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Uralmash and United Capital Partners (UCP) announce agreement to establish a drilling equipment holding company

The leading Russian heavy machine-building company CJSC Uralmash Machine-Building Corporation (Uralmash) and United Capital Partners Group (UCP), one of the leading Russian asset management groups have announced an agreement on the principal terms of establishing a holding company engaged in the manufacturing and servicing of drilling equipment for the oil and gas industry.

The holding company will consolidate the engineering and manufacturing capabilities of Uralmash and CJSC UrBO (a rig producer of which UCP is the majority owner) in the drilling machinery segment. A company specialising in aftersales servicing of drilling equipment will also be established. Both UCP and Uralmash will be equal partners in the new holding company.

The holding company will combine the manufacturing capabilities of both parties in order to satisfy the current and future demand for drilling rigs from the oil and gas industry. Production will meet the highest possible standards of engineering, quality, delivery terms, and aftersales service to ensure that the holding company maintain its dominant market share. The holding company also plans to promote its drilling rigs in export markets.

Yury A. Karpov will be appointed the Chief Executive Officer of the holding company. From 2006 to 2009 Mr. Karpov served as a First Vice President of OJSC Integra Group and was responsible for the production of drilling equipment at CJSC URBO.

Oleg Danchenko, the CEO of Uralmash, said "Uralmash is engaged in the turn-key delivery of drilling equipment to the oil & gas industry. We have a strong order book and we plan to expand our engineering capabilities and increase production capacity as part of a modernisation program. We are delighted to have an opportunity to strengthen the position of Russian drilling rigs manufacturers in both the domestic and foreign markets through our partnership with CJSC URBO."

Oleg Danchenko continued: "The constructive attitude of UCP (UrBO's new owners), including the satisfactory settlement of all our issues related to usage of the Uralmash trademark, enabled us to start a meaningful dialogue and has now created an exciting opportunity to consolidate the two companies."

Ilya Sherbovich, President of UCP commented "We are all prepared to work hard for success of the new holding company. Uralmash and UrBO have already made considerable advances in reviving the market position of the domestic drilling equipment industry. The next step is to reaffirm market leadership of the Holding company. We are extremely confident in the future success of our new co-operation."

CJSC Uralmash Machine-Building Corporation:

Uralmash Machine-Building Corporation is the leading Russian heavy machinery manufacturer producing equipment for the metallurgical, mining, oil & gas, and energy industries. The company's development strategy is focused on creating a first class, global engineering company that can deliver turn-key equipment solutions to its clients.

The company is currently implementing a comprehensive modernization and capacity expansion program with the support of Gazprombank, its main shareholder.

United Capital Partners Group (UCP):

Founded in 2006, UCP serves as an asset management platform for its clients and partners. UCP manages a number of funds investing in liquid publicly traded stocks, real estate and fast-growing private companies. UCP strategy is to invest in small and medium size companies with strong capital appreciation potential. As of 1 April 2010, UCP had \$1.2 billion in assets under management.

In August 2010, UCP acquired an Ekaterinburg-based drilling rigs manufacturer, CJSC URBO, from Integra Group. In 2009, URBO manufactured 14 drilling rigs and units of drilling equipment.

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