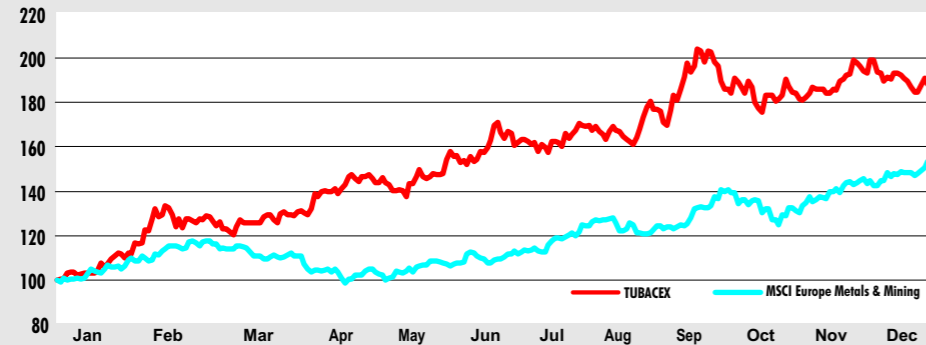




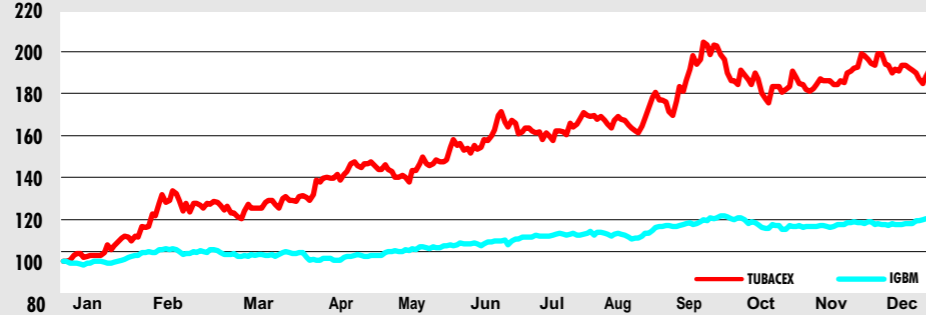
\*In 2005, over 202m TUBACEX shares were traded for nearly €600m

\*In 2005, 152% of the company's capital rotated

**QUOTED SHARE PRICE OF TUBACEX COMPARED WITH THE MSCI EUROPE METALS & MINING**



**QUOTED SHARE PRICE OF TUBACEX COMPARED WITH THE IGBM**



**ANALYSES OF TUBACEX CARRIED OUT BY STOCK MARKET COMPANIES IN 2005**

ANALYST	MONTH	RECOMMENDATION	TARGET PRICE (1)
BPI	January	Buy	2.45
Caja Madrid Bolsa	January	Hold	2.15
Citigroup	February	Buy	2.53
Banesto Bolsa	February	Buy	2.74
Crédit Agricole Indosuez Cheuvreux	February	Overweight	2.50
BPI	February	Accumulate	2.70
Banco Espirito Santo	February	Neutral	2.40
Banesto Bolsa	March	Buy	2.74
Crédit Agricole Indosuez Cheuvreux	March	Overweight	2.65
Caja Madrid Bolsa	April	Accumulate	2.85
Crédit Agricole Indosuez Cheuvreux	April	Overweight	2.85
Caja Madrid Bolsa	May	Accumulate	3.10
BPI	May	Reduce	2.70
Citigroup	May	Buy	3.30
Ibersecurities	May	Buy	3.06
Crédit Agricole Indosuez Cheuvreux	June	Overweight	3.15
BPI	June	Hold	2.85
Banesto Bolsa	June	Buy	3.68
Crédit Agricole Indosuez Cheuvreux	June	Underweight	3.15
Link Securities	July	Sell	3.01
Caja Madrid Bolsa	September	Accumulate	3.75
Crédit Agricole Indosuez Cheuvreux	September	Overweight	4.03
Banesto Bolsa	September	Buy	3.68
BPI	October	Buy	4.20
Fortis Bank	October	Buy	4.22
Ibersecurities	October	Sell	3.80
Banco Espirito Santo	October	Neutral	3.73
Citigroup	October	Buy	4.16

(1) Euros per share

The major changes that society has undergone in recent years highlight the fact that the company can no longer restrict its operations to purely industrial, commercial or financial concerns but must seek to embrace a business concept in which social issues take up an increasingly prominent position on its values scale.

The company is not an end in itself but a means of helping society to move forward, and now finds itself being required to make a more wide-ranging commitment not only to its shareholders, employees and customers, but to society as a whole. In the case of the industrial company, it must also strive to respect the environment.

There are many factors behind the increased importance companies now attach to social responsibility and their incorporation of it into their corporate strategies:

\*The new concerns and expectations of citizens, consumers, governments and investors within the context of globalisation and large-scale industrial change.

\*Social criteria are becoming increasingly influential in the investment decisions made by people and institutions in their capacity as consumers and investors.

\*Growing concerns with regard to damage caused to the environment by industrial activity.

\*Transparency in business activities brought about by the media and advanced information and communication technologies.

In such a context business ethics, good corporate governance, transparency, people management, knowledge, support for culture as well as the need to contribute to the development of people and society become tremendously important factors and constitute an investment in the creation of value.

The TUBACEX Group therefore believes it necessary to incorporate these principles into its strategy to enable business objectives to be considered in conjunction with the expectations of the main players with whom the Group interacts (customers, employees, shareholders, investors, etc.). In doing so it can guarantee the responsible use of resources and the adoption of policies that take the company's immediate environment into consideration.

Mindful of this, TUBACEX registered as a member of the United Nations Global Compact, a voluntary initiative of ethical commitment which asks companies from all over the world to embrace a set of principles of conduct and action in the areas of Human Rights, Employment and Environment as an integral part of their strategies and operations.

The Global Compact, introduced in the middle of 2000 on the initiative of the secretary general of the United Nations, Kofi Annan,

seeks to promote the creation of global corporate citizenship, that enables business interests and processes to be reconciled with the values and requirements of civil society.

The Global Compact, which has become one of the most prestigious international initiative in terms of sustainable development and social responsibility, sets out the following ten principles:

**The Principles of the Global Compact**

**Human Rights**

1. Support and respect to human rights.
2. Commitment to non-involvement in the abuse of human rights.

**Labour**

3. Respect to the freedom to the association and the right to collective bargaining.
4. Elimination of all forms of forced and compulsory labour.
5. Effective abolition of child labour.
6. Elimination of discrimination in respect of employment and occupation.

**Environment**

7. Application of a precautionary approach and respect for environmental problems.
8. Adoption of initiatives to promote greater environmental responsibility.
9. Development and diffusion of environmentally friendly technologies.

**Anti-Corruption**

10. Active fight against corruption.

This report on Corporate Social Responsibility aims to summarise and clearly set out the steps that TUBACEX Group has taken in this area.



## 1.- GOOD GOVERNANCE

TUBACEX was one of the first Spanish companies to introduce good governance guidelines to its executive bodies. As early as 1994, it approved an Internal Stock Market Code of Conduct, and since 1995 it has been using the recommendations made in the Cadbury and Viennot reports to modify the way in which the board operates. These recommendations centre on reduced numbers of board members and executive board members, increased numbers of independent board members, the setting up of monitoring committees within the board, etc.

Since 1998 TUBACEX has had a Board of Directors' Code Aligned to the Good Governance Code setting out basic organisation and operating standards as well as a code of conduct for board members.

During 2002, and following recommendations from the Aldama Commission, TUBACEX included on its website information on the By-Laws and the Board of Directors' Code.

TUBACEX's current Annual Report on Corporate Governance fully complies with the requirements set out in Circular 1/2004 issued by the National Stock Market Commission on 17th March 2004, concerning the "Corporate Governance Annual Report of public limited companies listed on the stock market and other bodies that issue stocks negotiable on official secondary markets and other means of information used by public limited companies listed on the stock market".

An extensive report regarding Good Corporate Governance can be found in the corresponding chapter of this Annual Report, and clearly states that the TUBACEX Group fully complies with the existing recommendations in terms of good governance. It also lays out a commitment to continue incorporating activities that facilitate transparency in its management processes.

## 2.- CUSTOMERS

One of the sections in TUBACEX's mission statement states, "Those people that make up this Group are committed to manufacturing and marketing quality products with high added value and to becoming leaders in customer service. These are factors that set us apart." One of the company's mission statement pledges is to "provide satisfaction for our customers and exceed their expectations".

A relationship with the customer that is based on quality, service, cooperation and flexibility is, therefore, the pivot around which the Group's business rotates.

In addition to the constant contact customers enjoy with the sales network, customer satisfaction surveys are also conducted every three years in order to find out customers' opinions and gauge their level of satisfaction. The most recent of these surveys was carried over the last year and its aim is to meet the following objectives:

\*To measure the level of customer satisfaction with the company's products and services.

\*To make a comparison with the customer's other suppliers.

\*To identify which product/service attributes are most important for our customers.

\*To identify the customer's expectations.

\*To design improvement actions and plans designed to increase customer satisfaction levels.

In addition to the survey, the company has also set out to confirm the opinions of customers by using objective indicators relating to the quality of the services TUBACEX provides.

Both the customer satisfaction survey and the gauging and monitoring of indicators derive from the Total Quality Management Programme the company has been developing and the latest edition of the ISO Standards. The latter require the setting up of a measurement system that enables an objective evaluation of performance in this area to be made.

## 3.- EMPLOYEES

### Workforce

In 2005 the average size of the workforce in the companies that make up TUBACEX Group was 1,628. Of these, 963 people are employed at the Group's Spanish plants and 665 are employed in overseas subsidiaries.

The size of the Group's average workforce rose by 111 during the year. The workforce in Spain increased by 6.5% and by 8.5% overseas.

Sales per employee amounted to €264,435, 15.5% up on the 2004 figure of €229,039.

Category	2005	2004	2003
Directors, engineers and graduates	105	71	72
Technical engineers, technicians and qualified staff	57	94	75
Administrative and shop floor managers	84	73	98
Unqualified assistants	57	53	42
Admin personnel	155	165	173
Auxiliary personnel	17	12	20
Shop floor employees	1,153	1,049	1,005
TOTAL	1,628	1,517	1,485

### Personnel expenditure

Personnel expenditure went up in 2005 to €82.55m as opposed to the figure of €70.73m for 2004. It should be pointed out that this item in the 2005 income statement includes approximately €5m allocated to the substitution contract to be applied in the period 2006-2008 at the following companies: Tubacex S.A., Tubacex Tubos Inoxidables S.A. and Acería de Álava S.A.

Concept	2005	2004	2003
Wages and salaries	57.53	50.33	49.86
Contributions to voluntary social welfare entity	1.05	2.42	1.86
Social security	16.12	15.22	14.95
Other social charges	2.97	2.32	2.74
Benefit contributions	4.89	0.44	0
TOTAL	82.56	70.73	69.41

In millions of euros.

### Training

In 2005, 341 training courses were held in the Group's different companies. The courses were attended by 3,086 people.

In total, more than 24,859 hours of training were given, an increase of 14.1% on the total number of training hours for the preceding year. The number of training hours per employee was over 15 hours.

One of the most significant training activities engaged in last year was the introduction of a course entitled "Developing Management Skills" targeted at all middle managers and departmental heads. This training was divided into consecutive monthly sessions held throughout the year. In addition, three other official training courses were held for employees in posts requiring official certification from the Spanish Association of Non-Destructive Testing (AEND).

During the year TUBACEX allocated €0.77m to training, an increase of 14.9% on the figure for 2004. Over the last five years the company has assigned €3.74m to training for its employees.

### Evolution of the TUBACEX Training Plan

	2005	2004	2003
Number of courses	341	244	210
Number of people attending	3,086	2,246	2,318
Number of training hours	24,859	21,791	23,515
Training hours/employee	15.27	14.36	15.83
Investment	0.77	0.67	0.68

Investment figures in millions of euros.

### Substitution contract

At the end of 2002, the management of TUBACEX, TTI and Acerálava signed an agreement with all workers' unions represented within the Group regarding the application of the substitution contract in these companies. By virtue of the agreement, which was applied during the period 2003-2005, 93 employees were offered the opportunity to opt for partial retirement at the age of 60, with most of them deciding to accept it.

This agreement forms part of the competitiveness and profitability improvement programmes currently being applied in the Group. These programmes will help shape the workforce and production structures to the required size and adapt the company to adapt to its immediate technological challenges.

Furthermore, the agreement provides a response to social demand and shows that significant progress is being made both in improving management and designing the future organisation of the companies, influencing fundamental aspects such as renewal, training and the raising of professional qualification standards among the workforce.

The signing of the new collective agreement in April 2005 also extended the substitution contract to include the period 2006-2008. This new agreement affects approximately 100 employees who will be able to opt for partial retirement on reaching the age of 60.

### Collective agreement

In April 2005, a collective agreement was signed with the trade unions ELA-STV, CC.OO. and UGT, and is to be applied to employees of Tubacex S.A., Tubacex Tubos Inoxidables S.A. (TTI) and Acería de Álava S.A. (Aceralava).

This agreement is valid until 31 December 2007 and lays the foundations for the development of the Tubacex Strategic Plan 2010 with good labour relations.

### Occupational risk prevention

The implementation of the Occupational Risk Prevention Programme introduced in 1996 and based on the philosophy of integrated safety continued at TTI and Acerálava during 2005.

Each year, the preventive action to be taken is identified and an Annual Management Plan is drafted, specifying objectives and the managers responsible for overseeing it.

Since its introduction the plan has involved a large part of the company's human resources and a significant percentage of its material resources.

During the course of 2005 an in-depth analysis of the existing programme was conducted with a view to adapting it to the international OHSAS 18001 Standard, marking the beginning of a new phase in the drive towards obtaining ISO certification. The programme currently consists of 18 activities (as opposed to the existing 16 activities) following the incorporation of non-conformity and internal audit procedures.

The 2005 Plan consisted of 915 line manager actions, the strategic objective being to achieve a minimum compliance rate of 85%. The overall compliance rate for the year was 94%.

\*First aid training is ongoing with qualified first-aiders being retrained and new staff receiving training.

\*Training in emergency procedures was completed with various drills being held at the Group's factories.

\*As part of the Health Awareness Programme, medical check-ups were conducted according to a specific protocol based on the risks of each job, with more than 85% acceptance and the performance of 687 analyses.

\*A drug prevention programme is also being developed, which aims to improve the health and quality of life of all the company's employees by making information, training and treatment available. Moves are also being made to make the Spanish companies smoking-free zones.

As a result of the activities framed within the aforementioned programmes a total of 833 risks were detected at the three plants and 801 corrective actions were planned for the year, of which 772 were implemented. The cost of the planned safety investments and actions deriving from the programme totalled €163,000, with 72% of the actions being completed.

In 2005 accident rates fell once more, continuing the trend observed since the company's Occupational Risk Prevention Programme was introduced in 1996.

All nine accident rates were reduced to below the set limits at the three manufacturing plants in Llodio and Amurrio. TTI-Amurrio recorded a 40% reduction in accident rates, well below the set rate.



In 98% of accidents the risk was described as "insignificant" or "acceptable" and in 2% of accidents it was deemed "moderate". There were no cases in which the risk was declared "serious" or "unacceptable".

Statistical analyses revealed that most accidents occurred as a result of handling materials (bangs, strains and trapped body parts) and that, as in other companies in the sector, sprains, twists and back strains accounted for the majority of injuries resulting in sick leave in the company, with the percentage dropping from 47% in 2004 to 26% last year.

Following analysis of the repeated causes of accidents, a set of organizational Action Plans have been drawn up. These shall be included in the Prevention Management Plan for 2006 in an attempt to reduce the most frequent causes.

### Medical care

The company uses the services of the insurance company, Mútua Asepeyo, to cover payments for accidents in the workplace and occupational illnesses. The company also has an annual contract with Mútua Asepeyo covering aspects such as the assessment of industrial hygiene and ergonomics in the workplace.

TUBACEX has also signed agreements with Iguatorio Médico Quirúrgico and the Clínica Oftalmológica Baviera allowing its employees to take advantage of special terms and conditions.

The company's medical service has a morning duty officer who attends each of the company's preventative medicine and welfare clinics on an alternate basis. There are also three nursing assistants working in morning, afternoon and night shifts at each of the clinics.

Although the service is covered permanently, it does have an action protocol by which treatment can be sought through the Mutua de Accidentes, the Clínica Intermutual or Spanish National Health Hospital Services in the event of serious accidents.

TUBACEX has permission to operate in accordance with article 53 of the Medical Services Code, enabling the company doctor to issue prescriptions on the Spanish National Health Service on the company's premises without the employee having to go to the local health clinic.

Below are listed some of the training actions conducted in 2005:

\*Life-saving courses attended by 26 people.

\*Lumbago-prevention courses.

\*The company's quit smoking courses have continued, with 69% of participants successfully kicking the habit.

## 4.- SOCIETY

### Research and development

TUBACEX's Research and Development work focuses mainly on improving manufacturing processes, developing new types of high added-value steel and researching the application of products manufactured by the Group in new industrial sectors. Around 3% of company turnover is channelled into quality control and R&D.

Among the most significant activities in this area during the year was the incorporation of austenitic-ferritic duplex steels, the continuation of the OCTG project and in-depth research into nickel-base alloy steels with an austenitic matrix.

More detailed information concerning R&D activities is available in the corresponding section on "Industrial Activity" contained in this Report.

### Business philanthropy

During 2005 the company donated a total of €146,770 to a number of cultural, sporting and religious organisations, etc.

In 2005 it signed a support agreement with the "San Roque Foundation" in Llodio.

### Work experience

The TUBACEX Group has been working closely with different educational institutions, particularly within the local area, enabling students to gain work experience in different areas of the company.

### Links with the university and other institutions

In addition to helping students gain work experience, the company's executives also work closely with the university's technical and business management faculties to apply TUBACEX's knowledge and experience in training the professionals of tomorrow.

### Awards and recognition

TUBACEX was a finalist in the International Expansion category at the Tenth "Prince Felipe Awards for Business Excellence".

### Business Associations

TUBACEX currently sits on the boards of the Circle of Basque Business Owners, and is also a member of the Union of Steel and Iron Companies (UNESID), the Association of Capital Equipment Industry (SERCOBE) and the Association for Progress in Management (APD).

Through its subsidiaries, the company is also a member of several export company associations such as AGEEX, SIDEREX and FLUIDEX.

TUBACEX is also a member of the Knowledge Cluster in the Advanced Business Programme.

### Art collection

At the end of the 1980's TUBACEX started building up an art collection that now consists of around a hundred works by a wide range of painters including Delacroix, Gericault, Miró, Tapiés, Tarkoff, de Kooning, Poons, Schnabel, etc.

As the company does not have the space or the resources to be able to exhibit the works on a permanent basis, it offered part of the collection to Museums of the Basque Country giving the public the chance to admire the paintings in an appropriate setting.



To celebrate the opening of the Guggenheim Museum Bilbao in 1997, the company donated two works by Antoni Tàpies and Julian Schnabel to the museum. In 1999 an agreement for the donation of a further 18 works by artists such as Joan Miró, Willem de Kooning and Larry Poons was signed with the museum.

At the beginning of 2005, the Guggenheim Museum presented an exhibition entitled The Artistic Dialogue Between Both Sides of the Atlantic. The exhibition occupied three rooms housing around 60 works from the Bilbao and New York collections. TUBACEX donated two lithographs by Willem de Kooning to the exhibition.

TUBACEX is also one of the patrons of the Guggenheim Museum Foundation and is a member of the museum's Art Committee.

In 2003 TUBACEX joined to the Artium Foundation at the Alava Museum of Contemporary Art.

The company does not rule out further agreements with other museums in the Basque Country regarding the donation of paintings for exhibitions.



**5.-THE ENVIRONMENT**

In going about its business activities one of TUBACEX's main strategies is to protect the environment. With this in mind, the Group is gradually introducing a system in each of its business units that minimises the environmental impact of its activities (waste,

atmosphere, water, noise, energy, etc.). It hopes to achieve this by using clean, economically viable technologies and by implementing the necessary measures to prevent its operations, including emergency ones, from generating pollution.

Both Tubacex Tubos Inoxidables (2001) and Acería de Álava (2002) have now implemented an ISO 14001 compliant Environmental Management System certified by the Spanish Association for Standardization and Certification (AENOR). With the award of this certificate, environmental management of the entire production process at the TUBACEX Group's Llodio and Amurrio plants, from the reception of raw materials and the production of stainless steel at Acería de Álava to the shipment of finished manufactured tubes from TTI, has now been endorsed by an accreditation body.

The Group's Austrian subsidiary Schoeller-Bleckmann Edelstahlrohr has obtained ISO 14001 certification for the manufacture and sale of tubes at its factory in Ternitz (Austria).

In 2005 Acería de Álava renewed AENOR certification for the first time for its ISO 14001-compliant Environmental Management System.

The award of these certificates was dependent upon the systemisation of activities related to the environment, the active involvement of the workforce — an extensive training programme has been running in recent years — as well as considerable investment. These measures have led to a reduction in environmental risks within the Group.

A breakdown of the Group's activities in this area can be found in the Management Report, in the section entitled "Environmental Activities".

**Recycling**

As a steel manufacturer, Acería de Alava is obliged to conduct extensive recycling work. As a result steel — stainless steel in this case — is reused continually and natural resources are exploited on a smaller scale.

In 2005 the company recycled 82,500 tons of scrap.

**Energy sources and saving**

The Group's companies use clean energy in their manufacturing processes.

At TTI electricity accounts for 55.3% of the energy used and natural gas for 44.3%, whereas only 0.4% comes from other energy sources. At Acería de Álava, meanwhile, natural gas accounts for 59% of the energy used, electricity 40.6% and other sources only 0.4%.

The fact that water is treated by an internal purification system and is then reused is also worthy of note. As well as reducing the impact on the environment, it also helps significantly reduce consumption of a resource that is now in scarce supply.

**Investments**

A total of €6.6m was invested in environmental shares and equipment in 2005. These investments include the installation of a new waste-gas cleaning unit at Acería de Álava, thereby doubling the suction and waste-gas filtering volume and leading to a substantial reduction in emissions and an improvement in air quality.

**Environmental training**

A total of 8 environmental training courses were given to the workforce in 2005 investing nearly €10.000.

**Agreement on environmental sustainability**

In its role as a company in the Basque Country's steel sector, Acería de Alava, S.A. has continued to honour the agreement signed with the Basque Government's Ministry for Regional Planning and the Environment, aimed at making environmental improvements within the autonomous community. The second full year of the agreement has now been completed. The objectives set for the period have been exceeded, and a total of €3m was invested in 2004 and 2005 for adapting the waste-gas suction systems, with the new waste-gas cleaning unit now operational.

In accordance with the Steel Sector Agreement, Tubacex Tubos Inoxidables, S.A. has signed a Voluntary Surface Treatment Sector Agreement with the Basque Government's Ministry for Regional

Planning and the Environment. The new agreement covers tube-pickling activities at the subsidiary's two plants.

**Steel and the environment**

Acería de Alava forms part of Steel and the Environment (ACYMA), an association comprised of all the Basque Country's steel manufacturers. One of its chief functions is to ensure that the environment is correctly managed along with industrial waste produced in the sector.

The companies in this association are committed to the strategic principle of Sustainable Development, which seeks to make the manufacturing of steel products compatible with respect for the environment and improved quality of life.

**Others**

Tubacex participates in the Llodio Environmental Forum.

**6.- SHAREHOLDERS AND INVESTORS**

**Shareholding Structure**

According to the Spanish Stock Market Commission, Chase Nominees Limited directly holds 5.04% of the share capital (stake notified on 10 May 2005) and Fidelity International Limited indirectly holds 6.01% of the share capital (stake notified on January 3rd 2006).





There are also other significant stakes held by Atalaya Inversiones SRL (3% shares) and Zoco Inversiones SRL (3% shares), investment companies belonging various savings banks represented by Ahorro Corporación Financiera. Both companies have signed an agreement to regulate their stake on the Tubacex S.A. Board of Director, which appears under "Parasocial Agreements" in the Annual Corporate Management Report hereto.

On the other hand, the number of TUBACEX shares held by Groups companies was 1,915,306, a figure that represents 1.44% of the capital, as of December 31st 2005.

**Creating Value**

The TUBACEX corporate strategy aims to create value for the shareholder.

A series of ratios regarding the company's profitability in 2005 and 2004 is listed below, together with aspects related to the performance on the stock market.

	2005	2004
Profitability by dividend	1.42%	0.95%
Profitability by stock market revaluation	89.4%	33.1%
Total return for the shareholder	90.8%	34.1%
Dividend / Profits (Pay-out)	50.0%	40.0%
Profit per share (PPS). Euros gross	0.191	0.116
Year end listed price / PPS (PER). Times	18.73	16.34
Shareholder structure: % free-float	92.3%	92.3%
Contracting volume (Millions of shares)	202.33	96.76
Contracting volume (Millions of euros)	593.62	163.06
Turnover of share capital	152%	73%
Stock market capitalisation. (Millions of euros)	476.06	251.33



TUBACEX market and economic performance is regularly followed by various Spanish and foreign stock market companies and analysts, with whom there is a close relationship through the Shareholder's Office and the Department of Investor Relations.

The publications about the company during the year are listed under Shareholders and Stock Market herein.

**7.- COMMUNICATION**

Transparency is one of the pillars of Corporate Social Responsibility. It is for this reason that TUBACEX's relationship with its shareholders, the stock exchange, its customers and the society in which it operates is based on transparency.

**Information for shareholders**

In 1997 TUBACEX started publishing a quarterly Shareholders' Information Journal. The journal is sent out by e-mail and post, and can also be accessed on the company website. The journal contains the company's quarterly statements as well as information on the stock market and any news of interest occurring during the quarter.

The company also has a regularly updated website ([www.tubacex.com](http://www.tubacex.com)) featuring a large amount of information. The site is available in Spanish and English and is structured into four different sections: general, commercial and financial information, and information for shareholders and investors.

The information on the website is targeted at two main groups: customers and shareholders or investors.

As regards customers, the TUBACEX website provides commercial information on the Group and each of its subsidiaries, in addition to catalogues for the different products manufactured or marketed within the various company areas. Contact names and e-mail addresses for the company head office and trade offices are also provided.

For shareholders and investors, the website provides detailed information on developments with regard to the company's main economic data: sales, profits, cash-flow, etc. It also features the balance sheets and the profit and loss account for the consolidated Group and for each of the subsidiaries. All the information in the annual accounts is available on the company's website along with the company's share price on the stock exchange.

The website also features an extensive amount of information on the company, focusing on the Board of Directors (composition, functions, committees, etc.), its By-Laws, the Codes for the

Board of Directors and Annual General Meeting of Shareholders as well as the Annual Report on Corporate Governance and other issues.

It also boasts a news section where press releases sent by TUBACEX to the media can be accessed.

The web site has a Shareholder's Letterbox and a Customer's Letterbox providing a direct link with the Shareholder's Office, the Commercial Department or the Customer Service department respectively.

The website also features an employment page where the company announces job vacancies and potential employees can send in their CVs.

The Shareholder's Office was created in 1998 and deals with requests for information on the company from shareholders and investors. The Office also handles requests for information from securities firms and Financial Analysts for use in drawing up reports on the Group. In the course of the year the Shareholder's Office received a large number of telephone, fax, e-mail and postal enquiries.

TUBACEX held its Ordinary General Meeting of Shareholders on 17 May 2005, on second notice at the company's head office in Llodio. 22.57% of the company's share capital was present or represented at the meeting.

**Information for analysts**

The company communicates with financial analysts and the stock exchange through the Shareholder's and Investor Relations Office.



The company is in contact with financial analysts by telephone and visits are also arranged to TUBACEX offices and vice versa. In their dealings with TUBACEX, analysts are provided with the requisite information on the company at all times (company presentations, annual reports, interim financial statements, etc), enabling them to compile reports on TUBACEX using the most accurate information at hand.

Visits are also organised to production plants if requested or if new facilities or machinery have been installed.

**The media**

TUBACEX enjoys a close relationship with the media, allowing it to keep its target audience informed of the latest developments at the company.

In view of the company's activity, its high-profile presence overseas and the fact it is quoted on the stock exchange, TUBACEX is in contact with a wide range of publications: national and international news agencies, national and international financial newspapers, local newspapers, national and regional dailies as well as general-interest, financial and specialised magazines, TV and radio and digital publications.

It holds at least one press conference a year when it presents the results of the Annual General Meeting of Shareholders, not only providing information on the previous year, but also making a forecast for the current year and highlighting other points of interest and the latest company news. The company also gives press conferences when other important information needs to be made public.

Throughout the year TUBACEX issues several press releases although the total number varies from year to year. All press releases are translated into English and uploaded onto the website in both English and Spanish.

**8.- SUPPLIERS AND CONTRACTORS**

The TUBACEX Group bases its relationship with suppliers on the principles of quality, service, transparency, efficiency and financial prudence.

Throughout 2005 the Group spent a total of €264.60m on supplies and purchases.

The majority of this expenditure went on supplies of the raw materials it needs to carry out its activities, mainly scrap stainless steel, nickel and other metals used to manufacture stainless steel such as chrome and molybdenum.