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PRESS RELEASE

TMK Completes Key Strategic Investment Projects

TMK, one of the world's largest producers of pipes for the oil and gas industry, today announces that it commissioned a new electric arc furnace (EAF) at its Seversky Tube Works (STZ) subsidiary. The steelmaking equipment was supplied by SMS Demag and its commissioning marks the completion of key strategic initiatives formulated to increase the efficiency of production processes through the modernisation and expansion of steelmaking operations and pipe-making facilities.

The commissioning of the EAF complements the earlier launched ladle furnace and continuous casting machine and is the final step in the creation of a modern steel-producing complex at Seversky Tube Works. Capable of producing up to 1 million tonnes of liquid steel or 950 thousand tonnes of steel billets, the EAF increases the mill's steelmaking capacity by 25%. The production ramp-up period is scheduled to be completed in the second quarter of 2009.

The commissioning of this new EAF will make it possible to expand smelting operations, including high alloy and anti-corrosion steel production. The EAF will also provide Seversky with a greater degree of quality and production cost control over the steel used in its pipe-making operations. This new equipment will substantially reduce the environmental impact of steelmaking operations by decreasing atmospheric emissions and reducing production waste by 70%. The operational efficiency of the furnace's gas cleaning system is unparalleled in Russia and the CIS, fine particle emissions from steelmaking operations will be twice lower than Russian norms and 1.3 times lower than European Union requirements.

TMK began implementing its Strategic Investment Programme in 2005. A number of projects designed to increase production capacity have since been completed, including the installation of a piercing mill at Seversky, a cross piercing elongator at TMK-Artrom, a PQF mill at Tagmet, and a large-diameter longitudinal welded pipe mill at Volzhsky. Further investments were made in finishing operations, including the installation of additional casing threading capacity at the Volzhsky and Tagmet plants, the expansion of heat treat capacity at the Volzhsky, Tagmet and Sinarsky mills, and the commissioning of external anti-corrosive and internal smooth coating lines at Volzhsky. TMK significantly enhanced the quality of products and reduced costs with the commissioning of continuous casting machines at the Seversky, Tagmet and TMK-Resita plants.

Alexander Shiryayev, newly appointed TMK CEO, commented: "The upgrading of production assets coupled with the installation of leading edge equipment have given TMK self-sufficiency in billet production for its seamless operations. Through the consolidation of its North American assets, TMK now has the world's largest pipe production capacity; with total capacity exceeding 6 million tonnes per year, including 2.2 million tonnes of OCTG threading, 2 million tonnes of heat treating and 1.2 million tonnes of coating capacities. Over the short to medium-term, with no major investments ahead,



we will focus on strengthening TMK's market positions in its core geographies, Russia, the CIS and North America.”

TMK (www.tmk-group.com)

TMK (LSE: TMKS) is the largest pipe producer in Russia and one of the three global market leaders.

In 2007, TMK shipped over 3 million tonnes of pipes. TMK supplies to companies in more than 60 countries.

TMK production facilities are located in Russia, the United States, Romania and Kazakhstan

- Volzhsky Pipe Plant
- Seversky Tube Works
- Taganrog Metallurgical Works
- Sinarsky Pipe Plant
- TMK IPSCO
- TMK-Resita SA
- TMK-Artrom SA
- TMK-Kaztrubprom
- TMK Oilfield Services
- TMK-Premium Service

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