

YourTube

Technology Motion Knowledge

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04 Global Growth Potential

10 Metallurgists from the Ural adopt
TMK IPSCO's experience

12 Shale gas in the U.S.:
a success story



**«We are
working on
both sides of
the Atlantic»**

16 Pipes for the Caspian Sea

18 From Dusseldorf
to Houston

Synergistic effect





Dear readers, partners and friends!

Here is the first issue of the YourTube magazine, and I am glad to unveil this new media project of TMK to you. The new magazine stems from the development of our company and other processes that have predetermined the current position of TMK. Continuous perfection and growth allowed us to globalize our business and become one of the leading pipe producers in the world. Look at the map inserted into the issue: it shows TMK's production facilities located on the two biggest continents of the globe. Geographical and language differences are no obstacle to our cooperation. We pool our efforts on both sides of the Atlantic to produce the best pipes in the world. We speak the same international language with each other and our partners – these are Your Tubes – tubes that make us proud and the ones that you, our customers, need.

Launching a new magazine, we strived to achieve the same level of mutual understanding. Day by day, the number of people connected with TMK is growing. Some find here an interesting and promising job, while others a reliable long-term partner. We always have something to share and to discuss. We would like to establish a dialogue with our readers. We invite everyone to share ideas and news with both TMK employees in various countries and those who are only discovering the global reach of our company. We also propose to our partners to continue cooperation at the pages of this magazine. The magazine is published in Russian, English and Romanian. Thus, we will certainly achieve synergy in the field of information exchange, as we have done in our business. The first issue is dedicated to synergy in TMK. We are sure that this issue dealing with effective relations within our company and its cooperation potential will unite us even closer. I hope you will be able to find new interesting relevant information in this and following issues of the magazine.

I am certain that the broad readership of TMK's employees and partners will appreciate the launch of the YourTube magazine. Let us communicate without borders within the framework of a global company.

Best regards,

Dmitry Pumpyanskiy
Chairman of the Board OAO TMK

Table of contents



2 News

4 **Subject**
Synergy of Technology and Intelligence
Alexander Shiryayev, CEO TMK, – on TMK's global development strategy

6 **Interview**
Piotr Galitzine: «We are working on both sides of the Atlantic»
Chairman of TMK IPSCO Piotr Galitzine – on the merger with TMK and opportunities it gives to both companies

10 **quality management**
Enhancements at Seversky Tube Works Improve Billet Quality
Engineers of TMK IPSCO share their experience with their Russian counterparts



12 **technology**
Shale Gas: Myths and Reality

16 **Partners**
Pipes for the Caspian Sea
On cooperation between TMK and LUKOIL

18 **Expo**
Düsseldorf Rendezvous
TMK's presentation becomes one of the key events of Wire&Tube 2010

22 **TMK Debuts at Leading Industry Event**
TMK debuts at Offshore Technology Conference

24 **sport**
The Crystal Ball Stayed in the US
TMK vs TMK IPSCO basketball match



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Incorporator:
Tube Pipe Metallurgical
Company – TMK



Project managers:
Svetlana Bazylchik, TMK
BazylchikSI@tmk-group.com

Natalia Svyatoslavskaya, Media-Service
svyatoslavskaya@mail.ru

40-2a, Pokrovka Str., Moscow 105062, Russia
Tel: +7 (495) 775 7600
Fax: +7 (495) 775 7601
www.tmk-group.com

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of the editorial board

Editorial council of the issue:
Piotr Galitzine, TMK IPSCO Chairman
Alexander Belomestnov, Chief Technical Officer
of TMK IPSCO
Alexander Shiryayev, CEO of OAO «TMK»
Vladimir Smatovich, Senior Vice-President for Strategy
and Business Development of OAO «TMK»

Publisher: Media-Service LLP
29-3, Nikoloyamskaya Str.,
109004 Moscow, Russia
Tel: +7 (495) 988 1806

Chief editor: Mikhail Semenov
Design director: Maxim Gelik
Correspondent: John Mandel
Designer: Alexandra Marochkova
Color corrector: Mikhail Sayanov
Proofreading and translation: Mashburo 16
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»» STATE-OF-THE-ART BROOKFIELD PLANT OPENS

TMK IPSCO's new state-of-the-art manufacturing plant in Brookfield, Ohio, opened to great fanfare in early May. State and local officials joined top executives of TMK IPSCO at a ribbon-cutting ceremony celebrating the facility's start-up. The plant site was selected after a comprehensive search for a location in the Marcellus Shale gas play, an ancient and largely untapped natural gas formation under eastern Ohio and much of Pennsylvania, West Virginia and New York. This new facility makes a variety of ULTRA™ Premium Connections products that support TMK IPSCO's growing market share in the Marcellus Shale gas plays. It has an annual manufacturing capacity of up to 100,000 tons of threaded pipe. The plant currently employs 30 persons, and plans are to employ up to 120 persons once the Marcellus Shale reaches its full production potential. TMK IPSCO Chairman Piotr Galitzine and President and CEO Vicki Avril, along with Ohio Governor Ted Strickland, Congressman Tim Ryan, Ohio Department of Development Director Lisa Patt-McDaniel and Max Blachman, Senator Sherrod Brown's representative for northeast Ohio, participated in the ceremony and toured the plant. "Development of the Marcellus Shale is in its early stages and will continue to grow," said Galitzine. "Unconventional gas, especially in shales such as the giant Marcellus, holds the promise of energy security of the U.S. – our pipe and connections will help unlock that. The Brookfield plant will help develop the Marcellus Shale into one of the biggest natural gas sources in the world."

»» TMK'S SECURITIES COME TO THE U.S. MARKET

TMK will be traded in American Depositary Receipts, commonly referred to as ADRs, on the over-the-counter (OTC) market in the USA. Each TMK ADR, representing four ordinary shares of the company, will be traded on the electronic platform OTCQX in the highest tier of OTC trading, International Premier OTC, under the ticker TMKXY. The Bank of New York Mellon Corporation will act as the Depositary for the ADR program for TMK. Entering the U.S. OTC market was a continuation of the efforts of TMK, aimed at improving the transparency of the company and liquidity in its securities. Currently Global Depositary Receipts (GDR) of TMK are traded on the London Stock Exchange (ticker TMKS), while shares of TMK – in the Russian Trading System and Moscow Interbank Currency Exchange (ticker TRMKG). ■

»» BAYTOWN PLANT'S PREMIUM UPSET SHOP IS NOW OPERATING

A new premium upset shop at TMK IPSCO's plant in Baytown, Texas, is up and running, producing a variety of premium connections products for the oil and natural gas drilling industry. The Baytown addition complements two existing premium upsetters at TMK IPSCO's facility in Ambridge, Pennsylvania, enabling the company to significantly expand its manufacturing capabilities and industry leadership position. The key to the upset facility is a 5" double-toggle forging machine that produces premium upsets. These premium upsets vary from 2-3/8" to 3-1/2" in diameter and are available in several different grades, making them ideal for a variety of horizontal and deeper wells that are gaining popularity in the unconventional shale fields, as well as offshore drilling applications. The new upset shop is part of a major tube mill capital expansion project at Baytown that was begun several years ago to increase the quantity of high-performance products made at the facility. Construction and installation of equipment at the upset shop took about one year to complete. The first TMK IPSCO products were produced in Baytown during June. ■

»» APPOINTMENTS



Paul Fullerton is appointed to the newly created position of Vice President of TMK IPSCO, TMK Premium. Mr. Fullerton joined IPSCO in 2005. As Vice President he will be responsible for developing, manufacturing and sales promotion of TMK

IPSCO ULTRA™ premium connections, TMK Premium connections and related services to support on and off-shore drilling customers globally.



Joseph Marous recently was appointed President of the European division of TMK. He was elected Chairman of the Board of TMK Europe GmbH, as well as Chairman of the Board of Directors of the following business divisions: SC TMK-ARTROM SA, SC TMK-Resita SA and TMK Italia SRL. He is also an independent Director of the Board of Directors of OAO TMK.

Mr. Marous's professional experience includes Head of ThyssenKrupp AG in Russia, a member of the Board of Directors of OOO ThyssenKrupp Elevator and Chairman of the Automotive Components Manufacturers Association of European Businesses in Russia. ■



Representatives of TMK at the negotiations in Calgary

»» TMK IPSCO OPENS CANADIAN OFFICE

TMK IPSCO has announced it will soon open a Sales Office in Calgary, Alberta Canada. The new office will serve as TMK IPSCO's Canadian headquarters for sales and will support TMK IPSCO's commitment to better service its cross border customers with value-added sophisticated products for both conventional and unconventional hydrocarbon exploration and development. The Sales Office, which is scheduled to open on August 1, 2010, will be managed by Dimitry Butorin, Director of Sales – Canada. Mr. Butorin has extensive experience with TMK, both in the US and Russia. Piotr Galitzine, TMK IPSCO's Chairman, commented, "The new Sales Office in Calgary is an important step in TMK's continuing growth as a global company and world class pipe manufacturer. This new Calgary Office will further enhance our ability to support our customers in the development of the oil sands in Western Canada". Vicki Avril, TMK IPSCO's President and CEO, added, "As a company, we go where our customers need us. This new Canadian Sales Office is just another example of TMK IPSCO positioning our business close to our customers. We are committed to the Canadian market and we are excited to bring the IPSCO name back to Canada, where it began". ■

»» INTERNATIONAL TRADE COMMISSION ISSUES FINAL RULING ON CHINESE OCTG

The U.S. International Trade Commission has ruled that imports of certain OCTG (oil country tubular goods) products from China have materially injured domestic industry or threatened it with material injury. As a result, the U.S. Commerce Department has issued final anti-dumping duties of between 30 and 99 percent on imports of these products from China. The case was filed in April 2009 by the United Steelworkers Union and seven U.S. OCTG producers, including TMK IPSCO. It is the largest trade case against Chinese shipments, which were valued at more than \$2.6 billion in 2008 and about \$1 billion in 2009. The Commerce Department had previously determined that Chinese OCTG was sold in the U.S. market at less than fair value, with Chinese producers receiving illegal subsidies of 10 to 16 percent of their product value. Since the beginning of 2010, Chinese OCTG imports have dropped dramatically. Two other cases against imports of Chinese seamless standard line pressure pipe and drill pipe are also progressing. The ITC and U.S. Commerce Department will issue final countervailing duty and anti-dumping duty determinations later this year. ■

»» ANNUAL REPORT APPROVED

The annual shareholders' general meeting of OAO TMK was held June 22nd in Moscow. The meeting approved the annual report and financial statements, including profit and loss accounting fiscal year 2009 and elected the Board of Directors and Audit Committee. The auditor is from Ernst & Young, the approved company for OAO TMK. Moreover, the shareholders voted for not paying annual dividends on the results of TMK in 2009. The following members were elected to the Board of Directors: Andrew Kaplunov, Joseph Marous, Sergey Papin, Thomas Pickering, Dmitry Pumpianskiy, Jeffrey Townsend, Igor Khmelevskii, Alexander Shiryayev, Alexander Shokhin, Mukhadin Eskindarov. ■



Evelyn Majoris, Safety Manager for both the Koppel and Ambridge facilities

»» FOCUS ON EMPLOYEES DRIVES SAFETY IMPROVEMENT AT THREE PLANTS

Three TMK IPSCO facilities continue to improve their safety performance, thanks to a focus on listening to employees and involving them in the improvement process. The plants are located in Blytheville, Arkansas, as well as Koppel and Ambridge, Pennsylvania. TMK IPSCO plant management teams at each location have been actively involved in the safety program and have taken a proactive approach to delivering safety messages. Various projects aimed at enhancing plant physical conditions have been completed at the three facilities, and employees are participating more actively in safety committees and risk assessments. There is also more emphasis on completing proper incident investigations and corrective action items. The Blytheville location has received TMK IPSCO's annual "Best in Class Safety Award" for the past four out of five years. The award is presented to the location with the best combined performance in external audit results, safety business plan accomplishments and incident rate metrics. The Koppel and Ambridge facilities have seen incident rate reductions of approximately 25 percent and 33 percent, respectively, compared to the same period last year. Recently, the Koppel facility has instituted an aggressive strategic safety plan to renew the effort of improving communication with employees and create a positive, proactive approach to raising safety awareness. The Ambridge facility is also piloting a program to integrate safety into all job tasks through ongoing job performance evaluations that measure the progress toward safety goals. ■

SYNERGY OF TECHNOLOGY AND INTELLIGENCE

In 2009, TMK merged its European holdings only a year after entering the U.S. by acquiring the TMK IPSCO manufacturing locations. As a result, TMK has successfully completed a geographical presence of its business in three main market sectors: Russia, America, and Europe, thereby establishing a new path as an international company. CEO Alexander Shiryayev tells how to develop a strong global business.

Alexander, what has changed for TMK at the international level?

TMK, which has long been established as the leader in the Russian pipe market, received a real opportunity to realize our ambitious plans to become a global leader. The company now includes 23 manufacturing sites collectively located in Russia, USA, Romania, and Kazakhstan. We also have an extensive network of offices and trading companies with Trading House "TMK" providing a greater presence of TMK sales worldwide in more than 65 countries. We are seeing positive synergy as a result of combining business units, management practices, intellectual experience, technology and technological capabilities.

TMK today has the world's largest production capacity for the entire spectrum of steel pipes.

About half of these facilities are focused on the production of premium-pipes

OCTG – threaded pipes for oil and gas production. The strategic direction of TMK is to ensure the needs of the oil and gas industry globally as it sets a new standard of success with this pursuit.

Our company is firmly entrenched in the elite club of producers of seamless OCTG. In 2009, we held 13 percent of the world and 69 percent of the Russian market with this highly profitable product.

TMK is also constantly striving to increase sales of premium products and their manufacturing capabilities. These products are in high demand because of today's extreme conditions of hydrocarbon production. Continued strengthening of

cooperative efforts within the company, establishing effective utilization of all its parts, and powerful transcontinental synergistic potential will allow us continued growth of our competitive advantages.

What gives TMK, as a public company, whose shares are traded on the world's trading floors, its new status?

«Global reach» improves the positioning of TMK in the world market and gives new impetus to the implementation of its strategy. A balanced presence across regions, in terms of production sites and sales, leads to an increase in customer base, reduced risks inherent in emerging markets, and benefits from the mutual use of best practices and experiences. All of these are qualities and capabilities of a global company and add to our competitive advantages, which are valued by investors and partners.

What did the consolidation of the European assets of TMK give to each enterprise separately and the company as a whole?

The Romanian factories, TMK-Artrom and TMK-Resita, after their acquisition by the company, received a large capital investment to upgrade their production facilities and technologies. Now they form a single production facility and meet all modern specifications of steel and pipe production.

The primary market for TMK-Artrom and TMK-Resita is Europe. Of their total production, they supply 15 percent to Romania, 50 percent to Europe and the balance to the U.S. The association of Romanian plants with trading companies in Europe helps TMK increase the effectiveness of sales of our products in the market. Consolidation of TMK's European assets into one entity allows us to control processes throughout the value chain. It facilitates planning, coordination and control, thus helping to quickly respond to market changes – which is very important in today's world.

We set goals and guiding principles for all aspects of our work so that the decision-making process is accelerated. Combining our human resources makes effective use of intellectual ability and adjustment of strategy. The emergence of the European Division

seemed logical to us as we have worked closely together over the years and shared a common culture promoting interaction and development. We are quite confident that the association of European assets in TMK is a good platform for effective interaction and enhanced shareholder value.

It is also important that we successfully create a productive environment for continuous improvement of all our processes in the division, furthering its development. This ensures closer interaction with other parts of TMK, exchanging technical and commercial knowledge and achieving a productive cooperation between departments.

What benefits were realized with TMK's acquisition of U.S. assets?

The Canadian company IPSCO had over 50 years of experience in pipe production and held a unique position in the industry in North America with well-known brands, high customer loyalty and an experienced management team. Because of this, IPSCO was our ideal target for acquisition fulfilling the strategic objectives.

TMK was geared to fulfill the needs of the oil and gas industry and IPSCO specialized in the production of welded and seamless oil and gas pipes, including hermetic threaded connections of the "Premium" class under the brand name ULTRA™.

TMK IPSCO was formed on the basis of the acquired company and has a strong presence in the U.S. and a very broad customer base. We gained a foothold in the main global pipe market using direct involvement in the American segment of OCTG, giving access to new types of products for the oil and gas industry.

What is the synergistic effect of combining the technical and technological capabilities of the Russian, European and American businesses in TMK?

We gained a significant increase in operational capabilities in production and product lines under the TMK brand. We are able to complement the line of products for our U.S. manufacturing plants with a range of products from our Russian and Romanian companies, thus improving our offerings in the North American market with the expansion and balanced range of welded and seamless oil tubular products. Additionally because of a strong customer base in the U.S. gained from the acquisition of IPSCO, we will increase sales of pipes for industrial use that are made by our Russian and Romanian divisions. An example of this is TMK IPSCO is currently missing a number of popular products in this sector including seamless pipes with a diameter of more than 5 ½ inches and on the smaller seamless pipe sizes that customer demand significantly exceeds its production capability.

The most important result expected from consolidation is effective business growth with Premium products. We are planning for increased sales of ULTRA™ pipes with connections in markets outside of the U.S. – including Russia and CIS countries – by producing a sufficient supply of seamless pipes at the TMK ULTRA™ sites with subsequent re-export of premium products. A second

trend is the introduction to our Russian enterprises of technology from the ULTRA™ connections. Currently TMK Premium Service is working to improve the model number of Premium connections at our Russian businesses through the development of production for the connections and has now entered into licensing agreements.

How do you assess the prospects of premium business for TMK and market these products?

As part of the planned consolidation of our regional offices producing exclusive pipe fittings manufactured for specific fields and maintenance work on oil and gas fields in Russia and the U.S., we are able to realize the synergy of transferred technology and intellectual property. We believe that the experience of TMK IPSCO in the manufacturing of pipes, including ULTRA™ connections, for construction and operation of oil and gas wells for unconventional drilling, has a special value to us. Our Russian oil and gas clients are interested in this high-tech product line. We associate the development potential of the production of premium products with the development of complex fields like Shtokman, Vankor, and Sakhalin and offshore projects in the Caspian Sea.

Currently ULTRA™ is the most widely used premium connection for shale deposits in the United States. The intensive development of shale gas production in North America contributes to the growing demand for high-tech products and allows TMK to increase shipment volumes. By the end of 2009, TMK ULTRA™ reached a market share of 30 percent for premium connections used for oil-shale deposits in the U.S. This was a prerequisite for further capital investments in capacity expansion. The site in Brookfield, Ohio was built and launched a new line with annual capacity of 100 thousand tons. In Russia, TMK increased its market share of premium connections up to 70 percent.

What is the anticipated result for TMK in 2010?

We expect to continue a positive trend in the markets and the growth in drilling and mining in the hydrocarbon fields both in Russia and abroad (including the Americas) supports our optimistic forecast about the end of year results. This optimistic view is further supported by first half results showing an increase of 55 percent in the volume of our supply of products compared to the same period last year.

Against the background of current positive trends in our key markets and trends in energy prices, we expect a full recovery in demand for pipe products in 2010. Given this forecast, we strive for the year not only to return to pre-crisis numbers of 2008 in volume of shipment of products but to surpass those numbers. Now our Russian factories are receiving orders at the pre-crisis level. Companies in the U.S. are at 90 percent and Romania 70 percent. The company plans continued use of its competitive advantages to increase production and to improve the structure of the product portfolio, striving toward a greater market share of high-tech and premium products. ■

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STRENGTHENING
OF COOPERATIVE
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PIOTR GALITZINE: «WE ARE WORKING ON BOTH SIDES OF THE ATLANTIC»

Chairman of TMK IPSCO Piotr Galitzine tells about how the integration of OAO TMK and TMK IPSCO is progressing, the benefits both entities have received and some of the organization's upcoming business challenges and opportunities.

What benefits has TMK IPSCO received as a result of its acquisition by OAO TMK?

It was expected from the very beginning that a technology transfer from Russia to the United States would occur. Over the past decade, OAO TMK has continually invested in and upgraded its plants and equipment in Russia. We expected that increased investment to give us excellent results and are seeing the fruits of these efforts now pay benefits as that technology is transferred to the U.S.

For example, we have had several opportunities to work closely with experts in pipe rolling and metallurgy through our partnership with "RosNITI", the Russian Research Institute of the Tube and Pipe Industries. This private company engages in scientific and technological development of the Russian pipe and tube industry by conducting design engineering, analytical study, research, development and technological work.

What we didn't anticipate – and what has turned out to be a bonus – is the opportunity to see up close the extremely lean production and management practices of TMK IPSCO. The Group is not only studying TMK IPSCO's key performance indicators, but also benchmarking the rest of the company's practices against them.

What are some specific examples of trans-Atlantic cooperation from the past two years?

Some of the work has involved design changes in our Ambridge, Pennsylvania, plant that enhance wall thickness control, ovality and eccentricity in seamless pipes. Work is also being done at the Koppel, Pennsylvania, steel mill to enhance metallurgical properties. In addition, we are beefing up plant and equipment throughout our manufacturing system to enhance productivity, efficiency and quality.

How would you characterize the current interaction between TMK IPSCO and OAO TMK in terms of deciding which projects are carried out?

We have learned to work and communicate together much more effectively over the past two years. Our colleagues in Russia are improving their English, and we are all communicating more effectively with reduced need for interpreters or translators. As a result, both the quality and speed of our communication have improved tremendously.

What are the future plans and opportunities for pooling these efforts together?

Clearly, the first place we should pool our trans-Atlantic efforts is on the premium connections product line. Currently, Europe doesn't use a lot of premium connections, but they are becoming more popular in Russia. We expect future projects to be developed jointly based on market opportunities and customer feedback.

We are working on both sides of the Atlantic to develop a second generation of premium products. In addition, we are beginning to cooperate with a number of universities in creating the designs and metallurgy needed for third-generation products.

Describe the characteristics of the U.S. pipe market and the changes that have occurred as a result of the latest downturn?

The U.S. pipe market is unique because distributors play a key role in it and the market is very nimble – almost like a spot market. We have 700 potential clients in the U.S. In Russia, there are 35 potential oil and gas company clients. We have signed strategic partnerships with many of these Russian firms, with deliveries spelled out over one-, three- and even five-year terms. In the U.S., there is some "program buying" by end users, but no long-term contracts to speak of. Probably one of the biggest changes in the U.S. market that has occurred due to the latest economic downturn is the growing importance of unconventional methods to extract natural gas (oil sands, shales, "tight

“NOW THAT OAO TMK TRULY IS A GLOBAL COMPANY DUE TO THE ACQUISITION OF TMK IPSCO, WE HAVE MINIMIZED OUR RISKS BECAUSE WE ARE BETTER DIVERSIFIED GEOGRAPHICALLY. WHEN THE RUSSIAN MARKET SOFTENED IN THE SECOND HALF OF 2008, THE NORTH AMERICAN MARKET WAS DOING EXCEPTIONALLY WELL. IN 2009, THE ROLES WERE REVERSED”

gas,” coalbed methane), plus the fact that electricity generators who have been predominately coal users for years are initiating conversations with gas companies about 10-, 20- and even 30-year contracts. If these long-term contracts become reality, they could definitely transition to our industry in the next few years. The benefit for companies such as TMK IPSCO is that if you can secure long-term contracts, you can plan your production longer into the future and there will be fewer changeovers, better utilization of equipment, greater efficiencies and more accurate forecasting of capital investment needs.

How would you describe the current market situation?

The current economic climate certainly inspires confidence for the future. One year ago, TMK IPSCO's plants were running at 15 percent capacity utilization. Today, we are over 80 percent capacity utilization. This



is further proof of the volatile nature of the American market, which brings up another very important point. Now that OAO TMK truly is a global company due to the acquisition of TMK IPSCO, we have minimized our risks because we are better diversified geographically. When the Russian market softened in the second half of 2008, the North American market was doing exceptionally well. In 2009, the roles were reversed. The net effect on TMK overall was that our total 2009 shipments were only 14 percent lower than in 2008. That was much better performance than either company would have had if we had not joined together, and much better than many of our competitors.

What results did TMK IPSCO achieve in 2009 and what are the current production results for 2010?

As I stated before, 2009 was a difficult year for TMK IPSCO. We shipped just over 400,000 tons of product. This year we are actively enlarging production and plan to increase volume of the deliveries at least twice.

Will the modernization of TMK IPSCO's production facilities continue?

Yes, our plant modernization program will continue. In 2009, we completed a pre-existing \$200 million capital investment plan to increase our U.S. finishing capacity. Our new goal is to more closely match our pipe production capabilities with our pipe finishing capacities at each production location. The 2009 market downturn enabled us to experiment with improving our quality and yield, and we will apply the knowledge we obtained going forward. We will also continue to foster innovation and enhance product performance by making appropriate production changes. For example, we increased our billet size from 5-1/2" to 6-1/2" in our Koppel plant, which enabled us to more quickly and economically produce the 5-1/2" casing size at our Ambridge plant that is ideal for customers drilling in the Marcellus Shale.

What are the prospects for shale gas production in the U.S.?

The correct description for what is transpiring in the U.S. is unconventional gas production. There are three types of unconventional gas: tight gas, shale gas and coalbed methane. All three forms require stimulation of geologic formations with repeated hydraulic fracturing. Shale gas and coalbed methane require horizontal drilling because they are vertically thin and horizontally long formations.



Management team of TMK IPSCO

The oil industry has known about shale gas for 60 years, but it hasn't been economically viable to produce from these formations, as they are typically only 50 to 100 meters thick in their vertical dimension. The advent of horizontal drilling has changed the picture by making drilling for shale gas more economical. All three forms of unconventional gas accounted for 47 percent of the total U.S. production in 2007, with shale gas alone accounting for 12 percent. Unconventional gas is found all over the world, but North America has the lion's share. Geologists estimate that there is two to three times as much unconventional gas as conventional gas in Europe. In the U.S., the estimate is five times as much unconventional gas as conventional gas in the ground. This is a very favorable development for the U.S. in the fight against greenhouse gases, as natural gas has half the carbon dioxide footprint of coal and two-thirds that of oil.

Which challenges in manufacturing pipe products are of high priority given the market needs?

In the U.S., every business constantly focuses on making products better, faster, simpler and at lower cost. The gas and oil extraction business is no exception. Our customers are demanding pipe

with higher collapse properties, higher tensile yield strengths, greater corrosion resistance and better hermetic premium connections.

What are the major opportunities and challenges for TMK IPSCO in the next few years?

I see four major opportunities for TMK IPSCO. Firstly, expansion into the market of Canada. Secondly, expansion into Central and Latin America. Thirdly, expansion into new market segments such as offshore applications. And finally, building on the success of the ULTRA™ Premium Connections product family to drive pipe sales worldwide. TMK IPSCO's major challenges are clearly to combat our competitors' plans for expanding the production of seamless pipe (V&M and Tenaris), as well as welded pipe (Boomerang). We are positioning TMK IPSCO as the American division of OAO TMK that provides customers in the Americas with innovative quality products and solutions. We are also positioning ourselves to take advantage of the tremendous opportunities and meet the challenges that lie ahead.

Would you like to emphasize anything else?

TMK Group is the youngest and fastest-growing pipe company in the world. Great things are happening here! Stay tuned! ■

ENHANCEMENTS AT SEVERSKY TUBE WORKS IMPROVE BILLET QUALITY

John Mandel, TMK IPSCO

TMK's Quality Group created a taskforce staffed by employees from both TMK IPSCO and TMK's Seversky Tube Works manufacturing complex in Polevskoy (Sverdlovsk region, Russia) to complete a major project to improve the quality of the steel billets at the Seversky facility. The project began in March and is now in the latter stages of completion.



Mike Brown, process engineering manager at TMK IPSCO, and his team provided Six Sigma instruction and support to a group led by Alexander Murzin, chief of the Seversky metallurgical laboratory, which focused on making the quality of the steel billets produced at Seversky more stable. These billets range in size from 150 to 156 millimeters. To rectify this problem, the TMK and TMK IPSCO teams were asked to identify the cause of the cracks and implement an effective solution that would reduce the defect rate.

The three-person team from TMK IPSCO worked closely in partnership with its TMK colleagues. The TMK IPSCO group included Brown, a Six Sigma master black belt; Ray Miller, director of technical services for manufacturing seamless products at the Koppel, Pennsylvania, facility; and Anna Overdorf, senior process engineer at Koppel. The Seversky Tube Works project was very complex because there were so many possible manufacturing process variables that could have caused the billets to crack. The project's focal point was determining which ones were responsible for causing the billet defects and then controlling them. Brown and his team were chosen to work on the Seversky project because they have extensive experience in identifying and implementing process improvements at numerous TMK IPSCO plants.

Recent projects that have been completed at these facilities and their results include:

- reducing the superheat temperature has increased tonnage at the Koppel facility;
- changing the scrap mix has reduced raw material costs at Koppel;
- implementation of improved SPC (statistical process controls) has reduced heavy/light wall defects in

the Ambridge, Pennsylvania, facility;

- process control analysis has resulted in improved production ramp-up of the new heat treat facility in Baytown, Texas;
- reduction of maintenance downtime has increased heat treat throughput at the Tulsa, Oklahoma, facility.

TMK IPSCO's continuous improvement program is based on the Six Sigma Lean methodology, which was developed to reduce defects and rework in a given process. Presently, there are nine process engineers each progressing three to four projects in all operational areas of the organization. These projects are chosen by TMK IPSCO's leadership team and plant managers to address the areas of greatest need. The company also utilizes other methods and efficiency tools to enhance processes and results at its plants, including:

- lean/Kaizen: A rapid change methodology to reduce waste and inefficiency in a specific process;
- 6S: An economical methodology for improving safety and workplace organization.

According to Brown, his team utilized the knowledge it gained from the Koppel projects and applied it at Seversky. Because the Six Sigma methodology is similar for most types of modernization and enhancement projects, it worked extremely well at Seversky in determining specific areas for improvement.

"We shared key aspects of the Six Sigma methodology and process knowledge with our TMK colleagues", said Brown. "It was their first exposure to Six Sigma, and it turned out very well for everyone involved. Using a failure mode and effects tool (FMEA), the teams were able to jointly pinpoint several potential changes in the billet-forming process that would increase the percentage of high-quality billets. The Seversky team



Mike Brown reading the lessons for specialists of Seversky Plant

completed action items defined by the FMEA focusing on equipment set-up and alignment, mold insert optimization and mold metal level control".

After the TMK IPSCO team concluded its instruction and preliminary work, the Seversky team continued to successfully apply its Six Sigma training and tools. In the first month after many of the changes were implemented, the Seversky Tube Works exceeded its goal for reducing billet defects. These improvements will enhance tube quality by minimizing the risk of cracks and seams in the pipe, as well as reducing waste.

"The TMK IPSCO team's experiences at the Seversky facility were enjoyable on many levels," said Brown. "Not only were we able to work together to solve the manufacturing challenges, but our TMK colleagues made us feel very welcome during the entire trip. They have a strong desire to improve the facility and were very open to our discussions about the problems and the methodology we recommended. We also found our colleagues to be extremely knowledgeable. We look forward to future opportunities to share our knowledge and experience to improve company processes."

The Seversky project is only the initial stage of OAO TMK's improvement program in cooperation with TMK IPSCO's engineers. In the future the experience and knowledge acquired during the project will be applied at other facilities of TMK inside Russia. ■

Shale Gas: Myths and Reality

The subject of shale gas production has not left the headlines of newspapers in recent years and has been debated at international conferences and legislative bodies all over the world. Quite often people approach the subject with diametrically opposing views, with optimists predicting that the energy source could be revolutionary due to the rapid expansion of production and more skeptical people opining that it is nothing more than hype driven by a public relations machine. YourTube tried to understand the arguments of both sides.



OPTIMISTS
This crowd tends to put the expansion of shale gas production in the context of energy security. As hydrocarbons rise in price, the ways to deliver them becomes more complicated. Couple this with the global political climate as the US and Europe both seek to be self-reliant in energy resources and not depending on supplies from the Persian Gulf, Russia, and Iran. In this game of argument, the trump

card for “optimists” is the example of the US bypassing Russia in gas production in 2009 primarily due to an increase in unconventional gas production including tight gas, shale gas, and methane from coal deposits. As a result, the US became an exporter versus an importer of gas vessels with liquefied gas from the Middle East were bound for Europe instead of America, thus resulting in a decline of gas prices in the European market.

The US example serves as an inspiration to Europeans and the Chinese who expect a breakthrough of shale gas production very soon. Now China has signed an agreement with the US to cooperate in production of unconventional gas and Polish Foreign Minister Radek Sikorski holds talks in Houston with leaders of energy companies for development of deposits in his country. Andrei Klyuyev, first deputy prime minister of Ukraine, said that his country also wants to acquire the technology of shale gas production from the Americans as the Financial Times publishes an article titled “Shale Gas will Change the World” and predicts a rapid decline of the energy power afforded to Russia. According to estimates by the International Energy Agency, world reserves of shale gas are comparable to those of conventional natural gas. The Department of Energy projects that by the year 2035, drilling of shale gas will grow by 5.3% while imports of gas will decrease by 2.6% annually. According to American researchers, reserves in the US are estimated at 108 trillion cubic meters compared to 99 in China and Central Asia, 60 in Latin America, Australia and New Zealand with 65, Europe with 14.4 and estimates of reserves of shale gas in Russia ranging from 14 to 200 trillion cubic meters. Large reserves of shale gas – about

1.36 trillion cubic meters – were found in Poland. If this data is confirmed, the proven gas reserves in Europe will increase automatically by 47%. Plenty of energy companies from the West are willing to participate in the development and exploration of the Polish oil shale with news reporting participation from ConocoPhillips, Exxon Mobil, Marathon and Talisman Energy.

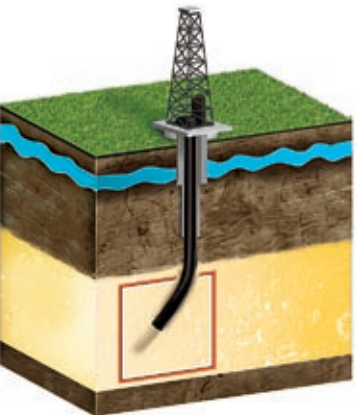
SKEPTICS
This camp is primarily made up of companies producing gas in the conventional way, some environmentalists and some industry analysts. The analysts say that gas from shales is only drilled in the US and Canada. The share for the US last year resulted in 67 billion cubic meters and was approximately 11.6% of total gas production in the country. The result for Canada is more modest at 5 billion cubic meters. All other projects, including Europe, are still under preliminary examination or discussion. There are political forces opposing the development of shale gas in the United States because of the potentially adverse environmental impacts that could result, especially in New York. People are concerned about the effects this production process will have on the water quality.

It has been reported that the US Department of Energy found that the figures for the production of natural gas in the country were overstated and that companies and countries created the excitement around shale gas to increase market value. This has had an affect on production as the technology is quite specific for unconventional plays and massive investments – much larger than conventional plays – are needed to maintain results. Many smaller exploration and production companies do not take into account this financial burden and are now facing many difficulties stemming from this. Gazprom’s Alexei Miller believes that the production of shale gas in the US is an urgent task because the country’s conventional hydrocarbon reserves could be exhausted very soon. He also pointed to the technological aspects of production, “Shale gas is a huge number of wells with very low deposits (hundreds of times lower than that of wells in traditional fields)”. With these deposits sharply decreasing within one to two years, all the drilling time necessary, and drilling in large volumes will leave the landscape “resembling the lunar surface”.

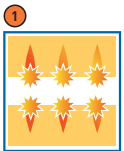
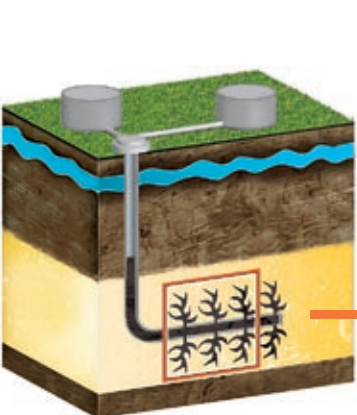
REALISTS
After setting aside all the misunderstanding, resentment and

accusations, no one disputes the fact that shale gas is regarded as one of the key additional resources of energy. The question that needs to be examined is the pace of this development. Within this query, both sides have become realists agreeing that the production of gas from shale is more labor intensive and time consuming than conventional gas. Companies have been trying to get gas from shale in the US over the last 70 years. Only recently have technological advances allowed a significant increase of production. Take into account that Europe is only at the beginning of the journey. Russia was generally caught by surprise with unconventional production of shale gas as their scientists previously regarded this rock as unpromising. Major scientific conferences on this subject were not carried out in Russia nor globally. Now the topic of shale gas is eagerly discussed not only by scientists but also politicians and businessmen. Even Gazprom does not dismiss the idea of acquiring a company, exploring and producing shale gas in the United States, and examining technologies used and profitability up close. It is obvious for “realists” that as development continues for shales, the true winners will be those that are able to offer advanced equipment and service in production. With this in mind, TMK is a significant resource for the future. Premium threaded connections are widely used in the gas industry and are quite suitable for the development of oil shale fields. The North American division of TMK has its own line of connections called ULTRA™ which are used by 8 of the top 12 companies developing oil shale deposits in the US. The growing production of shale gas has increased orders and TMK IPSCO has increased its capacity. ■

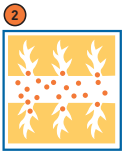
The conventional process of drilling



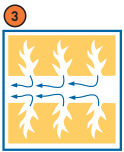
Method of horizontal drilling



Explosions perforate the pipe



Fracturing opens up the rock formation



Transportation of escaping gas to the surface



U.S. Shale Gas Production Continues to Heat up

Text: John Mandel, TMK IPSCO

Although the eyes of the world have been focused recently on the Gulf Coast of Louisiana, the state is also a major part of an energy success story that has quietly been unfolding in the continental U.S. The production of natural gas from shales such as the Haynesville Shale of Louisiana and East Texas is one of the most exciting trends in onshore oil and gas exploration and production today. In fact, there are sufficient quantities of recoverable shale gas in North America – up to 3,842 Tcf (trillion cubic feet) – to supply U.S. natural gas needs for 45 years. Shale gas also may account for more than 30 percent of the technically recoverable gas reserves in the U.S.

Although the industry has known about shale gas for decades, developing the technology to extract it safely and economically has posed a major challenge. Shale gas is located deep within shales in source rock that is beyond the reach of traditional drilling techniques, making it necessary to fracture this rock so that the gas can flow. Adding to the difficulties of extracting shale gas are the fact that the rock has very low permeability, almost no drainage radius and is very heterogeneous. The extreme depth, pressure and narrow pay zones of these shale plays are significant barriers that

vertical drilling simply cannot overcome. A traditional vertical well cannot yield enough natural gas for profitable operation, as the resources are trapped horizontally in between the deep, tightly pressed shale layers. However, advances in horizontal drilling, hydraulic fracturing and rising natural gas prices during the past several years have finally made recovery of unconventional shale gas resources financially viable. The concept of horizontal drilling was introduced in the 1990s, but it was the advent of directional drilling that began to change the face of shale drilling more recently. Engineers used the

Barnett Shale in Texas as their training ground and continued to push the envelope by directionally curving their well strings in attempts to reach new shale layers. Innovative fracturing techniques, employing multiple fracturing and higher fracturing pressures, were also introduced. As the curvature of the wells became more severe and fracturing pressures increased, standard API connections reached their maximum performance capabilities. It became apparent that there was tremendous need for a new breed of premium connections designed specifically to master the shale plays. Once

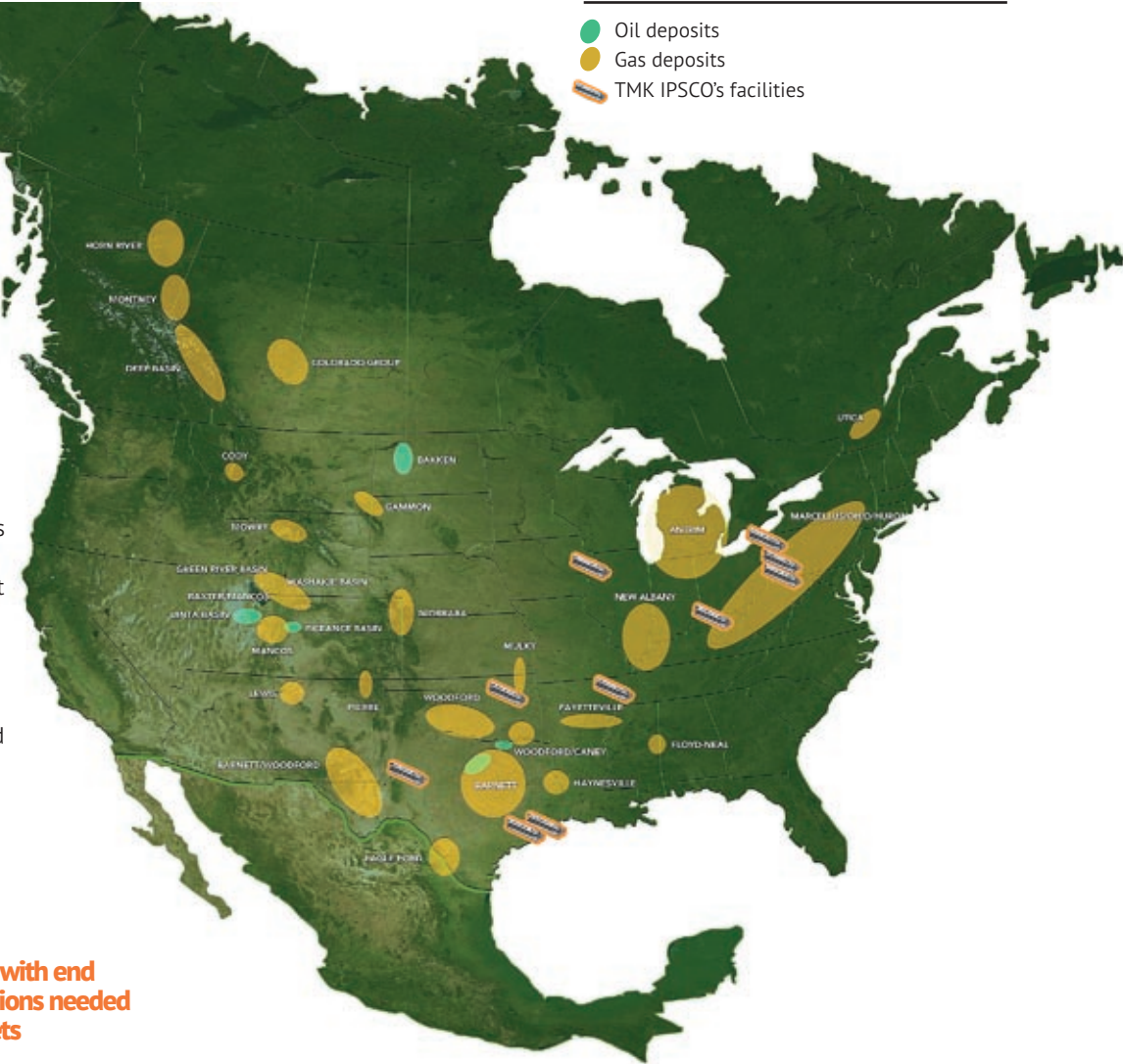
engineers were confident that these premium connections could curve the wells at tighter angles, the level of horizontal drilling began to outpace that of directional drilling. In 2008, directional drilling became the driving force of the U.S. shale plays, and the training ground of the Barnett Shale of the 1990s was replaced by the Haynesville Shale as the new horizon for technology. In an area where more than 90 percent of natural gas rigs are horizontal or directional, premium connections became the centerpiece of the completion strings, with particular preference for TMK IPSCO's patented ULTRA™ Premium Connections family of products. The demand for equal strength in both tension and compression, high torsion strength for rotation and superior sealing through metal-to-metal seals

TMK will be ready to work closely with end users to drive the innovative solutions needed to access these burgeoning markets

separated TMK IPSCO's product line from every other type of premium connection on the market. The superior strength, performance and value of these products make them the leading premium connection choice of major and independent operators alike. Today, natural gas drilling accounts for two-thirds (66 percent) of all U.S. rigs. In addition, four out of five



ULTRA™ Premium Connections



natural gas rigs are either horizontal or directional, with horizontal rigs accounting for 65 percent and directional rigs for 15 percent of this total. The vast majority (83 percent) of natural gas rigs are located in the states of Texas, Oklahoma, Louisiana, Arkansas and Pennsylvania – the homes of the “Big Five” shales (Barnett, Woodford, Haynesville, Fayetteville and Marcellus). TMK IPSCO's manufacturing facilities are strategically located along the backbone of these shale plays to provide outstanding support near customers' well locations. Because of the advances made in horizontal drilling, shale gas has proven itself as an economical and environmentally friendly means of helping ensure America's energy independence for decades to come. The lessons learned in U.S. shale drilling will likely be applied in

Europe, which holds its own wealth of shale gas in regions such as Poland, Northern Germany and the Southern North Sea. To date, however, virtually none of the shale gas in Europe has been developed commercially. Innovations such as ULTRA™ Premium Connections will be needed to access those resources, which by some estimates could prove as much as 549 Tcf – about 14 percent of the size of North America's reserves. Although Europe is a few years away from shale drilling, the need for natural gas, the cleanest-burning fossil fuel, is great because Europe imports the majority of its natural gas. Some experts believe that Poland could be the next Haynesville, and TMK will be ready to work closely with end users to drive the innovative solutions needed to access these burgeoning markets. ■

PIPES FOR THE CASPIAN SEA

In this issue, YourTube opens a new heading called “Partners”. In this category we talk about partnerships and major clients of TMK, joint ventures and future cooperative efforts. In this segment, we focus on the relationship of TMK with one of the largest oil companies in Russia, Lukoil.

The press office of OAO LUKOIL

LUKOIL has worked with TMK for many years now and is one of its largest clients. Vagit Alekperov, President of Lukoil, visited the Volzhsky Pipe Plant (VTZ) in November of 2008, which set a symbolic milestone in the relationship of the two companies. He visited the Welding Shop of VTZ for a better understanding of the new mill used in the production of longitudinal welded thick-walled large diameter pipes that are used in the construction of field pipelines, trunk oil and gas pipelines, and subsea pipelines. Because of the technical capabilities of the mill in Volgograd, it has no equals in Russia. Mr. Alekperov truly appreciated the quality he observed and looked forward to a very long relationship between the two companies. As directed by Lukoil, TMK has perfected the production of new types of hydro-sulfuric casing and tubing. These products are designed to operate in extreme climates and environments with high levels of hydrogen sulfide. In the manufacturing process,

hydro-sulfuric pipes undergo heat treatment which modifies the structure of the metal, making them high strength products. They have been used by Lukoil in oil and gas fields in the extreme Far North. Lukoil also purchases premium TMK tubing with threaded connections as part of the import substitution program. These products are used primarily in a gas condensate field called Yuri Korchagin in the Russian region of the Caspian Sea. TMK manufactured 8.2 thousand tons of these pipes in 2009 for Lukoil. Technical specialist and managers of both companies continue to work together in an effort to improve performance properties of pipes used in the extraction and movement of oil and gas under difficult conditions. In May 2010, Lukoil specialists attended the scientific/technical conference “Corrosion-2010” held at the Taganrog Metallurgical Plant (Tagmet). Such conferences have been a very effective form of communication for TMK with consumers and scientists alike in

⚡ The field is named after Yuri Korchagin in the Russian region of the Caspian Sea

the pursuit of the best possible technological solutions available. The reliability of pipelines, with prevention of oil and petroleum products leaks, is a major priority of Lukoil. This focus makes the direct and open communication with manufacturers of these products of paramount importance; exchanging practical experiences and finding solutions to the improvement of corrosion resistance and properties of pipe are key to driving standards for reliability of pipe in oil and gas applications. ■



LUKOIL'S SCALE: FROM SIBERIA TO AMERICA

LUKOIL – One of the leading vertically integrated oil companies. The main oil production region of the company is in Western Siberia. Lukoil owns modern refineries, gas processing and petrochemical plants in Russia, Eastern and Western Europe, and implement projects for the exploration and production of oil and gas in Kazakhstan, Egypt, Azerbaijan, Uzbekistan, Saudi Arabia, Colombia, Venezuela, Côte d'Ivoire, Ghana, and Iraq. Most products are sold on the international market. At the beginning of 2009, the sales network covered 25 countries, including Russia, CIS countries and European states, as well as the United States. Lukoil is the second largest private oil company worldwide by proven

hydrocarbon reserves. The Company's share in global oil reserves is about 1.1%, and in world oil production – about 2,3%. The company plays a key role in the Russian energy sector, accounting for 18% of total Russian oil production and 19% of total Russian oil refining. In 2005, Lukoil began implementation of the gas program, under which gas production will grow rapidly in Russia and abroad. Today, Lukoil – Russia's largest oil business group with revenues of more than \$80 billion and net profit of more than \$ 7 billion – is also the largest taxpayer in Russia. The total amount of taxes paid by Lukoil in 2009 amounted to \$21.5 billion.



Over 2,200 exhibitors from 52 countries presented their innovations at the fair, which was attended by nearly 69,000 trade visitors from over 100 countries across the globe

TMK's outstanding exhibition quickly became the most visited one among the tube manufacturers. The place could rarely offer an unbooked table for people to sit and talk business. Apart from TMK's good name, such popularity was attributed to the company's heavy representation at the fair. TMK brought a wide range of people from top decision-makers like heads of North America and Europe Divisions, and directors of foreign trade, marketing and advertising functions, to trade representatives in Europe, plant managers and even technical staff.

On Day Two Dmitry Pumpyanskiy, TMK's Chairman of the Board attended the fair to have several meetings and negotiations and to offer encouragement to the company's exhibitors. When departing, the Chairman wished everyone good luck and profitable business on the fair days to come, as days Three through Five had much to offer.

Wire & Tube 2010 has become a truly meaningful event for TMK. Both established and new business relationships further endorsed the company as a global producer and reliable supplier of high-grade tubulars and services to the Oil and Gas sector. The notorious delays and effects from the remote Icelandic Eyjafjallajökull volcano did complicate TMK delegations' trips back to their home destinations, but it definitely did not overshadow the overall impression of Wire & Tube 2010. There was a strong feeling of corporate unity and the satisfaction of being valuable to so many people across the globe. ■

DÜSSELDORF RENDEZVOUS

Text: Director of the Department of External Communications
Ilya Zhitomirskiy

Hundreds of trade teams representing producers of tubes, cables, wire products and equipment descend upon Düsseldorf every two years. Wire & Tube 2010, held in the city from April 12th to April 16th, was the twelfth meeting of the premier trade fair. TMK's presentation for the company's foreign trade partners was an absolute hit on the schedule and the company's exhibit was widely recognized as a must-see by all fair attendees.

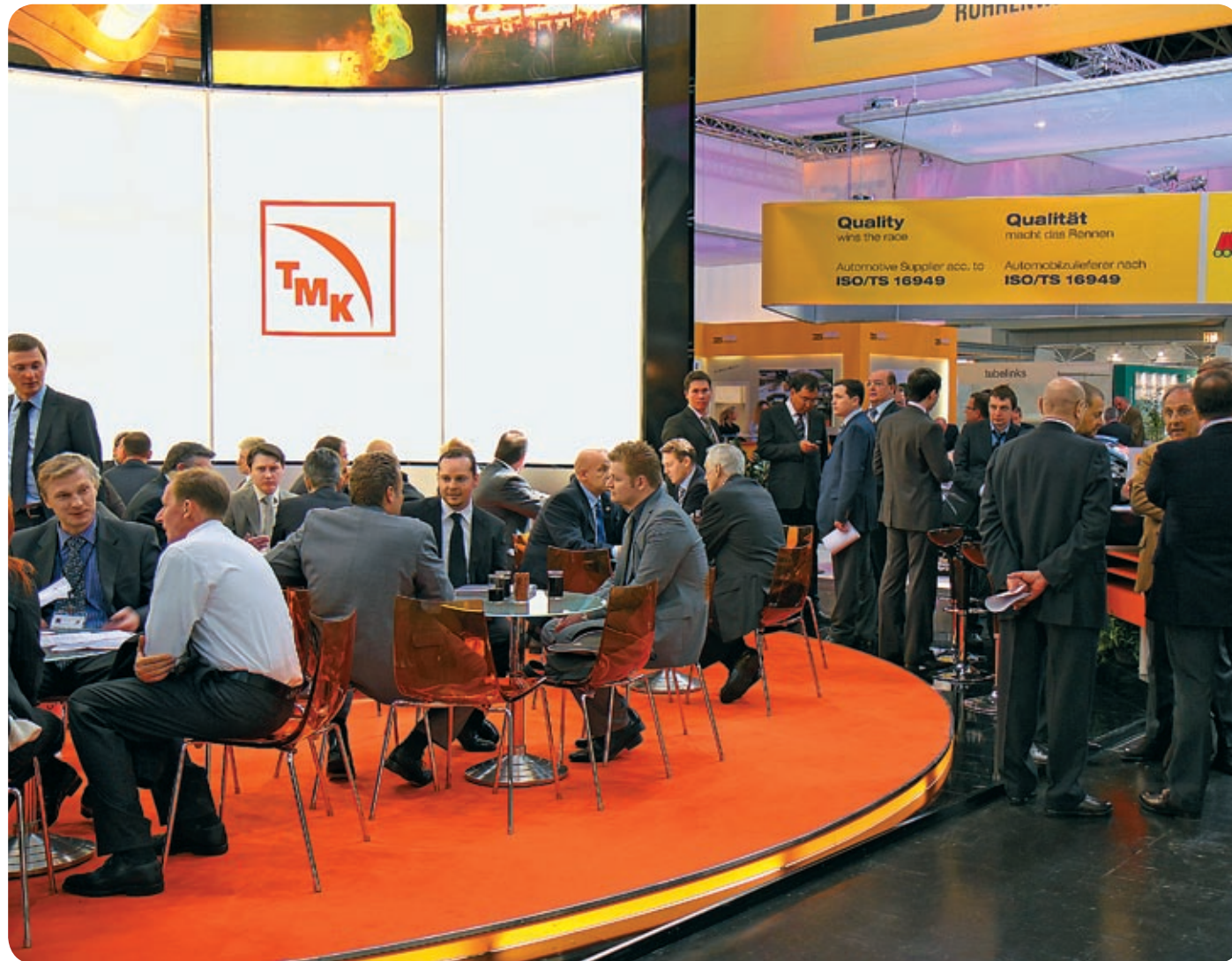
Sunny and warm Düsseldorf, just emerging from winter, was besieged by tens of thousands of energized people attired in business suits launching into discussions in all languages possible. There was plenty to

discuss. The two years since the last fair were mired with complications and controversy for the metallurgy industry. A difficult time only magnified after three calendar quarters of thriving markets in 2008 were replaced by a collapse of

demand, prices and capitalization in 2009. However, everybody knows that a metallurgist never gives up. Finally, in Q1 2010 metal markets showed the first signs of growth and raised spirits across the sector. This year, over 2,200 exhibitors

from 52 countries presented their innovations at the fair that was attended by nearly 69,000 trade visitors from over 100 countries across the globe. TMK's gala presentation, followed by a reception for the company's numerous partners and clients, was certainly one of the highlights of the agenda on Day One. The presentation started with opening remarks by Sergei Bilan, Deputy General Director for Marketing, who also played the part of moderator of the presentation. Sergei Chetverikov, Deputy Director for Foreign Affairs, presented more information on the company, its recent production and investment performance. He specially emphasized the 60 percent production growth reported in Q1 2010 versus Q1 2009, which resulted from a major overhaul

of production facilities and new equipment launched in the crisis years of 2008 and 2009. When the last slide and the speakers' concluding remarks were complete, customers and partners from the USA, Europe and Asia offered complimentary remarks to TMK. Wire & Tube 2010 confirmed TMK's premier position in global markets and the mutual interest shared by the company and its partners in continuing their international cooperation based on the principles of mutual respect for commitments, supreme quality of products and post-sale services. As the fair's busy days followed, TMK's information platform served as a location for both formal meetings with prospects and fellow businessmen's conversations about new concerns and opportunities.



Reliable partner for international companies



Samer S. Al-Reziza,
Al-Reziza Trading & Contracting Co, Deputy managing director

Our relationship with TMK started back in 2004 and has grown stronger ever since. TMK – the technical team and management – have supported us a lot. We started our business together in 2006 and we

were able to purchase a lot of OCTG pipes especially in the years 2006 and 2007 and part of 2008. The quality and standards of TMK were really good and more than acceptable. We look forward to working with them in the future and we truly appreciate what they have done for us.



Steve Livingston,
Kelly Pipe Co. LLC, Senior Vice President Central Region

We go back 40 years to the time when we were working with the former company that was part of IPSCO and long before the pipe business was acquired by TMK. They have always been a great customer for us, particularly in the Rocky

Mountains and the Western Region. We have recently forged a new relationship with them based upon the OCTG pipes and we are looking forward to another 40 years and continuing our great relationship with TMK IPSCO. Our relationship together has been tremendous the whole time we have worked together and I am sure it will be even better in the future.



Achim Boner,
ThyssenKrupp Materials International, General Manager Pipe and Tube Division

What is important for each customer? I believe it is to have perfect quality, on-time delivery, and not overpaying for the product. I believe TMK pursues a balanced marketing policy which has won credibility

in the market. The quality of the pipes is good and consistent now. Actually the first thing that comes to mind with your company is timely and reliable delivery. Good luck and keep it up!



Freek Graaf,
TAL Holland, Director

Obviously, it is essential for consumers to keep getting high-quality products on time and for an acceptable price but I think what describes TMK best is its evolution. TMK integrates new technologies, expands business, and strives to be a good partner for their

client – both technically and with competitive pricing. That's why we are happy to have TMK as a partner and continue our association together.



Giorgio Frigerio,
Benteler Distribution, CEO

I will not talk about products as the quality has already been stated before. I would rather talk a minute about our association with TMK in distribution of pipes – particularly in the industrial sector – across Europe.

We have developed a very open and transparent communication line that we'd like to maintain both from the production point of view and from the commercial point of view. Our distribution network spans throughout Romania and TMK is one of the key suppliers for the group – not only in Romania, but now in Germany, Italy and additional countries. Of course we hope the relationship we have developed continues to grow. Thank you TMK Rus group and we wish all the best for our partnership together.

CAPITAL CITY OF GERMAN FASHION AND ADVERTISING



The first written mention of Düsseldorf dates back to 1135. Originally a village, Düsseldorf took its name from the small river Düssel that flows into the right bank of the Rhine. In 1288 the village of Düsseldorf was granted the rights afforded a town. Since then Düsseldorf changed hands many times. Düsseldorf was governed by German counts and dukes, twice conquered by the French in the 18th century, joined Bavaria and the Kingdom of Prussia, but each time regained autonomy. During the four years after World War I, Düsseldorf was again occupied by France and Belgium. Twenty years later, during World War II, the town suffered from bombing campaigns of the Allies lasting up to 1945. In 1946 Düsseldorf became the capital city of the German state of North Rhine-Westphalia. Despite an abundance of plants and factories, the city was mostly recognized as an administrative center and had the nickname of 'the Ruhr Basin's Writing Table'. Modern Düsseldorf is a big industrial and commercial center full of offices and banks. Düsseldorf is the most developed city of the Rhine-Ruhr metropolitan region – the most heavily populated region of Germany.

Today the city is a major economic, cultural and trade center, especially after construction of the Düsseldorf Messe Exhibition

Center in 1971. Düsseldorf hosts the third largest airport in Germany. Düsseldorf is not only widely known as a center for German advertising and fashion industries, but also in the last few years the city on the Rhine has become one of the top telecommunications centers in Germany. Düsseldorf also leads the European patent sector. To the south of the old city up the Rhine is Medienhafen, a media harbor built in the 70's and 80's to replace a real harbor that was no longer cost effective after a trade recession. Medienhafen is a complex of buildings that includes the Landtag (local parliament) of North Rhine-Westphalia, Rheinturm – Düsseldorf TV Tower, and headquarters of various media companies including WDR, nrw.tv, Antenne Düsseldorf, and GIGA. Düsseldorf is second only to Frankfurt in banking and business and hosts the Düsseldorf Stock Exchange – one of the largest in Germany. Numerous international firms like Vodafone Germany, Metro AG, ThyssenKrupp, e.on, Rheinmetall, Henkel, Degussa, NRW BANK, West LB, and e-Plus are headquartered in the city. Daimler Chrysler produces their Mercedes-Benz Sprinter in Düsseldorf, just as Volkswagen AG makes their VW Crafters there also. Düsseldorf is famous as "Nippon-on-the-Rhine" due to its third largest Japanese community in Europe.

TMK Debuts at Leading Industry Event

John Mandel, TMK IPSCO

TMK participated for the first time in a major offshore industry conference and trade show that showcased its industry leadership position and products targeted specifically for this growing market.



TMK's booth at OTC-2010

included a wide range of technical sessions and panel discussions. This was TMK's first year at the conference, and the company created a colorful new 20' by 20' booth featuring a variety of products that will be introduced this year and certified for use in offshore applications. These include TMK Premium Connections, ULTRA™ Premium Connections, Reelable Pipe and Large-Diameter Line Pipe for subsea service.

The modern-looking booth incorporated interactive product panels that enabled visitors to touch and feel samples of TMK's products. These panels boldly emphasized the words "World-Class," "Performance," "Exceptional" and "Innovation," stressing four of the key value drivers for TMK's customers. The booth also utilized panels with large photos of TMK products in various applications, as well as a map highlighting the company's global facilities. Pipe sculptures on the sides of the booth incorporated photos of TMK's products, people and plants.

"Our objective for exhibiting at the conference was to create a stronger global image and presence for TMK and its brands throughout the industry," said Linda Fournier, TMK IPSCO's director of marketing and business development. "Customers told us that they particularly enjoyed the interactivity of our booth and were impressed by our wide range of innovative products. The event generated sales leads from around the world and helped enhance TMK's international presence."

The Offshore Technology Conference (OTC) is the world's foremost event for the development of offshore resources in the fields of drilling, exploration, production and environmental protection. It is sponsored by 12 industry organizations and societies that work cooperatively to develop

the group's technical program. OTC also has two endorsing and six supporting organizations. Nearly 73,000 attendees and 2,000 exhibiting companies representing more than 110 countries attended this year's program, which was held May 3–6 at the Reliant Center in Houston, Texas. The program also



Vicki Avril, President & CEO TMK IPSCO, Dmitry Pumpyanskiy, Chairman TMK, Piotr Galitzine, Chairman TMK IPSCO, Scott Barnes, Vice-president & Chief Commercial Officer TMK IPSCO



Attendees enjoyed cigars rolled onsite by professional cigar rollers

Making its debut at the show was a new promotional packet containing the latest TMK catalogs, product literature, promotional materials and a CD overviewing the company. Booth visitors also had the opportunity to take home a variety of TMK-branded items. In conjunction with the 2010 Offshore Technology Conference, TMK hosted a corporate party on May 7 for approximately 300 representatives of its key customers and suppliers. The gala was held at the upscale Tony's

Restaurant in Houston and themed "An Event of Global Proportion". Many major TMK customers involved in oil and gas exploration and production attended the function, including representatives from ExxonMobil, BP, Devon, Chesapeake, EOG Resources and Anadarko. Dmitriy Pumpyanskiy, TMK Chairman, welcomed the group and provided an update about TMK Group's global strategy and innovative products. Piotr Galitzine, TMK IPSCO Chairman, also spoke about the company's vision



Bar made of ice with TMK's logo

for the future, especially its intent to grow business in the offshore market. The event's purpose was to emphasize TMK's global presence and resources to customers. To that end, the party featured some of the best entertainment and food from around the world.

Guests were greeted by African drummers and entertained throughout the evening by a bossa nova band and Cuban jazz band. Food stations representing various parts of the world included a Brazilian meat carving station, towering seafood table and numerous other global delicacies. Attendees also enjoyed cigars rolled onsite by professional cigar rollers. The combination of exotic food, live music, great ambiance and a fantastic crowd resulted in a wonderful evening.

Not surprisingly, the party earned rave reviews from guests. Along with TMK's presence at the Offshore Technology Conference, it helped ensure that the company will remain center stage in the minds of industry customers. ■

The Crystal Ball Stayed in the US

— Sergey Alekseev, TMK

On May 6th one of the basketball courts in Houston saw an unusual matchup of friendly foes. The players were not from the NBA, nor were they college basketball stars, and not even celebrities of Hollywood and music. This was a competition between TMK IPSCO (USA) versus OAO TMK (Russia) serving as an event in the OTC 2010.



The Russian team was made up of managers attending the conference and the management of TMK Premium Services in Moscow. Representing the US were managers of TMK IPSCO in Chicago and the sales office in Houston. The American team employed a tactic of frequent substitution of players and this made the difference, allowing participants to be rested and energetic throughout the match. The first quarter saw the Russians much more active and impressive than their American opponents. Team OAO TMK had the advantage at halftime but they started to struggle with exhaustion and the Americans took advantage of their long bench. Tied at 33 all, TMK IPSCO then seized the lead and never relinquished it, winning the game 47–40. In a small ceremony at the end of the game, Deputy General Director

Sergey Bilan awarded the captain of TMK IPSCO, Sam Smolak, VP of IT, a beautiful crystal trophy shaped in the form of a basketball and crafted at JSC TAGMET. As competitive and fun as the match was, the true importance was the value of the meeting of the two teams. Participants were able

to put on a friendly competition exhibiting only the best of qualities – uncompromising tenacity and understanding. The players of the Russian and American teams were able to get to know each other, compete hard and test their opponent, and then continue their companionship after the match. The basketball game in Houston was another step towards the converging of management teams and a more united international company at TMK. It was decided after the competition that such meetings would take place on a regular basis. The players of the Russian team are ready for a re-match to take revenge on their American counterparts and bring the trophy back to Russia. ■



TMK Trading House, Moscow

40-2a, Pokrovka Str.,
Moscow 105062, Russia
Tel: +7 (495) 775 7600,
Tel/Fax: +7 (495) 775 7602
E-mail: tmk@tmk-group.com

Branch office TMK Trading House, Volzhskiy

6, Avtodoroga 7 Str., Volzhskiy, the
Volgograd region, 404119, Russia
Tel: +7 (8443) 22-27-77, 55-18-29
Tel/Fax: +7 (8443) 25-35-57

Branch office TMK Trading House, Polevskoy

7, Vershinina Str., Polevskoy,
the Sverdlovsk region, 623388, Russia
Tel: +7 (34350) 3-21-05, 3-32-75
Tel/Fax: +7 (34350) 3-56-98

Branch office TMK Trading House, Kamensk-Ural'skiy

1, Zavodskoi proezd Rd., Kamensk-Ural'skiy,
the Sverdlovsk region, 623401, Russia
Tel: +7 (3439) 36-37-19, 36-30-01
Tel/Fax: +7 (3439) 36-35-59

Branch office TMK Trading House, Taganrog

1, Zavodskay Str., Taganrog,
the Rostov region, 347928, Russia
Tel: +7 (8634) 65-03-58, (8634) 32-42-02
Tel/Fax: +7 (8634) 32-42-08

Representative office TMK, Azerbaijan

22, Karabakha Str., Baku, AZ1008,
Azerbaijan
Tel/Fax: + 994 (12) 496-19-18
E-mail: baku@tmk-group.com

Representative office TMK, Turkmenistan:

29, Arshabil chaeli Str., "Nebitshi" hotel,
1939, Ashgabat, Turkmenistan
Tel/Fax: +993 (12) 48-87-98
E-mail: ashgabat@tmk-group.com

TOO TMK-Kazakhstan

38/1, office # 5, Zheltocsan Str., Astana,
010000, Kazakhstan
Tel/Fax: +7 (7172) 31-56-08, 31-08-02
E-mail: info@tmck.kz

Representative office TMK, China

APT19 I, NO.48 DONGZHIMENWAI Street,
Dongcheng District, Beijing,
China ZIP: 100027
Tel: +86 (10) 84-54-95-81,
+86 (10) 84-54-95-82
Tel/Fax: +86 (10) 84-54-95-80
E-mail: beijing@tmk-group.com

Representative office TMK, Singapore

10 Anson Road #33-06A International
Plaza, Singapore 079903
Tel: +65 (622) 33-015
Tel/Fax: +65 (622) 33-512
E-mail: singapore@tmk-group.com

TMK Global AG

2, Blvd. Du Theatre, CH-1211 Geneva, CP
5019, Switzerland
Tel: +41 (22) 818-64-66
Fax: + 41 (22) 818-64-60
E-mail: info@tmk-global.net0

TMK Europe GmbH

Hohenstaufenring 62, D-50674 Koln,
Germany
Tel/Fax: +49 (221) 27-23-89-10,
+49 (221) 272-00-81
E-mail: info@tmk-europe.eu

TMK Italia s.r.l.

Piazza degli Affari, 12, 23900 Lecco, Italy
Tel/Fax: +39 (0341) 36-51-51,
+39 (0341) 36-00-44
E-mail: info@tmk-italia.eu

TMK IPSCO

8300 FM 1960 West, Suite 350,
Houston, TX 77070, USA
Tel: +1 (281) 949-10-23,
Fax: +1 (281) 445-40-40
E-mail: cdavis@tmkna.com

TMK North America, Inc

8300 FM 1960 West, Suite 350, Houston,
TX 77070, USA
Tel: +1 (281) 949-10-23,
Fax: +1 (281) 445-40-40
E-mail: cdavis@tmkna.com

TMK Middle East

P.O. Box 293534 Office 118, Block 5EA,
Dubai Airport Free Zone,
Dubai, United Arab Emirates
Tel: +971 (4) 609-11-30,
Fax: +971 (4) 609-11-40

TMK Africa Tubulars

1st Floor, Convention Tower, Cnr.
Heerengracht Str. & Coen Steytler Ave.
Foreshore, Cape Town 8001, South Africa
Tel: + 27 21 403-63-78,
Tel/Fax: + 27 21 403-63-01
E-mail: info@tmkafrica.com



Global Strength

As one of the largest North American producers of welded and seamless pipe and premium connections, TMK IPSCO is dedicated to serving the oil and gas industry. Our legacy of quality, industry-renowned customer service, and focus on innovative products and services allows us to drive unparalleled value for our customers. TMK IPSCO is committed to being the premier supplier of energy tubulars. As part of OAO TMK, one of the world's largest pipe producers, we offer an expanded line of steel pipe and tube, providing our customers with even more options to meet the market's evolving needs.



Tel: 888.258.2000