOrbis aims to determine the full circumstances surrounding each transaction in order to be able to calculate a typical and repeatable market price level for each steel product and raw material.

SteelOrbis provides the price information on best effort basis based on its assessments. SteelOrbis reference price series do not reflect the mathematical or weighted average price for any commodity in a given period.

ASSESSMENTS

By keeping supply and demand balance as well as bids and offers in the marketplace in our calculation and after a strong analysis, we conclude the weekly transactable values for each product.

Such transactable values can be effected by many factors such as the quality, the dimensions and other specifications of the material, the quantity of the order, shipment periods, delivery terms, loading and discharging terms and other clauses which may have an impact on the price calculations for any specific contract. In case the apparent value of commodity includes such extra optionalities that may have an impact on the price, SteelOrbis may use its editorial judgement to factor out such extraneous elements from the value of the commodity, or it may decide not to use the information at all.

Some prices are given as base price and the suppliers calculate and add in some extras to this base price for different specifications, dimensions, and physical tolerances of steel to be shipped. SteelOrbis always seeks to align the disparate information of several different transactions in order to determine an accurate market value for each product by stripping out any aberrations caused by unusual specifications, dimensions and/or physical tolerances in an order.

SteelOrbis price assessments are made on a weekly basis by the closing of the week in the respective markets.

Orbis Steel Index is adjusted for weekly changes at the end of each week. Index is based on January 2005 = 100.

VERIFICATION OF INFORMATION

SteelOrbis seeks to confirm all information transactions and offer and/or bid prices reported by its market analysts and/or correspondents. SteelOrbis will check the information provided both with the seller and the buyer as well as the market at large.

SteelOrbis gathers information only from sources deemed reliable and excludes any information of which the reliability is doubtful.

DELIVERY TERMS

The Orbis Steel Index and the Steel Reference Prices are based on transactions concluded and/or offers and/or bids in the market which are always on INCOTERMS, unless otherwise stated. INCOTERMS are published by the International Chamber of Commerce (ICC). The texts of all ICC publications, including INCOTERMS, in whole or in part are subject to ICC's copyright.

PAYMENT TERMS

Payment terms are as per standard commercial practice which is typically payment in advance or prompt payment for ex-mill and/or ex-warehouse delivery terms, and within up to 60 days of delivery for imported products and/or raw materials, unless otherwise stated. When transactions with non-standard payment terms are reported, SteelOrbis normalizes these as per typical payment terms in the market for that specific commodity using the prevailing interest rates.

QUANTITY / ORDER SIZE

SteelOrbis defines a typical quantity / order size for each Steel Reference Price and when transactions with non-standard order sizes are reported, SteelOrbis normalizes these according to typical order sizes in the market for that specific commodity using the prevailing freight rates for such typical order sizes.

SHIPMENT / DELIVERY TIME

SteelOrbis seeks to reflect prices for each commodity as per transactions concluded and/or transactable value for material to be shipped or delivered with typical loading and delivery schedules for each market and commodity assessed. The prices of any distressed deliveries and/or shipments may be excluded by SteelOrbis.

Please refer to Data pages for detailed specifications of reference prices and indices.