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## TMK LAUNCHES TENDER OFFER VIA ALFA CAPITAL / CITI / JPM

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13 April 2016

TMK Capital S.A. (the 'Offeror') has today launched an invitation to eligible holders of the U.S.\$500,000,000 7.75 per cent. loan participation notes due 2018 of which U.S.\$408,820,000 remain outstanding (the 'Notes') issued by, but with limited recourse to, the Offeror for the sole purpose of financing a loan to PAO TMK (the 'Borrower') further described in the table below, to tender their Notes for purchase by the Offeror for cash (the 'Tender Offer').

The Tender Offer is being made on the terms and subject to the conditions contained in the tender offer memorandum dated 13 April 2016 (the 'Tender Offer Memorandum'). Capitalised terms used in this announcement but not otherwise defined have the meanings given to them in the Tender Offer Memorandum.

Description of the Notes	Common code/ISIN	Outstanding principal amount	Listing	Purchase Price	Maximum Acceptance Amount
U.S.\$500,000,000 7.75 per cent. Loan Participation Notes due 2018	058521159/ XS0585211591	U.S.\$408,820,000	London Stock Exchange	U.S.\$1,047.50 per U.S.\$1,000 in principal amount	U.S.\$200,000,000 in aggregate principal amount

### Rationale for the Tender Offer

The purpose of the Tender Offer is to reduce the Group's U.S. Dollar-denominated indebtedness and extend its maturity profile. The source of funding of the Tender Offer will be cash generated from operating activities of the Group and borrowings.

The Offeror has agreed with the Borrower to enter into a contractual arrangement with the Borrower under which the Borrower will prepay a portion of the Loan and the Offeror will procure the purchase of the Notes under the Tender Offer. The purchases of such Notes by the Offeror will be financed by the Borrower in the form of prepayment by the Borrower to the Offeror of the amounts in respect of such purchase, subject to the actual purchase of such Notes occurring. All Notes accepted for purchase under the Tender Offer will be cancelled and upon such cancellation a corresponding portion of the principal amount of the Loan to the Borrower (together with accrued interest) shall be deemed to have been repaid by the Borrower.

### Maximum Acceptance Amount

The Offeror proposes to purchase up to an aggregate principal amount of U.S.\$200,000,000 (the 'Maximum Acceptance Amount') although the Offeror (acting jointly with the Borrower) reserves the right, in its sole discretion, to purchase less than or more than the Maximum Acceptance Amount, subject to applicable law.

### Purchase Price

The Offeror will pay for each U.S.\$1,000 in principal amount of the Notes validly tendered and accepted by it for purchase pursuant to the Tender Offer a cash purchase price equal to U.S.\$1,047.50. In addition to the Purchase Price, the Offeror will also pay an amount equal to accrued and unpaid interest in respect of the Notes validly tendered and accepted for purchase by the Offeror.

### Acceptance of the Notes and Scaling

Subject to the right of the Offeror (acting jointly with the Borrower) to extend, withdraw, terminate or amend the terms and conditions of the Tender Offer, as described in the Tender Offer Memorandum, the Offeror intends to purchase an aggregate principal amount of Notes up to the Maximum Acceptance Amount, subject to the right of the Offeror (acting jointly with the Borrower) to accept or reject Offers to Sell in its sole and absolute discretion. If the aggregate principal amount of Notes validly tendered at the Purchase Price is greater than the Maximum Acceptance Amount, the Offeror intends to accept Notes validly tendered for purchase on a *pro rata* basis, as further described in the Tender Offer Memorandum.

### Expected Timetable for the Tender Offer

The expected timetable of events will be as follows:

Events/Dates	Times and Dates
<b>Launch Date</b> Tender Offer announced. Tender Offer Memorandum available to Qualifying Holders upon request from the Tender Agent. Beginning of Tender Offer Period.	13 April 2016
<b>Expiration Time and Expiration Date</b> Deadline for receipt by the Tender Agent of Electronic Instructions. End of Tender Offer Period. Qualifying Holders should note that Electronic Instructions must be submitted in accordance with the deadlines of the Clearing Systems, which will be before the Expiration time.	4.00 p.m. (London time) on 22 April 2016
<b>Announcement of the results of the Tender Offer</b> Announcement by the Offeror of whether the Offeror will accept, subject to the Transaction Conditions being waived or satisfied, any Notes pursuant to the Tender Offer, and if so accepted, of the aggregate principal amount of Notes so accepted for purchase and the Scaling Factor (if applicable).	25 April 2016
<b>Settlement Date</b> Settlement of the Tender Offer.	Expected on 28 April 2016

## General

The complete terms and conditions of the Tender Offer are set forth in the Tender Offer Memorandum, which will be sent to Qualifying Holders at their request. Noteholders are urged to read the Tender Offer Memorandum carefully.

The Borrower and the Offeror have retained Alfa Capital Holdings (Cyprus) Limited, Citigroup Global Markets Limited and J.P. Morgan Securities plc to act as Joint Dealer Managers for the Tender Offer.

## Operational Procedure Description

In order to participate in the Tender Offer, Qualifying Holders must validly tender their Notes by delivering, or arranging to have delivered on their behalf, a valid Electronic Instruction that is received by the Tender Agent prior to 4.00 p.m. (London time), on 22 April 2016. Electronic Instructions must be submitted electronically in accordance with the procedures of the relevant Clearing System, and shall be irrevocable, according to the terms and conditions, contained in the Tender Offer Memorandum.

If you need further information about the Tender Offer, please contact any of the Joint Dealer Managers or the Tender Agent.

### Contact Details:

***Any questions or requests relating to the procedures for submitting an Electronic Instruction may be directed to the Tender Agent. A Qualifying Holder may also contact the Joint Dealer Managers or such Qualifying Holder's custodian for assistance concerning the Tender Offer.***

## THE JOINT DEALER MANAGERS

### Alfa Capital Holdings (Cyprus) Limited

Themistokli Dervi 5  
Elenion Building, 2nd Floor  
P.C. 1066, Nicosia, Cyprus

Telephone: +357 22470900  
Email: [dhadjisavvas@alfacapital.com.cy](mailto:dhadjisavvas@alfacapital.com.cy)  
Attention: Dinos Hadjisavvas

### Citigroup Global Markets Limited

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United Kingdom

Telephone: +44 20 7986 8969  
Email: [liabilitymanagement.europe@citi.com](mailto:liabilitymanagement.europe@citi.com)  
Attention: Liability Management Group

### J.P. Morgan Securities plc

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Canary Wharf  
London E14 5JP

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Attention: Liability Management  
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## THE TENDER AGENT

**Lucid Issuer Services Limited**

Tankerton Works  
12 Argyle Walk  
London WC1H 8HA

Tel: +44 20 7704 0880  
Attention: Thomas Choquet  
Email: tmk@lucid-is.com

**THE OFFEROR**

**TMK Capital S.A.**

2. Boulevard Konrad  
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Grand Duchy of Luxembourg

**THE BORROWER**

PAO TMK  
40, Bld. 2A, Pokorovka Street,  
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Russian Federation

**OFFER AND DISTRIBUTION RESTRICTIONS**

**THIS ANNOUNCEMENT IS NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN OR INTO THE UNITED STATES OR IN ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.**

***United States***

The Tender Offer is not being made and will not be made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality of interstate or foreign commerce of, or of any facilities of a national securities exchange of, the United States or to, or for the account of benefit of, any U.S. person. This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone, the internet and other forms of electronic communication. Accordingly, copies of this Announcement and/or the Tender Offer Memorandum and any other documents or materials relating to the Tender Offer is not being, and must not be, directly or indirectly, mailed or otherwise transmitted, distributed or forwarded (including, without limitation, by custodians, nominees or trustees) in or into the United States or to, or for the account of benefit of, a U.S. Person and the Notes cannot be tendered in the Tender Offer by any such use, means, instrumentality or facility or from or within or by persons located or resident in the United States or by any U.S. Person or any person acting for the account or benefit of a U.S. Person. Any purported tender of Notes in the Tender Offer resulting directly or indirectly from a violation of these restrictions will be invalid and any purported tender of Notes made by a person located in the United States, a U.S. Person, by any person acting for the account or benefit of a U.S. Person, or by any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States will be invalid and will not be accepted.

Each holder of Notes participating in the Tender Offer will represent that it is not a U.S. Person, is not located in the United States and is not participating in the Tender Offer from the United States, or it is acting on a non-discretionary basis for a principal located outside the United States that is not giving an order to participate in the Tender Offer from the United States and who is not a U.S. Person.

***United Kingdom***

The communication of this Announcement, the Tender Offer Memorandum and any other documents or materials relating to the Tender Offer is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000 (the '**FSMA**'). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials is exempt from the restriction on financial promotions under section 21 of the FSMA on the basis that it is only directed at and may be communicated to (1) those persons who are existing members or creditors of the Offeror or other persons within Article 43 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, and (2) to any other persons to whom these documents and/or materials may lawfully be communicated.

***France***

The Tender Offer is not being made, directly or indirectly, to the public in the Republic of France ('**France**'). Neither this Announcement nor the Tender Offer Memorandum nor any other documents or materials relating to the Tender Offer has been or shall be distributed to the public in France and only (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or (ii) qualified investors (*investisseurs qualifiés*) other than individuals acting on their own account and all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French *Code Monétaire et Financier*, are eligible to participate in the Tender Offer. This Announcement, the Tender Offer Memorandum and any other document or material relating to the Tender

Offer has not been and will not be submitted for clearance to nor approved by the *Autorité des marchés financiers*.

### **Italy**

None of the Tender Offer, this Announcement, the Tender Offer Memorandum or any other documents or materials relating to the Tender Offer have been or will be submitted to the clearance procedure of the *Commissione Nazionale per le Società e la Borsa ('CONSOB')* pursuant to Italian laws and regulations.

The Tender Offer is being carried out in the Republic of Italy as exempted offers pursuant to article 101-bis, paragraph 3-bis of the Legislative Decree No. 58 of 24 February 1998, as amended (the '**Financial Services Act**') and article 35-bis, paragraph 4 of CONSOB Regulation No. 11971 of 14 May 1999, as amended.

Qualifying Holders can tender some or all of their Notes pursuant to the Tender Offer through authorised persons (such as investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007, as amended from time to time, and Legislative Decree No. 385 of September 1, 1993, as amended) and in compliance with applicable laws and regulations or with requirements imposed by CONSOB or any other Italian authority.

Each intermediary must comply with the applicable laws and regulations concerning information duties *vis-à-vis* its clients in connection with the Notes or the Tender Offer.

### **Russia**

Neither this Announcement, nor Tender Offer Memorandum nor information contained therein nor any other document or materials relating to the Tender Offer is an offer, or an invitation to make offers, to sell, exchange or otherwise transfer securities in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. Information contained in this Announcement, or Tender Offer Memorandum, or any other document or materials relating to the Tender Offer is not intended for any persons in the Russian Federation who are not 'qualified investors' within the meaning of Article 51.2 of Federal Law No. 39-FZ 'On the Securities Market' dated 22 April 1996, as amended (the '**Russian QIs**') and must not be distributed or circulated into Russia or made available in Russia to any persons who are not Russian QIs, unless and to the extent they are otherwise permitted to access such information under Russian law.

### **Grand Duchy of Luxembourg**

Neither this Announcement nor the Tender Offer Memorandum has not been approved by and will not be submitted for approval to the Luxembourg Financial Services Authority (*Commission de Surveillance du Secteur Financier*) for purposes of a public offering or sale in the Grand Duchy of Luxembourg. Accordingly, the Tender Offer may not be made to the public in the Grand Duchy of Luxembourg, directly or indirectly, and neither this Announcement nor Tender Offer Memorandum nor any other circular, prospectus, form of application, advertisement or other material may be distributed or otherwise made available in or from, or published in, the Grand Duchy of Luxembourg except in circumstances which do not constitute a public offer of securities to the public, subject to prospectus requirements, in accordance with Luxembourg law of 10 July 2005 (as amended) on prospectuses for securities.

### **General**

Neither this Announcement nor the Tender Offer Memorandum nor the electronic transmission thereof constitutes an offer to buy or the solicitation of an offer to sell Notes (and tenders of Notes for purchase pursuant to the Tender Offer will not be accepted from Qualifying Holders) in any circumstances in which such offer or solicitation is unlawful. In those jurisdictions where the securities, blue sky or other laws require the Tender Offer to be made by a licensed broker or dealer and the Joint Dealer Managers or any of its affiliates is such a licensed broker or dealer in any such jurisdiction, the Tender Offer shall be deemed to be made by the Joint Dealer Managers or such affiliate, as the case may be, on behalf of the Offeror in such jurisdiction.

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