



KONKURRANSETILSYNET
Postboks 439 Sentrum
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Oslo, 28 March 2007
Ref: CAA-70229-2
Lawyer in charge:
Anders Ryssdal

Also sent by fax: 55 59 75 99

STANDARDIZED MERGER NOTIFICATION

We hereby provide the Competition Authority with a standardized merger notification (alminnelig melding) in accordance with section 18 first and second paragraphs of the Competition Act. The notification follows the order of the standard notification scheme.

The concentration comprises Tenaris S.A.'s proposed acquisition of 100 % of the shares in Hydril Company. The agreement and plan of merger was entered into on 11 February 2007. However, as the proposed transaction is dependent on approval from the shareholders of Hydril Company, regulatory approval of US competition authority (which has been obtained), and other customary conditions, the agreement is not yet final for the purposes of the Norwegian Competition Act. It is expected that the shareholder's meeting will take place on or about April 2007.

1. NOTIFYING PARTY

1.1 The acquirer

Name: Tenaris S.A. (hereinafter "Tenaris")
Org no: B 85.203
Address: 46a, Avenue John F. Kennedy – 2nd Floor, L-1855 Luxembourg, 9555
Tel/fax: +39 035 560 3414 / +39 035 560 3045
Contact person: Giovanni Antonietti¹
E-mail: gantonietti@dalmine.it

1.2 The acquirer's representative

Name: Wiersholm, Mellbye & Bech, advokatfirma AS
Address: Postboks 1400 Vika, 0115 Oslo
Tel: 210 210 00
Fax: 210 210 01
Contact person: Carsten Anker
E-mail: caa@wiersholm.no

2. TARGET

Name: Hydril Company (hereinafter "Hydril")
Address: 3300 North Sam Houston Parkway East, Houston, Texas 77032, USA
Tel: 001 281 985 3308
Fax: 001 281 985 2840
Contact person: Chris D. North
E-mail: cnorth@hydril.com

3. NATURE OF THE CONCENTRATION

Reference is made to the description in the introduction above.

¹ Mr. Antonietti is working in Dalmine SpA in Italy

4. THE COMPANIES' STRUCTURE AND AREAS OF BUSINESS

4.1 The acquirer

Tenaris is a holding company based in Luxembourg. It is listed on the New York Stock Exchange, the *Bolsa Mexicana de Valores, S.A. de C.V.* (the Mexican Stock Exchange), the *Bolsa de Comercio de Buenos Aires* (the Buenos Aires Stock Exchange) and *Borsa Italiana S.p.A.* (the Italian Stock Exchange). It is controlled by San Faustín N.V. ("San Faustín"), a Netherlands Antilles corporation that is primarily involved in the steel and energy industries.² San Faustín is in turn controlled by Rocca & Partners S.A. ("Rocca & Partners"), a British Virgin Islands holding corporation that does not carry on any operating business.

The focus of Tenaris' business is in the manufacturing of seamless steel pipe products and the provision of pipe handling, stocking and distribution services to the oil and gas, energy and mechanical industries worldwide. The principal finished products sold by Tenaris include (i) seamless steel oil country tubular goods ("OCTG")³, (ii) seamless steel line pipe⁴ (iii) and seamless steel products for various industrial applications.⁵

With respect to welded pipes production, Tenaris supplies welded steel pipe primarily for the construction of oil and gas pipelines in South America. It also supplies small quantities of welded steel pipe to various other parts of the world, but Tenaris does not sell welded steel pipes in Norway.

With production sites located in Argentina, Brazil, Canada, Italy, Japan, Mexico, Rumania, and Venezuela and a service network that covers more than 20 nations, Tenaris has a yearly production capacity of 3.3 million tons of seamless pipes and 0.93 million tons of welded pipes.

In the second half of 2006 Tenaris acquired 100 % of the shares in Maverick Tube Corporation ("MTC"). MTC, directly and through its subsidiaries, is primarily engaged in the production and sale of (i) welded tubes (in particular, OCTG casing and tubing, and line pipes) and, to a limited extent, (ii) tubes which are used to protect electric cables and power lines (steel electrical conduit). Although Maverick operates worldwide, it sells its products mainly in the U.S.

With respect to the two activities carried on by Hydril (further described below), the following should be noted:

- Tenaris manufactures premium connections that apply exclusively to Tenaris-manufactured OCTG. It then sells the final product to the customer. Tenaris does not thread third parties' OCTG;
- Tenaris does not manufacture or acquire pressure control products.

In Norway, Tenaris carries on business mainly through Tenaris Global Services Norway AS ("Tenaris Norway"). Tenaris Norway is primarily involved in the marketing of seamless steel pipe products related to the oil and gas industry in Norway. As described above, Tenaris has no sales of welded steel pipe products into Norway. Tenaris does not own or operate steel pipe manufacturing facilities in Norway.

The activities carried on by Tenaris are further described in its Annual Report for the year ended December 31, 2006 and its Form 20-F for the year ended December 31, 2005. Both documents and further information on the activities of Tenaris can be found on the website www.tenaris.com.

² San Faustín also controls Ternium S.A. ("Ternium"), a Luxembourg based company which is primarily engaged in the manufacturing of flat and long steel products at facilities located in Argentina, Mexico and Venezuela. While Tenaris and Ternium are both controlled by San Faustín, each of them is operated independently and has no control over the operations of the other.

³ As used in the oil and gas industry, the term "OCTG" includes casing, tubing and drill pipe, each of which is used in the down-hole completion of oil and gas wells. Steel casing is used to sustain the walls of oil and gas wells during and after drilling. Steel tubing is used to conduct crude oil and natural gas to the surface after drilling has been completed. Drill pipe is used to drill wells.

⁴ Steel line pipe is used for transportation or conveyance of oil and natural gas or other fluids in pipelines.

⁵ Seamless steel products for industrial applications include special automotive parts and components, hollow for the productions of high pressures gas cylinders, hydraulic accumulators, seamless hot-rolled and cold-drawn precision tubes for mechanical, hydraulic cylinders and general engineering applications, hollow bars.

4.2 The target

Hydril is a company incorporated under the U.S. laws. It is listed on the NASDAQ.

Hydril manufactures and sells premium connections for OCTG, as well as pressure control products for the oil and gas exploration and production industry.

Premium connections are similar to the grooves on a bolt and enable different pipes to be screwed (i.e. joint) together. In particular, given their capacity to withstand the extreme conditions encountered in wells, premium connections are typically employed on OCTG. Generally, Hydril threads tubulars owned by its customers (OCTG producers or distributors, and exploration and production company operators), which then sell or use the finished product. Therefore, Hydril does not usually own the pipes it threads, but it merely adds connections to them, providing a mere manufacturing service. Occasionally, Hydril purchases OCTG and resells them after the threading.

Pressure control products regulate formation and drilling fluid pressure during normal operations and prevent well blowouts when the pressure of formation fluids and gases reaches critical levels. Hydril's pressure control products include blowout preventers, diverters, subsea control systems, drill stem valves, production chokes, pulsation dampeners, specialized elastomer products and integrated subsea control systems (which typically include a series of blowout preventers stacked on top of one another along with other types of valves, and diverters). Hydril sells its pressure control products directly to drilling contractors and exploration and production company operators.

Finally, Hydril provides aftermarket replacement parts, and repair and field services to maintain its installed products.

For further information on the activities of Hydril, please visit the website www.hydril.com.

5. TURNOVER AND OPERATING RESULT

5.1 The acquirer⁶

The acquirer (including all group companies) had a total 2006 turnover in Norway of ■■■. Of this sum, approximately MNOK 307 corresponds to the turnover of Tenaris Norway and the balance corresponds to the turnover of other subsidiaries of Tenaris.

Tenaris Norway's total 2006 operating profit in Norway was approximately NOK 7,200,000. The operating profit in Norway for the other subsidiaries of Tenaris is not available.

5.2 The target⁷

The target's 2006 turnover in Norway was ■■■

The target's 2006 operating profit in Norway was ■■■

6. MARKET AFFECTED BY THE CONCENTRATION

Hydril manufactures premium connections for OCTG owned by its customers (OCTG producers, distributors and end-users), and produces and sells pressure control systems.

As stated above, Tenaris manufactures premium connections that apply exclusively to Tenaris-manufactured OCTG, and, thus, the parties to the transaction do not directly compete in the provision of premium threading services to third party OCTG. It then sells the final product to the customer. Tenaris does not thread third parties' OCTG. Tenaris does not manufacture or acquire pressure control products.

6.1 Product market: Premium connections

Premium connections are similar to the grooves on a bolt and enable different pipes to be screwed (i.e., joint) together. Given their capacity to withstand the extreme conditions encountered in wells, they are usually employed on OCTG when these products are applied in oil and gas wells subject to severe technical requirements.

⁶ Data elaborated on the basis of the following average Exchange rate: US\$ 1 = NOK 6,4180

⁷ Data elaborated on the basis of the following average Exchange rate: US\$ 1 = NOK 6,23

Given their characteristics (such as pressure-tight sealing, tension resistance, torque capability, clearance, compression and bending flexibility, corrosion resistance), OCTG premium connections might be seen as a separate niche product market in the wider sector of the standard tubular connections. However, in the present case, it is not necessary to adopt a definitive and precise definition since, even adopting the narrowest approach that identifies OCTG premium connections as a separate product market, the competitive assessment would not change and the transaction would not raise competitive concerns.

6.2 Geographical area

Given the global nature of the demand, the worldwide supplies geographic range and the absence of significant customs barriers for export and import of tubulars, Tenaris respectfully submits that the market for premium connections has a worldwide dimension.

This conclusion is further supported by the fact that oil technology and drilling operating practices are global, oil companies are multinational undertakings operating worldwide and premium connections are provided in conjunction with OCTG, whose geographic market is worldwide in scope.

6.3 Market share⁸

Premium connections are principally manufactured by vertically integrated OCTG producers (such as Tenaris), which can directly thread part of the tubulars they manufacture and sell, and, to a limited extent, by independent providers of threading services (such as Hydril), which thread OCTG owned by third parties (i.e. OCTG producers and distributors, and exploration and production company operators).

Independent providers are mainly active in the U.S, where the business value chain is more fragmented, while in other areas of the world the normal business pattern is represented by integrated undertakings.

Estimated worldwide premium connection market shares of Tenaris and Hydril are [REDACTED]. These market shares have been calculated on the basis of total premium connections manufactured by both integrated undertakings and independent providers of threading services.

Tenaris threads exclusively Tenaris-manufactured OCTG and, thus, Tenaris and Hydril do not directly compete in the provision of premium threading services to third party OCTG.

Based on the above, the merger will not result in the elimination of important competitive constraints that the parties to the transaction previously exerted upon each other, and the reduction of overall competitive pressure in the premium connection market will not be significant.

Moreover, after concentration, the merged entity would remain constrained by powerful integrated competitors, such as VAM and Grant Prideco [REDACTED] as well as by a large number of independent providers of premium threading services. In particular, given the relevant number of alternative suppliers and the absence of substantial switching costs, customer will be able to switch suppliers quickly and easily.

Finally, Hydril is mainly active in the U.S., while in Non-US regions it supplies [REDACTED] of the premium connection market. Therefore, the transaction will surely have a negligible effect in the EU and Norway.

⁸ Since there are no publicly available data, figures indicated are Tenaris' best estimates. In particular, total worldwide sales have been calculated multiplying an estimated premium connection average market price per OCTG ton (at worldwide level) by the number of OCTG tons employing premium connections sold worldwide.

6.4 Competitors, customers and suppliers

6.4.1 The parties' most important competitors



6.4.2 Tenaris' most important customers and suppliers



6.4.3 Hydri's most important customers and suppliers



7. ANNUAL REPORT / FINANCIAL STATEMENTS

Tenaris' annual report for 2006 can be found at
<http://www.tenaris.com/en/Investors/Default.asp>.

Hydri's annual report for 2006 can be found at
http://www.shareholder.com/hydl/downloads/2006_AR.pdf.

8. ADDITIONAL INFORMATION

None.

9. PUBLIC ACCESS

The parties ask for a permanent confidential treatment of the information in sections 5 and 6.

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Yours sincerely
for Wiersholm, Mellbye & Bech, advokatfirma AS

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