Moscow, April 23, 2010

TMK ANNOUNCES 2009 IFRS CONSOLIDATED 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 producers of pipes for the oil and gas industry, announces its IFRS audited consolidated results for the full year 2009.

2009 Highlights

Financials:

- Revenue fell by 39.2% to USD 3,461.0 million as a result of a severe demand contraction across all key markets and unfavourable pricing in seamless and welded pipe segments.
- Gross profit amounted to USD 556.4 million, a decline of 61.3% compared to 2008 as a result of lower capacity utilization rates, lower volumes and prices for pipe products decreasing more than costs. Adjusted EBITDA decreased by 68.7% to USD 328.1 million.
- Net Debt, taking into account liability under call/put option for the remaining 49% of NS Group as at December 31, 2008, remained relatively flat year-on-year and amounted to USD 3,503.6 million as at December 31, 2009.
- The share of short-term loans and borrowings substantially decreased from 69.9% as of December 31, 2008 to 41.4% as of December 31, 2009. Efforts to lower TMK's cost of debt in the second half of the year brought the average nominal rate to 10.7% as of December 31, 2009 as compared to 12.3% as of June 30, 2009.

Sales Volumes:

- Total pipe sales volumes decreased by 14.2% to 2,769.2 thousand tonnes, including 1,649.2 thousand tonnes of seamless pipes. Sales to customers outside Russia amounted to 916.1 thousand tonnes.
- Seamless pipe sales volumes decreased by 16.7% compared to the previous year. This decline in sales volumes was primarily driven by the contraction in demand in North America and the Middle East and the weak demand for industrial grades.
- Welded pipe sales volumes decreased by 10.2% to 1,120 thousand tonnes from weak demand for oil and gas and industrial welded products. However, large-diameter pipe sales grew by 19.8%, exceeding budget projections and mitigating the decline in welded products.

- Seamless and welded OCTG sales volumes decreased by 15.6% to 1,037.2 thousand tonnes with demand from the Russian oil and gas sector lessening the effects of the declines observed in other markets.

Changes in the Group Structure:

- On January 30, 2009, TMK exercised its call option to acquire the remaining 49% of NS Group Inc. shares from Evraz Group S.A. in accordance with the “Call/Put” option agreement concluded in March, 2008.
- In December 2009, TMK established OOO TMK–INOX to enhance its premium business segments. This new subsidiary manages the production and sales of stainless steel pipes.
- During 2009 TMK acquired an additional 1.21% of Sinarsky shares, 0.69% of Seversky shares, 0.12% of TAGMET shares and 0.51% of TMK-Resita shares. As of December 31, 2009, TMK’s effective equity share in Sinarsky, Seversky, TAGMET and TMK-Resita stood at 94.16%, 94.22%, 96.06% and 100.00%, respectively.

Summary 2009 Results

(Millions of US dollars, except earnings per GDR)

	2009	2008	Change, %
Revenue	3,461.0	5,690.0	-39.2%
Gross profit	556.4	1,437.5	-61.3%
Profit (loss) before tax	(426.8)	308.1	n/a
Net profit (loss)	(323.8)	198.5	n/a
(Loss)\earnings per GDR[1], USD	(1.46)	0.9	n/a
Adjusted EBITDA[2]*	328.1	1,047.2	-68.7%
Adjusted EBITDA margin[3], %	*9.5%*	*18.4%*	

[1] 1 GDR represents 4 ordinary (local) shares
[2] Adjusted EBITDA* represents net profit before depreciation and amortisation, finance costs and finance income, exchange rate fluctuations, impairment of non-current assets, income tax expenses and other non-cash items which comprise share of profit in associate, gain on disposal of available-for-sale investments, gain on disposal of associate, loss on disposal of property, plant and equipment, share-based payments, inventory and doubtful debts allowances and movement in other provisions, determined based on IFRS financial statements.
[3] Adjusted EBITDA margin represents adjusted EBITDA as a percentage of revenue

* Adjusted EBITDA is a measure of operating performance that is not required by, or presented in accordance with, IFRS. Adjusted EBITDA is not a measurement of operating performance under IFRS and should not be considered as an alternative to gross profit, net profit or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating activities or as a measure of liquidity. In particular, Adjusted EBITDA should not be considered as a measure of discretionary cash available to the Company to invest in the growth of its business.

Reconciliation of Adjusted EBITDA to net profit is as follows:

(Millions of US dollars)

	2009	2008
	(million USD)	
Profit before tax	(426.8)	308.1
Finance costs	446.9	272.2
Finance income	(41.3)	(8.7)
Depreciation and amortization	313.1	247.8
Effect of exchange rate changes	(14.2)	99.8
Gain on disposal of available-for-sale investments	(2.0)	-
Gain on disposal of associate	(0.4)	-
Share of profit in associate	(1.4)	(3.0)
Impairment of goodwill	10.1	3.5
Impairment of property, plant and equipment	39.7	59.8
Reversal of impairment of property, plant and equipment	(2.5)	-
Impairment of financial assets	-	23.7
Loss on disposal of property, plant and equipment	4.0	1.6
Share-based payments	-	6.0
Allowance for write-down of inventory to net realizable value	(4.6)	24.7
Allowance for doubtful debts	4.2	7.2
Movement in other provisions	3.3	4.5
Adjusted EBITDA	**328.1**	**1,047.2**

2010 Outlook

On the back of the current positive economic trends observed across the Company's key markets and trends in energy prices, the Company expects pipe demand to continue to recover in 2010. The first quarter shipments, which grew by 60% year-on-year, highlight the improvements seen on both the Russian and the US markets. Given the current trends observed in the industry, TMK maintains its expectations of a 20% y-o-y increase in shipment volumes in 2010 and expects to sustain capacity utilization in the production of oil and gas pipes above 70% throughout the year.

Russia once again demonstrates moderate but steady growth for OCTG and seamless line pipe. Given this year's favourable oil price outlook, Russian oil companies have considerably increased capital expenditure budgets. In response to increases in raw material prices and the higher utilization rates, prices across all small and medium-diameter oil and gas pipe segments will be increased from the second quarter by approximately 10-15% in Russia. Prices in the US have been following the US OCTG market trends.

With the continuation of such pipeline projects as the Bovanenkovo-Ukhta and Sakhalin-Khabarovsk-Vladivostok gas systems and the BTS-2 and ESPO-2 oil pipelines, TMK expects to sustain the 2009 fourth quarter large-diameter performance throughout 2010.

Despite the current uncertainties in natural gas prices in the US, the drilling activity remains strong and disproportionately driven by unconventional drilling. Demand for premium products to meet the requirements of these unconventional plays has kept its steady increase of the last months. The increase in demand and the shale gas success enjoyed by ULTRA premium products has prompted TMK IPSCO to build a new premium threading facility. The new facility, located in Brookfield, Ohio, will have an annual capacity of 100 thousand tonnes per year and is yet another example of our commitment to support our customers as they move to more complex and demanding operational environments. Together with Russia and the CIS our premium connections business is expected to grow globally by more than 60%.

As previously announced, the Company is also going ahead with the upgrade of Volzhsky's continuous seamless rolling mill. The investments will provide Volzhsky with an additional capacity of 300 thousand tonnes per year of seamless pipe. The new capacity is scheduled to come online and begin ramp-up in July 2010.

TMK expects the demand for industrial pipes to improve in the second quarter of 2010, as a result of a general recovery in the economy and the re-emergence of demand. Pipe prices in this market segment are expected to correlate with market conditions.

TMK estimates that according to management reporting, revenue for the first quarter of 2010 came in at around USD 1,300 million, while EBITDA exceeded USD 200 million. Subject to raw material and energy pricing dynamics we expect the positive trends of the first quarter to continue throughout the year.

For further information please contact:

TMK IR Department:
Alexey Ratnikov / Olivier Harvey
Tel: +7 (495) 775-7600
IR@tmk-group.com

TMK PR Department:
Ilya Zhitomirsky
Tel: +7 (495) 775-7600
PR@tmk-group.com

2009 Market Overview

TMK is a leading global pipe producer and the number one Russian supplier of steel pipe products to the energy industry with approximately 69% of the Russian seamless OCTG market in 2009. Globally, the Company finished 2009 with an estimated 13% market share in the seamless OCTG segment, its core business.

Although the global economic crisis led to a significant contraction of the Russian steel pipe market, TMK succeeded in increasing its Russian market share from 27.4% in 2008 to 29.8% in 2009. TMK's share of the Russian seamless pipe market, the Company's key business, amounted to 56.6% and its share of the seamless OCTG market constituted 69%. The Russian market is the Company's main market and represented 66.9% of total sales volumes in 2009. Throughout the year, the Russian OCTG market proved to be the most resilient for TMK. Despite the cuts in E&P spending by Russian oil and gas majors, OCTG demand remained stronger than in any other markets due to the high tubing pipe consumption rates of the Russian oil production environment.

Following a dismal first half of 2009, the aggressive revival of the Russian large-diameter (LD) pipe market in the second half of the year remained a key volumes driver for TMK in 2009. While first quarter volumes were practically immaterial, demand for LD pipe began trickling back in the second quarter of the year. The successful ramp-up of Volzhsky's longitudinal welded line allowed TMK to take full advantage of the market conditions in the second half of the year as fourth quarter volumes exceeded the most optimistic forecasts. The recovery in the LD market was driven by the construction of major Gazprom and Transneft pipeline projects such as the Sakhalin-Khabarovsk-Vladivostok, Eastern Siberia-Pacific Ocean (ESPO) and Baltic Pipeline System (BTS).

The North American pipe market reacted swiftly to the economic crisis as drilling activity practically came to a standstill early in the first quarter, only to see signs of recovery late in the year. The Company estimates that the US oil and gas pipe market contracted more than 40% year-on-year. As US natural gas prices declined throughout the first half of the year, operators shut down uneconomical drilling programs, preferring to keep activity going in areas demonstrating higher flow rates, such as gas shale plays, where hedging contracts and leasing obligations kept drilling strong. As the US rig count decreased substantially in the first half of the year, reaching a low of 876 rigs in early June (Baker Hughes), the levels of gas in storage continued to increase from a combination of lower gas demand from the industrial, commercial and residential sectors and the higher than average gas well flow rates from the unconventional plays. Early in the fourth quarter, a time when energy demand is traditionally at its highest, both rig count and gas prices started climbing back from their lows. Although encouraging, these levels were still well below historically normalized levels. While the fourth quarter improvements in rig count and gas prices, helped by abnormal cold weather patterns, permitted TMK IPSCO to significantly increase monthly production volumes, prices for pipe products remained depressed by the amount of pipe supply in the system, particularly bogged down by low priced imports from China.

Starting in April 2009, in their efforts to address and curtail the flow of low cost imported pipe material into the United States, TMK IPSCO and other US domestic steel pipe producers filed a series of trade cases against the unfair imports of pipe products from the People's Republic of China, including OCTG, drill pipe and certain seamless carbon and alloy steel standard, line, and pressure pipe. Already from the second half of 2009, in anticipation of the final rulings, Chinese OCTG imports had practically vanished from the market. As demand started picking up late in the year, the void left by Chinese imports allowed a modest increase in shipments from other countries, including from foreign subsidiaries of domestic players, and provided additional rationale behind certain announced production expansions. Final OCTG anti-dumping duties are expected to be imposed in the second quarter of 2010.

The total share of pipe products sold outside Russia represented 33.1% of the Company's total sales volumes as compared to 37.2% in 2008. TMK exported a total of 443.4 thousand tonnes of steel pipe products from its Russian plants.

As previously stated, the Company observed increased competition in its export markets, mainly the Middle East and North Africa, as lower-grade pipe products were redirected to these unprotected markets following the collapse of the US market and the threat of trade barriers in North America.

Results of operations

In 2009, TMK revenues decreased by 39.2% and amounted to USD 3,461.0 million.

Sales volumes

The following table shows TMK's pipe sales volumes for the years ended December 31:

Operating segments	***2009***	***2008***	***% change***		***2009***	***2008***
	(thousand tonnes)				***(as a percentage of total tonnes)***	
Russia	2,296.5	2,573.7	(10.8)%		83.0%	79.8%
Americas*	358.0	488.3	(26.7)%		12.9%	15.1%
Europe	114.7	164.5	(30.3)%		4.1%	5.1%
Total pipes	**2,769.2**	**3,226.5**	**(14.2)%**		**100.0%**	**100.0%**

** Sales volumes for 2008 are calculated from the date of the TMK IPSCO acquisition on June 12, 2008.*

For management purposes, the Group is organised into business divisions based on geographical location, and has three reportable segments:

- Russia segment represents the results of operations and financial position of plants located in Russian Federation, a finishing facility in Kazakhstan, Oilfield service companies and traders located in Russia, Kazakhstan, the United Arab Emirates, Switzerland that are selling their production (seamless and welded pipes).
- Americas segment represents the results of operations and financial position of plants located in the United States of America and trader located in the United States of America.
- Europe segment represents the results of operations and financial position of plants located in Europe and traders located in Europe (excluding Switzerland) selling their production (seamless pipes and steel billets).

In 2009, TMK sold 2,769.2 thousand tonnes of pipe products, including 1,649.2 thousand tonnes of seamless pipes and 1,037.2 thousand tonnes of oil country tubular goods (OCTG). The 14.2% year-on-year decrease in sales volumes was primarily due to the contraction in demand brought on by the economic crisis. OCTG sales volumes decreased by 15.6%.

Russia

Sales of pipes products in the Russian segment declined by 10.8% as compared to 2008 as oil and gas companies scaled back on drilling activity and postponed the development of new fields. In addition to weaker demand for oil and gas tubulars, sales volumes were also brought down by a decrease in industrial pipe consumption. The industrial segment was negatively affected by a drop in demand from the construction and machine-building sectors.

At the same time, sales of large-diameter pipes increased by 19.8% as Russian oil and gas companies went ahead with the construction of major pipeline projects requiring longitudinal welded large-diameter pipe. The Company estimates that the implementation of such projects by Gazprom and Transneft in 2009 increased large-diameter pipe consumption in Russia by 3.9% as compared to 2008.

Americas

In 2009, sales of pipe products in the American segment decreased by 26.7% as compared to 2008 from the date of the TMK IPSCO acquisition on June 12, 2008. Mirroring the downfall of the North American pipe market, sales of TMK pipe products decreased heavily, even when comparing full year 2009 sales volumes to 2008 volumes from June 12, 2008, date at which TMK IPSCO was acquired. The decline in sales volumes was primarily a result of the weak natural gas pricing environment of the first nine months of the year. As more than two thirds of the US drilling activity is natural gas related, the low gas prices negatively affected drilling which in turn led to a massive pipe inventory overhang, mainly composed of imported pipe products, especially from China. North American sales volumes amounted to 358 thousand tonnes and accounted for 12.9% of TMK's total 2009 sales volumes.

Europe

The main business of the European segment is industrial seamless pipes. In 2009, sales of these pipes declined by 42.4% as demand from the machine-building and automotive sectors evaporated. However, the decline in industrial pipe sales volumes was partly offset by a 26.1% increase in line pipe sales volumes. Nonetheless, overall sales in the European segment decreased by 30.3% year-on-year.

Revenue

The following table provides a breakdown of revenue by TMK segments for the years ended December 31:

	2009	**2008**	**Total change**	**2009**	**2008**
	(million USD)			***(as a percentage of total revenue)***	
Russia	2,639.2	4,194.8	(1,555.6)	76.3	73.7
Americas	655.2	1,203.3	(548.1)	18.9	21.2
Europe	166.6	291.9	(125.3)	4.8	5.1
Total revenue	**3,461.0**	**5,690.0**	**(2,229.0)**	**100.0**	**100.0**

The table below shows the analysis of revenue changes in 2009 in comparison with 2008:

	Due to change in prices and product mix	Due to change in sales volumes	Total change	Due to change in prices and product mix	Due to change in sales volumes
	(million USD)				
Russia	(1,103.7)	(451.9)	(1,555.6)	(26.3)%	(10.8)%
Americas	(227.2)	(320.9)	(548.1)	(18.9)%	(26.7)%
Europe	(36.9)	(88.4)	(125.3)	(12.6)%	(30.3)%
Total	**(1,367.8)**	**(861.2)**	**(2,229.0)**	**(24.1)%**	**(15.1)%**

The table below presents revenue by geographical area (based on the location of the customer)for the years ended December 31:

	2009		**2008**	
	Million USD	% of total revenue	Million USD	% of total revenue
Russia	2,170.6	62.7%	3,399.2	59.7%
America	738.7	21.3%	1,340.2	23.6%
Europe	272.0	7.9%	524.6	9.2%
Central Asia and Caspian Region	134.2	3.9%	183.8	3.2%
Middle East and Gulf Region	61.1	1.7%	152.3	2.7%
Asia and Far East	68.1	2.0%	71.4	1.3%
Africa	16.3	0.5%	18.5	0.3%
Total revenue	**3,461.0**	**100.0%**	**5,690.0**	**100.0%**

For the twelve month period ended December 31, 2009, TMK revenue decreased by 39.2% as compared to 2008 and amounted to USD 3,461.0 million due to lower average selling prices and the decline in production volumes triggered by the reduction in demand for TMK pipe products. The decrease in total revenue due to changes in prices and product mix amounted to USD 1,367.8 million while changes in sales volumes lead to a USD 861.2 million decline.

Russia

The decline in revenue in the Russian segment amounted to USD 1,555.6 million, representing a 37.1% change over 2008. The decrease in revenue attributable to changes in prices and product mix was USD 1,103.7 million, while changes in sales volumes caused a USD 451.9 million decline.

Americas

Revenue from sales in the American segment decreased by 45.6% or USD 548.1 million in 2009 as compared to 2008. The decline in revenue attributable to changes in prices and product mix was USD 227.2 million, while changes in sales volumes brought on a USD 320.9 million decrease in revenue.

Europe

Revenue from sales in the European segment declined by USD 125.3 million or by 42.9% when compared to 2008. Changes in prices and product mix accounted for a USD 36.9 million decrease, while changes in sales volumes triggered a decline of USD 88.4 million.

Cost of sales

Russia

Cost of sales declined by 33.6% in 2009 and amounted to USD 2,100.9 million as compared to USD 3,163.3 million in 2008. Cost of sales as a percentage of revenue equalled 79.6% in the Russian segment as compared to 75.4% in 2008. Cost of sales declined mainly as a result of lower production volumes and declining raw material prices as well as from a weakening of the rouble.

Americas

Cost of sales decreased by 22.1% and amounted to USD 667.9 million in 2009. The share of cost of sales in revenue reached 101.9% in the American segment in 2009, as compared to 71.3% in 2008 (from the date of acquisition of TMK IPSCO on June 12, 2008). TMK IPSCO experienced a significant decrease in production in 2009 as a result of the decline in pipe consumption observed in the North American pipe market. The cost of sales in the American segment reflects consumption of inventories in 2009 which were purchased in 2008 at higher cost as compared to 2009 average prices and as well as the increase in depreciation as compared to 2008.

Europe

Cost of sales in Europe decreased by 41.4% and amounted to USD 135.8 million as compared to USD 231.7 million in 2008. Cost of sales as a percentage of revenue was 81.5% as compared to 79.4% in 2008.

The main components of TMK's cost of production are raw materials, labour and energy expenses.

Raw materials and supplies

Raw materials and supplies are the main component of TMK's cost of production and accounted for 63.3% of all production costs in 2009 compared to 69.2% in 2008. This proportion decreased primarily as a result of lower capacity utilization levels.

TMK raw material costs and the cost of add-on materials of production decreased by 43.6% compared to 2008 due to lower sales volumes, and a decline in raw material prices.

In Russia, raw material prices can vary depending on the region. In 2009, the average purchase cost of metal scrap declined by 13–16%, the average price for coils declined by 22-40%, and the average price for pig iron deceased by 40-49%, as compared to 2008.

The average purchase cost of metal scrap and coils at TMK IPSCO decreased by 39.0% and 37.3% respectively, as compared to 2008.

Labour cost

Labour costs constitute the second largest component of TMK's total production costs; these costs decreased by 23.1% and accounted for 15.0% of all production costs in 2009.

Russia

Labour costs decreased by 23.6% and amounted to USD 310.2 million. This decline in labour costs reflected the reduction in production personnel and wages implemented within the scope of the anti-crisis program begun in the fourth quarter of 2008 coupled with the effects of the weakening of the Russian rouble against the US dollar.

Americas

Labour costs decreased by 16.1% to USD 63.9 million in 2009. This decrease in labour costs was achieved by the use of furloughs and the implementation of flexible work arrangements. Labour costs for 2008 represent costs for the period from the date of acquisition of TMK IPSCO on June 12, 2008, to December 31, 2008.

Europe

Labour costs in Europe declined by 34.0% and amounted to USD 19.0 million as compared to USD 28.8 million the previous year. This decline was primarily brought on by measures taken to decrease costs and by the weakening of the Romanian leu against the US dollar and euro.

Cost of energy and other utilities

Energy and other utilities cost accounted for approximately 8.3% of the total cost of production in 2009, compared to 6.7% the previous year.

Energy costs decreased by 23.7% in 2009 as a result of the lower utilization levels at TMK facilities.

Electricity and natural gas prices differ depending on the region.

Russia

The average prices of electricity and natural gas increased by 27.5% and 6.7%, respectively, as compared to 2008. Energy and other utilities in the Russian segment amounted to USD 183.5 million.

Americas

At TMK IPSCO, the average price for electricity and natural gas decreased by 20.4% and 23.7%, respectively, as compared to 2008, energy and other utilities in the American segment amounted to USD 16.6 million.

Europe
In Romania, the average price of electricity increased by 3.2% while the average price of natural gas decreased by approximately 4.1% as compared to 2008. In 2009, energy and other utilities in the European segment amounted to USD 16.8 million.

Gross profit

TMK's gross profit, representing revenue less cost of sales, decreased by 61.3% compared to 2008 and amounted to USD 556.4 million. The significant deterioration in gross profit and profitability of sales in all of TMK's operating segments reflected the greater declines in sales volumes and pipe prices rather than in the costs of sales. Additionally, gross profit was adversely affected by the share of high cost inventory acquired in previous periods.

The following table provides a breakdown of gross profit by business segment for the years ended December 31:

(Millions of US dollars, %)

	2009	2008	change, %
Russia	538.3	1,031.6	-47,8%
Americas	(12.7)	345.8	n/a
Europe	30.8	60.1	-48,8%
Total gross profit	**556.4**	**1,437.5**	**-61,3%**

The following table illustrates TMK's gross margin by business segment for the years ended December 31:

	2009	2008
Russia	20.4%	24.6%
Americas	(1.9)%	28.7%
Europe	18.5%	20.6%
Gross margin	**16.1%**	**25.3%**

Russia

Gross profit decreased by 47.8%, or by USD 493.3 million, and amounted to USD 538.3 million as compared to USD 1,031.6 million in 2008. The Russian segment's gross profit margin decreased from 24.6% in 2008 to 20.4% in 2009.

Americas

The collapse of the US drilling environment severely affected TMK IPSCO operations. The drilling downturn and the resulting inventory build-up resulted in gross profit margin tumbling to negative 1.9% as compared to 28.7% in 2008. The American segment's gross profit for 2008 was calculated for the period from the date of acquisition of TMK IPSCO on June 12, 2008, to December 31, 2008.

Europe

The European segment's gross profit in 2009 declined by 48.8% and amounted to USD 30.8 million as compared to USD 60.1 million in 2008, while gross profit margin fell from 20.6% in 2008 to 18.5%.

Cash Flow

Net cash flows from operating activities equalled USD 852.3 million, up from USD 739.5 million in 2008. Cash flow from operating activities before changes in working capital decreased by 68.7% and amounted to USD 328.1 million. The decrease was primarily attributable to a pre-tax loss of USD 426.8 million as compared to a USD 308.1 million profit before tax in 2008 as a result of decreased revenues and gross profit, increases in depreciation and amortisation expenses and finance costs, recognition of impairment losses on property, plant and equipment and goodwill, which were main contributing factors to generating of a loss before income tax in 2009. The loss was partially offset by a working capital release of USD 557.6 million.

Net cash used in investing activities decreased by 55.5% as compared to 2008 and amounted to USD 899.9 million. This reduction was mainly caused by a 52.9% decrease in capital spending in 2009, as a result of a major one-off item in 2008, which was the acquisition of IPSCO Tubulars in the US as well as by certain project postponements in TMK's Strategic Investment Programme.

In January 2009, TMK exercised its call option for the remaining 49% of shares in NS Group Inc. for a total amount of USD 507.5 million with Evraz Group S.A. in accordance with the "Call/Put" option agreement concluded at the time of the joint acquisition of the American pipe assets in June 2008.

Net cash flows from financing activities in 2009 decreased to USD 143.8 million compared to USD 1,336.9 million in 2008. The USD 1,193.1 million decrease was caused by the need to finance a major one-off item in 2008, which was the acquisition of IPSCO Tubulars in the U.S., as well as by a significant reduction in strategic capital expenditure.

A total of USD 4,190.1 million in loans was drawn in 2009. Loan repayments amounted to USD 3,608.3 million while interest payments totalled USD 444.1 million.

In 2009, TMK did not make dividends payments in accordance with the results of the OAO TMK shareholders vote taken at the AGM held in June 2009. Dividends to minority shareholders in TMK subsidiaries decreased by 54.4% and amounted to USD 2.1 million.

Capital Expenditures

With the onset of the global economic crisis in the fourth quarter of 2008, TMK revised its Strategic Investment Programme for the period of 2004 to 2011 and implemented a series of measures to decrease capital expenditure spending. As a result, capital expenditures declined by USD 567.9 million or 57.9% to USD 412.3 million in 2009 as compared to USD 980.2 million in 2008.

The following table provides a breakdown of capital expenditures by activity type for the years ended December 31:

	2009	2008	
	(million USD)		% change
Russia	371.0	916.5	(59.5)%
Americas	27.4	39.8	(31.2)%
Europe	13.9	23.9	(41.8)%
Total capital expenditures*	**412.3**	**980.2**	**(57.9)%**

The implementation of the Company's last three remaining projects was delayed for at least a year. These projects include the modernization of Volzhsky seamless rolling operations, deferred from 2009 to 2010, the installation of an FQM mill at Seversky, moved from 2012 to 2014, and the construction of an EAF at TAGMET, which shifted from 2011 to 2012. Nonetheless, the major part of the Strategic Investment Programme has already been completed with the commissioning of three key projects in 2008:

- Commissioning of a PQF mill at TAGMET for the production of high performance seamless pipes.
- Modernization of Seversky steelmaking operations with the installation of an EAF.
- Commissioning of a large-diameter longitudinal pipe mill at Volzhsky.

In 2009, TMK successfully concluded the production ramp-up of these facilities.

Additionally, over the course of 2009, TMK completed several investments in environmental protection and finishing operations

- Heat treatment equipment with an aggregate annual capacity of 740 thousand tonnes was brought online at Volzhsky, Sinarsky and TAGMET.
- New 100 thousand tonne capacity heat-treatment facilities were commissioned at the Baytown and Blytheville plants in the U.S.
- A vacuum degassing unit was commissioned at Seversky.
- Scrap processing equipment was installed at Seversky.

- A treatment facility using biochemical technology for the treatment of industrial waste water was brought on-stream at Sinarsky.
- Heat treatment equipment for cold-deformed coiled tubing under nitrogen shielding was installed and is ramping up at Sinarsky.

Net Debt

Primarily as a result of acquisitions and TMK's ambitious investment programme, net debt as of December 31, 2009, stood at USD 3,503.6 million. The 14.4% net debt increase to USD 3,503.6 million in 2009 as compared to 3,063.4 million in 2008 was due to the exercise of the option to acquire remaining ownership interest in US tubular assets from Evraz in January 2009. As of December 31, 2008 the liability under the option was not classified as debt. Had it been classified as debt as of December 31, 2008, TMK's net debt would have been USD 3,574.0 million compared to USD 3,503.6 million as of December 31, 2009. Therefore, in spite of the challenging market environment, the Company decreased its net debt by USD 70.4 million during 2009.

Given the improvements of the loan portfolio structure in 2009, the share of short-term debt decreased from 69.9% as of December 31, 2008 to 41.4% as of December 31, 2009. Furthermore, following the refinancing of debt in the first quarter of 2010, including the extension of a USD 450 million VTB loan and the issuance of a USD 412.5 million convertible bond, the share of short-term debt principal amount further decreased to 19.7%.

	2009	**2008**
	(million USD)	
Short-term loans and borrowings	1,535.8	2,214.6
Long-term loans and borrowings	2,177.4	955.3
Total loans and borrowings	**3,713.2**	**3,169.9**
Finance lease liabilities	38.3	40.8
Total debt	**3,751.5**	**3,210.7**
Net of:		
Cash and cash equivalents	(243.8)	(143.4)
Short-term financial investments	(4.1)	(3.9)
Total cash and short-term financial investments	**(247.9)**	**(147.3)**
Net debt	**3,503.6**	**3,063.4**

2009 IFRS Accounts and Management Discussion and Analysis are available at:
http://www.tmk-group.com/2009IFRS.php