

YourTube

Technology Motion Knowledge

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of success, Chicago style

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annual charity golf
tournament



**Strategic
development
on a global
scale**

GLOBALIZATION STRATEGY



YourTube is targeted to three audience groups – hailing from various countries and continents – and is published in parallel Russian, Romanian and English editions. The highlights of each magazine are different, depending on the division. This edition offers a compilation of selected materials published in the Russian and Romanian editions of YourTube No. 3 (06) ♡



The Risk That Paid Off

In order to secure optimum utilization of TMK-RESITA's steelmaking capacity and contribute to higher direct sales, a decision has been made to start production of continuous round billets with diameters up to 350 mm, an increase from TMK-RESITA's previous maximum of 280 mm. According to Cristian Drinciu, Chief Operational Officer at TMK-ARTROM / TMK-RESITA, mastery of this new product has resulted from cooperation between TMK-RESITA and JESCO to jointly implement a major new investment project. TMK-RESITA is currently the only facility in eastern Europe capable of producing billets with diameters up to 350 mm. This product is gaining more and more recognition in the Middle East where region-specific oil extraction applications require compliance with the highest steel grade standards. Demand is also coming from Romanian forging facilities, thus making new market segments available to TMK-RESITA.



Russian Businesses to Restore the Bygone Prestige of Trade Professions

After the Soviet Union collapsed, the entire trades education system vanished. Working trades became less prestigious in the eyes of young people tempted by numerous colleges offering higher education at moderate prices. This created a shortage of a qualified workforce for all Russian companies. Businesses are forced to tackle this nation-wide HR problem on their own. Virtually all Russian steel companies are now investing in training and development of their staff. Students are offered free education in return for their agreement to join a particular company after they graduate. New education programs are being developed to meet present-day production standards. In-house training centers are being created. Finally, annual professional competitions are held covering various trades. Companies spend lots of money to create a healthy social environment for their employees and address their housing issues.

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»» DIVIDENDS DECLARED

On June 28, TMK held its Annual General Meeting of Shareholders. Among other things, shareholders authorized payment of annual dividends of RUB 0.85 per one ordinary share with a book value of RUB 10 each. Dividend payouts totaled RUB 797 million.

Dmitry Pumpianskiy, Alexander Shiryayev, Andrei Kaplunov, Sergei Papin, Igor Khmelevsky and five independent directors: Thomas Pickering, Geoffrey Townsend, Mikhail Alekseev, Alexander Shokhin and Mukhadin Eskindarov were elected to serve on TMK's Board of Directors. Dmitry Pumpianskiy was elected as Chairman. ■

»» S&P RATINGS UPGRADED

Standard & Poor's Ratings Services (S&P) has raised its long-term corporate credit rating on TMK to 'B+' from 'B'. Similarly, the Russian national scale rating was raised to 'ruA' from 'ruA-'. The upgrades reflect TMK's better liquidity and stronger operating and financial performance in the first half of 2011.

Another reason for the upgrade is TMK's liquidity, which has improved in S&P's view. The ratings agency raised its assessment to 'adequate' from 'less than adequate' following TMK's rescheduling of its substantial maturities due in 2011-2012. ■



»» OHIO GOVERNOR JOHN KASICH VISITS BROOKFIELD

In early August, Ohio Governor John Kasich visited TMK IPSCO's facility in Brookfield, Ohio during a tour of regional manufacturing sites. The delegation also comprised State Representative Sean O'Brien and State Senator Capri Cafaro of Ohio. Governor Kasich's delegation toured the Brookfield facility, where a second thread line was commissioned earlier this year. During the visit, Governor Kasich met with TMK IPSCO executives, as well as Brookfield's employees and management to discuss a variety of issues ranging from job creation in Ohio to expansion of oil and gas production in the adjacent Marcellus shale. "If we get this right and if the reserves are what they appear to be, this could be a model for the country," Kasich said during a discussion of Marcellus shale development in Ohio. "This has the potential to create a lot of jobs in a place where we haven't seen job creation in decades." ■

»» TMK FORMS JOINT VENTURE

TMK and Belgium's Lhoist, one of the world's largest producers of lime, have agreed to establish a Russia-based joint venture and launch a plant in the Sverdlovsk Region to produce lime and associated products. Lhoist will be the majority partner with a 70 percent stake while TMK, with a 30 percent share, is interested in supplies of flux lime to its steel production facilities. Investments are expected to total approximately U.S.\$50-100 million.

The Yuzhno-Mikhailovskoye limestone field located in the Sverdlovsk Region is expected to support operation of the first production facilities. The new joint venture has already obtained the license and is expected to meet the growing demand coming from the regional steel mills, to contribute to qualitative development of Russia's chemical, glass and paper industries and to facilitate manufacture of environmentally friendly construction materials. ■

»» TMK IPSCO EMPLOYEES DISCUSS SHALE GAS DEVELOPMENT IN PENNSYLVANIA

On August 16-17, Scott Barnes, Vice President and Chief Commercial Officer at TMK IPSCO, visited the company's facilities in Ambridge and Koppel, Pennsylvania, to take part in a number of town hall meetings with the plants' employees and managers. The informational meetings were intended to involve employees at all levels in discussions of tubular markets and the relevance of local oil and gas development to the company's operations.

The meetings in August were devoted to the Marcellus shale, which many experts believe to be the second largest natural gas field in the world. "As the U.S. rig count recovers to its pre-recession peak, TMK IPSCO is well positioned to take advantage of development in the Marcellus region, where oil and gas companies drilling horizontal wells demand significant volumes of high-quality, premium and semi-premium products manufactured by TMK IPSCO," said Barnes.

During the meetings, Barnes responded to a wide range of questions from employees, some of which concerned the importance of the Marcellus shale to the local economy. "Development of the Marcellus has a big trickle-down effect, which means more jobs and income for you and your neighbors, as well as greater tax receipts for our local communities," Barnes said. ■



»» PIOTR GALITZINE WELCOMES TMK SIX SIGMA TRAINEES TO BROOKFIELD

On June 20, 2011, TMK IPSCO Chairman Piotr Galitzine visited Brookfield, Ohio to welcome a group of TMK specialists to a two-week training session on Six Sigma methodology. The session at TMK IPSCO's facility in Brookfield—which brought together representatives from all of TMK's production facilities in Russia and Kazakhstan, as well as the company's Moscow headquarters—was part of a larger Six Sigma training project that TMK launched in March 2011.

After speaking on TMK's global development strategy, Galitzine shared his perspective on the importance of Six Sigma training for TMK. "Six Sigma forces us to look at our processes and behaviors with a fresh eye," he said. "It is apparent that we have to accelerate our processes, widen bottlenecks, improve quality and more evenly balance production and finishing, all in order to increase the efficiencies of our production assets."

A key aspect of Six Sigma methodology involves differentiation between areas where processes simply need to be tightened and those that require further investment. "Of the two dozen or so Six Sigma projects that are underway at TMK, it has been important to discover that more than half of the measures being investigated have involved no investment at all, and yet they will produce significant and measurable improvements!" Galitzine emphasized. ■

»» A BIG AWARD

During an official ceremony held at the Kremlin in Moscow on July 28 and hosted by Russian President Dmitry Medvedev, TMK Chairman Dmitry Pumpianskiy was awarded the Order of Honor, a high-level state order of Russia, for his high professional achievements, longtime commitment to development of the nation's economy and active involvement in public activities. In his response speech, Dmitry Pumpianskiy thanked President Medvedev on behalf of all the staff employed by the company and emphasized that TMK would continue to be focused on upgrading its production facilities and the company's achievements would always serve the nation's best interests. ■

»» TAGMET AUDITED BY GENERAL ELECTRIC

The Taganrog Metallurgical Works has been audited by General Electric in line with the plan for qualification of TMK's plants.

The quality management group of GE's oil and gas division has completed a technical audit of TAGMET's production facilities as part for the process for the plant to become a qualified pipe supplier. The GE team was able to see the continuous caster and the PQF pipe rolling mill in operation. Following close examination, TAGMET earned a positive response from the auditors. This applies to the process flow, quality management system, as well as the occupational health, safety and environmental protection framework. ■



»» ULTRA-QX PREMIUM CONNECTIONS CERTIFIED

TMK-IPSCO has successfully completed qualification testing of ULTRA-QX premium connections to comply with the ISO 13679 CAL IV standard. Testing covered ULTRA-QX connections 244.48 mm in diameter with wall thickness of 13.84 mm. Tensile and compression strength were tested at 95 percent and 80 percent of maximum load, respectively. ULTRA-QX connections demonstrated high tensile and compression strength, high ability to bend and resilience to other adverse external factors.

Certification of ULTRA-QX connections according to the international ISO 13679 CAL IV standard was realized as part of the TMK Premium Connections Development and Testing Program. The first TMK products to receive ISO 13679 CAL IV certification were TMK PF premium connections designed in Russia. ■

»» PIPE FOR SAKHALIN-3 PROJECT

TMK has shipped seamless line pipe to Gazprom to develop the offshore pipeline at the Kirinskoye gas condensate field on the Sakhalin Island shelf. The shipment included X65 pipe (for the above-ground portion of the pipeline) and SMLS 450 FD pipe (for the underwater portion of the pipeline) with the outer three-layer polypropylene coating manufactured by the Taganrog Metallurgical Works and Volzhsky Pipe Plant. Seamless line pipe specifications for the Kirinskoye field were prepared in cooperation with Gazprom VNIIGAZ (Russian Research Institute of Natural Gases and Gas Technologies) to ensure compliance with STO Gazprom standards, which are much more stringent than international requirements applicable to underwater pipelines, including the DNV-OS-F101 standard. Development of the Kirinskoye gas condensate field on the Sakhalin Island shelf in the Sea of Okhotsk is part of the Sakhalin-3 project being developed by Gazprom. From 2014 onwards, this field will become instrumental in sourcing natural gas to the Sakhalin – Khabarovsk – Vladivostok gas transmission system. ■

BUSINESS NAVIGATOR

One of the company's main competitive advantages today is a soundly formulated strategy—a reliable business navigator in a world taken over by globalization. Vladimir Shmatovich, Vice President for Strategic Business Development at TMK, spoke to YourTube recently on the course maintained by TMK, the company's reputation among investors and the competitive advantages being employed in the battle for end users.

**Mr. Shmatovich, what is TMK's development strategy?
What is the company aiming for?**

To become a high-tech, highly efficient company that enjoys a broad presence in all segments of the pipe market. We aim to be the global market leader in terms of production volume, as well as both absolute and relative financial performance. Premium markets and premium products—objects of global trade—remain our priorities.

We are also working to increase supplies to the most difficult and valuable oil and gas projects—in the Arctic, offshore, on fields with deep hydrocarbon deposits and in the shale plays.

We believe the company's further development is tied with moving its business in the direction of globalization, applying uniform principles and standards of corporate and operational management.

What is new in the approach to strategic management?

Following the acquisition of U.S. businesses in 2008, a divisional management structure was formed at TMK. Divisions were created on the basis of geography in terms of where the company's assets were located—in Russia, North America and Europe. Further development requires a consolidation by business segment as well. On the basis of the divisions, we are beginning to form a matrix structure. This structure is made up of

certain target groups that focus on a specific market segment. They include the staff and services that represent the various geographic divisions but that are aimed at solving a common task within the group at TMK.

For example, there is the premium division, which brings together operations in Russia and America. Its task is to develop and promote high-tech premium products. The program covering export of Russian pipe is inevitably on the super-divisional, matrix level as well. Even when it comes to more local issues such as investor relations and public relations, which have always been the prerogative of the management company in Moscow, we have a full-fledged international team. This approach allows us to maximize all possible synergies.

In your view, which principles ensure success when it comes to implementing the strategy?
As a public company aimed at improving the efficiency of its business, the basic principle is to increase shareholder value. However, the financial component of the strategy follows from other important reference points in the business's development. One of these is maximum benefit for customers. What can we offer to our customers that is new and useful so that they are willing to pay for it? In answering this question each time we come closer to realizing our strategic objectives. However, we understand that business cannot function in isolation; it has a certain social shell a priori. Society, the region where the business is present and

1H 2011 Financial Highlights (In millions of \$, except earnings per GDR)			
	1H 2011	1H 2010	Change, percent
REVENUE	3,547	2,566	+38
GROSS PROFIT	814	586	+39
PROFIT BEFORE TAX	360	102	+253
NET PROFIT	258	67	+285
EARNINGS PER GDR*, U.S.\$	1.20	0.32	+275
ADJUSTED EBITDA	625	415	+51
Adjusted EBITDA margin, percent	18	16	

* GDR represents 4 ordinary shares

In the first six months of 2011 revenue increased by 38 percent year-on-year to \$3.5 billion

the workforce, of course, all have influence on the business. Among other factors that the company's competitiveness is based on, I have no doubt that its reputation, investment attractiveness, and responsibility as an employer, business partner, legal "citizen" of its country and member of the community also carry importance.

Is it possible to insure against mistakes when making strategic decisions?
Insuring 100 percent is impossible for anything, including strategic decision-making. What we can and must do is reduce risks when making decisions. It is important to deter unreasonable investment impulses, adhering to a "golden mean." On the one hand, we must try to be moderately aggressive, while on the other hand we have to understand that these risks need to be carefully studied and managed. It may narrow the room for maneuver in terms of future prospects, but in terms of risk reduction it is very important. Careful selection of investments, analysis of projects' sensitivity and risk assessment are all rules that guide us. A balanced approach to management, finance, and manufacturing allows us to accumulate all the resources needed to keep our direction. We are focused on what we do best, which is effectively producing and selling pipe.

Does the company have a large debt load? What is being done to optimize the loan portfolio?
We currently feel quite comfortable when it comes to our financial liabilities. We have a fairly diversified loan

portfolio, which, in particular, makes extensive use of debt instruments like ruble-denominated bonds and Eurobonds, as well as bank loans. It should be noted that currently 87 percent of our debt is made up of long-term commitments, and only 13 percent is short term. Fixed-rate debt accounts for 92 percent of the company's total debt. In the short term, our goal is to continue restructuring our portfolio, reduce the interest cost of our debt and reduce the size of the debt through cash flows from operating activities.

How do you assess TMK's financial results in the first half?
The results are very positive and TMK even surpassed the expectations of analysts and investors. With increasing costs and competition TMK managed to increase both the sales volume and profitability of sales. In terms of physical production volumes, TMK is the first among global companies for a third consecutive year, which is also a significant result. The total volume of pipe sold in the first half compared to the same period last year increased by 16 percent, with the company shipping 2.2 million tonnes. This remarkable growth is due primarily to increased sales of large diameter pipe (LDP) and seamless OCTG in the Russian division and welded line pipe in the American division. Due to positive production dynamics, we saw successful financial performance during this period. In particular, revenues grew by 38 percent over the same period last year to \$3.5 billion. Seamless

»» INVESTING IN A MORE EFFICIENT TMK IPSCO



By Adrian Cobb,
Vice President and Chief Financial
Officer at TMK IPSCO

Demand for high-quality tubular products—supported by a number of promising new oil and gas developments and an increasing rig count in North America—continues to be strong. With facilities in key energy-producing regions across the U.S., TMK IPSCO is well positioned to take advantage of this growing demand. Our most recent financial results confirm both the strength of the market and our company's products. First-half sales volumes stood at 436,000 tonnes, a 6 percent increase over the same period last year. Sales of seamless OCTG increased by 13 percent year over year, and sales of welded line pipe rose by an impressive 45 percent. These improved sales figures resulted in a 23 percent revenue increase to \$765 million in the first half of 2011. With a view to further strengthening its position in the years to come, TMK IPSCO is undertaking a strategic capital invest-

ment program that will increase production capacity, facilitate cutting-edge research and development, enable expansion into new markets and bring greater efficiency to our operations. On the seamless side, we are making a number of investments at our facilities in Ambridge and Koppel, Pennsylvania aimed at removing production bottlenecks and bringing further improvements to the steelmaking process. These investments will enable us to even better serve our customers in the Marcellus shale, where oil and gas drilling activity has been growing rapidly. Investments on the welded side will reduce inventories and transport costs, bringing greater value for our customers in terms of lower cost and better lead-times for pipe deliveries. A number of projects are underway, especially at our facility in Wilder, Kentucky, where two new end-facing machines were recently installed and a new thread shop is scheduled to be commissioned this fall.

These and other investments will bring considerable added value to our welded products, which are enjoying stronger demand in connection with many new North American pipeline projects. ULTRA™ Premium Connections have long been recognized for their quality, especially in unconventional environments like North America's oil and gas shale plays. At our TMK Premium facility in Brookfield, Ohio, a second thread line was commissioned in March in order to meet the growing demand in the Marcellus gas shale. Our facility in Odessa, Texas is currently undergoing a major consolidation project, which will improve logistics and allow us to better serve our customers in West Texas. Finally, as ULTRA products continue to gain acceptance on a global scale, TMK IPSCO is planning to further expand ULTRA production and marketing in the Americas. A key part of TMK IPSCO's strategic development involves research and development.

To that end, we began construction of a new Research & Development Center in Houston, Texas in May. Specialists at this facility will perform cutting-edge work in the areas of alloy design, welding, mechanical forming, connection integrity, non-destructive testing and metallurgical research involving both carbon- and micro-alloyed steel. This center will involve close collaboration between TMK's American and Russian colleagues and will serve the R&D projects of the entire TMK Group. Finally, TMK IPSCO is currently undertaking key investments in its human resources by improving the safety of our operations and training the next generation of specialists. All of these investments will strengthen our bottom line, accelerate innovation, grow our reputation for excellence and increase customer satisfaction, all serving to make TMK IPSCO stronger, smarter and more efficient in the years to come.

In terms of physical production volumes, TMK is the first among global companies for a third consecutive year, which is also a significant result



The company's further development is associated with business globalization coupled with application of common corporate governance standards and operating management principles

pipe, a key product type for the company, accounted for 70 percent of the total gross profit. Net income increased compared to the first half of 2010, nearly quadrupling to \$258 million, and adjusted EBITDA increased over the same period last year from \$415 million to \$625 million

I would like to note that the improvement in liquidity, as well as TMK's operational and financial results in the first half did not go unnoticed by the market. Standard & Poor's (S&P), an authoritative ratings agency, raised its long-term credit rating of TMK from B to B+; the rating on the national scale increased from ruA- to ruA. The rating upgrade and the "stable" outlook reflect S&P's positive expectations for the company's operational and financial performance in 2012.

What can we say about the divisions separately? What have been some of their achievements?

The divisions are making a significant contribution to the company's financial performance. Given the growing export of Russian pipes—a great credit to our businesses in America and Europe—about 40 percent of the company's revenues and profits are generated outside Russia. The American division showed confident growth in the company's six months results. The 6 percent increase in sales volume and 23 percent increase in revenue at TMK IPSCO are considerable given the deep crisis that preceded. As for the overall financial performance of the U.S. operations since they joined TMK, it has been even higher than what was planned at the time of the acquisition. On average,

»» IN PURSUIT OF HIGHER VALUE ADDED PRODUCTS



By Evgeny Cherny,
Financial Director, TMK-ARTROM /
TMK-RESITA

The process of integrating the Romanian production facilities into the TMK Group was accompanied by an extensive and dynamic investment program aimed at upgrading their pipe-producing and steelmaking capacities. The goal was to create a uniform manufacturing complex for high quality pipe products that meet the rigorous demands in the European market, which is one of the world's most conservative. In the last five years under

TMK's strategic development program, TMK-ARTROM's production capacity has increased by 120 percent, and TMK-RESITA has fully moved over to production of continuous cast steel billets under a design capacity of 400,000 tonnes per year. All of these improvements allow the European division to manufacture competitive products and sell them to countries like Germany and Italy whose markets have high-tech companies in the machine-building and automotive industries. The company's products also have a reputable standing in the unique markets of the Balkan countries; leading manufacturers in Bulgaria and Romania have demonstrated a preference for TMK's pipe products.

In the first half of 2011, sales volumes in the European division stood at 95,000 tonnes. In comparison with same period last year, sales volumes of seamless industrial pipe, the division's main product, increased by 21 percent. The growth in market prices in the first half of 2011, along with the optimization of operational structures, led to a 66 percent increase in revenue in comparison to the same period of 2010. Profitability of sales grew from 22 percent to 28 percent. The European division's gross profit was \$53 million, which is more than double the figure from the same period last year.

This financial performance and stable market reputation confirm that the European division has taken the correct path to strategic development, namely, increasing the manufacture of value added

products, including heat-treated industrial pipe made of alloyed steel. Each year brings growing interest in TMK-ARTROM's products overseas, and the share of orders from the U.S. continues to grow.

Lowering intra-group debt, improving the time structure of debt and reducing debt servicing costs all remain the division's priorities for 2011. In order to pay off liabilities to the American division, five-year loans have been taken from VTB Austria and Romania's BCR (ERSTE Group) totaling EUR 40 million, which is yet more proof that TMK enjoys an impeccable reputation with its partner companies in Europe.

TMK continues to optimize the structure of its assets in Europe. A deal has been completed to sell 100 percent of TMK-RESITA-owned TMK Hydroenergy Power S.R.L., which operates four hydroelectric plants in Romania. Active work is also underway to optimize the structure of TMK-RESITA's production flow assets.

The strategic development of TMK's assets in the European division provides for a number of measures aimed at bringing the company's production assets in line with European Union environmental standards. New investment projects, while less extensive than the preceding ones, are nevertheless important from the perspective of long-term operation in the region. These are projects that will bring further respect and support confidence in the company's success.

TMK IPSCO is responsible for one third of the company's annual EBITDA.

We are also pleased to observe the very positive trends in the European division in recent years, including in its financial results. Revenue from first-half sales in the division rose by 66 percent over the same period last year. This is partly due to higher market prices, but improvements to the product mix structure also played an important role.

The situation that is emerging now is not necessarily favorable for manufacturers. Where do you see growth points in the future?

When compared to 2006-2008, indeed, the situation is not very favorable. But it is not the worst either when we recall 2008-2009. TMK has considerable growth reserves associated with our competitive advantages, i.e., the full utilization of production capacities, especially

the manufacture of oil and gas products and further improvements to pipe quality.

We should take into account these existing reserves when it comes to achieving higher pricing for our products. A certain gap between the prices of our pipe and those of other global leaders' products has often been seen on world markets. Objectively there are no preconditions for this, and this gap is something we must close. Of course, tangible results also come from work on costs and logistics optimization. We cannot influence world prices for steel, but we must make improvements like reducing our products' specific materials consumption and overhead costs.

How much money has been invested in TMK's development and what are its investment plans?

From 2005 to 2011 investments in the company's operations were more than \$2.5 billion. These were

TMK's MAJOR INVESTMENT PROJECTS



TMK (Russia)

Construction of EAF Facility at TAGMET

PURPOSE: producing more tubular billet of higher quality

CAPACITY: 950,000 tonnes of billets

PROJECT LAUNCH: 2013

Construction of FQM Mill at Seversky Pipe Plant

PURPOSE: increasing seamless pipe capacity, improving the product mix and quality

CAPACITY: 600,000 tonnes of pipe

PROJECT LAUNCH: 2013



TMK IPSCO (USA)

R&D Center in Houston

PURPOSE: significant strengthening of the Company's research potential, bringing much of the testing and research in house to support designing of new products

PERIOD: 2011–2012

Pipe Finishing

PURPOSE: ramping up production of ULTRA premium connections and heat treated products

CAPACITY: ULTRA threading (230,000 tonnes) and heat treated pipe (280,000 tonnes)

PERIOD: 2011–2016

very significant investments, but they have allowed TMK to become a global, market-leading company. With regard to investment plans, further big investments are not expected; they have already been made. Two major projects remain to be completed in 2013-2014—an electric arc furnace at TAGMET and an FQM rolling mill at the Seversky Pipe Plant.

Meanwhile, taking into account the tasks we currently face, certain investment activities are being carried out in Russia, Europe and America. In connection with the active development of oil and gas production in the U.S., above all, the development of shale deposits, TMK IPSCO is upgrading its operations and expanding capacity—primarily with equipment used in pipe finishing. As a result of the planned investment activities some restructuring of the production chain will take place. Pipe finishing will take place on the same sites where pipe is produced. This will reduce the time and expense required to transport goods between different TMK IPSCO plants in different states. Capacity will also be added to finish imported Russian and Romanian pipe products.

How can we judge TMK's attractiveness for investors?

TMK is one of three global pipe companies in which investments are made by global investors and whose shares are regarded as a serious tool for investing. Many large asset funds contain our shares. Compared with many large public companies, TMK has a much larger share of long-term investors than speculative market players. Long-term investors study companies carefully when deciding which shares will fill their portfolio. In other words, companies they consider for investment undergo a rather serious selection process.

What is interesting about TMK for investors?

TMK is now, of course, is a global company. Its three divisions cover three major world centers: Russia, Europe and North America. If we talk about the supply side of the business, here we can even more confidently confirm its status as a global player. TMK supplies products to more than 70 countries and has sales

The company's investments in production development have totaled over U.S. \$2.5 billion in 2005–2011 helping TMK turn into a global company

Compared with many large public companies, TMK has a much larger share of long-term investors

offices located in 11 countries that cover the leading oil and gas regions.

In addition, TMK has an advantageous position in one of the largest oil and gas markets in the world - Russia, which its global competitors do not. Some of them do not even have a dominant position on any market, or their positions are not as significant. TMK's market position in Russia makes it unique in the world market.

How does the company communicate with investors?

Work to improve investment attractiveness does not end when a company issues debt securities or receives a public listing. For a company whose securities are freely traded, it is an ongoing process. We defined the following goals for ourselves: transparency, adherence to accepted standards of disclosure, a clear strategic positioning of the business and an outstanding corporate reputation.

We exchange information with the market in different ways. In addition to regular disclosure of information, we have an easy-to-use and informative website that contains a section for investors. We have YouTube, our corporate magazine, which is published in three languages—English, Russian and Romanian—and features key TMK partners and employees. In addition, we maintain dialogue directly with investors and analysts through regular meetings and the organization of trips for them to visit our facilities. We actively work with the media on a global, national and regional level. TMK's information openness and transparency for investors distinguishes it from many other companies; we are leaders when it comes to working with investors and the public.

What is the forecast for 2011, and will investors remain happy?

The positive trend achieved in the first half will be difficult to maintain in the second half. In the third quarter a seasonal decline in sales in comparison to the second quarter was observed. Scheduled maintenance of equipment at the Seversky, Volzhsky and Sinarsky pipe plants has also had a negative effect. We expect improved performance in the fourth quarter, however, and this should partly offset the potential negative impact of the third quarter. In terms of production volumes, we forecast growth for 2011 at 7 percent. The company aims to overcome the expected difficulties with minimal losses for the year and satisfy the expectations of analysts and investors. ■



TMK AND THE CAPITAL MARKETS

In October 2006, TMK was the first Russian manufacturer of steel pipes to float its shares on the London Stock Exchange. Having its shares traded on the stock market has become an effective way to attract financing and has completely changed the company's philosophy of conducting business. Alexei Ratnikov, Director of Investor Relations and Strategic Investment Analysis at TMK, shares his view on the company's standing in the investment community.

TMK's IPO was one of the most successful in the history of the Russian stock market. During the stock flotation, which was worth more than \$1 billion, the company managed to build a book of applications (i.e., to generate demand from investors) for an amount 19 times greater than the size of the offer. The company's shares, which started trading at \$21.6 per GDR (Global Depositary Receipt), rose by nearly 20 percent on the first day of trading to \$25.25. TMK's IPO was the company's most important step in implementing its strategy of global leadership in the manufacture and supply of pipe for the oil and gas industry. The importance of the IPO was not only in the opportunity to raise additional capital, however. Entering the stock market

required the company to transition to a qualitatively new level of corporate development. TMK became transparent and understandable to a broad range of investors. In addition, its operations began to be measured not only in terms of production and financial performance, but also by the size of its market capitalization, which reflects how independent financial market participants assess the company's current activities and prospects.

NOT MERELY A "CHECK MARK"

After making a successful share placement, many Russian companies engage in half-hearted and formal compliance with the requirements of regulators. Many cease active communication with investors following the IPO. Such policies tend to bring about a loss of confidence in

management, and investors often withdraw their investments from companies that they do not understand.

TMK's management used the IPO to reorganize business processes, and, most importantly, to restructure the perception of each employee. To ensure timely and full disclosure the company created the Department of Strategic Investment Analysis and Investor Relations and the Equity Markets Department. These two departments have built their work with institutional investors and regulators on the principles of transparency and open dialogue between the company and the investment community. Their regular contact with investors continued after the IPO took place. TMK has always maintained an active dialogue with investors with those efforts reinforced during the 2008–2009 crisis. In 2008, TMK's Investor Relations department was recognized by Institutional Investor as Europe's best in the Metals & Mining sector. Each year, TMK conducts over 300 meetings with investors, is involved in 10-15 investment conferences, and organizes trips for investors to the company's facilities in Russia and the U.S. This approach to investor relations has formed a credit of trust and has served to strengthen the company's reputation.

Since 2006, as dictated by its status as an issuer, the company has published its financial statements under International Financial Reporting Standards (IFRS). It has also published detailed press releases on operational results, as well as quarterly reports and an annual report in accordance with Russian legislative requirements. We have done this not merely to "check a box"; rather, we have really become a transparent and open company for the investment community. Our efforts have been recognized, and twice during the difficult years of 2008-2009, we were awarded a prize for best annual report in the metals industry.

Regular dialogue and open relations with analysts at investment banks whose opinion of the company has a significant impact on investors' behavior, have had a very positive effect. During the IPO, we had analyst coverage from only four investment banks. Over the past five years, however, TMK has seen its coverage expand to 16 investment banks. We have organized meetings for analysts with company management and trips to TMK's manufacturing sites in Russia, Romania and the U.S. We have actually conducted several training seminars to ensure that they have a full picture of our business. For all of TMK's life as a public company, most analysts have made "buy" recommendations for our shares. Of course, this is also evidence of the fact that TMK has managed to preserve the investment attractiveness of its strategy, and the actual financial results have, in most cases, either met or exceeded the expectations of many analysts.

NO CRISIS IN RELATIONS

2008 and the first half of 2009 were a difficult period for the company. As a result of high debt and deteriorating



“Over the past five years, TMK's business has grown rapidly toward oil and gas services. And we must change the perception of many investors and analysts

rating financial performance, investors began to sell TMK shares en masse. This trend was typical for the entire Russian stock market and has been linked to the global financial crisis and investors' reassessment of risky assets, which have always included shares of companies in emerging markets, including Russia. Many investors at the time sold TMK shares simply because of the panic and the desire to escape risky assets. As a result, TMK's market capitalization fell by more than 80 percent. By way of comparison, in 2008 the company spent several times more on its investment program than its capitalization at the height of the crisis. After a gigantic fall in market capitalization, many Russian companies limited investor relations activities as part of their cost-cutting programs. We

decided, however, to work even more closely with institutional investors.

It was important to keep all minority shareholders abreast of developments in the company. This strategy paid off. As investors retained their respect and confidence in us, TMK successfully changed the covenants on existing debt twice, which contributed to a timely refinancing and the prevention of technical default on the company's obligations. Immediately following the crisis a successful placement of convertible bonds worth more than \$400 million took place. Maintaining a constructive relationship with the investment community in such a difficult situation was only possible due to the fact that for two years after our IPO we were a public company not merely in words, but also in deeds.

Having just recovered from the crisis, in 2009, we began serious work with investors in the U.S. market. Following the acquisition of U.S. assets in June 2008, the company decided to significantly improve its presence and visibility in U.S. capital markets. The first step in this direction was the placement of Level 1 ADRs (American Depositary Receipts) on the OTCQX in the first quarter of 2010. This financial instrument allowed a broad range of U.S. investors, including individuals, to invest in the company's shares. In addition, TMK began working with a number of American sell-side analysts and global investment funds.

CHANGING THE PERCEPTION OF THE COMPANY

One of TMK's problems as a public company has been the low liquidity of its shares. A small batch of traded shares and a high allocation of shares among funds with long-term investments has led to a situation where the number of shares traded each day is extremely small. The average daily turnover of TMK shares has been only \$1-2 million. By way of comparison, the minimum investment of large funds in any company is about \$20-30 million. This low liquidity has naturally prevented a number of large investors from buying TMK's shares. Over the past year and a half, the liquidity situation has improved significantly, in large part due to the placement of convertible bonds, which resulted in additional free-floating shares appearing on the market. We also changed the structure of shareholders, increasing the share of hedge funds that actively trade the company's shares. Currently, the average turnover TMK's shares is \$10-15 million, which makes them much more attractive to a wide range of investors.

Having come a long way since its IPO, TMK is successful in the stock market and has a well-structured mechanism for working with the investment community. The TMK name is well known to most institutional investors in Europe, the UK and the U.S. Interest in meeting with the company's management remains high, and solid long-term relationships have been formed with many investors. Since 2011, the company has published quarterly financial reporting under IFRS, thereby significantly reducing the time required to prepare and publish financial results. This step has been greeted positively by investors and analysts, and it once again demonstrates the company's commitment to high international standards of public disclosure. At the end of 2010, we significantly upgraded the investor relations section of our corporate website, and now investors can quickly find any information as well as use the site's interactive services.

The company is growing and changing, and we now face new tasks in our relations with investors. Over the past five years, TMK's business has grown rapidly toward oil and gas services. Therefore, the pool of sell-side analysts in some measure has ceased to reflect the strategic focus of the company's development. Currently, large-scale work is being initiated to improve analytical coverage in the direction of the oil and gas

TMK's management used the IPO to reorganize business processes, and, most importantly, to restructure the perception of each employee

TMK has organized meetings for analysts with company management and trips to the company's manufacturing sites in Russia, Romania and the U.S.



services segment. We not only need to qualitatively upgrade analytical coverage, but we must also change the perception of many investors. Evolution of analytical coverage will allow us not only to improve the quality of analytical reports but also to increase the company's market capitalization owing to more active and focused marketing of a new investment story and expansion of the potential investor base.

TMK is moving from the category of a large Russian company into the league of global corporations. Therefore, it is necessary to qualitatively improve the company's investment status, as well as significantly expand the group of potential investors, including through the attraction of more major global long-term funds.

Finally, the company faces the challenge of creating a global investor relations function, which means the beginning of active work with all categories of investors in key global capital markets. ■

TMK CELEBRATES 10 YEARS OF SUCCESS, CHICAGO STYLE

With sunny skies and temperatures hovering around 80°F (27°C) during the first week in October, Chicago's unseasonably pleasant weather greeted more than 400 visitors from around the world—customers, business partners, civic and community leaders, and employees—who had traveled for a weekend of celebration in honor of TMK's tenth anniversary.

Following a meeting of TMK's Management Board on October 5, the weekend festivities began the next evening with a reception at The Peninsula Hotel, located in the heart of downtown Chicago's Magnificent Mile shopping, dining and entertainment district. Guests at the reception enjoyed welcome remarks from TMK IPSCO Chairman Piotr Galitzine, as well as a video presentation showcasing TMK's vision, growth, people and products.

The following morning, Galitzine opened his home for a Civic Leadership breakfast for Russian and American

business leaders with an interest in deepening commercial ties between the two countries [see sidebar "Civic Leadership Breakfast Draws Local and International Business Leaders" on page 18].

Over the next two days, October 7-8, guests took part in a variety of activities around Chicago, including an architectural river cruise that showcases dozens of the city's landmark buildings, as well as tours of the Frank Lloyd Wright Museum, Wrigley Field, and a trip to the theatre. All of these activities gave TMK leaders an opportunity to interact directly with many of the company's most important clients.

TMK's Tenth Anniversary weekend brought together, for the first time, many important constituents of TMK's success. Customers, board members, civic leaders, partners and employees travelled from all over the world to celebrate with TMK in Chicago, a city which in many ways represents its growth and evolution as a truly global company. All participants were acknowledged for their contributions to TMK's growth over the last 10 years.

The culmination of the weekend's festivities took place on the evening of October 7, with TMK's Tenth Anniversary gala, themed "Commitment to Innovation," which was held at the Art Institute of Chicago. Visitors enjoyed a short reception, and an opportunity to view the museum's galleries of Impressionist paintings, before being seated for a formal dinner and remarks.

"The past ten years have been a period of exciting growth and international expansion for the TMK Group," said Dmitry Pumpyanskiy, Chairman of TMK, addressing the event's attendees. "We have been at the forefront of tubular innovation and have entered a number of dynamic new markets to serve the oil and gas sector."

Chairman Pumpyanskiy remarked on the future of TMK, saying, "We are building new facilities, hiring more employees, creating new products, improving our current products, entering new markets, and challenging our competition. I am excited for the future of TMK, and thankful for the achievements we have already made to become one of the world's leading global pipe producers."

Expressing his gratitude to the people who have made TMK the company it is today, Chairman Pumpyanskiy said, "We thank you, our customers, community partners and employees who have collectively contributed to our success over the last decade."



"I have seen first-hand the benefits of our international expansion," said Vicki Avril, President and CEO of TMK IPSCO, during the evening's presentation. "In addition to the impressive accomplishments Chairman Pumpyanskiy mentioned, tonight we also celebrate our successful model for Russian-American business relations."

Apart from celebrating 10 years of business growth and product innovation across the TMK Group, the October 7 gala also marked TMK's commitment to serving the communities where the company has a presence. On this occasion, TMK presented After School Matters, a Chicago-based nonprofit youth organization, with a donation of \$100,000

[see sidebar "TMK Honors Tenth Anniversary with Donation to Chicago Youth Charity" on page 19].

"We have committed our company to ongoing support in two main focus areas – children and the arts," said Galitzine. "After School Matters perfectly exemplifies development in both of these categories."

In concluding remarks at the gala, Galitzine presented Chairman Pumpyanskiy with an original, artist-commissioned painting depicting a pierced hollow manufactured at TMK IPSCO's plant in Ambridge, Pennsylvania.

"Thank you, Mr. Pumpyanskiy, for your inspiring leadership of this great company," Galitzine said. "For those of you who don't know, this painting depicts the production of a seamless pipe at one of our facilities. Every day these pipes are being driven underground to unlock this fine country's oil and gas reserves, and bring them to customers across America."

Overall, the event was a unique opportunity to celebrate the company's success, build relationships between the company and its community, business partners and customers, and exemplify the success that can come with forging positive international business relations. ■



Thanks to the generosity of supporters like TMK, After School Matters has grown tremendously over the last two decades



TMK Honors Tenth Anniversary with Donation to Chicago Youth Charity

In honor of TMK's Tenth Anniversary celebration in Chicago, and in support of the company's ongoing commitment to youth and the arts, TMK has made a \$100,000 donation to After School Matters.

Celebrating its 20th anniversary this year, After School Matters is a nonprofit organization founded and chaired by Chicago's former first lady Maggie Daley. The program offers Chicago public high school students high-quality, out-of-school-time opportunities to explore and develop their talents, while gaining critical skills for work, college and beyond. The largest program of its kind in the nation, After School Matters provides innovative, hands-on, project-based programming in the arts, science, sports, technology and communications.

"We wanted to demonstrate our commitment to the communities where we live and work," said TMK IPSCO President and CEO Vicki Avril. "TMK focuses on supporting children and the arts. So, in support of our ongoing commitment to these focus areas, we have made a significant donation to After School Matters."

Avril, along with TMK IPSCO Chairman Piotr Galitzine, presented a check for \$100,000 to After School Matters CEO Ray Orozco at the TMK Tenth Anniversary gala in Chicago on Oct. 7.

"After School Matters perfectly exemplifies development in both of TMK's main vectors of corporate giving," said Galitzine. "It is truly a privilege and an honor to work hand-in-hand with After School Matters to ensure a bright future for their programs."

Mr. Orozco expressed his gratitude to TMK. "Thanks to the generosity of supporters like TMK, After School Matters has grown tremendously over the last two decades," he said. "TMK's generous donation will enable us to help more Chicago public high school teens discover their potential and find their path to a meaningful life."

After School Matters will provide 20,000 program opportunities to public high school teens across Chicago this year. These programs are developed and delivered through a network of public and private partnerships, including Chicago Public Schools, the Chicago Park District, the Chicago Public Library and a wide range of community organizations.

CIVIC LEADERSHIP BREAKFAST DRAWS LOCAL AND INTERNATIONAL BUSINESS LEADERS

On the morning of Oct. 7, dozens of Russian and American business dignitaries converged on the Chicago home of TMK IPSCO Chairman Piotr Galitzine both to share breakfast and enjoy a spirited discussion about the current state of business relations between Russia and the U.S.

Among those in attendance at the Civic Leadership Breakfast was Sergey Kislyak, Russian Ambassador to the U.S., and Alexander Shokhin, President of the Russian Union of Industrialists and Entrepreneurs and independent member of the board at OAO TMK. TMK Chairman Dmitry Pumpyanskiy, TMK

IPSCO President & CEO Vicki Avril and other members of the TMK's Board of Directors were also present at the event.

"The event was an excellent opportunity to discuss issues related to U.S.-Russian business collaboration," said Galitzine. "It was my privilege to host this breakfast, and it is our intention to hold similar events in other cities across the U.S. where business and civic leaders alike have an interest in developing closer contacts with Russian companies."

Vladimir Shmatovich, Senior Vice President for Strategy and Business Development at TMK, gave attendees a brief presentation

that included an overview of TMK's current business and strategic development prospects. Noting the oil and gas industry's trend toward greater levels of unconventional drilling around the world, Shmatovich paid special attention to TMK's prioritization of its premium products division and its growth potential.

"TMK has considerable growth reserves associated with our competitive advantages," said Shmatovich, "namely, the full utilization of manufacturing capacities for oil and gas products and further improvements to pipe quality. This is what will drive TMK's growth going forward."

OUTPOST IN THE MIDDLE EAST

The TMK Middle East Team is international in nature and is made up of employees from Russia, India, Palestine, Lebanon, Indonesia, Azerbaijan and Romania

TMK supplies pipe products to more than 70 countries worldwide, with trade houses and representative offices in 11 countries working to promote the company's products. Among these is TMK Middle East, which represents TMK in the Middle East and North Africa—the main territory comprising OPEC. Its undisputed achievement is the fact that after only five years, seamless TMK-branded pipe has been able to conquer up to 15 percent of this strategic market.

TMK's strategic interest in a region where approximately 60 percent of the world's oil reserves and 45 percent of its gas reserves are concentrated is fully justified when one takes into account the fact that the company's most significant customers are in the oil and gas sector. These customers are responsible for more than 70 percent of the TMK's product shipments.

TMK Middle East, the trade house responsible for promoting TMK in the Middle East and North Africa, was established in 2006 in Dubai. Like the offices of many other well-known international companies, TMK is registered in the prestigious free economic zone near the Dubai International Airport.

The direct presence of TMK's subsidiary in a region of high demand for oil and gas pipes gives the company a number of advantages in

terms of product promotion. Among these are simplified contacts with potential customers at both regional and large international firms, nearly all of whose branches or representative offices are located nearby. Moreover, along with sales, the company is able to provide customers with associated services.

While demand for tubular products in the region significantly exceeds the capacities of local producers, conquering this market has not been an easy task. OCTG customers present manufacturers with a number of stringent requirements—at times quite specific—which take into account the peculiarities of use at a given oil and gas production site. A well-formulated strategy, TMK's high quality products and a sensitive response to market realities have allowed the company to occupy a strong position on the Middle Eastern and North African markets.

Currently TMK Middle East is successfully engaged in promoting products under the TMK brand through sales as well as through technical and commercial monitoring of the market. TMK Middle East also acts as a warehouse and service center for TMK in the United Arab Emirates, providing customers with technical, logistical and business support.

The structure of TMK Middle East includes a marketing and sales department and a technical support department. Marketing and sales activities are structured according to geography and include the following regions: Persian Gulf, the Levant (eastern Mediterranean Sea - Syria, Lebanon, Palestine and Jordan), North Africa and the Asian subcontinent (India and Pakistan).

In just five years since TMK Middle East began operating in the Middle East and North Africa, TMK's

products have won a deserved reputation in the region, and TMK itself has achieved a strong market position. The company's share in the regional market for seamless pipes reaches 15 percent. TMK Middle East has signed long-term cooperation agreements with leading global oil and gas companies such as Saudi Aramco, a Saudi Arabian oil company. It has also signed major contracts with national players, such as ADCO, which is controlled by the government of Abu Dhabi through the Abu Dhabi National Oil Co. A major contract has also been signed with South Oil Company, an Iraqi state-owned oil company. India's Oil and Natural Gas Corporation Limited is also among TMK's customers in the region.

With the creation of TMK's American and European divisions, TMK Middle East has new opportunities to strengthen its position in the region. Due to the interaction between TMK Middle East and trade bodies in the U.S. and Europe, the productivity of collaboration

» HIGHER THAN THE EIFFEL TOWER

Burj Al Arab, a luxury hotel in Dubai, is a real symbol of the UAE's prosperity. This extraordinary snow-white building rises above the Persian Gulf on a man-made island 280 m offshore of the beach. The shape of the hotel, which is higher than the Eiffel Tower, is designed to mimic the sail of a ship. Burj Al Arab is a World Travel Awards winner as the World's Leading Hotel 2006



HASSAN KANAAN, General Director of TMK Middle East, has been working at TMK since the company's founding. Prior to that he was employed at the well-known French steel company USINOR SACLOR, as well as at ITAG and several other companies. In total, Hassan Kanaan has been working in the pipe industry for 17 years, and for 20 years he has been working for companies that produce equipment for the oil and gas industry.

with customers in those markets with a large share of American and European oil and gas and construction companies has increased significantly. TMK has thus been able to achieve recognition by most international and national actors operating in this strategic region. "Over the years, TMK Middle East has solved many important problems, including getting TMK recognized as a major player in the pipe market, supplying TMK products to the entire region, and obtaining certification at state companies that are part of TMK's area of activity," said

Hassan Kanaan, General Director of TMK Middle East.

Further tasks for TMK Middle East involve increasing sales of high-tech products, including those with premium connections, as well as developing the regional service and supply chain. "Our goal is to grow our regional market share for value-added products to 20 percent or more," said Kanaan. In addition, TMK Middle East will undergo several structural changes. To expand its physical presence in the market, the company intends to establish offices in each of the region's four zones. ■



BUILDING A LEADER



Five months after leaders from TMK IPSCO were joined by TMK's Chairman and senior executives for a groundbreaking ceremony on May 3, the company's new Research & Development Center in Houston, Texas is quickly taking shape.

The scope of the building was expanded in February to allow the entire staff of the Houston sales office to move in. The Phase II construction involved an additional 17,000 square feet of space that dovetailed very well with the original plan to assure a tight timeline and minimum cost impact. Exterior walls and roofing have long been in place, and work is rapidly proceeding on the building's interior. Offices continue to be built out, and ceilings and lighting are being installed throughout the building. The lobby, which includes a two-and-a-half story glass atrium, is nearly complete.

Apart from work on the building, acquisition of key lab and testing equipment for the R&D Center is well underway, including several testers and analyzers that will be used by the Center's staff. TMK IPSCO has also hired a number of R&D specialists to work at the new center. To date, eight employees have been hired to work at the center, with an additional seven slated to be hired before the end of this year.

"Finishing the project on time, on budget, hiring talented staff and procurement of state-of-the-art equipment are our top priorities," said Fathi Hamad, Director of R&D at TMK IPSCO.

"The corporate vision of establishing TMK's Center for R&D Excellence in Houston is unfolding before our eyes," said Pras Adhikari, Vice President and Chief Technology Officer at TMK IPSCO. "This facility is poised to become a global leader in all aspects of OCTG research and development, offering both short-term innovative cost saving solutions to the plants and test validation, as well as developing new products and services to enable TMK to dominate the competitive landscape as a clear leader."



THERMOCASE: A NEW SOLUTION

TMK has developed a new type of product, vacuum insulated tubing (VIT) intended for development of oil and gas fields. Also known as ThermoCases, these products are used under the harshest oil and gas extraction conditions of the polar Regions of Russia's Far North are. Once commercial VIT production is launched, the company will be able to compete with the leading manufacturers in this high-tech market segment.

Regions of Russia's Far North are in the focal point of gas and oil producers' strategic interests. Proved gas reserves located in one of the major oil-and-gas producing regions—the Yamal Peninsula and adjacent water areas—consist of up to 16 trillion cubic meters, while probable and possible reserves are 22 trillion cubic meters. Condensate reserves are estimated to be 230.7 million tonnes and oil reserves—291.8 million tonnes.

Meanwhile, in severe Far North environments oil and gas recovery faces enormous technical problems and requires unconventional solutions in order to structure the extraction process. According to Igor Pyshmintsev, General Director of the Russian Research Institute for the Tube and Pipe Industries (RosNITI), Yamal fields have several distinctive features. There are no hard rocks, while water-saturated permafrost soil thickness is up to 1,000 – 1,300 feet and its temperature remains stable at 19-23°F. Extraction of gas and oil with their temperature in the range of 104-122°F leads to a “thawing” of the soil around a well bore.



TMK and Gazprom have reached an agreement concerning the organization of VIT manufacture on a commercial scale for the gas company's fields

“Slowly but steadily, hour after hour, year after year, hot gas thaws everything around a well, and there's the risk that the well can simply drown,” Pyshmintsev said.

The thaw-freeze cycling of the sheet ice leads to bridding and crooking of strings, loss of stability of the upper part of support, deformation of accessories, and other complications that take wells out of service and make further extraction impossible. In such cases, measures to be taken (such as periodic soil filling of wellhead funnels, installation of anchor lines to eliminate deformation of accessories, well work over) lead to high operational costs. In addition, there is no guarantee that the situation will not be repeated.

TUBE IN A TUBE

A more efficient solution to the problem of thawing in the space around the well bore in the permafrost zone consists of well heat insulation, to which end VIT – tub-

ing with enhanced heat-insulating properties – is used. The VIT design envisions a prefabricated “tube-in-tube” structure: a small-diameter tube is placed into a large-diameter tube. The tube annulus is filled with a screen insulation for the purpose of reducing heat losses and is vacuum evacuated. In order to maintain a high vacuum over the course of operation, a getter is introduced into the tube annulus – this generally consists of rare-earth element metal alloys that absorb residual gases and effluent hydrogen. In addition to preventing the “thawing” of the icy ground around a well, VIT use makes it possible to resolve a wide range of problems that arise over the course of hydrocarbon production. One such problem is the formation of paraffin deposits and

hydrates in the oil-and-gas string as a result of heat exchange with the surrounding rocks, which is typical of “cold” oil-and-gas wells' operation, together with the presence of heavy, high-viscosity oil.

The tubing design of the “thermo-case” type has been well known for quite some time. Back in the 1970s, the General Electric Company used heat-resistant tubing as production strings in an Alaskan field. Thereafter, other manufacturers also developed and marketed their own VIT designs. However, due to a high level of manufacturing complexity, thermocases still remain unique products that are insufficiently present on the market. Before TMK, no other company in Russia was involved in VIT manufacture in commercial volumes.

Meanwhile, demand for VIT will remain high, taking into account its popularity during field development in the permafrost zone. Gazprom and other oil-and-gas companies are expressing great interest in this product. Given Gazprom's needs, TMK began to familiarize itself with this promising business last year and is working with Gazprom under the auspices of a program to substitute imports with high-tech domestically manufactured products. TMK and Gazprom have reached an agreement concerning the organization of VIT manufacture on a commercial scale for the gas company's fields. RosNITI, the Sinarsky Pipe Plant, Gazprom VNIIGAZ, and TMK-Premium Service have acted as project participants.

SPECIAL BUSHINGS

In cooperation with TMK-Premium Service, RosNITI developed a new VIT design. Scientists proposed an alternative for the connection of the inner and outer VIT tubes using transition bushings that are inserted into the tube annulus. The bushings center the inner VIT tube relative to the outer one. The tubes are connected to an insert by means of welding. Tube annulus bleedoff is accomplished using a special valve developed at RosNITI.

"First, this VIT design underwent mathematical modeling for thermal exposure," said Pyshmintsev. "Then a mockup was fabricated for the physical modeling of VIT performance."

The primary objective of the experimental research using a mockup consisted of studying VIT thermal conductivity – the principal indicator of thermocase efficiency. "This quite sophisticated design ensures low thermal conductivity for no less than 30 years," the head of RosNITI explains. For purposes of comparison, the thermal conductivity of steel is 50 W/(m•K), while that of the intertubular insulation

Creating a unique production process from scratch is both complex and at the same time interesting

is some 10 mW/(m•K), which is five thousand times lower. According to Pyshmintsev, testing has shown that when the temperature within a tube is 400 degrees, its outer wall is marginally heated – no higher than 23 degrees. In addition, a weld joint welding and heat treatment process has been developed at RosNITI.

WITH FERVOR

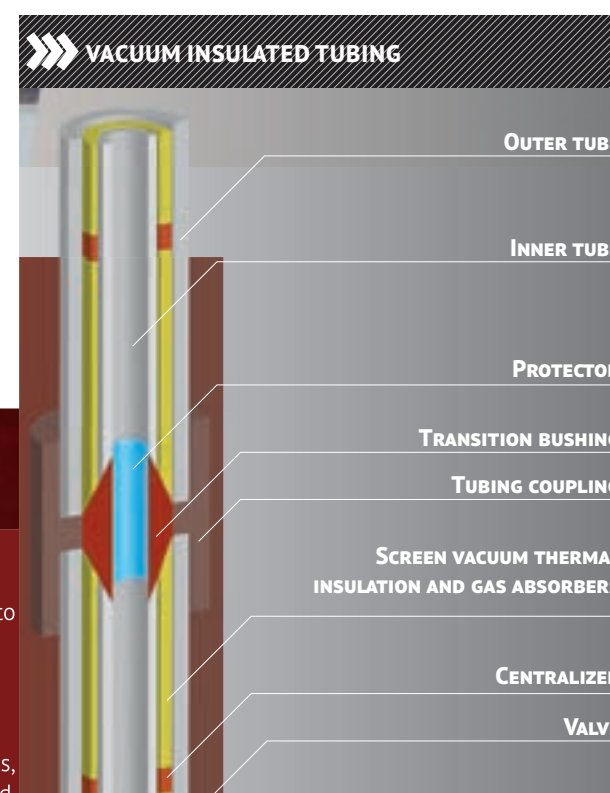
Production of vacuum insulated tubing is being set up at the Sinarsky Pipe Plant, which is located closer than TMK's other facilities to the northern oil-and-gas-producing operations of Gazprom – the principal VIT user. The deputy head of the V-3 shop for new product lines and the VIT startup project manager, Ilya Chernykh, says that the development of the new VIT production operation at the Sinarsky Pipe Plant

has imbued the facility's employees with industrial fervor; creating a unique production process from scratch is both complex and at the same time interesting. The work began last year with the organization of a pilot production section. To this end, part of the equipment was leased from RosNITI and part of it was purchased.

"Concurrently, the regulatory documents were prepared and the specifications were formulated for the manufacture of these tubes," says the project manager at Sinarsky. "Then, the technical datasheets were prepared for the individual process operations and a research plan was formulated – plant specialists did this with the participation of RosNITI. Together, we worked out a VIT fabrication route to take into account the conditions in place at

the Sinarsky Pipe Plant. According to Chernykh, the process of searching for optimum solutions is ongoing over the course of development. "When a process begins to be fine-tuned under actual plant conditions, it is altered slightly and is perfected for a specific production operation," he says.

All the subdivisions of the Sinarsky Pipe Plant are involved in the VIT project to one extent or another. The central plant laboratory, the office of the chief mechanical engineer, the office of the chief power engineer, and now the office of capital construction are all closely connected, including related shops and enterprises – the Mechanical Casting Plant, LLC, the V-2 shop, and tube-rolling departments T-3 and T-2. The staff members that are directly involved within the VIT section consist of



In cooperation with TMK-Premium Service, RosNITI developed a new VIT design. Scientists proposed an alternative for the connection of the inner and outer VIT tubes using transition bushings that are inserted into the tube annulus

ment of the new product. During the visit, the delegation noted the vigorous work taking place to develop VIT production. The specialists held a meeting to discuss plans for outfitting the VIT section with additional equipment in order to expand the variety of tubes produced.

By now, the first VIT pilot batch has already been shipped to Gazprom Dobycha Nadyim. Simultaneously, an additional set of equipment continues to be purchased for the new production operation.

By late 2012, production of vacuum insulated tubing with a diameter of 114-245 mm is expected to reach its full capacity. The final phase of the project will be the construction of a threading section, which will complete the production cycle within one shop, V-3.

Once VIT commercial production is achieved, TMK will occupy a new, high-margin niche on the market and will be able to compete with leading foreign manufacturers. ■

ON THE EDGE OF THE WORLD

The Arctic shelf contains a colossal amount of undeveloped energy resources. Here, on the edge of the word, Novatek is developing the Yurkharovskoye gas condensate field. In early June, in the heat of the summer solstice, specialists from TMK-Premium Service carried out a unique operation for Novatek when, at a depth of more than five kilometers, a string of casing pipe made by Volzhsky Pipe Plant that uses the TMK PF connection was run from the shore of the Kara Sea under the sea floor. This was the first time a string had been run in this type of well.



Text: **SERGEY ALEKSEEV**,
Head of Technical Sales
at TMK-Premium Service

It is 4,000 kilometers from Moscow to the shore of the Kara Sea in the Arctic where the Yurkharovskoye gas condensate field is located. Yury Emelyanov, chief designer at TMK-Premium Service, and I flew from Moscow in late June. We reached Novy Urengoy, Russia's unofficial gas production capital, by plane. We then spent another two hours on special transport to the Yurkharovskoye gas condensate field checkpoint, which is specially protected. From there we boarded a unique all-terrain vehicle resembling a bus to

the gulf of the Kara Sea, where the Yurkharovskoye field is located.

SUMMER IS BETTER IN THE ARCTIC

Unfortunately, I wasn't able to get a good bird's eye view of the Arctic, as our flight arrived in Novy Urengoy at night. But in the morning, as we travelled in the all-terrain vehicle across the pontoon bridges, the tundra, untouched by civilization, appeared in all its splendor. The plain, cut by an enormous number of rivers, was strewn with red, yellow and violet wildflowers.

» Sergey Alekseev, Head of Technical Sales at TMK-Premium Service, has, through first-hand experience, become fully aware of the manufacturer's enormous responsibility for quality assurance

» TREASURES OF THE ARCTIC

The Yurkharovskoye field covers approximately 260 square kilometers in the southeastern part of the Tazov Peninsula in the Nadym-Pur-Taz region. The western part of the field occupies the Tazov Peninsula, while the central and eastern sections are located on the shelf of the Tar Bay. The field has one deposit of natural gas, 19 gas condensate deposits and three oil and gas condensate deposits. Novatek, Russia's second largest natural gas producer, holds the license to develop the field.

Everywhere there was an endless carpet of moss and flowers, merging with the bright blue sky on the horizon. The patterns on this carpet, as in a kaleidoscope, alternated one by one. When we returned, other flowers were already blooming with different colors. Trees cannot be found in the tundra; plant life, first and foremost, is made up of short grasses, bushes and mosses. Deer, foxes, wolves and rabbits are the typical inhabitants of the Russian tundra. Birds are also found in this region, some of which we met, as well as deer with fawn, which just happened to wander into the field. People could not be seen. Only once, perhaps a kilometer from the road, did we see a lone tent emitting smoke.

Work commenced at the end of June, the height of the summer solstice. In the Arctic, this is known as Polar Day, when the sun is above the horizon around the clock. The weather in the Arctic tundra was wonderful with temperatures of 20-25 degrees Celsius, quite comfortable after the heat of Moscow.

The site where we lived is located on the shore of the Kara Sea (Tar Bay). Like other participants, we lived in trailer cabins. In total, there are about 30 such cabins on this field. Cabins are designed for eight people under ideal circumstances, but the conditions there are spartan: bunk beds, a bedside table and a washstand that has to be filled manually with water from the outside. Two joined trailers had been adapted for use as a canteen. We went to dinner on schedule in groups; there wasn't room for all of us at once. It was surprising, though, how good the food was, plentiful and delicious.



HUGE, BLACK, MALICIOUS

The string was run on the third day following our arrival. We carefully prepared for this event, as it was the first time such a string would be run and difficulties could easily have arisen. We held discussions with drilling contractors and suppliers of well equipment on all the details concerning the string's assembly—from the procedure for running it to reaction in the event of an emergency. We thoroughly checked all the pipes, including the subs—shortened threaded pipes for assembly with well equipment—for defects. We verified the presence of lubricant and its compliance. We also organized and conducted training of drilling crews on the particulars of assembling casing string using TMK PF Premium Connections.

Everything went according to plan, but the huge, black, malicious mosquitoes proved to be a disaster for us. We only had to lean outward for a moment before they would immediately besiege us with their creepy howl, attacking all available parts of the body. The repellent that we brought from Moscow did not frighten the insects in the least. To make matters worse, a huge number of mosquitoes stuck to the rust-preventing grease on the threads of the pipes, which had been laid out in even horizontal rows on racks near the rig in preparation for the string's run. Things were in disarray, but there would be a blessing in disguise: the weather deteriorated rapidly, bringing a strong wind and rain. The mosquitoes left immediately, although the change in weather brought yet another headache when the wind peppered the pipes with sand. In order to ready the products for use, the drilling crew had to wash the mosquitoes and sand off the threads.

UNCONVENTIONAL SOLUTION

Oil workers have two superstitions when it comes to running a string: the process should begin at night and one should not shave until it is completed. Electing not to break with tradition, we began running the string at eight in the evening. By this time the weather had completely deteriorated. The temperature had dropped to 10 degrees Celsius, a strong wind blew in, and the



« Yury Emelyanov, Chief Designer at TMK-Premium Service, and his colleagues were monitored the screwing process closely to ensure proper quality

rain gradually turned into a downpour. A huge international team of about 15 people worked on the run. Two of us from TMK-Premium Service and four of our colleagues from Smith Services—a special service division of Schlumberger—carried out the run of the production string, monitoring the torques that had been specified

for the connections being screwed. We rotated, taking each other's place every six hours. Such close monitoring of screwing is extremely necessary, as the correct assembly of the threaded connection for each size of pipe, of which we had four, is essential for ensuring the efficiency and tightness of the connection. For each

size a certain torque was used, and acceptance inspection of proper assembly was carried out according to the screwing diagrams displayed on a computer.

Employees from EasyGlider, a company that supplied centralizers, were also present. Centralizers are placed on the pipe to give it direction during the run—like a wheel with a screw—in order to keep it from running into the earth. Several people were present from Davis-Lynch to supervise the assembly of the downhole equipment. Also taking part in monitoring the run were geologists and representatives of Baker Hughes who were responsible for drilling and the drill string arrangement. Employees from Weatherford International Ltd, MI SWACO and Halliburton took care of cementing the wells after the string was run. Two drill teams from Integra, each consisting of six individuals, rotated every 12 hours. All drilling processes were coordinated by a supervisor from Smith Production Technology, as well as directly by representatives of Novatek-Yurkharovneftegaz, the pipe's customer.

Such a team representing the world's leading oilfield services companies gathering on the shores of the Kara Sea is not accidental. We all took part in a unique and complex event—running a string to a depth of five kilometers in both the onshore and offshore zones Yurkharovskoye field. The field is actually located on the floor of the Kara Sea under the Tazov Peninsula on whose shores we were located. Usually in such circumstances, production on the shelf is carried out with a floating drilling platform, although experts from Novatek calculated that a more economical option would involve the installation of a ground-based system. They worked out an unconventional plan to develop such a system whereby a vertical well would be drilled beneath the sea floor at a depth of 2.8 kilometers. Then, immediately through the shelf, a horizontal stretch of 2.7 kilometers would be drilled. Thus, the vertical part of the well was onshore, and the horizontal – offshore.

COPING SUCCESSFULLY

The string, weighing 376 tonnes, was assembled from casing pipe with a TMK PF premium connection. There were a total of 476 pieces of grade N 80, P 110 and Q 125 pipe with a diameter of 244.5 mm and wall thicknesses of 11.05 mm and 11.99 mm. The lower part of the string was assembled using the strongest grade – Q 125. The entire string is held together by TMK PF premium connections produced at the Volzhsky Pipe Plant. They are certified according to ISO 13 679 CAL IV, which to date is the highest international standard for connections used in offshore drilling.

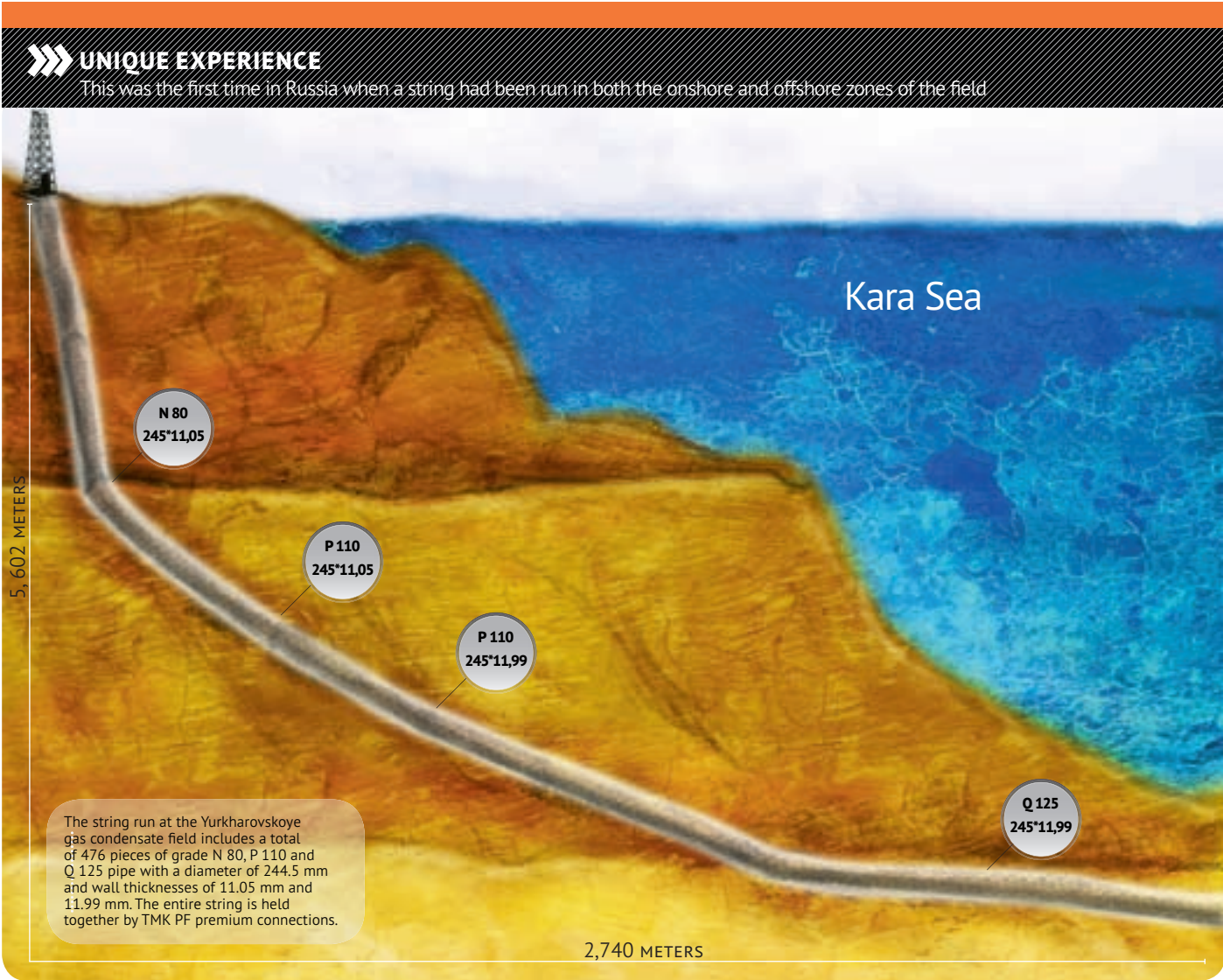
Our worries and fears turned out to be groundless. The run took 60 hours and took place without complications. During the assembly of casing with TMK PF connections, there were no deviations from the set parameters, which would have led to complications or delays in the run. TMK products fully lived up to their stated properties. To top things off, we even managed to sign the field test act on the spot, a rare event indeed.



KEYS AND SOCKETS

Bringing the pipe to the rig was achieved through the use of a special crane. In order to protect the threads during its lifting, special protective accessories were placed on the ends of the pipe. First, a protective coupling was placed on the pin end of the pipe and inflated so that it would not be damaged during the lift. The other end of the pipe—the coupling end—was attached to a crane and lifted to the rig along a special bridge. Then the vertically installed pipe was inserted pin end into the coupling end of the previous pipe and screwed. Curiously, the two ends were connected together by using a special key with top drive. The key was suspended above the rig, twisting the next pipe into the preceding one. This super key was operated via a remote control. Of course, the entire time care had to be taken to ensure that the correct part of the key went into the pipe. Moreover, for safety reasons, before the pin end of the pipe could be inserted into the coupling end, drillers had to install a special plastic windup socket to protect the threads from damage.

We spent several more days in the camp. By the end of the run the weather had begun to improve, and just before our departure it was simply wonderful with warmth and sunshine. I have to say that visiting the field and running the casing string left vivid impressions. I have been working more than eight years at the company, but this was my first time on a rig. I saw with my own eyes how many people are involved in this complex process and what a huge responsibility rests with the producer. And I saw how important the quality control is that we provide to customers. ■



PROTECTIVE ELEMENT

Market demands are driving pipe manufacturers to find new ways to improve product quality and service levels. Success largely depends on those who work in the production chain. For TMK one important partner is Polimerprom, a company based in the city of Taganrog in Russia's Rostov Region. Thanks to its cooperation with Polimerprom, TMK is able to offer maximum protection for its products during transport.

Oil and gas companies—TMK's primary customers—have an interest in products with enhanced performance characteristics, which explains the growing demand for pipes with gas-tight premium connections. TMK has a wide range of proprietary premium connections, including the ULTRA™ line produced by TMK IPSCO, the company's American division.

No less important than manufacturing quality products is safe and sound delivery to customers. TMK-Premium Service, a specialized division of TMK, directly accompanies pipe deliveries to their destination, and employees work with customers in running pipe strings into wells to control both product quality and the string's assembly.

The connection is the most important part of the pipe, since thread damage during transport brings huge losses to both suppliers and customers. In the past metal protectors were screwed on to protect the pipes, said Dmitry Dobrynin, Chief Engineer at Polimerprom. But they were very inconvenient operationally due to the labor and costs involved. Moreover, they often failed to completely protect the threads from damage.

NEW OPPORTUNITIES

Cooperation between Polimerprom and TMK goes back to early 2000 when Taganrog Metallurgical Works (TAGMET) began to look for alternative protective elements. By that time the Polimerprom's current general manager, Gennady Borodin, had already finalized plans for his future business.

"We realized that the future of our business belonged to plastics," he said. Trial deliveries of the product had already started to the Russian market, which quickly allowed the company to understand what the market demands were and how they could be satisfied. "In 2005, our company was registered, and we purchased forming machines. We then entered into an agreement with TAGMET and started supplying the first caps for plain end pipe, followed by thread protectors," said Borodin.

Before Polimerprom came to the market, several domestic companies handled protector supplies in Russia. When it came to pipe destined for export, however, pipe manufactures would purchase protectors from well known international companies like DRILTEC (USA), TGT (Italy), and PATREM (Czech Republic). Polimerprom is now a key player on the Russian market. According to Dobrynin, Polimerprom's market share is about

30-35 percent, with about 38 regular customers, a number that has been steadily growing. All of TMK's Russian facilities are supplied by Polimerprom, and TMK accounts for two thirds of all orders filled by the company. In fact, the high quality of the protectors and their compliance with international standards has allowed TMK to stop purchasing imports. Polimerprom also works with other Russian pipe manufacturers, as well as with major companies in the oil and gas and machine-building industries.

INTERNATIONAL EXPANSION

Polimerprom's business is not standing still. Originally, two types of equipment were used to produce protectors: forming machines produced either by Germany's KYASI, which had a service life of more than 20 years, or those supplied by Termoplastavtomat, a Russian manufacturer. Beginning in 2010, Polimerprom began modernizing its production processes, replacing outdated equipment with modern energy-saving forming machines produced by Borshe, which make use of Siemens servo drives.

Polimerprom is working hard to expand into foreign markets. It is virtually the only company producing thread protectors in Russia whose quality management system complies with the ISO 9001:2008 international standard. It is certified by QMI SAI Global, and, finally, its products comply with API standards (certified under the supervision of Switzerland's SGS).

SPECIALIZATION

Polimerprom manufactures protectors and caps for all types of pipe, including pipe with gas-tight premium connections. The company supplies customers with a full line of thread protectors for casing, tubing and couplings, protectors for tool joint threads and caps for plain end pipe. Protectors are primarily used to prevent damage to threads during transport, while caps are generally used to shield the ends of plain end pipe from moisture and mechanical damage.

RELIABLE AND BEAUTIFUL

In addition to high performance characteristics, customers are also concerned with aesthetics. Specialists at TMK often recall a time when pipe was wrapped in wire before being transported. Such packaging is now a relic of the past. Today, TMK pipe is tied with bands in hexagonal or square parcels and is equipped with protective details.

"We have to ensure that product presentation takes place in accordance with today's market expectations, and a lot of effort goes into this. All of TMK's facilities have areas set up for painting, packaging and labeling. At Volzhsky Pipe Plant, Sinarsky Pipe Plant and TAGMET, we have introduced varnish with ultraviolet curing, which is among the most modern paints," said Alexander Klachkov, Vice President and Chief Engineer at TMK. Polimerprom's management takes these trends into account and pays great attention to how products look. According to Dobrynin, protectors and plugs are now manufactured in three basic colors – red, blue and black, although in light of Polimerprom's international growth, Dobrynin says that he is ready to expand the number of colors produced.

TOTAL PACKAGE

Today, the company occupies almost half of the domestic market, although it has no plans to rest on its laurels. "We have no ambitions to take over the entire market, but we are ready to grow along with our customers," said Dobrynin. Polimerprom is ready to expand its product range to include caps for large diameter pipes measuring up to 1,420 mm in diameter.

In addition, Polimerprom plans to expand and deepen its production chain. In the fourth quarter of 2011, the company will begin producing lodgments for bundling, and in 2012 it will begin producing textile slings, which will allow TMK to procure a complete set of packaging accessories from a single supplier with a uniform level of quality. Furthermore, the company intends to start producing a composite material based on polyethylene, the material that is immediately used to make the final product. According to Dobrynin, these steps are being taken to improve product quality. To this end, a new shop and laboratory are being constructed, with raw materials for production of the composite being supplied by petrochemical refineries in Tatarstan, Bashkortostan and Belarus. ■

"No less important than manufacturing quality products is safe and sound delivery to customers."

GOLF TOURNAMENT ORGANIZED BY TMK IPSCO LEADERS SUPPORTS TEXAS YOUTH



Hosting a golf tournament in support of charity has become an annual event for TMK IPSCO's sales office in Houston, Texas, one that continues to grow with each passing year



At many American companies, golf outings—organized and informal alike—have long been a way to build fellowship outside of the office. At others, however, they have become something much bigger, a means not only to have fun with colleagues but also to come together to support a worthy cause.

For a group of employees at TMK IPSCO's sales office in Houston, Texas, hosting a golf tournament in support of charity has become an annual event, one that continues to grow with each passing year.

"I started the Hopefully Annual Houston Oilfield Trash Open (HAHOTO) in 1987 well before coming to TMK IPSCO," said Chuck King, Director of Industrial Sales at TMK IPSCO. "Even though we went without a sponsor in 1991, in 1992, it was reborn when a group of volunteers from the Houston area joined me in bringing together players."

In the early days of the tournament, King and his volunteers were happy just to cover the expense of the outing and to enjoy each other's fellowship. But as the tournament grew in popularity and the number of players increased over the years, the volunteers decided that it was appropriate to give something back to the community hosting the event – Bellville, Texas.

"I have lived in Bellville since 1977 and was excited about the Boys & Girls Club of Austin County as a potential charity for the tournament to support," said King. "In



1995, the tournament made the first donation of \$100 to this group. Since that humble beginning, we have raised close to \$100,000 in total donations."

The HAHOTO has become the single biggest fund raising event for the Boys & Girls Club of Austin County, which supports more than 450 youth members in Austin County, Texas by offering programs in character and leadership development, health and life skills, arts, as well as sports, fitness and recreation. The tournament is now limited to 128 players and usually has a waiting list to participate; this year was no exception. The tournament, which took place on September 13 at the Bellville Golf Club—its traditional venue—raised a record amount of money.

"Contributions in 2011 exceeded \$30,000, which is an all time record," said King.

Next year's outing will mark the 25th anniversary of the tournament and will be played on September 11, 2012. The HAHOTO tournament was underway during the terrorist attacks on the U.S. on September 11, 2001, so next year will give players an opportunity to both celebrate the tournament and reflect on the somber anniversary of the attack.

"Everyone who attended that day will remember where they were," said King, reflecting on the tournament's history and what lies in store for its future. "I'm proud to say that my son, Charlie King, is now involved in the HAHOTO and in the Houston oil business. He has pledged to carry on the tradition we started years ago." ■



GUESTS FROM ALL AROUND EUROPE

On September 15, TMK Europe celebrated TMK's tenth anniversary with a reception that was both formal and intimate. The guests were able to admire performances by young Russian musicians. The concert was followed by a gala party where the most exquisite Russian food was served.

Celebrations were hosted by the Russian Consulate General in Bonn with TMK's clients and suppliers coming from all around Europe. TMK Europe was represented by Chairman Josef Marous, CEO Adrian Popescu, procurists Luca Zorzi and Sergei Guryev, as well as a number of the European division's employees.

Festivities started with an opening speech by the Consul General of Russia Evgeny Shmagin followed by a response from Marous. In the reception hall of the Russian Consulate General, the guests enjoyed pieces of music performed by talented young Russian musicians, winners of the 9th International Russian Rotary Children Music Competition: Matvey Sherling (11 years old, saxophone), Polina Makhina (11 years old, violin) and Maria Tikhomirova (13 years old, piano). The rising stars' masterful performance brought



great enthusiasm from attendees. Celebrations continued at a cocktail party in the house of Theodor Heuss, the first President of the Federal Republic of Germany, on the territory of the Russian Consulate General. The guests had the opportunity to enjoy a splendid selection of Russian cuisine.

Guests also had the opportunity to socialize with TMK Europe's executives and staff and discuss the current market situation and cooperation opportunities. Personal and familial in nature, the event contributed significantly to the strengthening of business ties with the company's European partners. ■



THE RECEPTION WAS ATTENDED BY REPRESENTATIVES OF A NUMBER OF TMK'S PARTNER COMPANIES

ThyssenKrupp, Benteler Distribution, Klöckner Stahl und Metallhandel, Stemcor, ArcelorMittal Projects, Eisen & Baustahl, Hannoverscher Röhrenhandel, Tube & Fitting Stahlhandel GmbH, Lassen Stahl GmbH & Co.KG, Techno Trading, Unitube, Rohrex, AG der Dillinger Hüttenwerke, Aubert&Duval, Cogne Acciai Speciali Spa, EVRAZ VÍTKOVICE STEEL, Eyris TES, Hegusa, Lennartz, Lippmann GmbH, Refratechnik, Rhenus Lub, RHI AG, SCHMOLZ+BICKENBACH GUSS, SGL Carbon, SMS Innse, SMS Meer, SMW Autoblok, Sovtransavto, Commerzbank, VTB Bank, Ernst & Young.



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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.



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