

MERGENT INDUSTRIAL

NEW LISTING

July 16, 2010



This Supplemental News Reports is published as required, is part of the annual MERGENT INDUSTRIAL and INTERNATIONAL MANUALS and will be included in the bound 2010 August Monthly News Reports and is published on our Website.

OAD TMK

Company Website: www.tmk-group.com

History: Incorporated in Russia on Apr. 17, 2001 as a closed joint stock company (ZAO). Re-registered as an open joint stock company (OAO) on June 16, 2005.

In 2002, Volzhsky Pipe Plant Became part of Co.

In 2002, Seversky Tube Works became part of Co.

In March 2003, Taganrog Metallurgical Works became part of Co.

In March 2003, Sinarsky Pipe Plant became part of Co.

In 2006, Co. purchased an additional 1.31% of OAO Sinarsky Pipe Plant shares, 1.37% of OAO Seversky Pipe Plant shares and 0.42% of OAO Taganrog Metallurgical Plant shares. The total amount paid for the shares was US\$21,423,000.

In Mar. 2006, Co. acquired TMK Europe GmbH (Germany) which owned the controlling share holdings of two Romanian enterprises - Steel Tubes Enterprise SC Artrom SA (subsequently renamed SC TMK-ARTROM SA) and Integrated Iron and Steel Work SC Combinatul Siderurgic Resita (subsequently renamed SC TMK-Resita SA).

On Mar. 1 2006, Co. purchased a 100% ownership interest in Sinara Handel GmbH.

On May 16, 2006, Co. purchased the remaining 50% interest in Eurosinara S.r.l for cash consideration of Euro 1,000 thousand (1,290 at the exchange rate as at the date of transfer), increasing its interest to 100%.

On Nov. 9, 2006, Co. purchased a 75% ownership interest in OAO Orsky Machine Building Plant for US\$45,512,000 from an entity under common control with the Group.

In 2007, Co. purchased an additional 0.25% of OAO Sinarsky Pipe Plant, 0.32% of OAO Seversky Tube Works, and 0.21% of OAO Taganrog Metallurgical Works, for a total of US\$5.4 million.

In 2007, Co. established ZAO TMK-CPW with 51% ownership.

In 2007, Co. acquired all the ordinary shares of Orsky Machine Building Plant, TruboPlast, Central Pipe Base and Pipe Repair Department; these assets are now part of TMK Oil Field Services.

On Jan. 31, 2007, Co. acquired 100% of the ordinary voting shares in OAO Orsky Machine-Building Plant (OMZ), equal to 75% of the charter capital in OMZ, for US\$45.5 million.

In Mar. 5, 2007, Co. acquired 76.34% of OAO Russian Pipe Industry Research Institute (RosNITI) for US\$3.1 million.

In July 2007, Co. acquired a further 21.02% of RosNITI for a total of US\$0.9 million, raising its share of ownership in RosNITI to 97.36%.

On July 19, 2007, Co. purchased a 100% ownership interest in OOO Predpriyatiye Truboplast (Truboplast).

In Aug. 2007, Co. established OOO TMK-Premium Service.

On Sept. 28, 2007, Co. purchased 100% of OOO Truboplast for US\$24.0 million.

In Dec. 2007, Co. acquired service assets from TNK-BP: 100% of OOO Central Pipe Base (subsequently renamed TMK-Central Pipe Yard) and 100% of ZAO Pipe Repair Department (subsequently renamed TMK-Pipe Maintenance Department), for a cost of approximately US\$81.8 million.

In Dec. 2007, Co. and SMS Demag AG, established the enterprise TMK-SMS Metallurgical Services. Co.'s share in the entity is 51%.

In 2008, Co. purchased additional 0.24% of OAO - Seversky Pipe Plant shares, 0.27% of OAO - Sinarsky Pipe Plant shares. The total cash consideration for the shares amounted to US\$2,547,000.

In Mar. 2008, Co. set up OOO TMK Oilfield Services for the management of oilfield services companies belonging to TMK (including OMZ, Truboplast, TMK Pipe Maintenance Department and TMK Central Pipe Yard).

On Mar. 14, 2008, Co. purchased IPSCO's pipe business from SSAB. Co. acquired 100% of IPSCO Tubulars Inc. and 51% of NS Group Inc. for approximately US\$1.2 billion.

On June 9, 2008, Co. acquired 100% of TOO Kaztrubprom (Uralsk, Republic of Kazakhstan) for US\$8,400,000.

On June 12, 2008, Co. acquired control over NS Group Inc. and IPSCO Tubulars Inc. As a result, cost of the acquisition of all of the shares in IPSCO Tubulars Inc. and NS Group Inc. for the Group amounted to US\$1,645,012, including cash consideration of US\$1,114,177 (net of adjustment for closing working capital of US\$133,704), a liability in respect of the put option of US\$510,625, transactions costs of US\$20,210.

In 2009, Co. purchased additional 0.69% of OAO Seversky Pipe Plant shares, 1.21% of OAO Sinarsky Pipe Plant shares, 0.12% of OAO Taganrog Metallurgical Plant and 0.51% of SC TMK-RESITA SA. The total cash consideration for the shares amounted to 9,349.

On Jan. 30, 2009, Co. acquired 49% of NS Group Inc. from Evraz Group S.A. and now controls 100% of NS Group Inc.

In the six-month period ended 30 June 2009, Co. purchased additional 0.65% of OAO Seversky Pipe Plant shares, 0.84% of OAO Sinarsky Pipe Plant shares, 0.06% of OAO Taganrog Metallurgical Plant shares and 0.24% of SC TMK-RESITA SA shares. The total cash consideration for the shares amounted to US\$6,749,000.

In Dec. 2009, Co. established new subsidiary TMK-INOX.

In Dec. 2009, Co. sold its 12% participation in North-Europe Pipe Project to a third party for a total consideration of Rr24,100 thousand.

Control: As at Dec. 31, 2009, Co.'s controlling shareholder was TMK Steel Limited. TMK Steel Limited is ultimately controlled by D.A. Pumpyskiy.

Business Summary: OAO TMK is a manufacturer and exporter of pipe products in Russia. Co. produces a range of pipe products, which are used in the oil-and-gas industry, the chemical and petrochemical industries, the energy and machine-building industries, construction and the municipal housing economy, shipbuilding, aviation, space and rocket equipment, and agriculture. Co.'s output consists of five main kinds of pipe - seamless threaded pipes from the oil-and-gas range (OCTG); seamless line pipes; industrial-use seamless pipes; large-diameter long-distance welded pipes and industrial-use welded pipes. Co.'s products are certified according to API ASTM and EN/DIN international standards.

Property: Co. maintains its head office in Moscow, Russia. Co. also maintains an ownership interest in the following plants and property: IPSCO Tubulars Inc., USA (100%), NS Group Inc., USA (100%), OAO "Sinarsky Pipe Plant", Russia (94,16%), OAO "Seversky Pipe Plant", Russia (94,20%), OAO "Volzhsky Pipe

Plant", Russia (100%), OAO "Taganrog Metallurgical Plant", Russia (96,05%), OAO "Orsky Machine Building Plant", Russia (75%), TOO Kaztrubprom, Kazakhstan (100%), SC TMK-ARTROM SA, Romania (92,66%), SC TMK-RESITA SA, Romania (100%) and ZAO "TMK-CPW", Russia (51%).

Subsidiaries

(Wholly owned unless otherwise indicated)

IPSCO Tubulars Inc. (United States)
NS Group Inc. (United States)
OAO - Sinarsky Pipe Plant (94.16%)
OAO - Seversky Pipe Plant (94.22%)
OAO - Volzhsky Pipe Plant
OAO - Taganrog Metallurgical Plant (96.06%)
OAO - Orsky Machine Building Plant (75%)
ZAO - Trade House TMK
OOO TMK-INOX
OOO - Skladskey Kompleks TMK
TOO -TMK-Kazakhstan (Kazakhstan)
TOO Kaztrubprom (Kazakhstan)
OOO - TMK-Trans
OOO - Blagoustroystvo
OOO - Sinarsky Trubnik
OOO - SinaraTransAvto
OOO - Sinaraproekt
TMK Global AG (Switzerland)
TMK North America Inc. (United States)
TMK Italia s.r.l. (Italy)
TMK Middle East FZCO (United Arab Emirates)
OOO Pokrovka 40 (Russia)
TMK Europe GmbH (Germany)
SC TMK-ARTROM SA (Romania) (92.66%)
SC TMK-RESITA SA (Romania)
WRJ INWESTYCJE SP Z O.O. (Poland)
Joint-Stock Company - Russian Research Institute of the Tube and Pipe Industries (97.36%)
OOO - Predpriyatiye - Truboplast
ZAO - Pipe Repair Department
OOO - TMK-Premium Services
OOO - Central Pipe Yard
OOO - Accounting services center
Rockarow Investments Limited (Cyprus)
ZAO - TMK-CPW (51%)
OOO TMK - SMS Metallurgical Service (51%)

Officers

Dmitriy Pumpyskiy, Chairman
Alexander Shiryayev, Chief Executive Officer
Andrey Kaplunov, Deputy Chief Executive
Alexander Klachkov, Deputy Chief Executive
Alexander Lyalkov, Deputy Chief Executive
Vladimir Oborsky, Deputy Chief Executive
Konstantin Semerikov, Deputy Chief Executive
Tigran Petrosyan, Chief Financial Officer
Vladimir Shmatovich, Senior Vice President - Strategy,
Senior Vice President - Business Development
Sergey Agafonov, Vice President - Oil and Gas Services
Sergey Bilan, Vice President; Chief Marketing Officer
Nikolay Kolbin, Vice President - Organizational Development
Yuri Ogurtsov, Vice President; Chief Information Officer
Alexander Valeyev, Vice President; Chief Security Officer
Natalia Khonina, Chief Accounting Officer
Elena Blagova, Group Executive
Anatoly Brizhan, Group Executive

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Nikolay Fartushny, Group Executive
Piotr Galitzine, Group Executive
Adrian Popescu, Group Executive
Anatoly Stetsenko, Group Executive
Mikhail Zuyev, Group Executive

Directors

Dmitriy Pumpyanskiy, Chairman
Mukhadin Eskindarov Andrey Kaplunov
Igor Khmelevsky Josef Marous
Sergey Papin Thomas R. Pickering
Alexander Shiryayev Alexander Shokhin
Geoffrey Townsend

Shareholder Relations: Alexei Ratnikov & Olivier Harvey, Tel.: 7 495 775 76 00

No. of Stockholders: June 30, 2009, 4,297

No. of Employees: Jun. 30, 2009, 45,600

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Consolidated Income Account, years ended Dec. 31
(in thousands of United States \$):

	2009	2008 (revised)	2007 (revised)
Tot rev	3,460,997	5,690,002	4,178,644
Sales of goods	3,393,303	5,603,411	4,144,680
Rendering of services	67,694	86,591	33,964
Cost of sales	(2,904,597)	(4,252,452)	(2,890,616)
Gross profit	556,400	1,437,550	1,288,028
Sell & distrib exps	(312,551)	(344,061)	(238,176)
Advert & promo exps	(4,579)	(10,122)	(5,286)
Gen & admin exps	dr203,748	dr267,897	dr218,275
Research & devel exps	(10,214)	(15,164)	(10,139)
Other oper exps	(33,157)	(52,043)	(56,225)
Other oper inc	16,006	7,120	4,968
Impair of goodwill assets	dr10,053	(3,512)	
Amort of ancillary costs incurred in connect with the arrangement of borrowings		(29,500)	(6,271)
Int exp		(242,675)	(92,698)
Loss on finl assets & liabilities, net			(3,428)
Fin costs	(446,875)	(272,175)	(102,397)
Gain on exting of debts	38,928		
Int inc - bank accts & dep	2,348	2,739	12,485
Gain on disp of avail-for-sale invest	1,988		
Chg in fair val of liabil under put options held by minority shhldrs in Taganrog Metallurgical plant		5,981	
Other fin inc			123
Fin inc	43,264	8,720	12,608
Sh of profit in associate	1,416	3,006	971
Gain on disp of associate	379		
Excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities & contingent liabilities over the cost of acquisition			2,214

Profit bef tax	(426,755)	308,084	698,751
Inc tax benefit / (expense)	103,010	(109,612)	(192,442)
(Loss) / profit for the yr	(323,745)	198,472	506,309
Profit attrib to eq holders of the parent entity	(315,726)	199,408	487,152
Profit attrib to minority interest	(8,019)	(936)	19,157
Common shares thousands (000):			
Weight avg ordinary shares outstanding - basic	865,858	870,183	872,090
Weight avg ordinary shares outstanding - diluted	865,858	870,183	872,257
Yr end shares outstg	873,001	873,001	873,001
Basic earn per sh	\$(0.36)	\$0.23	\$0.56
Diluted earn per sh	\$(0.36)	\$0.23	\$0.56

Reclassified to conform with 2009 presentation
Reclassified to conform with 2008 presentation

Consolidated Balance Sheet, as of Dec. 31
(in thousands of United States \$):

	2009	2008 (revised)
Assets:		
Cash & cash equivs	243,756	143,393
Finl invests	4,075	3,885
Trade receivables, net	576,132	755,680
Officers & employees	1,471	2,312
Other accts receiv	16,514	6,819
Gross accts receiv	594,117	764,811
Allow for doubtful debts	(15,161)	(13,120)
Trade & other receivs	578,956	751,691
Accts receiv fr rel parties	1,240	6,009
Invent	926,394	1,175,936
Prepay & input VAT	176,489	186,744
Ppd inc tax	46,104	26,290
Tot curr assets	1,977,014	2,293,948
Invests in an associate		2,726
Avail-for-sale invests		6,520
Intang assets	558,359	665,545
Accts receiv - rel parties	68	68
Prop plt & equipment, net	3,402,680	3,322,160
Goodwill	555,462	568,424
Defer tax assets	135,652	138,707
Other non-curr assets	51,874	69,609
Tot non-curr assets	4,704,095	4,773,759
Tot assets	6,681,109	7,067,707
Liabilities:		
Trade pays	417,108	546,217
Accts pay for prop plt & equipmt	138,092	144,585
Notes issued to third parties	5,941	869
Sales rebate pay	1,541	5,400
Other pays	10,836	12,863
Trade & other pays	573,518	709,934
Accts pay to rel parties	21,772	1,459
Accrued liabil	145,247	665,452
Provs	9,455	10,476
Int-bear loans & borrow	1,537,382	2,216,459
Dividends pay	469	361
Inc tax pay	8,596	39,823
Tot curr liabil	2,621,988	3,740,394
Int-bear loans & borrow	2,214,168	994,225
Defer tax liabil	271,664	370,561
Provs	21,851	19,702

Empl ben liabil	18,441	17,187
Other liabil	13,701	15,216
Tot non-curr liabil	2,539,825	1,416,891
Tot liabil	5,161,813	5,157,285
Issued cap	305,407	305,407
Treas shares	(37,378)	(37,827)
Addit paid-in cap	104,003	97,915
Reserve cap	15,387	15,387
Retain earn	1,019,322	1,343,255
Fgn currency transl reserve	36,681	89,274
Eq attrib to holders of parent	1,443,422	1,813,411
Minor interests	75,874	97,011
Tot eq	1,519,296	1,910,422
Tot eq & liabil	6,681,109	7,067,707
Tot liabil & stkhlders eq	6,681,109	7,067,707

Reclassified to conform with 2009 presentation

Long-Term Debt: Dec. 31, 2009, US\$2,550,412,000 (including current portion of US\$272,774,000 and unamortized debt issue costs of US\$63,470,000) comprised of:

- US\$2,160,060,000 bank loans.
- US\$352,021,000 bearer coupon debt securities comprised of: 3,000,000 bonds with a nominal value of Rr1,000 (US\$35.95 at the exchange rate as at the date of issuance) each, with eight coupons periods of 182 days each, maturing on Mar. 24, 2009, bearing interest at annual interest rate of 7.6%; and 5,000,000 bonds with a nominal value of Rr1,000 (US\$35.53 dollars at the exchange rate as at the date of issuance) each, with ten coupon periods of 182 days each, maturing Feb. 15, 2011, bearing interest for the first, second, third and fourth semi-annual coupon at 7.95% per annum.
- US\$38,331,000 finance lease liability.

Line of Credit: As at Dec. 31, 2009, Co. had unutilized borrowing facilities in the amount of US\$411,175,000.

Capital Stock: 1. OAO TMK ordinary; par RUB10.00.

OUTSTG — Dec. 31, 2009 873,001,000 shs; par RUB10.00.

OWNERSHIP — As at Dec. 31, 2009, Co.'s controlling shareholder was TMK Steel Limited. TMK Steel Limited is ultimately controlled by D.A. Pumpyanskiy.

DIVIDENDS PAID — (in Rr):
2007 4.30 2008 6.41

OPTIONS — Dec. 31, 2009, options outstanding, 3,841,204 shares.

REGISTRARS — OAO Registrar R.O.S.T, Moscow, Russia⁷

LISTED — Russian Trading System (RST): TRMK

2. OAO TMK Global Depositary Receipt (Sponsored) 144A; no par.

One Global Depositary Receipt equals four Common shares.

DIVIDENDS PAID — (in US\$):

2007 0.55 2008 0.61 2009 0.18

To Sept. 12.⁷⁷

DEPOSITARY — The Bank of New York Mellon, New York, NY

3. OAO TMK Global Depositary Receipt (Sponsored) Reg S; no par.

One Global Depositary Receipt equals four Common shares.

DIVIDENDS PAID — (in US\$):⁷

2007 0.55 2008 0.61 2009 0.18

To Sept. 12.⁷

DEPOSITARY — The Bank of New York Mellon, New York, NY

LISTED — London (LON): TMKS

4. OAO TMK American Depositary Receipt; no par.

One American Depositary Receipt equals four Common shares.

DEPOSITARY — The Bank of New York Mellon, New York, NY

LISTED — Over-the-Counter (OTC): TMKXY