

2. Chairman's Letter

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ОАО ТМК
Annual Report 2010

Dmitry A. Pumpyanskiy
Chairman of the Board
of Directors

Dear shareholders,

TMK's results in 2010 show that the Company continues to successfully implement key strategic objectives, which are strengthening its position in comparison to a number of other global pipe manufacturers. In Russia, TMK still leads the pipe market, supplying products to the largest Russian companies in the fuel and energy industry. TMK is also a leader on the North American market for OCTG. Amid the global economic crisis and post-crisis market recovery, we passed a major test of strength and, consequently, not only finished last year with record production results but also secured a good foundation for the future thanks to our strong production and technological capabilities, as well as our innovative and flexible approach to creating new products.

Among our major areas of emphasis at TMK in 2010 has been the active development of technologies aimed at energy efficiency and nanotechnology, as well as environmental and scientific research. In particular, we have joined with RUSNANO to implement a project to produce stainless steel and alloy-based precision tubes through the use of nanotechnology. Innovative products like these will allow TMK to occupy a new market niche in the special-purpose pipe segment, and they will also enable the high-tech sectors of the Russian economy to become more competitive.

The Company has significantly strengthened its premium segment by offering consumers high-level, innovative products: premium connections; high-tech pipes for drilling, production and transport of hydrocarbons; and components of oil and gas columns that are individually designed for each field by taking into account its specific characteristics. The integrated use of innovative TMK products can reduce drilling costs by up to 20% and well operation costs by up to 17%. It can extend the life of well equipment twofold and reduce the total metal content used in well equipment by one third. TMK has made it a priority to become one of the leading manufacturers in the segment of premium tubular products. I am confident that our focus on the latest developments and technologies, high-tech manufacturing and, in many respects, unique tubular products and solutions, will enable us to achieve this goal.

TMK continues to employ the most advanced standards of corporate governance, adhering to principles of information disclosure and financial transparency.

I would like to mention TMK's Board of Directors and its committees, and their constructive engagement with the Company's management throughout 2010. Their effective collaboration has allowed us to successfully implement many solutions that are important to TMK both in its current work and in creating new benchmarks for the Company's long-term strategy.

In 2011, the Company is celebrating its 10th anniversary, and the trust placed in us by our investors, customers and partners all these years has played an important role in our achievements. In summing up another year at TMK, I thank you on behalf of the Company for our productive collaboration and look forward to further fruitful cooperation in the future. Today, TMK is faced with the global challenges of becoming a recognized world leader and achieving strong financial performance. I am certain that a clear vision about how the global pipe business will develop, an understanding and development of our competitive advantages, as well as the professionalism and cohesion of the Group's companies will all help us to successfully meet these challenges to grow even more shareholder value at TMK.

