



January 23, 2012

Press Release

## TMK Announces Fourth Quarter and Full-Year 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 December 31, 2011.

During 2011, TMK shipped a total of 4,232 thousand tonnes of steel pipes to customers, a 6.6% increase over 2010.

### Volume of shipped pipe products

(thousand tonnes)

Product	4Q 2011	3Q 2011	Q-o-Q, %	2011	2010	Y-o-Y, %
Seamless Pipes	578	572	1.0%	2,370	2,161	9.7%
Welded Pipes	459	457	0.4%	1,862	1,808	3.0%
<b>Total Pipes</b>	<b>1,037</b>	<b>1,029</b>	<b>0.8%</b>	<b>4,232</b>	<b>3,969</b>	<b>6.6%</b>
<i>including OCTG</i>	402	379	6.1%	1,564	1,444	8.3%

TMK’s full-year 2011 operational performance was generally in line with the Company’s expectations with total shipments growing by 6.6%. Most of this growth came from seamless pipe shipments.

In the fourth quarter of 2011, Russian pipe market demonstrated mixed trends in its various segments. Oil and gas companies were more active in purchasing pipes for hydrocarbon production, which contributed to a 7.8% increase quarter-on-quarter in TMK’s global seamless OCTG shipments.



In the large diameter pipe (LDP) segment, Gazprom's demand had an uneven quarterly breakdown in 2011 with the bulk of the shipments occurring in the first half of the year. In spite of the weakening demand in the second half of 2011, TMK managed to increase its LDP shipments by 13.3% in the fourth quarter of 2011 compared to the previous quarter to 126.6 thousand tonnes. However, full-year 2011 shipments were below the highest level achieved in 2010; TMK's LDP volumes fell by 8.4% year-on-year to 614 thousand tonnes in 2011. This was also partially due to commissioning of new LDP production facilities in Russia and significant growth of LDP imports to Russia in 2011.

In the fourth quarter of 2011, the Company's industrial welded and seamless pipe shipments dropped by 12.6% and 8.3% quarter-on-quarter respectively, resulting from seasonal decline in demand from the Russian construction and housing services and utilities sector as well as weaker demand in the machine-building industry. However, shipments of industrial welded and seamless pipe grew in 2011 by 2.4% and 2.7% respectively.

Shipments of tubular products by TMK's American division in the fourth quarter of 2011 grew by 9.9% quarter-on-quarter to 295 thousand tonnes. TMK IPSCO shipped a total of 1,041 thousand tonnes of pipe in 2011, a 20.7% increase over 2010, with a higher share of seamless pipe. Throughout 2011, demand for line pipe demonstrated a substantial growth in the U.S. triggered by the need to transport increasing volumes of hydrocarbons to refineries and storage locations. Seamless and welded OCTG shipments were up 27.5% and 1.6% over 2010 respectively.

As of December 29, 2011, the Baker Hughes rig count was 2,007 rigs representing an 18% year-on-year growth. Fifty nine percent of active rigs are now employed in oil drilling due to high crude oil world prices. Following the rapid development of the U.S. shale plays, horizontal rigs count remains at high level.

Demand for TMK's premium connections continued to increase both in North America and Russia. During the twelve months of 2011, TMK shipped 472 thousand premium connections designed by the Company's Russian (TMK family connections) and American (ULTRA family connections) plants, representing an 18.9% increase over 2010. In particular, shipments of TMK's Russian premium connections grew by nearly 30% year-on-year. As part of TMK's strategy to develop its premium business, the Company completed a number of upgrade projects in 2011: Orsky Machine Building Plant (Orsk, Russia) launched a new threading line to produce casing with premium connections and TMK IPSCO's Brookfield facility (Ohio, USA)



commissioned its second threading line. Also, in 2011 TMK's premium connections successfully passed four qualification tests to comply with the ISO 13679 CAL IV standard. The tests were held at the Oil States Industries international testing center (Aberdeen, UK) where products for the world's largest oil and gas companies undergo qualification testing. Compliance with the ISO 13679 CAL IV standard serves as the evidence of the world-class quality and reliability of TMK's threads.

The Company keeps its positive stance on 2012, particularly in the oil and gas pipe segment including OCTG, which is supported by ongoing active production of hydrocarbons in North America, scheduled growth of Russian oil and gas companies' E&P budgets, implementation of current and new pipeline projects in Russia and the CIS, as well as the contract signed with LUKOIL to supply 100% of pipe products required by the oil company in 2012. The Company expects some slowdown in LDP demand in 2012 which can result in slight decrease in TMK's LDP shipments compared to 2011. TMK also aims to maintain its industrial pipe market share.

Overall, TMK expects a slight increase in total shipments in 2012 over 2011 given the existing agreements with the Company's customers and continuation of current market trends.

#### **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 and two R&D centres in Russia and the USA. In 2011, TMK's pipe shipments totaled 4.23 million tonnes. The largest share of TMK's sales belongs to high margin oil country tubular goods (OCTG), shipped to customers in 85 countries. TMK delivers its products along with an extensive package of services in heat treating, protective coating, premium connections threading, warehousing and pipe repairing.

TMK's ordinary shares are listed on Russia's major stock exchange – MICEX-RTS. 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  
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