Moscow, May 19, 2008

TMK ANNOUNCES 2007 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 2007.

2007 Highlights

Financials:

- Revenue grew by 22.8% to U.S. $4,179 million primarily as a result of growth in prices for seamless tubular products due to increase in demand from the oil and gas industry and industrial sector.
- Gross profit came in at U.S. $1,288 million, an increase of 22.8% compared to 2006
- EBITDA increased 16.4% to U.S. $931.5 million on favourable pricing and stable demand.

Sales Volumes:

- Total pipe sales volumes were 3,088 thousand tonnes, including 2,039 thousand tonnes of seamless pipes
- Seamless pipe sales volumes climbed by 5.8%, as a result of increased demand for seamless line pipes and industrial seamless pipes. A strong 21.6% increase in line pipe sales compared to 2006, and a full load factor in seamless pipe production capacity affected OCTG pipes which decreased by 2.9% to 919 thousand tonnes. Industrial seamless pipe sales rose by 9.1% from robust demand on international markets and the commissioning of new rolling capacity.
- Welded pipe sales volume decreased by 1.9%, due to the postponement of a number of pipeline projects and increasing competition in the industrial welded segment.

Acquisitions / Joint Ventures:

- In January 2007, Seversky and Corinth Pipeworks SA, a major Greek welded-pipe manufacturer, entered in a joint-venture, ZAO TMK-CPW, to produce longitudinally welded pipes, primarily for the oil-and-gas industry. TMK's share in the JV is 51%.
- In 2007, TMK acquired Orsky Machine Building Plant, Truboplast, TMK-Pipe Maintenance Department, and TMK-Central Pipe Yard and

consolidated them into TMK Oilfield Services, reflecting TMK's goal of becoming a global supplier of high-technology products and services to the oil and gas sector.

- In August 2007, TMK established OOO TMK Premium Service to specialise in the development, manufacturing, sales, and servicing of pipes and Premium connections, the most attractive and profitable OCTG segment. TMK Premium Service offers a range of patented connections, developed by TMK R&D specialists and designed for onshore and offshore exploration and production drilling in challenging environments.

Corporate developments:

- In March 2007, TMK shareholders approved TMK's Share Option Programme. The Programme is split into three stages with options exercisable in 2007, 2008 and 2009. Members of the Board of Directors, the Management Board and senior management can purchase up to 1.1% of the total ordinary shares in OAO "TMK". The first stage of the Programme was completed in November 2007.

- Following the listing of TMK shares on the LSE and the RTS in 2006, TMK shares were admitted on the MICEX stock exchange in April 2007.

- In December 2007, at an Extraordinary General Meeting of Shareholders, TMK shareholders approved interim dividends, for the first 9 months of 2007, of RUR 3.63 per share (approximately U.S. $0.60 per GDR) for a total of RUR 3,169,0 million (approximately U.S. $128.1 million).

Summary 2007 Results

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

	2007	2006	Change, %
Revenue	**4,178.64**	**3,402.31**	***22.8%***
Gross profit	**1,288.03**	**1,048.70**	***22.8%***
Profit before tax	**698.75**	**621.88**	***12.4%***
Net profit	**506.31**	**462.25**	***9.5%***
Earnings per GDR[1], U.S.$	**2.24**	**2.04**	***9.8%***
EBITDA[2]	**931.50**	**800.20**	***16.4%***
EBITDA margin[3], %	*22.3%*	*23.5%*	

[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. EBITDA does not reflect TMK's future 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 profit before tax is as follows:

(Millions of U.S. dollars)

	Year ended December 31	
	2007	**2006**
Profit before tax	698.8	621.9
Depreciation	137.7	114.4
Amortisation	2.6	2.4
Finance costs	105.0	77.3
Finance income	(12.6)	(15.8)
EBITDA	931.5	800.2

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

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For further information please contact:
TMK IR Department:

Alexey Ratnikov
Tel: +7 495 775 7600 ext. 2078
Email: IR@tmk-group.com
www.tmk-group.com

Market background

TMK is among three global leaders and is the leading Russian supplier of pipe products to the energy industry. In 2007, demand for TMK tubular products remained strong, particularly from the oil and gas industry and mechanical engineering sector. According to TMK estimates, the global pipe market grew by around 7.5% in 2007 whereas the Russian pipe market grew faster and increased by 13.0%.

Further international expansion allowed TMK to strengthen its global reach. TMK entered new markets, such as Australia, the United Kingdom, Jordan and Qatar, and opened additional commercial offices in Singapore and Turkmenistan and a warehouse in Dubai.

Throughout the year, demand for seamless OCTG (Oil Country Tubular Goods) and seamless line pipe remained strong, fuelled by higher exploration and production activities in the oil and gas industry.

Record-setting oil prices drove major state-owned and international companies to revise E&P investment programmes upwards to offset the declining production rates of mature fields, pushing exploration to new frontier regions. According to Lehman Brothers, global E&P spend increased by 15% in 2007.

The Russian oil and gas production landscape is shifting to complex operating environments as production of oil and gas on traditional fields declines. Drilling activity in Russia is moving further to Eastern Siberia and offshore regions. According to TMK estimates, the Russian OCTG market increased by 8.8% in 2007. TMK remains the dominant supplier of seamless OCTG and line pipes in Russia with 61.2% and 54.0% market share, respectively.

While OCTG demand remained strong in Russia on the back of increasing E&P spending from oil and gas companies, some weakness was observed on the North American and Middle-Eastern markets which suffered from an overstocking situation that overshadowed global seamless market growth and led to increased competition and pricing pressure.

Given the more favourable situation on the Russian market, TMK increased its domestic sales by decreasing exports volumes from its Russian plants by 7.4% in 2007 as compared to 2006. Consequently, the share of sales volumes outside Russia decreased to 29.0%.

TMK continued to benefit from solid demand for its industrial seamless pipes within Russia on the back of Russian mechanical engineering industry recovery. TMK's Romanian subsidiaries recorded a substantial sales volumes increase following the commissioning of a CPE mill at TMK-Artrom and the launch of TMK-Resita's continuous caster. According to TMK estimates, the Russian market for industrial seamless pipes increased by 14.9% in 2007, with most of the growth coming from cold-drawn, hot-rolled pipes, and stainless pipe segments.

In the second half of 2007, a number of announced large-diameter pipeline projects were delayed to 2008-09 resulting in a decline of the Russian large-diameter pipe market. For TMK this situation was somewhat offset by the implementation of large scale projects in other CIS markets such as Turkmenistan and Kazakhstan, where demand remained strong.

Nevertheless, the Russian large-diameter market remains very promising to TMK, as a new welding mill producing longitudinal thick-walled large-diameter pipes will be brought on line in the third quarter of 2008, prior to the revised launch of large-scale pipeline projects.

Results of operations

In 2007, TMK revenue increased by 22.8% as compared to 2006 and amounted to U.S. $4,178.6 million.

Sales volumes

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

(Thousands of tonnes,%)

	2007	2006	% change,
Seamless pipes			
Russia	1,367	1,266	8.0%
Outside Russia	672	662	1.5%
	2,039	**1,928**	**5.8%**
Welded pipes			
Russia	824	839	(1.8)%
Outside Russia	225	230	(2.2)%
	1,049	**1,069**	**(1.9)%**
Total pipes	**3,088**	**2,997**	**3.0%**
of which			
Russia	2,191	2,105	4.1%
Outside Russia	897	892	0.6%

Despite a full load factor in seamless pipe production capacity and the necessary downtime of equipment due to wide scale ongoing modernisation programme, TMK was able to increase sales of pipe products by 3.0% in 2007 as compared to 2006. Moreover, sales of seamless pipes, the most profitable type of product, rose by 5.8%.

The largest growth within seamless pipes sales in 2007 occurred in the seamless line pipe segment. These pipes are used for infield transportation of oil from wells to connectors and refineries. Favourable pricing conditions and increased demand for seamless line pipes made it possible to increase sales by 21.6% over 2006 to 472 thousand tonnes. Sales volumes of seamless line pipes on the Russian market rose by 32.6% to 337 thousand tonnes in 2007 as compared to 2006.

Fully loaded capacity, equipment downtime due to the modernisation of production facilities at TAGMET and the overstocking situation on the North American market were responsible for a 2.9% decline in seamless OCTG sales volumes which decreased slighty to 919 thousand tonnes and accounted for 29.8% of total pipes sales volumes in 2007.

Sales of industrial seamless pipes rose by 9.1% in 2007 versus 2006 and reached 648 thousand tonnes. The biggest growth contribution came from an 11% increase in sales volumes on the markets outside Russia. This increase in sales volumes was largely due to the commissioning of a CPE (Cross Piercing Elongator) mill at TMK-Artrom in the second quarter of 2007, making it possible to increase sales volumes of pipe products from the Romanian pipe mill by 69.3%.

The decrease in welded pipe sales in 2007 was predominantly attributable to increased competition on the Russian market and shifts in large-diameter pipes demand. Sales volumes of welded pipes decreased by 1.9% compared to 2006.

Intensifying competition in the lower-margin small and medium diameter industrial welded pipe segment combined with a reduction in the financing of public utilities in the second half of the year were responsible for an 8.4% decline in industrial welded pipes sales on the Russian market. This decline was somewhat offset by an increase in sales outside Russia of industrial welded pipes.

Another important factor was the decline in sales of large-diameter pipes caused in part by delays in large-scale Russian pipeline projects as well as by a shift in demand on the markets outside Russia. Nonetheless, TMK still managed to divert sales of large-diameter pipes from Russia to its CIS markets, notably Turkmenistan and Kazakhstan.

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, %)

	2007	**2006**	**% change,**
Seamless pipes	2,849.4	2,213.4	28.7%
Welded pipes	1,118.5	949.0	17.9%
Other operations	210.7	239.9	(12.2)%
Total revenue	**4,178.6**	**3,402.3**	**22.8%**

Seamless Pipes

TMK's seamless pipes revenues increased not only in absolute terms but also in the share of total sales revenues, from 65.1% in 2006 to 68.2% in 2007.

The increase in seamless pipe revenue was mainly due to increases in prices for seamless pipes. Prices for seamless pipes have been rising recently, fuelled by the increase in demand from the oil-and-gas industry and the industrial sector. Average selling prices for seamless pipes grew by 21.7% to an average of U.S. $1,397 per tonne, compared to an average price of U.S. $1,148 per tonne in 2006.

Welded Pipes

Revenues from the sale of welded pipes rose by 17.9% in 2007 compared to 2006 while their share in total revenues dropped from 27.9% in 2006 to 26.8% in 2007. In 2007, the average revenue per tonne in the welded pipe segment increased by 20.0% to U.S. $1,066 per tonne, compared to U.S. $888 per tonne the previous year. This was primarily due to the passing on of steel price increases in the first half of 2007.

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

(Millions of U.S. dollars, other than percentages)

	Seamless pipes		Welded pipes		Total	
2007 as compared to 2006						
Changes in average price	480.9	21.7%	190.8	20.1%	671.7	21.3%
Changes in volumes	155.1	7.0%	(21.3)	(2.2)%	133.8	4.2%
Total change	**636.0**	**28.7%**	**169.5**	**17.9%**	**805.5**	**25.5%**

Other Operations

In 2007, revenues from other operations, representing primarily sales of steel billets to third parties, decreased by 12.2% compared to 2006 and represented 5.0% of total revenues as a result of TMK's strategy to focus on seamless pipe production and to meet in-house steel billet needs. In 2006 and 2007, continuous casting machines were put into operation at Seversky, TAGMET and TMK-Resita, making it possible to produce concast steel billets meeting more than 90% of the seamless pipe feedstock requirements of Sinarsky, Seversky, TAGMET, and TMK-Artrom as well as reduce the proportion of purchased feedstock.

Gross profit

TMK's gross profit, representing revenue less cost of sales, increased by 22.8% in 2007 compared to 2006 as a result of an overall selling price increase in line with a growth in input costs. Sales volume increases and improved operational efficiency also contributed to gross profit growth.

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

	2007	2006
Seamless pipes	38,4%	40,0%
Welded pipes	16,8%	15,1%
Other operations	2,9%	8,1%
Overall gross margin	**30,8%**	**30,8%**

Seamless Pipes

Gross margins for seamless pipes decreased slightly from 40.0% in 2006 to 38.4% in 2007 as a result of a change in product mix: In 2007, the proportion of relatively lower-margin seamless line pipes and industrial pipes in TMK's product mix increased from 20.1% to 23.1% of seamless pipes sales volumes and from 30.8% to 31.8% of seamless pipes sales volumes, respectively.

Welded Pipes

Gross margins in the welded pipe segment increased to 16.8% in 2007. Favourable conditions on the industrial welded and large-diameter welded pipe markets resulted in 18.1% gross margins for welded pipes in the first half of 2007. However, in the second half of the year, gross margins in the welded pipe segment dropped to 15.6% due to a decrease in the share of large-diameter welded pipes brought on by delays in a number of major Gazprom projects and increasing competition in the small and medium-diameter welded pipe segment which negatively influenced prices.

Other operations

Gross margins generated from other operations were lower in 2007 compared to 2006. This was mainly due to changes in the segment's structure as a result of a decrease in steel billet sales. Share of sales of lower-margin billets produced at TMK-Resita increased while the share of sales of higher-margin steel billets produced at other TMK plants decreased as production was used to meet TMK's billet needs.

Cost of production

Raw materials and add-on materials of production

Raw materials and consumables are the main component of TMK's cost of production and accounted for 72.9% of all production costs in 2007. Raw materials and consumables costs rose by 21.4% to U.S. $2,138.5 million in 2007 compared to 2006, mirroring the increasing trend in prices for certain materials in the first six months of 2007. Average prices for certain types of steel billets rose by approximately 37% over 2006. However, this did not have a substantial effect on results given that TMK's self-sufficiency in steel billets is more than 90%. The main input for seamless pipe production remains steel scrap. Averages scrap prices rose 19–34% (depending on the region) compared to 2006. Average prices for hot rolled coils rose by 3–7% (depending on the region) and pig iron prices rose by 28–33% (depending on the region) in 2007 compared to 2006. TMK plans to cut its consumption of pig iron starting from 2008 when open-hearth furnaces at Seversky and TAGMET are replaced with electric arc furnaces.

Labour cost and salaries and wages

Labour costs constitute the second largest component of production costs and accounted for 12% of all production costs in 2007.

Labour costs rose by 24.4% to U.S. $362.3 million in 2007 as compared to 2006, due to inflation-driven increases in average wages and an increase in the proportion of highly-qualified personnel contracted for the installation of new equipment. To counter the shortage of specialists on the regional labour markets, wages at TMK's Russian factories were raised in order to remain competitive and reduce employee turnover. The average number of employees decreased to 49,403 in 2007. The reduction in employee numbers by 3,501 employees was partially offset by an increase of 1,103 employees brought on by the acquisition of new companies in 2007.

Energy and Utilities

Energy and other utilities accounted for about 8% of the total cost of production in 2007.

Energy and utilities costs rose by 31.5% to U.S. $235.4 million in 2007 as compared to 2006 due to a combination of rising energy prices and increased production. Depending on the region, average electricity prices rose by 7–15%, while average natural gas prices rose by 19–22% in 2007 compared to 2006. Energy costs were pushed up by the substantial production increases at TMK's Romanian plants due to the launch of new equipment in early 2007.

Net profit

In 2007, TMK's net profit increased by 9.5% as compared to 2006 and amounted to U.S. $506.3 million.

In 2007, corporate profits tax expenses increased to U.S. $192.5 million, compared to U.S. $159.7 million in 2006, on the back of rising pre-tax profits. The effective tax rate increased from 25.7% in 2006 to 27.5% in 2007 as the result of a one-time write-off of a deferred tax asset due to the recognition of employee benefit expenses arising from collective agreements as expenses not deductible for tax purposes.

Cash Flow

Net cash flows from operating activity equalled U.S. $324.1 million in 2007, down from U.S. $432.9 million in 2006. Operating cash flow before change in working capital increased by 16.2% in 2007 as compared to 2006. However, working capital increased faster than production and sales mainly due to an increase in accounts receivables from Gazprom and its subsidiaries. More than 70% of receivables from Gazprom outstanding as at 31 December 2007 was repaid in the period from 1 January to 1 May 2008. Taking into account sales to Gazprom in 2008, receivables from Gazprom as of May 1, 2008 decreased by more than 30% as compared to December 31, 2007.

Net cash used in investing activities increased by 8.9% in 2007 and equalled U.S. $568.6 million. The main increase in cash used in investing activities was related to TMK's Strategic Investment Programme. Capital spending amounted to U.S. $661.7 million in 2007, compared to U.S. $338.5 million in 2006. Concerning acquisitions, in 2007, TMK paid U.S. $72.4 million to acquire OAO RosNITI, OOO Truboplast, TMK- Pipe Maintenance Department and TMK-Central Pipe Yard.

Net cash flows from financing activities in 2007 decreased by 1.8% and amounted to U.S. $178.4 million. Net borrowings increased to U.S. $441.0 million in 2007 compared to U.S. $330.8 million in 2006. TMK paid U.S. $105.6 million and U.S. $61.6 million in loan interest in 2007 and 2006, respectively. In the second half of 2007, during the first stage of its Stock option programme, TMK sold 1,873,457 of its shares to senior management for U.S. $15.9 million.

In August 2007, TMK paid dividends for 2006 in the amount of U.S. $146.4 million.

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)

	2007	2006	% change
Seamless pipes	513,1	271,5	89,0%
Welded pipes	35,0	5,9	493,2%
Other activities	2,3	1,9	21,1%
Unallocated costs	83,2	95,3	(12,7)%
Total capital expenditures	**633,6**	**374,6**	**69,1%**

2007 was a record-setting year for TMK in terms of investments in fixed assets, which increased by approximately 69.1% over 2006 and totalled U.S. $633.6 million. This increase came primarily from the financing of a number of key investment projects.

In 2007, the construction of a new PQF (Premium Quality Finishing) pipe-rolling mill capable of producing 600 thousand tonnes of pipes per year began at TAGMET. This mill will produce seamless steel pipes with improved performance characteristics that meet, and exceed, both Russian and international standards. The commissioning of the mill is scheduled for July 2008.

The commissioning of a 1 million tonne capacity electric arc steelmaking furnace at Seversky is scheduled for July 2008.

In 2007, work began on the upgrading of Seversky's pipe rolling facilities and an agreement was concluded for the supply of a Fine Quality Mill (FQM) from Danieli, a world leader in the design, manufacturing and installation of equipment for the steel industry. The commissioning of the new mill is scheduled for 2010.

Volzhsky's heat treatment capacity is being upgraded and increased to 600 thousand tonnes of pipes per annum.

TMK plans to begin production of large-diameter longitudinal welded pipes at Volzhsky in 2008. HAEUSLER AG of Switzerland, one of the world's biggest producers of welded pipe production equipment, will supply the new 650 thousand tonnes annual capacity facility. Production from this mill will allow TMK to participate in all pipeline construction projects, including the offshore section of Nord Stream and other high-pressure environments.

In November 2007, TMK-Resita completed work on the commissioning of a new continuous casting machine, allowing it to increase its steel billets production capacity.

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

Net Debt

Net debt nearly doubled in 2007 to U.S. $1,346.6 million as of December 31, 2007 compared to U.S. $748.6 million as of December 31, 2006. Debt proceeds were primarily used to finance TMK's Strategic Investment Programme and to meet working capital needs. Net debt to EBITDA ratio increased to 1.45 times in 2007 as opposed to 0.94 times in 2006. EBITDA increased by 16.4%, and came in at U.S. $931.5 million in 2007 compared to U.S. $800.2 million for 2006.

(Millions of U.S. dollars)

		2007	2006
Calculation of net debt[4]			
Including:			
	Short-term loans and current portion of long-term loans	1 033.3	371.7
	Long-term loans, minus current liabilities	506.0	662.9
	Total	**1 539.3**	**1 034.6**
Net of:			
	Cash and cash equivalents	(89.0)	(144.0)
	Deposits and short-term promissory notes[5]	(103.7)	(142.0)
	Total	**(192.7)**	**(286.0)**
Net debt		**1 346.6**	**748.6**

[4] *Net Debt is a measure of TMK's 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.*

[5] *Line "Deposits and short-term promissory notes" includes promissory notes received as at December 31, 2007 in the amount of U.S. $103.6 million included in the line "Trade and other receivables" of the consolidated financial statements.*