



KUMZ TODAY

MONTHLY NEWS BULLETIN FOR OUR CUSTOMERS AND PARTNERS

Issue 1, May 2007

Dear Reader!

We are pleased to present you our first electronic newspaper to keep you informed about social and business community of KUMZ. We hope you will become our best honorable reader.

EXHIBITION ACTIVITIES

KUMZ to participate in International Paris Air Show “Le Bourget” as Exhibitor.

For the first time in its 60-year history KUMZ is going to take part in International Paris Air Show “Le Bourget” as Exhibitor June 18-24, 2007. Vladimir Skornyakov, President of KUMZ Managing Company “Aluminium Products” will head the team of KUMZ top management represented by Alexey Filippov, Managing Director, Andrey Kurganskiy, Commercial Director, and KUMZ key specialists as well as dedicated sales managers from ASMP GmbH and ASMP Inc, the exclusive representatives of KUMZ products in Europe and North America. KUMZ double-stored stand (Hall 4 – Stand G4) will occupy the place of 204 square meters. ‘This participation will be a good opportunity to expand KUMZ presence in the aerospace market,’ says KUMZ Commercial Director, Andrey Kurganskiy.

Recently KUMZ has participated in the world’s foremost event for the development of offshore resources in the fields of drilling, exploration, production and environment protection “Offshore Technology Conference 2007”. The exhibition was held April, 30 – May 3 at Reliant Park in Houston (Texas, USA). The show included nearly 2,400 companies from more than 30 countries. Total exhibit space was nearly 530,000 square feet.

Together with Moscow engineering company “Aquatic” KUMZ exhibited a number of samples of drill pipe, wide-extruded section and tread plate. “Our main target was to promote aluminium drill pipes and those products which can be applied in Oil & Gas adjacent industrial sectors, for instance, in construction of special-purpose sea platforms and vessels,” says Andrey Kurganskiy, KUMZ Commercial Director.

INTERVIEW

Interview with Vladimir Skornyakov, President of

Aluminium Products, KUMZ Managing Company:

Could you tell us about RUSAL-SUAL-Glencore merger?

RUSAL, third largest aluminium producer, SUAL group, one of the world’s top ten aluminium producers, and Glencore International AG, the Swiss natural resources group have announced about creation of the “United Company “RUSAL” by merging their respective aluminium and alumina assets. The new company will become the world’s largest aluminium and alumina producer that will own bauxite mining, alumina refineries, and aluminium smelting as well as foil production facilities.

What about KUMZ? As announced it didn’t enter the deal?

You know KUMZ is a downstream company that is why KUMZ together with a number of other SUAL downstream plants did not enter this merger. We created a new managing company “Aluminium Products” that will combine KUMZ and two other SUAL downstream plants (Demidovsky and Scovo). Top management and

shareholders of KUMZ remain the same. In SUAL-holding I controlled downstream sector and now I will continue doing this as President of Aluminium Products, KUMZ managing company. Key targets are the same i.e. to increase the efficiency of downstream business and to improve financial and production performance.

How do you estimate KUMZ performance in 2006?

It goes without saying that in 2006 we reached very positive results. I see a constant progression: KUMZ continuously implements new techniques, expands its presence in export markets, develops new products. We plan to get qualified by the aircraft manufacturers still this year. KUMZ also outsources its indirect assets including wood-working production, drill pipes manufacturing, repair service etc. All these will give us an opportunity to optimize material and money flows, budgeting and finance issues as well as to improve our management system.

INNOVATION

KUMZ is going to launch a new facility for heat-treated plate production early next year. A new "Plate project" started in 2005 is under way now. A new plant "Chkalovsky" will be equipped with new state-of-the-art manufacturing facilities like annealing and aging furnaces manufactured by "SECO WARWICK" (Poland), horizontal quenching furnace by "EBNER" (Austria), stretcher

by "SMS MEER" (Germany) etc. 'New facilities will allow KUMZ to manufacture aerospace and commercial plates in 2xxx, 6xxx and 7xxx alloy series up to 16,000 mm in length, 152.4 mm in thickness and 2,500 mm in width,' says Alexey V. Filippov, Managing Director of KUMZ.

Technical partnership to develop the lightest Formula 1 wheel in the world ever.

Avus Racing and KUMZ have signed a technological partnership agreement to develop a new Formula 1 forged wheel made of Magnesium-Lithium alloy, 15% lighter than the existing wheel (500 grams per wheel). Avus Racing is a specialized manufacturer of racing and high-end car wheels based in Valencia, Spain. The company was founded in 2004. Avus Racing is the supplier of the Formula 1 teams Red Bull Racing and Scuderia Toro Rosso F1. 'Our company has been manufacturing several special forged alloys for military and aerospace applications since more than 60 years. I am sure we will be a perfect partner of Avus Racing and we are happy to introduce the Russian industry capabilities. The Magnesium-Lithium alloy is an example of our performance in the most important racing car championship,' says Alexey V. Filippov, Managing Director of KUMZ.

'With this agreement our company becomes the world technical leader in the racing forged wheel industry. The Magnesium-Lithium alloy is only the beginning of this cooperation, with more new

alloys coming soon,' says Luigi Lucaora, General Manager of Avus Racing. In order to support the project KUMZ is considering a number of investments in production facilities.

NEWS BRIEFS

KUMZ is now preparing for Nadcap accreditation of special processes (heat-treatment, USI and other laboratory testing). Certification audit is scheduled for the end of this year. Now KUMZ special attention is given to personnel training; a number of new fatigue testing facilities will be purchased and installed still this year.

KUMZ R&D Centre main specialist in rolling, Valery I. Popov, has become a prizewinner of Prestigious Ural Premium of Cherepanov's Inventors for the new alloys development and unique technologies implementation in 2006.

A surveillance audit by SGS Company for conformance to the requirements of AS 9100 will take place June, 5. We remind that in 2006 KUMZ quality system was successfully approved and certified for conformance to the requirements of AS 9100 for quality assurance.

It was announced that KUMZ products delivery including Russian & CIS sales as well as North American, European and Asian sales in Q1 2007 has increased by 21% in comparison with Q1 2006.