



October 25, 2011

Press Release

TMK Announces 9M 2011 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 suppliers, announces its production results for the period ending September 30, 2011.

For the first nine months of 2011, TMK shipped a total of 3,195 thousand tonnes of steel pipes to customers representing an 11.7% increase over the same period of 2010.

Volume of shipped pipe products

(thousand tonnes)

Product	3Q 2011	2Q 2011	Q-o-Q, %	9M 2011	9M 2010	Y-o-Y, %
Seamless Pipes	572	627	-8.8%	1,792	1,566	14.4%
Welded Pipes	457	462	-1.2%	1,403	1,294	8.4%
Total Pipes	1,029	1,089	-5.6%	3,195	2,860	11.7%
<i>including OCTG</i>	379	403	-5.9%	1,162	1,075	8.1%

In the third quarter of 2011, in Russia virtually all of TMK’s major segments saw an expected decline in demand which, together with planned equipment maintenance at TMK’s Russian plants (Volzhsky, Seversky and Sinarsky pipe plants), led to a decrease in pipe product shipments compared to the second quarter of 2011. Another factor contributing to the reduction in TMK shipments was the significant growth of pipe imports into Russia competing with TMK products, such as seamless OCTG and large diameter pipe (LDP). However, due to our efforts to diversify product orders, the reduction in TMK shipment volumes was held at 5.6% as compared to the previously forecast 8-10% reduction.



In the Russian division, shipments of OCTG decreased by 5.9% compared to the preceding quarter due to a seasonal slowdown of pipe purchases by oil and gas companies for fields in Western and Eastern Siberia. At the same time, following the increase in global drilling and hydrocarbon production, shipments of OCTG for the nine months of 2011 rose by 8.1% as compared to the corresponding period in 2010.

Shipments of welded line pipe increased by 30% in comparison to the nine months of 2010, or by 10% over the second quarter of 2011, as a result of pipeline maintenance works carried out by Russian oil and gas companies.

Shipments of large diameter pipe for the nine months of 2011 amounted to 488 thousand tonnes, up 9.5% over the respective period in 2010. At the same time, there was a quarter-on-quarter decline in LDP shipments in the third quarter of 2011 due to the completion of certain Gazprom projects such as the Pochinki–Gryazovets pipeline, the first line of Ukhta-Torzhok project and the second line of the North European Gas Pipeline.

In the third quarter of 2011, the industrial welded pipe segment showed growth due to increased demand from machine-building and construction industries, as well as higher seasonal demand in the housing services and utilities sectors. Shipments of industrial welded pipe grew by 25.8% in the third quarter of 2011 compared to the previous quarter and by 3.6% over the same period in 2010.

Shipments of tubular products by TMK's American division for the nine months of 2011 amounted to 747 thousand tonnes, exceeding the volumes in the corresponding period of 2010 by 14.9%. Shipments in the third quarter of 2011 increased as compared to the second quarter by 8.6%. During the nine months of 2011 there was significant growth in the line pipe segment triggered by the need to transport growing volumes of hydrocarbons to refineries and storage locations. Seamless line pipe showed a 245.8% growth over the nine months of last year; welded line pipe grew by 46.4% year-on-year. OCTG (welded and seamless) shipments grew by 8.4% in the nine months of 2011 compared to the respective period of 2010, while the share of seamless pipes also increased.

In the 52-week period up to October 7, 2011, the Baker Hughes rig count reached its highest level of 2,012 rigs representing a 20% year-on-year growth. Fifty three percent of active rigs are now employed in oil drilling due to the favorable drilling environment resulting from high crude oil prices.



Following the rapid development of U.S. shale plays, horizontal drilling is gaining more ground with horizontal rigs accounting for more than 61% of total active drilling rigs.

Demand for TMK's premium connections continued to increase both in North America and Russia. During the nine months of 2011, TMK shipped 333 thousand premium connections, a 7.5% increase over the respective period in 2010. The growth in shipments of TMK's Russian family of premium connections was 16% year-on-year and 27.5% in the third quarter of 2011 over the second quarter. In addition to product shipments, TMK also supervised the running of strings of its pipes with premium threads into the well for such Russian majors as Gazprom Neft and Novatek.

To continue the development of TMK's premium business, Orsky Machine Building Plant, which is part of TMK Oilfield Services, commissioned a new threading line in October to produce casing with premium connections. The new line will expand synergies between the Russian and American divisions by threading ULTRA connections for Russian customers and thus, will widen TMK's premium product offering on the Russian market. The company expects to see better operational performance in the fourth quarter of this year which should largely offset the negative impact of the third quarter results. In this regard, the company reaffirms its guidance to increase shipments in 2011 compared to the last year.

TMK (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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