



PRODUCTION

'Aluminium Products' Managing Company sums up KUMZ production and commercial results achieved in 2007

'Aluminium Products' Managing Company has summed up the results of the production and financial activities of KUMZ in 2007.

In 2007 KUMZ fortified its production and market positions. Rather intensive production program scheduled in the budget plan for 2007 was completed by the middle of December. It was also announced that KUMZ sales volume has increased by 23% in comparison with 2006. Export deliveries increased by 7.2%, labour productivity increased by 23.5%.

KUMZ confirmed once again its orientation on quality satisfaction of high tech industries demands, first of all, aerospace sector. KUMZ increased its investment attractiveness having implemented a number of serious projects related to technical modernization of the existing facilities and launch of the new production (Chkalovsky).

Financial situation at KUMZ was stable in 2007 confirmed by high profits and performance.

December 12, 2007 KUMZ launches a new heat treated plate production plant 'Chkalovsky'

There was a solemn ceremony of the Grand Opening of 'Chkalovsky' plant attended by Eduard Rossel, Governor of Sverdlovsk region, Vladimir Skornyakov, President of 'Aluminium Products' Managing Company, Evgeny Olkhovik, Deputy Chairman of the board of 'RENOVA' company group, top representatives of Russian, European and North-American companies as well as KUMZ top management and specialists. New plant 'Chkalovsky' is the new complex equipped with

brand new facilities, located at KUMZ premises and built to continue KUMZ process chain – horizontal continuous quenching, stretching of plates, Ultrasonic testing, conductivity control and other technological operations to manufacture high quality products for aerospace and other industries.

Vladimir Skornyakov, President of 'Aluminium Products' Managing Company:

'KUMZ has taken a firm step forward integration into the world economy due to this production start-up. Even during construction period a number of world-known companies signed long-term supply contracts with KUMZ for future purchase of KUMZ products. On the 12 of December we signed a long-term supply agreement with Boeing (USA) for KUMZ products supply beginning with July 2008 right after KUMZ casting and rolling productions as well as USI process to be qualified and approved by Boeing. 'Chkalovsky' plant will increase KUMZ export deliveries by 30 – 40%. This is a significant recognition'.

QUALITY ISSUES

KUMZ NDT specialist, Viktor Batyrev, has successfully completed Level 3 qualification examinations in the Ultrasonic Nondestructive Testing Method.

The training was given by MUNSON NDT CONSULTANS (USA) led by Thomas B. Munson, ACCP Professional NDT Level III. This qualification will allow KUMZ to perform ultrasonic inspection of sheets and plates for aerospace industry using a new UT scanning unit manufactured by GE IT (Germany) which is installed at Chkalovsky.

The year 2008 is critically important for KUMZ as a number of qualifications and approvals of KUMZ different processes and KUMZ quality system by leading aerospace companies (Airbus, Boeing and Bombardier) are scheduled for this year.

EXHIBITION ACTIVITIES

KUMZ participates in the 13th International Industrial Exhibition 'METAL EXPO 2007'

The exhibition has been attended by almost all leading metallurgical companies of Russia, CIS, Eastern Europe and South-East Asia. More than 700 companies from 30 countries exhibited in the All-Russian exhibition centre, Moscow. KUMZ total exposition area occupied 107 square m. KUMZ Commercial Director, Andrey Kurganskiy, led KUMZ team. On the 14th of November he held Distributor Conference at which KUMZ issued a number of certificates to confirm official status of Russian distributors. Two special awards were given to 'MOST-1' J.S.Co (Moscow) as 'The Most Constant Distributor' and to 'Ural Metallurgical Company' J.S.Co (Ekaterinburg) as 'The Largest Distributor of KUMZ'.

April 9 – 11, 2008 KUMZ participates in the 7th regional 'Atyrau Oil & Gas 08' exhibition which will be held in Kazakstan.

May 5 – 8, 2008 KUMZ is going to take part in 'OTC 2008' (Offshore Technology Conference) to be held in Houston, USA.

July 14 - 20, 2008 KUMZ will attend 'Farnborough International Airshow' to be held in England.

September 23 – 25, 2008 KUMZ will exhibit in 'Aluminium Essen 2008' which will be held in Germany.