



July 12, 2011

Press Release

## TMK Announces 2011 Second Quarter and First Half Production Results and Trading Update

*The following contains forward looking statements concerning future events. These forward looking statements are based on current information and assumptions of TMK management concerning known and unknown risks and uncertainties.*

OAO TMK (“TMK” or “the Company”), one of the world’s leading oil and gas steel pipe producers, today announces its production results for the period ending June 30, 2011.

For the first six months of 2011, TMK shipped a total of 2,166 thousand tonnes of steel pipes to customers representing a 16.2% increase over the same period of 2010.

### Volume of shipped pipe products

(thousand tonnes)

Product	2Q 2011	1Q 2011	Q-o-Q, %	1H 2011	1H 2010	Y-o-Y, %
Seamless Pipes	627	593	5.7%	1,220	1,058	15.3%
Welded Pipes	462	484	-4.5%	946	805	17.5%
<b>Total Pipes</b>	<b>1,089</b>	<b>1,077</b>	<b>1.1%</b>	<b>2,166</b>	<b>1,864</b>	<b>16.2%</b>
<i>including OCTG</i>	403	380	6.1%	783	729	7.4%

In the second quarter of 2011, almost all TMK’s major markets maintained its positive trend of the previous period. OCTG pipes shipment volumes increased by 6.1% quarter-on-quarter reflecting the positive dynamics of oil and gas fields development in Russia and the United States. In the first half of 2011 shipment volumes of OCTG pipes increased by 7.4% compared to the same period of 2010.

For the first six months of 2011, large-diameter pipes shipment volumes amounted to around 377 thousand tonnes that is 33.7% more compared to the same period of 2011. At the same time in the second quarter of 2011, large-diameter pipes shipment volumes declined quarter-on-quarter



following the completion of several projects of Gazprom and Transneft as well as the maintenance of the mill at Volzhsky Pipe Plant.

Industrial seamless pipes segment also demonstrated an upward trend in the reporting period due to the demand growth largely from machine building industry as well as from nuclear power generation, chemical and petrochemical sectors. Thus, in the first half of 2011, shipment volumes of industrial seamless pipes increased by 22.9% and 10.6% over the first six months of 2010 and the first quarter of 2011 respectively.

In the first half of 2011, pipe products shipment volumes of TMK IPSCO amounted to around 479 thousand tonnes exceeding the level of the same period of 2010 by 16.3%. In the second quarter of 2011, shipment volumes increased by 6.3% quarter-on-quarter. Line pipes segment grew with the highest rate due to the need of transportation of the increased hydrocarbons volumes to processing and storage sites. An increasingly active development of shale deposits in the US, where the share of TMK IPSCO's shipments of premium connections used for shale gas production exceeds 30%, allows the Company to have enough positive view on further utilization of its US division.

The US drilling activity remained high throughout 2Q 2011 with active drilling rigs amounting to 1,886 as of 1 July 2011 (source: Baker Hughes) that represents a 25.2% year-on-year growth and a 6.2% increase compared to the rig count as of 1 April 2011. The increase was mainly driven by the oil drilling activity with an oil rig share growing to more than 53% supported by high crude oil prices.

Demand for premium products is growing due to the gradual shift of Russian and US oil and gas companies to more complex drilling. In the first half of 2011, TMK shipped around 226 thousand of premium connections developed by the Company's Russian (TMK Family) and US (ULTRA) divisions that represents a 3.2% growth compared to the first half of 2010. In May-June 2011, TMK successfully certified two of its premium connections (TMK PF and ULTRA-QX) in accordance with the ISO 13679 CAL IV standard that enabled the Company to become one of the three world leaders in terms of premium product mix supply for oil and gas sector.

The Company confirms its previously announced guidance that in the second quarter of 2011, Adjusted EBITDA and Adjusted EBITDA margin will remain more or less flat compared to the first quarter of 2011.



**TMK ([www.tmk-group.com](http://www.tmk-group.com))**

TMK is a leading global manufacturer and supplier of steel pipes for the oil and gas industry, operating 24 production sites in the United States, Russia, Romania and Kazakhstan. Among global leaders, TMK has the largest steel pipe production capacity. The largest share of TMK's shipments belongs to high margin oil country tubular goods (OCTG). In 2010, TMK's pipe sales totaled approximately four million tonnes, shipped to customers in more than 65 countries.

TMK's ordinary shares are listed on Russia's MICEX and RTS stock exchanges. Its GDRs are traded on the London Stock Exchange, and its ADRs – on the OTCQX International Premier trading platform in the U.S.

Volzhsky Pipe Plant

Sinarsky Pipe Plant

Seversky Tube Works

Taganrog Metallurgical Works

TMK-Kaztrubprom

TMK-INOX

TMK-Premium Service

TMK Oilfield Services

TMK IPSCO

TMK-Europe

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