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Press Release

TMK Announces First Half 2012 Operational Results

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 operational results for the first half of 2012.

1H 2012 Highlights

- TMK shipped a total of 2,105 thousand tonnes of steel pipes to customers, a decrease of 2.8% year-on-year. Reduction in total shipments was primarily due to lower sales volumes in the welded large diameter pipe (LDP) business. Shipments in the second quarter of 2012 were flat with the first quarter of 2012.
- Seamless pipe shipments grew by 3.2% year-on-year to 1,259 thousand tonnes. Quarter-on-quarter decrease was minimal and stayed at -0.9%.
- Welded pipe shipments fell by 10.6% to 846 thousand tonnes as compared to the first half of 2011 driven by a fall in demand for LDP from Russian consumers. Compared to the first quarter of 2012, second quarter shipments increased by 1.0%.
- OCTG total shipments exceeded the first half of 2011 by 13.9%. Shipments of OCTG increased by 0.2% quarter-on-quarter
- Shipments of premium connections rose to 303 thousand joints, representing a 34.1% increase over the same period of 2011. Quarter-on-quarter growth was 19.4%.



1H 2012 Summary Results

(thousand tonnes)

Product	2Q 2012	1Q 2012	Q-o-Q, %	1H 2012	1H 2011	Y-o-Y, %
Seamless Pipe	626	632	-0.9%	1,259	1,220	3.2%
Welded Pipe	425	421	1.0%	846	946	-10.6%
Total	1,051	1,053	-0.2%	2,105	2,166	-2.8%
<i>including OCTG</i>	446	445	0.2%	892	783	13.9%

2Q and 1H 2012 Market Overview and Performance by Division

Russian Division

According to Company estimates, Russian pipe consumption fell year-on-year by almost 22% in the first half of 2012. TMK's Russian division outperformed the market with a shipment reduction of just 9.5%, down to 1,452 thousand tonnes¹. As a result, the Company continued to strengthen its market position; the Russian division's share of domestic pipe supplies rose to 26.4% year-to-date vs. 24.5% for the same period last year. The reduction in shipments was driven primarily by the continuously shrinking demand for LDP caused by the completion of a number of major projects and the postponement of new main pipeline construction projects. In the second quarter 2012, total shipments remained virtually unchanged against the first quarter of 2012 and stood at 723 thousand tonnes. TMK's LDP shipments fell by 43.4% year-on-year and 5.5% quarter-on-quarter. The reduction of TMK's LDP shipments in relative terms proved to be much lower than the market average, thus leading to a year-on-year growth of TMK's LDP market share in the Russian market by 2%, to 18.5%.

Due to increased oil and gas production in Russia, during the first half of 2012, TMK's Russian division added 9.5% and 6.0% to the shipments of its seamless OCTG and seamless line pipe, respectively. Due to seasonal fluctuations, these shipments fell quarter-on-quarter by 7.8% and 3.2%, respectively. In the first half of 2012, the Company's share in the seamless OCTG segment went up from 60.5% to 66.0%. Welded line pipe shipments



showed a quarter-on-quarter increase of 32.7% in the second quarter of 2012, as well as a year-on-year increase of 1.6% in first half of 2012. In the second quarter of the year, shipments of seamless industrial pipe grew by 4.1% quarter-on-quarter, but the total seamless industrial pipe shipments of the first half 2012 fell by 22.8% year-on-year due to the observed weakening of the market.

¹ This includes shipments from TMK's Russian facilities and TMK-Kaztrubprom to the Russian, CIS and non-CIS markets (excluding the North American market).

American Division

In the first half of 2012, shipments of tubular products from TMK's American division grew by 19.4% year-on-year to 572 thousand tonnes². Shipments in the second quarter of 2012 remained flat with the prior quarter and equaled 286 thousand tonnes.

In the first half 2012, the American division increased shipments of seamless and welded OCTG by 22.1% and 20.6% year-on-year respectively. The quarter-on-quarter growth was 17.9% and 10.6% respectively. TMK's American division decreased welded line pipe shipments by 50.3% quarter-on-quarter, primarily due to plant downtime related to the completion of a capital project in the Wilder, Kentucky facility.

As of June 30, 2012, the Baker Hughes rig count was 1,959 rigs, representing a 3.9% year-on-year growth. Over 70% of the rig count activity is horizontal or directional due to continued development of U.S. shale plays. Likewise, more than 70% of active rigs are now employed in oil drilling due to relatively stable crude oil prices and continued weakness in gas prices. Even as rig count activity continues to shift from gas to oil, oil exploration continues support demand for TMK premium connections.

² This includes products manufactured by TMK's Russian and Romanian facilities and sold on the North American market.

European Division

In the first half of the year, the European market was challenging, with monthly declines in pipe consumption. The market conditions continued to worsen in the second quarter of the year when customers became more reserved about placing new orders. Customers' orders are irregular as they focus on maintaining low inventory levels and thus reducing costs. Additionally, European customers are choosing to purchase lower cost



welded products over similar sized seamless products. Some customers are also holding off on orders, in anticipation of some price softening. Against this background, pipe producers observed dropping demand for pipes for the construction, machine building, automotive and power generation industries.

In spite of this trend, TMK's European division grew by 9.1% quarter-on-quarter, shipping 42 thousand tonnes of pipe in the second quarter of 2012. The growth was driven by higher export shipments from TMK's Romanian plant. On the whole, in the first six months of 2012, shipments went down by 1.6% year-on-year to 81 thousand tonnes.

Premium Segment

In the first half of 2012, the demand for TMK's premium connections continued to grow both in North America and Russia. During the first six months of the year, TMK shipped 303 thousand premium connections designed by the Company's Russian and American plants, representing a 34.1% year-on-year increase. Shipments in the second quarter of 2012 grew by 19.4% quarter-on-quarter.

Expanding its technical capacities and the premium product range, in the second quarter of 2012 TMK shipped casing pipes with ULTRA-FJ™ premium connections – a product patented by the American division and produced at Orsk Plant in Russia to Gazprom and Lukoil. In early June, a pipe string that included TMK's pipes was successfully run into a well at the Yuzhno-Parusovy field developed by Gazprom on the Yamal Peninsula.

2012 Outlook

Through the remainder of 2012, the Company expects continuing high demand for its key products, in particular OCTG and line pipe. The total 2012 shipments are expected to remain flat as compared to 2011 with the increasing volumes in the seamless segment of TMK's business. Under these conditions the Company conservatively expects to maintain its financial results at the 1Q 2012 level.



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 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.

TMK's production assets structure:

- Russian division:
 - Volzhsky Pipe Plant;
 - Seversky Tube Works;
 - Taganrog Metallurgical Works;
 - Sinarsky Pipe Plant;
 - TMK-Kaztrubprom.
- American division:
 - 11 plants of TMK IPSCO.
- European division:
 - TMK-ARTROM;
 - TMK-RESITA.
- TMK-INOX;
- TMK-Premium Service;
- TMK Oilfield Services.

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