Moscow, May 21, 2007

TMK ANNOUNCES 2006 IFRS CONSOLIDATED RESULTS

OAO TMK ("TMK" or "the Company"), one of the world's leading steel pipe producers, announces its IFRS audited consolidated results for the full year 2006.

2006 Highlights

Financials:

- Revenue grew by 15.2% to U.S.$3,384 million on robust demand for tubular products both in Russia and internationally
- Gross profit came in at U.S.$1,034 million, an increase of 38.5% compared to 2005
- EBITDA up 49.2% to U.S.$794 million as a result of a strong pricing environment and increasing operating efficiency

Sales Volumes:

- Total pipe sales volumes were nearly 3 million tonnes, including 1.93 million tonnes of seamless pipes
- Seamless pipe sales volumes climbed by 1.8%, OCTG pipes, the highest margin products, grew by 15.7% to a total of 946 thousand tonnes
- Welded pipe sales volume increased by 2.2%, boosted by growing demand for industrial welded pipes in Russia driven by the booming construction industry and infrastructure building

Corporate developments:

- In 2006, TMK established its presence in the European Union, through the 100% acquisition of Sinara Handel GmbH, which owns controlling stakes in the Romanian plants – Artrom and Resita
- TMK was assigned credit ratings by Standard & Poor's and Moody's and successfully placed a U.S.$300 million Eurobond
- Following the initial public offering, around 23% of TMK shares were listed on the London Stock Exchange (in the form of GDRs) and the Russian Trading System

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Summary 2006 Results

(Millions of U.S. dollars, except earnings per GDR)

	2006	2005	*Change, %*
Revenue	**3,384.47**	**2,938.19**	***15.2%***
Gross profit	**1,034.00**	**746.43**	***38.5%***
Profit before tax	**618.49**	**350.05**	***76.7%***
Net profit	**460.60**	**254.17**	***81.2%***
Earnings per GDR[1], U.S.$	**2.04**	**1.12**	***82.1%***
EBITDA[2]	**793.86**	**532.05**	***49.2%***
EBITDA margin[3], %	*23.5%*	*18.1%*	

[1] 1 GDR represents 4 ordinary (local) shares

[2] EBITDA is calculated as profit before tax plus finance costs minus finance income and plus depreciation and amortization

EBITDA is a measure of operating performance that is not required by, or presented in accordance with, IFRS. 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, EBITDA should not be considered as a measure of discretionary cash available to the Company to invest in the growth of its business.

EBITDA has limitations as an analytical tool, and potential investors should not consider it in isolation, or as a substitute for analysis of operating results as reported under IFRS. Some of these limitations include:

- EBITDA does not reflect the impact of financing or financing costs on operating performance, which can be significant and could further increase if TMK was to incur more debt.
- EBITDA does not reflect the impact of income taxes on operating performance.
- EBITDA does not reflect the impact of depreciation and amortisation on operating performance. The assets of TMK's businesses which are being depreciated and/or amortised will have to be replaced in the future and such depreciation and amortisation expense may approximate the cost to replace these assets in the future. By excluding this expense from EBITDA, EBITDA does not reflect TMK'sfuture cash requirements for these replacements.
- Other companies in the pipe industry may calculate EBITDA differently or may use them for purposes different from those of TMK, limiting their usefulness as comparative measure.

TMK compensates for these limitations by relying primarily on its IFRS operating results and using EBITDA only supplementally. Reconciliation of EBITDA to net profit is as follows:

(Millions of U.S. dollars)

	Year ended December 31	
	2006	**2005**
Profit before tax	618.5	350.1
Depreciation	112.4	104.8
Amortisation	2.3	0.8
Finance costs	76.5	78.2
Finance income	(15.8)	(1.8)
EBITDA	793.9	532.1

[3] EBITDA margin represents EBITDA as a percentage of revenue

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Market background

In 2006, strong fundamentals in the buoyant energy-related markets reflected the continuing demand for TMK tubular products, particularly from the oil and gas industry. TMK is among the three global leaders and has established itself as the leading Russian supplier of pipe products to the energy industry.

Further consolidation of the Romanian plants has expanded TMK's industrial structure and strengthened the Company's global reach.

Throughout the year, global demand for seamless OCTG (oil country tubular goods) and line pipes remained strong, supported by higher exploration and production activities in the oil and gas industry, particularly in Russia, the Caspian Region, and the Middle East.

Sustained high oil and gas prices led major state and international companies to implement comprehensive mid-term investment programs to offset the decline rate of mature fields and explore new reserves.

Drilling activity in TMK's traditional markets is currently shifting to more drilling intensive services. According to the M-I SWACO Rig Count, there was a 52% growth of active rigs in Russia in 2006 compared to the previous year. TMK's management believes that TMK is entering a period of double-digit drilling growth in Russia and the Caspian Region.

The major drivers behind OCTG consumption are looking increasingly favourable. TMK's management estimates that global apparent consumption of OCTG and line pipes grew by approximately 13% compared to 2005, and growth should come at around 10% per year over the next three years.

TMK continued to benefit from solid demand for its industrial seamless pipes within Russia, boosted by domestic mechanical engineering industry recovery and large scale investments in the energy and power sectors and oil refining.

Demand for industrial seamless pipes supplied from the Romanian site was defined by strong orders in Europe and North America.

Demand for TMK's welded pipe products benefited from a healthy economic environment in Russia, experiencing high GDP and investment growth in 2006.

With ongoing and upcoming pipeline projects in TMK's traditional Russian and Central Asian markets as well as growing expenditures for the maintenance and repair of existing transportation systems, TMK adjusted large diameter welded pipe deliveries to provide more efficient capacity utilization and better economic results.

An increase in construction activity coupled with improvements in TMK's domestic distribution supported the growth in industrial welded sales.

In 2006, in order to meet the increasing demand for high quality products and looking to expand our global commercial presence, TMK continued investing in its plants to increase production capacity of high value added products.

Higher results in 2006 were also a result of well balanced portfolio activities, in terms of industrial and commercial presence, and geographical distribution.

By placing greater emphasis on high value added products, TMK obtained a competitive edge over its competitors in Russia and by taking advantage of the production facilities' flexibility, TMK was able to quickly satisfy customer demand.

Results of operations

In 2006, TMK revenue increased by 15% and amounted to U.S.$3,384.5 million.

Sales volumes

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

(Thousands of tonnes)

	2006	2005	% change
Seamless pipes			
Russia	1,266	1,154	9.7%
Outside Russia	662	740	(10.5)%
	1,928	**1,894**	**1.8%**
Welded pipes			
Russia	839	949	(11.6)%
Outside Russia	230	97	137.1%
	1,069	**1,046**	**2.2%**
Total pipes	**2,997**	**2,940**	**1.9%**
of which			
Russia	2,105	2,103	0.1%
Outside Russia	892	837	6.6%

Seamless pipe sales growth has been primarily driven by the continuing strong demand from oil and gas companies as a result of increased drilling activity in the oil and gas sector, largely attributable to higher oil prices. In particular, sales volumes of the most profitable products, seamless OCTG for the oil and gas industry, increased by approximately 16% compared to 2005. In 2006, seamless pipes production operated at full capacity, explaining the relatively small increase in seamless pipe sales over the previous year. In 2006, TMK had lower sales of industrial seamless pipes than in the prior year as there was a redeployment of seamless production capacity to focus on the production of OCTG.

There was a relative redistribution of seamless pipe sales volumes between the non-Russian and Russian markets. A decrease in exports of seamless pipes from Russia attributable to antidumping procedures established in the European Union was compensated by sales in the Russian market.

Increase in welded pipe sales in 2006 was predominantly attributable to increased sales of industrial welded pipes. Industrial welded pipe sales growth has been driven by increasing demand from the building sector. The decrease of large-diameter welded pipe sales in the Russian market was compensated by a growth of sales volumes in Central Asia & the Caspian Region driven by the Kazakh government's gas pipe lines modernisation program (Central Asia-Center pipeline).

Revenue by business segment

The following table shows TMK's revenue by business segment for the years ended December 31:

(Millions of U.S. dollars)

	2006	**2005**	**% change**
Seamless pipes	2,216.1	1,788.0	23.9%
Welded pipes	949.0	912.9	4.0%
Other operations	219.4	237.3	(7.5)%
Total revenue	**3,384.5**	**2,938.2**	**15.2%**

Seamless Pipes.

In 2006, TMK recorded both higher average selling prices and higher sales volumes for seamless pipes, largely attributable to increasing demand from the oil and gas industry in light of globally high levels of hydrocarbons prices.

The increase in seamless pipe revenue was primarily attributable to increases in the prices for seamless pipes as well as increased sales volumes of TMK's highest priced product, seamless OCTG. Average selling prices for seamless pipes increased by 22% to U.S.$ 1,151 per tonne in 2006 from U.S.$ 944 per tonne in 2005 principally reflecting product mix improvement and better commercial coordination coupled with passing on of increased manufacturing costs attributable to higher raw material costs.

Welded Pipes.

As a result of changes in product mix, caused by the increase in sales volumes of medium and small diameter pipes with lower margin and the decrease in sales volumes of higher margin large diameter pipes, total welded pipe revenue and average selling price increased slightly. Average welded pipe selling prices increased by 2% to U.S.$ 889 per tonne.

The following table provides an analysis of TMK's revenue growth attributable to changes in prices and pipe volume:

(Millions of U.S. dollars and percentages)

	Welded pipes		**Seamless pipes**		**Total**	
2006 as compared to 2005						
Changes in price	15.5	43%	390.0	91%	405.5	87%
Changes in volumes	20.6	57%	38.1	9%	58.7	13%
Total change	**36.1**	**100%**	**428.1**	**100%**	**464.2**	**100%**

Other Operations principally include sales of steel billets and various supplementary services to third parties, such as energy distribution. Net sales from other operations decreased by 7.5% compared to 2005 principally reflecting TMK's strategy of focusing on seamless pipe production and, hence, a decrease in sales of steel billets.

Revenue by geographical segment

The following table shows TMK's revenue by geographical area based on the location of the customer for the years ended December 31:

(Millions of U.S. dollars, except percentages)

	2006	**2005**	**% change**
Russia	2,308.5	2,041.5	13.1%
Outside Russia	1,075.9	896.7	20.0%
Total revenue	**3,384.4**	**2,938.2**	**15.2%**

The increase in revenue from pipe sales in Russia compared to 2005 was primarily due to the increase in average selling prices in the Russian markets, evidencing strong growth in the Russian oil and gas industry.

The significant increase in sales to Central Asia and the Caspian Region over 2005 is credited to growing sales to Uzbekistan and Kazakhstan by TMK's subsidiary TMK-Kazakhstan, driven by an increased demand from the oil and gas sector. The increase in sales to the Middle East and the Gulf region over 2005 is primarily attributable to commenced sales to Saudi Aramco and increased sales prices. A slight decline in sales to the Americas was predominantly attributable to reallocation of seamless pipes sales to the Middle East. Sales to Asia, Far East and Africa remained insignificant.

Gross profit

Gross profit, representing revenue less cost of sales, increased by 38.5% to U.S.$1,034 million compared to 2005 as a result of an overall selling price increase in excess of raw material prices growth. Sales volume increases, improved product mix and improved operational efficiency also contributed to gross profit growth.

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

	2006	**2005**
Seamless pipes	39.6%	33.3%
Welded pipes	15.1%	14.1%
Other operations	6.1%	9.6%
Overall gross margin	**30.6%**	**25.4%**

Seamless Pipes

Gross margins for seamless pipes increased from 2005 as a result of an increasing proportion of higher-priced OCTG products in TMK's product mix and improved efficiency at the pipe rolling mills due to the continuing modernisation programs carried out in the plants.

Welded Pipes

The increase in the gross margin for welded pipes compared to 2005 was primarily attributable to significant increases in margins for medium and small diameter pipes driven by a favourable market environment, particularly affected by higher selling prices.

Other operations

Gross margins generated by other operations, compared to 2005, decreased principally due to relatively lower growth of prices for steel billets, the major component of sales of other operations, together with a significant increase in prices for metal scrap, the major raw material of other operations. Moreover, share of sales of higher-margin billets produced by TMK's Russian plants decreased, whereas share of lower-margin Resita billets sales increased in 2006 compared to 2005.

Cost of production

Raw materials, labour and energy costs are major components of TMK's cost of production.

Raw materials and add-on materials of production

Raw materials costs and costs of add on materials of production remained constant or increased slightly compared to 2005, reflecting the reducing trend in prices for certain materials in the first six months of 2006. In the second half 2006, raw material prices increased compared to the first half of 2006, but in general in 2006 they grew less than prices for TMK finished products. Whereas average prices for some raw materials, such as coils and plates, slightly decreased in 2006, average prices for scrap, a key input in seamless pipe production, increased by 19%-27% (depending on the region in Russia) in 2006 as opposed to 2005.

Labour cost and salaries and wages

The increase in labour costs from 2005 was driven principally by salary and wage increases in line with inflation as well as increased production volumes; the salaries of employees are based on performance indicators. The actual number of workers decreased by 0.2% as at 31 December 2006 in comparison with 31 December 2005. At the same time, salary and wage average rates increased by 10%-20% in compliance with the annual salaries indexation programme.

Energy and Utilities

Energy costs increased from 2005 due to higher production and energy prices.

Weighted average prices for natural gas and electrical energy increased by approximately 10-12% over 2005 average prices. Utility costs increased in 2006 as compared to 2005 principally due to higher energy and utilities prices.

Net profit

Net profit increased to U.S.$460.6 million in 2006, up 81% from 2005.

TMK recorded income tax expenses of U.S.$157.9 million in 2006, compared to U.S.$95.9 million in 2005. However, effective tax rate, defined by income tax expense as a percentage of profit before tax, decreased from 27.4% in 2005 to 25.5% in 2006.

Cash Flow

In 2006, the net increase in cash was U.S.$95.9 million.

Net cash flows from operating activities increased by 3.7% to U.S.$429.7 million. Even though operating cash flow before working capital changes rose by 41.1%, the increase in working capital put some pressure on cash flows.

Net cash used in investing activities nearly tripled to U.S.$519.6 million as opposed to U.S.$138.1 million in 2005. U.S.$140 million of this increase were bank deposits, representing funds that came to the Company after the repayment of loans by our controlling shareholder after the IPO which were not spent until year end. Capital expenditures came at U.S.$335.9 million, of which U.S.$231.4 million were strategic investments (net of VAT).

Net cash flows from financing activities were U.S.$182.6 million in 2006 compared to net cash used in financing activities of U.S.$241.8 million in the previous year. This change came from a growth in borrowings – net borrowings of U.S.$340.1 million as opposed to U.S.$127.4 million of net repayments in 2005. Despite having significant cash amounts in deposits, TMK preferred to use low interest rate investment-related financing.

Capital Expenditures

TMK has a strategic capital expenditure programme, which began in 2004 and extends through 2010, and is aimed at increasing seamless pipe production, increasing the efficiency of production facilities, improving the quality and range of products and increasing production of high value-added products.

The following table provides the breakdown of TMK's capital expenditures by types of activities for the years ended December 31:

(Millions of U.S. dollars)

	2006	2005	%change
Seamless pipes	251.2	119.6	110%
Welded pipes	5.9	1.7	247%
Other operations	1.9	4.2	(55)%
Unallocated	112.9	13.8	718%
Total capital expenditures	**371.9**	**139.3**	**167%**

The principal portion of capital expenditures in 2006 and 2005 was related to the installation of new continuous casting machines at Taganrog Metallurgical Works and Seversky Tube Works, a new reducing mill at Sinarsky Pipe Plant, a new rolling mill at SC TMK-Artrom, upgrades of electric furnace and continuous caster at Volzhsky Pipe Plant and improvements of the heat treatment and finishing capacity of the pipe plants. The significant increase in capital expenditures summarized under line item “Unallocated” was primarily attributable to the purchase of a new office building in Moscow.

TMK expects to continue to finance most of its capital expenditure needs through operating cash flows, existing cash balances, as well as debt financing and other sources as appropriate.

Net Debt

Net debt[4] increased by 28.7% to U.S. $740.3 million. Debt proceeds were primarily used to finance the strategic investment programme and an increase in working capital. TMK is very conscious about its degree of leverage and aims to keep net debt below one time EBITDA. Even with an increase in borrowings the leverage ratios improved in 2006. Net debt to EBITDA ratio came down to 0.93 times from 1.08 times in 2005.Net debt to

[4] Net debt represents long-term loans and borrowings plus short-term loans and borrowings plus financing lease liabilities less cash and cash equivalents and bank deposits classified as short-term investments. Net debt is not a balance sheet measure under IFRS, and should not be considered as an alternative to other measures of financial position. Calculation of net debt given herein may differ from the methodology used by other companies and therefore comparability may be limited.

Net Debt is a measure of operating performance that is not required by, or presented in accordance with, IFRS. Although net debt is a non-IFRS measure, it is widely used to assess liquidity and the adequacy of a company’s financial structure. We believe Net Debt provides an accurate indicator of an ability to meet financial obligations, represented by gross debt, from available cash. Net Debt allows to show investors the trend in net financial condition over the periods presented. However, the use of Net Debt effectively assumes that gross debt can be reduced by cash. In fact, it is unlikely that TMK would use all of cash to reduce its gross debt all at once, as cash must also be available to pay employees, suppliers and taxes, and to meet other operating needs and capital expenditure requirements. Net Debt and its ratio to equity, or leverage, are used to evaluate financial structure in terms of sufficiency and cost of capital, level of debt, debt rating and funding cost, and whether financial structure is adequate to achieve business and financial targets. TMK’s management monitors the net debt and leverage or similar measures as reported by other companies in Russia or abroad in order to assess TMK’s liquidity and financial structure relative to such companies. TMK’s management also monitors the trends in our Net Debt and leverage in order to optimise the use of internally generated funds versus funds from third parties.

Equity ratio improved to 0.42 compared to 0.46 in 2005. Interest coverage ratio[5] increased from 5.45 to 8.88 in 2006.

Net Debt has been calculated as follows:

(Millions of U.S, dollars)

	At 31 December	
	2006	**2005**
Net Debt calculation		
Add:		
Short-term loans and borrowings and current portion of long-term loans and borrowings	364.5	456.9
Finance lease liabilities, current portion	0.2	1.3
Long-term loans and borrowings, net of current portion	661.0	164.9
Finance lease liabilities, net of current portion	0.2	0.1
Less:		
Cash and cash equivalents	(143.7)	(47.8)
Bank deposits	(142.0)	-
Net Debt	740.3	575.4

[5] Interest coverage ratio is calculated as EBIT (profit before tax plus finance cost minus finance income) divided by finance costs amount