

ARTICLES OF ASSOCIATION

OF

TUBACEX, S.A.

(25/05/06)

TITLE 1

Name, address, object and duration of the Company.

ARTICLE 1

With the name of **TUBACEX, S.A.** there is a public limited trading Company, that will be governed in accordance with these Articles of Association and, with regard to any other matter not contemplated herein, in accordance with the provisions of Act 19/1989, dated 25 July, Legislative Royal Decree (R.D.L.) 1,564/1989, dated 22 December, and other complementary legal provisions.

ARTICLE 2

The Registered Office of the Company is situated in Calle Tres Cruces, No. 8, Barrio de Gardea, in the municipality of Llodio, Province of Alava, Spain. The Registered Office can be transferred by means of a legally adopted Resolution by the Shareholders General Meeting, except if the transfer is within the same municipality, in which case the Resolution of the Board of Directors will be sufficient. The Board of Directors will also be the competent social body to decide or agree on the creation, closure or transfer of branch offices.

ARTICLE 3

The objects of the Company are as follows:

1. The manufacture and sale of special steel tubes, or metal tubes in general, seamless or otherwise, as well as any other specific metallurgical industry products.
2. To give assistance and support to subsidiary or affiliated companies and enterprises, for which it will be able to provide the appropriate services and guarantees in their favour.
3. The preparation and implementation of plans and projects for the creation, promotion, development, investment and shareholding, in general, concerning industrial, commercial and service companies or businesses.

These activities, integrated in the purpose of the corporation, can be carried out without territorial restrictions, and can be carried out directly, either totally or partially, by the Company or by means of ownership of shares or stakes in other

companies or entities with a similar business object.

The Company will also be able to perform, on its own, by shareholding in the capital of other companies or by means of association with other entities, any activities which are complementary or auxiliary to those specified above or are linked or related with them or prove to be instrumentally necessary for its development.

Any of the activities shown for which there are specific requirements, legally demanded, which are not met by this Company, are excluded from the corporate purposes.

ARTICLE 4

The duration of the Company has been established for an indefinite period of time, and it began its operations on the 6 of June of 1963, which is the date that was granted the foundation's public deed.

TITLE II

Share Capital

Capital Stock

ARTICLE 5

The share capital of the Company amounts to 59,840,451.90 euros, fully subscribed and paid up, made up of 132,978,782 shares with a par value of 0.45 euros each in one single series represented by means of book-entry securities, as authorised in article 51 of the Public Limited Company Act and in accordance with its articles 60 and concordant, as well as in accordance with the stipulations of Act 24/1988, dated 28 July, and in Royal Decree 116/1992, dated 14 February, and other complementary legal provisions.

ARTICLE 6

The shares represent proportional parts of the Capital Stock and confers upon its legitimate owner the status of shareholder, attributing the rights acknowledged in the Act and in the Articles of Association.

Each share is indivisible and the Company recognises only one representative per share. If there are co-owners of a share or other cases of joint ownership, a single person must be appointed as a representative for all dealings, assuming shareholder's rights and obligations, with the Company.

Ownership of one or more shares will entail, by rights, the obligation to comply with the Articles of Association of the Company and with the decisions taken by the General Meeting of Shareholders and by the Board of Directors, each within the limits of their

respective powers.

ARTICLE 7

Should an increase in share capital take place, involving the issuing of new shares, either ordinary or preferred stocks, the existing shareholders and the holders of convertible securities will be able to exercise, within the time periods established for this purpose, and which will not be less than one month to be counted from the appearance of the corresponding announcement in publications as established by law, the right to subscribe to a number of shares proportional to the par value of the shares they hold or those that would correspond to the holders of convertible securities, with the power of conversion to be exercised at that time.

The Company will be able to issue and place into circulation non-voting shares for a total nominal amount not greater than half the paid-up Capital Stock; in this case, the corresponding details will be included in the text of article 5 of these Articles of Association.

The capital increase can also be carried out by raising the par value of the already existing shares.

The preemptive and proportional subscription's right be eliminated, totally or partially, in accordance with the stipulations of article 159 of the Act.

TITLE III

Concerning Governance of the Company

ARTICLE 8

The Company will be governed and administered by the General Meeting of Shareholders, by the Board of Directors and, in representation of the latter, by one or more Executive Directors or the General Management, in the manner established in article 21 of these Articles of Association.

First Section: Concerning the General Meeting

ARTICLE 9

The shareholders, assembled at a General Meeting which, having been legally convened and constituted, represents the Company in its entirety, will decide, by a majority, on all the specific issues within its competence.

All shareholders, including those who are dissident or have not taken part in the meeting, safeguarding their rights of impugnation and without further restrictions than observance of law and of the essential basis of the Contract, are bounded by the Resolutions reached by the General Meeting of Shareholders.

ARTICLE 10

General Meetings of Shareholders may be ordinary or extraordinary; they will be held in the municipality where the Registered Office is located, at the place, day and time indicated in the call, which will be notified by publication in the media as indicated by law, at least one month prior to the date fixed for the meeting. If the meeting can not be held at first call, holding of the meeting at second call will be carried out in the time periods and in the manner established in article 98 of the Public Limited Company Act currently in force. Shareholders who represent at least 5% of the share capital will be entitled to include any issues into agenda they consider appropriate for the meeting and the Company will have to publish them as a supplement to the General Meeting in the manner and time periods foreseen in article 97 of the Public Limited Company Act.

The call to meeting will detail the agenda, including all issues to be dealt with at the meeting, as well as the right to information that all shareholders have, as stipulated, where applicable, in articles 48.d), 112, 144 and 212 of the Act. For General Meetings, both ordinary and extraordinary, to be validly constituted, they must in each case be attended by the number of shareholders foreseen in the Act or in these Articles of Association.

ARTICLE 11

Notwithstanding what is stipulated in the previous article, General Meetings of Shareholders will be understood to be validly and legally called and constituted, to deal with any issue, provided that all the share capital is present and those attending unanimously agree to hold the General Meeting.

ARTICLE 12

The Ordinary General Meeting must be held within the first six months of each year, to approve or object to, if applicable, the Annual Accounts and Management Report for the previous financial year and to decide on the proposal for profit distribution or application of the income and loss.

The Extraordinary General Meeting will be called whenever the Board of Directors considers it advisable or if so requested by shareholders who hold at least 5% of the capital stock, indicating in the request the issues to be discussed at the Meeting; in this latter case, it will be carried out as stipulated in article 100 of the Act.

ARTICLE 13

General Meetings will be chaired by the Chairperson of the Board of Directors and the Secretary of the Board will perform the same function here. The Chairperson will lead the session or debates, indicating the order of participation and resolving any doubts and statutory issues that might arise.

At General Meetings of Shareholders, each share will entitle the holder to one vote, with decisions and resolutions being taken by majority votes. The Chairperson does not have a casting vote.

ARTICLE 14

All shareholders of the Company are entitled to attend General Meetings, both ordinary and extraordinary.

At least five days prior to the Meeting, shareholders will provide accreditation to the Company of the number of shares they hold, as duly recorded in the corresponding accounting records or otherwise by certificates issued by the depositary entity.

Attendance cards for the meeting, which are nominative and express the number of shares represented, and which are essential to gain access and participate in the meeting, will be issued by the Company, by the suitably authorised depositary entity or based on the above-mentioned system of accounting records.

Shareholders who do not personally attend the General Meetings can appoint another person to represent them, who need not be a shareholder. Representation must be conferred in writing and specifically for each General Meeting. In any case, the Company must be assured that the shares will not be traded from the time the attendance card is requested until after the meeting has been held.

Representation can be granted by postal or electronic mail, with what is foreseen in this article for issuing votes by the said means being applicable in this case, insofar as it is not incompatible with the nature of the representation.

The said vote by means of electronic communication will be issued under a recognised electronic signature or some other kind of guarantee that the Board of Directors considers suitable so as to ensure the authenticity of the identity of the shareholder exercising the right to vote.

The vote issued by any of the means foreseen in the above paragraphs must be received by the Company prior to two hours before the time and date foreseen for the General Meeting to be held at the first call, otherwise, it will be considered that the vote has not been issued.

The Board of Directors is authorised to implement the above measures, establishing the regulations, means and procedures appropriate to the state of the art, in order to effect the issuing of the vote and the granting of representation by electronic means, while adapting, if applicable, to the regulations which are decreed for this purpose.

In particular, the Board of Directors will be authorised to:

- a) Regulate the use of alternative guarantees to the electronic signature for issuing the electronic vote.
- b) Reduce the time period established in the paragraph above for receipt by the Company of votes issued by postal or electronic mail.

In any case, the Board of Directors will take the necessary measures to prevent possible duplications and to ensure that whoever has issued the vote or delegated representation is properly legalised to do so in accordance with the provisions of these Articles of

Association.

Personal attendance at the General Meeting of Shareholders by the shareholder or the appointed representative will revoke the vote cast by means of postal or electronic mail.

ARTICLE 15

Minutes will be taken of the issues discussed and decided on at the General Meetings of Shareholders. These minutes will then be approved in accordance with the stipulations of article 113 of the Act. The Secretary, with the countersigned approval of the Chairperson, will issue certified reports of decisions whose accreditation is necessary or of interest. Implementation of decision taken, unless specially delegated, is the duty of the Chairperson of the Board of Directors or the persons who are appointed by the Board itself.

Second Section: Concerning the Board of Directors

ARTICLE 16

Without detriment to the powers attributed to the General Meetings of Shareholders, in accordance with the Act and these Articles of Association, the Company will be managed, administered and represented by a Board of Directors composed of a minimum of five members and a maximum of twelve, who may or may not be shareholders in the Company.

The term of office as Board Member will be six years, and members can be re-elected, without limitation, for further periods of the same maximum term.

The appointment of the Directors will expire when, after a period of six years, the following General Meeting has been held or the legal period for holding the General Meeting, that must decide on approval of the previous year's accounts has elapsed.

Acceptance of the post of Director will necessarily entail the express declaration by the interested person of non-involvement in any incompatibility, legal or statutory, and especially in any of those indicated in Act 25/1983, dated 26 December, Act 9/1991, dated 22 March, or any supplementary or subsequent provisions. Persons declared incompatible by these Acts or stipulations of the measures and conditions established in them can not hold any such post in this Company.

ARTICLE 17

Election of Board members will be carried out by vote, with those who obtain the greater number of votes being appointed, without detriment to the rights for appointment of Board members corresponding to shareholders who exercise the proportional system; all in accordance with the stipulations in articles 123 and 127 of the Public Limited Company Act and in Royal Decree 821/1991, dated 17 May.

ARTICLE 18

The Board of Directors will appoint a Chairperson and a Vice-chairperson, to stand in for the Chairperson if necessary, from among its members, unless the appointments are made by the General Meeting of Shareholders. It will also appoint a Secretary, who may or may not be a Board member. In the latter case, the Secretary will have a voice but no vote at meetings of the Board.

The Board of Directors will meet at least 3 times a year and whenever deemed advisable by the Chairperson or requested of the Chairperson by a minimum of 3 Board members, with the call to meeting being sent by the Chairperson or, at his/her request, by the Secretary. The call to meeting will be sent to each of the Board members at least 15 days prior to the meeting, and, in serious urgent cases, in the Chairperson's opinion, with only 2 days notice.

The locality, day, and time of the meeting of the Board of Directors, will always be indicated in the call to meeting, as well as issues to be included on the agenda for discussion and resolution.

No call to meeting will be required when all the Board members are present or provided with special delegation and unanimously agree to hold a meeting of the Board. The right to attend and vote can be delegated on the Chairperson or any other Board member, but always sent in writing to the representative for this purpose, which must be in his/her possession before the start of the session.

ARTICLE 19

The Board of Directors will be validly constituted when the meeting is attended by half plus one of its members, present or represented. Resolutions will be taken by an absolute majority of votes of members present, or represented, at the meeting, who each have one single vote. The Chairperson does not have a casting vote.

Resolutions will be recorded in the Minutes Book and will be signed by the Chairperson and the Secretary, except in the case of a meeting held without prior convening, in which case it must be signed by all Board members present. The Chairperson of the Board and the Executive Directors, without distinction, will be responsible for implementation of Resolutions taken, unless someone is specially appointed.

The Secretary of the Board of Directors, with the countersigned approval of the Chairperson, will issue, certified reports of the Resolutions taken in each case.

The Board will be able to fill any vacancies that concur during the business year from among the shareholders, with appointments then being submitted to the first General Meeting held thereafter for confirmation. The person appointed to fill the vacancy will only occupy the post for the time still remaining for the person replaced.

ARTICLE 19 BIS

1.- The Board of Directors must adapt its activities to the Regulations which, in itself, is approved in accordance with the Code of Good Corporate

Governance, which must foresee the constitution, at least, of the Audit and Compliance Committee, the Strategy and Investments Committee and the Appointments and Remunerations Committee. The functions of each of the said committees must be determined in the Regulation of the Board.

2.- The Audit and Compliance Committee must be made up of a majority of non-executive directors, appointed by the Board of Directors, and the Chairperson must be appointed from among these non-executive directors. The Chairperson will be replaced each four years and can be re-elected when one year has lapsed after replacement.

This Committee will have three members.

Without detriment to other duties assigned by the Board, the Audit and Compliance Committee, will have the following basic responsibilities:

a) report to the General Meeting of Shareholders on the issues raised there by the shareholders on matters within the Committee's competence;

b) propose to the Board of Directors, for submission to the General Meeting of Shareholders, the appointment of the External Auditors as stated in article 204 of the revised text of the Public Limited Company Act;

c) oversee the internal auditing services;

d) know the Company's financial reporting process and the internal control systems;

e) maintain relationships with the external auditors to receive information on such matters as may jeopardise the latter's independence and any other matters related to the process of conducting financial audits, as well as the other communications provided for in the legislation on the auditing of financial statements and in the technical standards for auditing;

f) review the company's accounts, monitor compliance with legal requirements and the correct application of generally accepted accounting principles, as well as report on proposals for the modification of accounting principles and criteria suggested by management;

g) act as a communication channel between the Board of Directors and the auditors, assess the results of each audit and the management team's response to the recommendations and, if discrepancies arise, mediate between the auditors and the management team in relation to the principles and criteria applicable in the preparation of financial statements;

h) review the appointment and replacement of those responsible for internal control systems;

i) supervise fulfilment of the audit contract, ensuring that opinions on the annual accounts and the main points of the audit report are written clearly and precisely;

j) revise the prospectuses and periodic financial information that the Board should provide to the markets and its supervisory bodies;

k) examine compliance with the Internal Code of Conduct in relation to the Stock Markets, the Board's Code and, in general, the company's governance regulations and make any proposals necessary for their improvement. In particular, the Audit and Compliance Committee is responsible for receiving information and, if appropriate, for issuing reports on disciplinary measures to the company's executive team.

3.- The Audit and Compliance Committee will meet periodically, when it is required to do so, and at least three times a year. One of the sessions will be dedicated to evaluating the efficiency and compliance of the company's governance regulations and procedures and preparing the information that the Board of Directors must approve and include in its annual public documentation.

4.- Any member of the executive team or the company's personnel who is required to do so, is obliged to attend the Committee's sessions and to collaborate and provide access to the information in their possession. The Committee may also request that the accounts auditors attend their meetings.

ARTICLE 20

In addition to the general duties arising out of the Act and these Articles of Association, the special duties of the Board of Directors are as follows:

- 1.- To represent the Company, in court and extrajudicially, with this representation being extendable to all events included within the business objects or purposes as determined in article 3 of these Articles of Association and in the terms expressed in articles 128 and 129 of the Act, As well as the control, monitoring and resolution of all businesses and matters which are directly or indirectly related with the said business purpose.
- 2.- To remove the Chairperson and the Secretary from the Board itself, when the same Board has appointed them.
- 3.- To state cases of incompatibility of its members and of the Secretary, even when not a Board member.
- 4.- To demand what is necessary in each case of joint ownership of shares, in accordance with the stipulations of article 66 of the Act, as well as in other cases of joint ownership of rights over shares.
- 5.- To monitor the listing of shares and other securities issued by the Company, on the Stock Market.
- 6.- To indicate the date, time and place when the General Meeting of Shareholders is to be held, after previously agreeing on convening and, in the same way, determining the points to be included on the agenda for the meeting.

- 7.- To decide and determine concerning payment of instalment payments and payment of assets, including interim payments, as share-out of profits or reserves, as well as refunding amounts improperly collected by Company shareholders, as foreseen in article 217 of the Act.
- 8.- To appoint and dismiss personnel, set their remuneration, even allocating them production or sales commissions or bonus, as well as a share in profits.
- 9.- To purchase, sell, exchange and by any other instrument, acquire or dispose of goods of all kinds, make loans, open credits, with or without mortgage security on goods, enter into leasing agreements, whether registrable or not; establish, modify, postpone and cancel sureties, collateral, mortgages and other pledges. To negotiate, advance and formalise guarantees, jointly or jointly and severally, including waiving rights, in favour of any person, natural or legal, for whom it is considered advisable, with any banking, savings or credit entity in general, and on the conditions which are considered appropriate.
- 10.- To open current, deposit and credit accounts, and have their balances available on demand; establish and withdraw deposits of securities and government securities; make collections and payments; to draw on all business funds in the possession of third parties, including in the government depositary and in public offices, as well as in any banking establishment, including the Bank of Spain; to release, accept, guarantee, discount, endorse, state, collect, pay and request protests of bills of exchange, cheques, promissory notes and any other commercial or business draft item.
- 11.- To agree issues with umpires and arbitrators, in the way and on the conditions deemed advisable. Without territorial limitations, initiate and continue through all their formalities, until their termination, all kinds of procedures, appeals, dossiers and claims of a fiscal, governmental, administrative economic, administrative contentious, civil, penal and labour nature, and decide on exercising all the actions and exceptions that are relevant, before the Courts and Tribunals of every order, degree, jurisdiction and class, labour and fiscal organisations, industrial tribunals, customs and administrative offices, and any others that might correspond; in general, to lodge all kinds of appeals, including those of repeal, review and protection, before the Courts, Supreme Court of Justice and Constitutional Court or others; confer authorisation for lawsuits in favour of court attorneys, as well as to appoint lawyers, with all powers of general proxies for lawsuits and special powers for the case; to request execution of sentences and other judgements or decisions. To desist from all the above and request the suspension of proceedings.
- 12.- To take part in competitive tendering processes and enter into all kinds of contracts and carry out events that are of interest for the Company, on the conditions it considers convenient; and to ratify, rectify, modify and cancel such businesses.
- 13.- To set up branches and agencies, and also to take part in other Companies or in their creation, in accordance with articles 2 and 3 of these Articles of Association.
- 14.- To resolve any doubts that arise with regard to the interpretation of these Articles of

Association and issue the supplementary provisions that it considers necessary.

15.- To decide on all matters convenient for business interest, except when the matter is reserved by the Act or by the Articles of Association for the consideration of the General Meeting of Shareholders.

This determination of the powers of the Board of Directors is simple expository and, therefore, its powers are not limited other than before those powers that correspond to the General Meeting of Shareholders.

The Board of Directors can delegate the powers that it considers opportune, either in general or in favour of the Board members and the employees of the Company, with powers being held jointly or jointly and severally, according to what is decided in each case.

The drawing up and submission of the annual accounts and their presentation to the General Meeting of Shareholders can not be delegated, nor can other extraordinary powers conferred by the General Meeting of Shareholders to the Board of Directors, unless expressly authorised to do so.

Third Section: Concerning the Executive Directors or General Managers

ARTICLE 21

The Board of Directors is responsible for appointing one or more Executive Directors or General Managers, and also for their dismissal, indicating their duties and determining their powers, jointly or jointly and severally, which might be increased, restricted or revoked at any time.

In any case, whoever occupies these posts will have to hold Spanish nationality.

TITLE IV

Concerning the Annual Accounts

ARTICLE 22

The financial year will begin on 1 January and finish on 31 December of each year.

ARTICLE 23

The Board members of the Company, in relation to and based on 31 December of each year, and within the first three months of the following year, will draw up and formulate the annual accounts, which will consist of the balance sheet, the profit and loss account and the annual report, all of which, together with the management report, the proposal for profit allocation or distribution of dividends and even the auditors' report, if applicable, in a consolidated form, will be submitted to the examination and consideration of the General Meeting of Shareholders for discussion

and approval or objections.

The general expenses will be deducted from the proceeds obtained, as will the amounts allocated for the amortisation or depreciation of assets, default credits, provisions and other legally approved allowances. In the same way, the reserves will be endowed as established by article 214 and concordant of the Act.

The clear profit, by agreement of the General Meeting, will be allocated to the purposes that the General Meeting chooses, and might even decide for it to be entirely allocated to reserve funds.

Remuneration for the Board of Directors will be set at four percent (4%) of the consolidated profits of the TUBACEX, S.A. group, always provided that the legally binding reserve applications are covered by all the companies integrated into the group and, if applicable, the statutory requirements, if any, and a dividend of four percent (4%) is declared in favour of the shareholders of the Company, payable from profits for the year, from reserves or from the issue premium. Remuneration will be distributed among the members of the Board in accordance with a resolution taken by such Board. The Board can determine whether amounts are to be paid, as allowances for attending meetings which are held, during the business year.

ARTICLE 24

Distribution of dividends, including interim payments, will be carried out on a percentage basis on the paid-up par value of the shares, respecting the principle of equality for all of them and, if appropriate, of proportionality for part of them, paying attention to the dates established for the start of effectiveness of their economic rights, taking into account, in general, the provisions of articles 215 and 216 of the Act.

Subject to these principles, the non-voting shares, if any, will receive a dividend of not less than 5% of their paid-up par value; once this minimum dividend has been agreed, they will be entitled to at least the same dividend as corresponds to the ordinary shares, which might be increased by the percentage resolved by the General Meeting, at the proposal of the Board of Directors, unless this percentage has specifically been foreseen in the issue conditions of the said non-voting shares.

On every occasion, payment will be considered entire and gross, with tax deductions at source or any other deduction that the Company is obliged to make at any time being applied.

Dividends or capital refunds, which will be paid as determined by the General Meeting of Shareholders or, if applicable, by the Board of Directors, will lapse in favour of the Company if they are not collected by the interested party within 5 years of the date on which they could have been received. Capital calls will be met by the shareholders as instructed, also, by the General Meeting of Shareholders or, if applicable, by the Board of Directors, without exceeding the period of 5 years and with the instruments foreseen by articles 44, 45 and 46 of the Act.

For return of dividends improperly received by shareholders, the provisions of article 217 of the Act will be applied. The General Meeting of Shareholders or the Board of

Directors will be able to decide about the payment of amounts, as interim dividends on profits, observing the requirements demanded by article 216 of the Act.

TITLE V

Winding-up and Liquidation

ARTICLE 25

The Company shall be dissolved for the reasons stated in article 260 of the Act, with the effects foreseen in articles 262 and following of the said Act.

Its liquidation, unless the General Meeting of Shareholders decides otherwise, will be carried out by the Board of Directors that exists on the date in question, and which, for this purpose, will retain the functions and powers assigned to it in the Articles of Association and that legally correspond to it, with the obligations inherent to them.

Should the Board of Directors be composed of an even number of Board members, and for purposes of the liquidation activity, the youngest Board member will step down.

When the business liabilities have been cancelled or suitably guaranteed, the remainder will be distributed, on a pro-rata basis, among all the shares, in proportion to their par, total or effectively paid-up value; any possible losses will also be borne in the same proportion, should the assets be insufficient to reimburse the contributions made.

ADDITIONAL PROVISIONS

FIRST

Of what is recorded in the legal provisions regarding public limited companies, these Articles of Association contain the part which is considered basic and essential, with the Act always being supplementary in nature to the said provisions and without it being necessary for a certain legal stipulation to be expressly stated or referred to in the articles above for it to be fully effective and applicable.

SECOND

All the references and mentions to the “Act” which are made in the articles that make up these Articles of Association, and according to article 1 herein, refer to Legislative Royal Decree 1,564/1989, dated 22 December 1989, approving the revised text of the Public Limited Company Act, as well as to the modifications and additions which have been made to the said text or which are made in the future, which will be considered as supplementary to these Articles of Association.