

## **Moody's confirms current ratings of TMK at Ba3 and changes the outlook to negative.**

Moscow, April 25, 2008 -- Moody's Investors Service today confirmed TMK's Ba3 corporate family rating, NSR rating at Aa3.ru and upgraded the rating for the loan participation notes from B1 to Ba3. The outlook for the ratings was changed to negative.

The confirmation concludes the review for possible downgrade for TMK' ratings initiated on March 17, 2008 following the recent announcement of the acquisition from Evraz Group S.A. (Ba2) of the assets and subsidiaries of IPSCO Tubular's business in the USA for approximately USD 1.2 billion, following the acquisition of IPSCO Tubular's business by Evraz Group from SSAB. TMK will acquire 100% of IPSCO Tubulars Inc. and 51% of NS Group Inc. In addition, TMK and Evraz have entered into a call/put option for the remaining 49% of NS Group Inc. which will be exercised in 2009 for app. USD 0.5 billion.

The confirmation reflects Moody views that:

(1) the recent acquisition was in line with the company strategy to enhance product mix with high value added products and to strengthen its geographical diversity by adding manufacturing presence in the North American market. Moody's also notes that this transaction is a transforming acquisition for TMK by its relative size and the significant increase in the geographical footprint that it brings to the company;

(2) High growth in revenues and strong cash flow generating capability in recent years supported by a robust pricing environment, strong demand from the main customers and substantially completed capex program aimed at increased capacity and efficiency, should help TMK to sustain its current rating and bring down the absolute level of debt. Moody expects the company to continue to maintain its moderate financial policies and its demonstrated disciplined approach to acquisitions with leverage not exceeding x2.0 times EBITDA after 2009. This target would likely require dividend constraint and a pause to further acquisitions

The negative outlook for the rating reflects the integration and control challenges for the geographically spread company and the reliance on cash flow and a large 15 months bridge facility for refinancing of maturing debt.

The rating could be downgraded if the company would not decrease its leverage below x2.5 times EBITDA in the next 1.5 years or would not be able to maintain a satisfactory liquidity position in particular by arranging a refinancing or a take-out to the bridge facility over the next few months.

In line with loss-given-default methodology, Moody's upgraded of the rating for the loan participation notes from B1 to Ba3 and LGD assessment of LGD4 (64.57%) to LGD4 (51.67%). The upgrade is a result of substantial reduction in secured indebtedness of TMK. The secured indebtedness is secured by property, equipment, fixed assets and revenue proceeds fell from 27% as of June 2007 to 11% of the total loan portfolio at 11 April 2008.

Moody's last rating action was the change of rating outlook to positive on November 14, 2007.

TMK is Russia's largest and one of the world's leading manufacturers of value-added steel pipe products for the oil & gas industry. In the first half of 2007, the company reported USD 2.03 billion in revenues, an increase of 28% and USD 500 million in EBITDA leading to an improvement by 27% compared to 1H 2006. Following an IPO in 2006 the company is 76.98% owned by the founder, Mr. Pumpyanskiy

Paris  
Eric de Bodard  
Managing Director  
Corporate Finance Group  
Moody's France S.A.  
JOURNALISTS: 44 20 7772 5456  
SUBSCRIBERS: 44 20 7772 5454

Moscow  
Larissa Loznova  
Vice President - Senior Analyst

Corporate Finance Group  
Moody's Eastern Europe  
Telephone: +7 495 641-1881  
Facsimile: +7 495 641-1897