

Approved by decision of the Board of Directors of PAO “TMK” dated 19 May 2020.

(Annex No. 1 to Minutes of the Meeting of the Board of Directors of PAO “TMK” No. 21 dated 19 May 2020)

RECOMMENDATIONS
of the Board of Directors of PAO “TMK”
in respect of the voluntary tender offer for the purchase of the securities of PAO “TMK”
received from “Volzhskiy Pipe Plant”, Joint stock company

1. On 18 May 2020, PAO “TMK” (the “**Company**”) received a voluntary tender offer made by “Volzhskiy Pipe Plant”, Joint stock company (“**VTZ**”) in compliance with the requirements of Article 84.2(2)-(5) of Federal Law No. 208-FZ on Joint-Stock Companies dated 26 December 1995 (the “**JSC Law**”) to purchase 358,758,064 (three hundred fifty-eight million seven hundred fifty-eight thousand sixty-four) ordinary registered uncertified shares of the Company, registration number of issue 1-01-29031-H (the “**Shares**”) (the “**Voluntary Tender Offer**”). The Voluntary Tender Offer document bears a stamp of the Bank of Russia confirming that the Voluntary Tender Offer was filed with the Bank of Russia on 30 April 2020 pursuant to the requirements of Article 84.9 of the JSC Law.
2. The proposed purchase price set out in the Voluntary Tender Offer is RUB 61 (sixty-one roubles) per one Share (the “**Purchase Price**”).
3. The Voluntary Tender Offer is accompanied by a Bank Guarantee No. 18801GE/20-R dated 7 April 2020 (amended by Amendment No. 1 dated 30 April 2020) in the amount of RUB 23,323,709,435 (twenty-three billion three hundred twenty-three million seven hundred nine thousand four hundred thirty-five roubles) issued by Gazprombank (Joint Stock Company).
4. Pursuant to the requirements of Article 84.3(1), paragraph 2 of the JSC Law, the Board of Directors of the Company adopts the following recommendations:

Evaluation of the proposed Purchase Price

- 4.1. The Board of Directors has determined that the Purchase Price of RUB 61 (sixty-one roubles) proposed in the Voluntary Tender Offer complies with the requirements of Article 84.2(4) of the JSC Law, in particular:
 - The Purchase Price exceeds the 6-month volume weighted average price of one Share traded on a stock exchange prior to the date of filing of the Voluntary Tender Offer with the Bank of Russia, pursuant to Article 84.9(1) of the JSC Law, *i.e.* for the 6-month period ending on 29 April 2020, the last trading day before the Voluntary Tender Offer was submitted to the CBR. According to the information provided by the Moscow Exchange, the 6-month volume weighted average price of one Share for the relevant period was RUB 53.22 (fifty-three roubles twenty-two kopecks) per one Share. The Shares are not traded on any other stock exchange.
 - As set out in the Voluntary Tender Offer document, VTZ and its affiliates did not acquire, or undertake any obligation to acquire, any Shares within the six months prior to the date of submission of the Voluntary Tender Offer to the Company, save

for the cancellation of the global depositary receipts held by VTZ and receipt of the underlying Shares, and there is no maximum price at which VTZ or its affiliates acquired, or undertook an obligation to acquire, the Shares within such period.

- 4.2. The Purchase Price represents (i) a cash premium of RUB 14.34 and 30.7% with respect to the closing price per Share on the Moscow Exchange on 7 April 2020, the last trading day prior to the public announcement of the approval of the repurchase programme by the Board of Directors of the Company, (ii) a cash premium of RUB 4 and 7.0% with respect to the closing price per Share on the Moscow Exchange on 29 April 2020, the last trading day before the Voluntary Tender Offer was submitted to the CBR, and (iii) a cash premium of RUB 2.18 and 3.7% with respect to the closing price per Share on the Moscow Exchange on 18 May 2020, the day the Company received the Voluntary Tender Offer.
- 4.3. The Purchase Price also represents (i) a cash premium of RUB 9.14 and 17.6% per Share to the 6-month volume weighted average price of RUB 51.86 for the period ending on 7 April 2020, (ii) a cash premium of RUB 7.78 and 14.6% per Share to the 6-month volume weighted average price of RUB 53.22 for the period ending on 29 April 2020, and (iii) a cash premium of RUB 7.51 and 14.0% per Share to the 6-month volume weighted average price of RUB 53.49 for the period ending on 18 May 2020.

Evaluation of potential changes in the market price of the Shares following the completion of the Voluntary Tender Offer

- 4.4. The Board of Directors notes that the market price of the Shares, following the completion of the Voluntary Tender Offer, may be subject to wide fluctuations due to a number of factors beyond the control of the Company or the Board of Directors, including micro- and macro-economic conditions, changes in the prices of the Company's products and services provided by the Company, changes in the profitability of the Company's business, estimates of analysts, amendments to applicable legislation, general economic conditions or other events or circumstances.
- 4.5. The Board of Directors recommends taking into account that, following the completion of the Voluntary Tender Offer, the Company's free float could significantly decrease, which could lead to a downgrade of the Shares from the current premium listing to a lower listing level on the Moscow Exchange and affect the market price and liquidity of the Shares.

Evaluation of VTZ plans in respect of the Company, including its employees

- 4.6. VTZ is a subsidiary of the Company. There are no plans of the purchaser in respect of the Company, including in respect of its employees, as set out in the Voluntary Tender Offer.
5. Taking the above into account, the Board of Directors recommends that the shareholders of the Company accept the Voluntary Tender Offer on the terms and conditions set forth in the Voluntary Tender Offer document.
6. The shareholders of the Company may accept the Voluntary Tender Offer within 70 (seventy) days from the date the Company received the Voluntary Tender Offer, *i.e.* by 27 July 2020 (inclusive).

7. Prior to making any decision to sell the Shares pursuant to the Voluntary Tender Offer, the shareholders of the Company should carefully read and consider the terms and conditions of the Voluntary Tender Offer document and Articles 84.1, 84.2 and 84.3 of the JSC Law, the Information Letter in respect of the Voluntary Tender Offer (including annexes thereto), the recommended form of the application to sell the shares and other materials that will be published together with these recommendations on the Company's website at: www.tmk-group.ru, [https://www.tmk-group.ru/voluntary tender offer](https://www.tmk-group.ru/voluntary_tender_offer), [https://www.tmk-group.com/voluntary tender offer](https://www.tmk-group.com/voluntary_tender_offer).