

**UNITED STATES OF AMERICA  
SECURITIES AND EXCHANGE COMMISSION**

DEFERRED PROSECUTION AGREEMENT

1. In connection with an investigation, the Division of Enforcement (“Division”) of the United States Securities and Exchange Commission (“Commission”) alleges that Tenaris, S.A. (“Respondent” or “Tenaris”), in or about 2006 through 2008, violated Sections 13(b)(2)(A), 13(b)(2)(B) and 30A of the Securities Exchange Act of 1934 (“Exchange Act”) by making payments to certain Uzbekistani government officials in order to secure an improper advantage in the bidding process for Uzbekistani government contracts and by failing to keep accurate books and records relating to those transactions, and by failing to maintain internal controls to ensure that the transactions in Uzbekistan were properly authorized by management and that the financial statements were prepared in conformity with generally accepted accounting principles (“Investigation”). Prior to a public enforcement action being brought by the Commission against it, without admitting or denying these allegations, Respondent has offered to accept responsibility for its conduct and to not contest or contradict the factual statements contained in Paragraph 6 in any future Commission enforcement action in the event it breaches this Agreement. Accordingly, the Commission and the Respondent enter into a deferred prosecution agreement (“Agreement”) with the following terms and conditions:

TERM

2. The Respondent understands and agrees that the provisions of this Agreement are in full force and effect from May 17, 2011 to May 17, 2013 (“Deferred Period”), unless expressly stated otherwise.

COOPERATION

3. The Respondent, a corporation organized and operating under the laws of Luxembourg and its subsidiaries (“Related Entities”) agree to cooperate fully and truthfully in the Investigation and any other related enforcement litigation or proceeding to which the Commission is a party (the “Proceedings”), regardless of the time period in which the cooperation is required. In addition, the Respondent agrees to cooperate fully and truthfully, when directed by the Division’s staff, in any other related official investigation or proceeding by any U.S. federal, state, or self-regulatory organization (“Other Proceedings”). The full, truthful, and continuing cooperation of the Respondent and Related Entities shall include, but not be limited to:

a. producing, in a responsive and prompt manner, all non-privileged documents, information, and other materials to the Commission as requested by the Division’s staff, wherever located, in the possession, custody, or control of the Respondent or any of its Related Entities; and

b. using its best efforts to secure the full, truthful, and continuing cooperation, as defined in Paragraph 4, of current and former directors, officers, employees and agents, including making these persons available, when requested to do so by the Division's staff, at its expense, for interviews and the provision of testimony in the investigation, trial and other judicial proceedings in connection with the Proceedings or Other Proceedings.

4. The full, truthful, and continuing cooperation of each person described in Paragraph 3 above will be subject to the procedures and protections of this paragraph, and shall include, but not be limited to:

a. producing all non-privileged documents and other materials as requested by the Division's staff;

b. appearing for interviews, at such times and places, as requested by the Division's staff;

c. responding to all inquiries, when requested to do so by the Division's staff, in connection with the Proceedings or Other Proceedings; and

d. testifying at trial and other judicial proceedings, when requested to do so by the Division's staff, in connection with the Proceedings or Other Proceedings.

#### STATUTE OF LIMITATIONS

5. The Respondent agrees that the running of any statute of limitations applicable to any action or proceeding against it authorized, instituted, or brought by or on behalf of the Commission arising out of the Investigation ("Proceeding"), including any sanctions or relief that may be imposed therein, is tolled and suspended during the Deferred Period.

a. The Respondent and any of its attorneys or agents shall not include the Deferred Period in the calculation of the running of any statute of limitations or for any other time-related defense applicable to the Proceeding, including any sanctions or relief that may be imposed therein, in asserting or relying upon any such time-related defense.

b. This agreement shall not affect any applicable statute of limitations defense or any other time-related defense that may be available to Respondent before the commencement of the Deferred Period or be construed to revive a Proceeding that may be barred by any applicable statute of limitations or any other time-related defense before the commencement of the Deferred Period.

c. The running of any statute of limitations applicable to the Proceeding shall commence again after the end of the Deferred Period, unless there is an extension of the Deferred Period executed in writing by or on behalf of the parties hereto.

d. This agreement shall not be construed as an admission by the Commission relating to the applicability of any statute of limitations to the Proceeding, including any sanctions or relief that may be imposed therein, or to the length of any limitations period that may apply, or to the applicability of any other time-related defense.

#### STATEMENT OF FACTS<sup>1</sup>

6. If this case had gone to trial, the Commission would have presented evidence sufficient to prove the following facts:

##### *Tenaris, S.A.*

a. Tenaris, S.A. was a corporation organized under the laws of Luxembourg. Tenaris was a global manufacturer and supplier of steel pipe products and related services. Tenaris's ADS's were listed on the New York Stock exchange and Tenaris's stock was listed on the exchanges of Argentina, Italy, and Mexico. Tenaris had annual revenues of \$9.9 billion in 2007 and \$12 billion in 2008, and had more than 24,000 employees worldwide. Tenaris, and through its 17 subsidiaries, operated in 12 countries and its customers included the world's leading oil and gas companies, as well as engineering companies engaged in constructing oil and gas gathering, transportation, and processing facilities.

b. Tenaris's operations included steel pipe sales in the Caspian Sea region, including Uzbekistan. The Caspian Sea region accounted for an average of approximately 5% of Tenaris's global oilfield services sales and approximately 1% of Tenaris's total global sales and services from 2003 to 2008. Tenaris did not have an office in Uzbekistan. Its Caspian Sea business was run from offices in Azerbaijan and Kazakhstan.

c. Tenaris obtained steel pipe sales in the Caspian Sea region in part by bidding on contracts solicited by government-owned companies, private companies or quasi-governmental entities to provide pipeline used in the development and production of oil and natural gas. Tenaris often used agents to assist in bidding on contracts in the Caspian Sea region. Among other services, those agents provided Tenaris with access to information and people that helped it tender bids that had a greater likelihood of being awarded by the governmental entities soliciting them.

##### *OAO Contracts 2006-2007*

d. Between in or around April 2006 through May 2007, Tenaris bid on a series of contracts with OJSC O'ztaghneftgaz ("OAO"), to supply OAO with pipeline for use in the development and production of oil and natural gas in Uzbekistan. OAO

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<sup>1</sup> The facts set forth in this section are made pursuant to settlement negotiations associated with the violations alleged by the Division in Paragraph 1 of this Agreement and are not binding against Tenaris in any other legal proceeding or on any other person or entity.

was a subsidiary of Uzbekneftegaz, the state-owned holding company of Uzbekistan's oil and gas industry.

e. OAO was an agency and instrumentality of the government of Uzbekistan and its employees were "foreign officials" within the meaning of Section 30A(f)(1)(A) of the Exchange Act.

f. In or around December 2006, Tenaris was introduced to a potential agent ("Agent") to help Tenaris bid on certain contracts with OAO. As an incentive to retain the Agent, the Agent offered Tenaris's then-regional sales personnel access to the confidential bid information of competitors obtained from officials in OAO's tender department, who also would allow Tenaris to submit revised bids. Tenaris's then-regional sales personnel would use the confidential competitor bid information to submit revised bids in order to increase the likelihood of Tenaris being awarded the underlying contract.

g. In or around January 2007, Tenaris entered into an agreement with the Agent to use its services in bidding on OAO contract M-07-53. Tenaris agreed to pay the Agent a commission of 3.5% for its services related to that contract.

h. In or around February 2007, Tenaris bid on contract M-07-53, utilizing the Agent's services, which included obtaining confidential bid information of Tenaris's competitors through OAO officials and thereafter submitting a revised bid to OAO through its officials who were cooperating with the Agent.

i. On or about April 30, 2007, Tenaris was awarded contract M-07-53 based on its revised bid. Pursuant to the terms of contract M-07-53, OAO agreed to pay Tenaris \$2,719,720 for pipe used in oil and gas development in Uzbekistan.

j. Between in or around April and May 2007, Tenaris bid on 3 additional contracts with OAO utilizing the Agent. In bidding on those contracts, Tenaris's then-regional sales personnel again obtained the confidential bid information of its competitors from OAO officials and submitted revised bids to those officials utilizing that confidential bid information.

k. As a result of Tenaris's then-regional sales personnel's use of the bid information of its competitors, Tenaris was awarded contracts M-07-70, M-07-71 and M-07-72 on or around May 22, 2007. Tenaris agreed to pay the Agent a 3% commission for its services related to contracts M-07-70, M-07-71, and M-07-72.

l. OAO agreed to pay Tenaris \$1,499,367 under contract M-07-70, \$6,378,657 under contract M-07-71 and \$8,797,980 under contract M-07-72, for pipe and related services.

m. Tenaris paid the Agent commissions for its services related to contracts M-07-53, M-07-70, M-07-71 and M-07-72. In making such payments, Tenaris made use

of the means and instrumentalities of interstate commerce in furtherance of such payments, including a payment to the Agent on or about July 2, 2007, via same day transfer of approximately \$32,140.67 through an intermediary bank, Wachovia Bank NY International, utilizing routing number xxx9 and account number 3xxxxxx1.

n. Tenaris's then-regional sales personnel understood that a portion of the commission Tenaris paid to the Agent for services related to contracts M-07-53, M-07-70, M-07-71 and M-07-72 would be used to pay OAO officials for opening competitors' bids, providing confidential bid information to Tenaris, and replacing Tenaris's original bids with its revised bids.

o. The conduct of the OAO officials in providing Tenaris with confidential bid information and allowing Tenaris's then-regional sales personnel to resubmit revised bids was in violation of the OAO officials' lawful duty and was done in order to assist Tenaris in obtaining or retaining business in Uzbekistan.

p. According to e-mails written by Tenaris's then-regional sales personnel, in or around November 2007, the Agent informed Tenaris's then-regional sales personnel that Tenaris's competitors in Uzbekistan had complained to an Uzbekistani government agency, Uzbekexpertiza JSC ("Uzbekexpertiza"), that Tenaris had obtained access to competitor bid information for contracts M-07-70, M-07-71, and M-07-72.

q. Uzbekexpertiza was an agency and instrumentality of the government of Uzbekistan and its employees were "foreign officials" within the meaning of Section 30A(f)(1)(A) of the Exchange Act.

r. Uzbekexpertiza had the authority to cause an investigation of the bidding process in which Tenaris bid for contracts M-07-70, M-07-71, and M-07-72.

s. According to e-mails written by Tenaris's then-regional sales personnel, in an effort to avert the potential investigation of the bidding process, the Agent recommended that Tenaris and the Agent pay Uzbekexpertiza officials to refrain from recommending an investigation against Tenaris or re-opening the bidding process to Tenaris's competitors.

t. Certain e-mails suggest that Tenaris's then-regional sales personnel agreed to pay the recommended payment to Uzbekexpertiza officials by the end of December 2007 in order to avert an investigation into the bidding process of contracts M-07-70, M-07-71, and M-07-72. It is unknown whether Tenaris ever made any such payment, and Tenaris has found no records evidencing any payment.

u. The agreement among Tenaris's then-regional sales personnel to pay the payment to the Uzbekexpertiza officials as recommended by the Agent was described by Tenaris's then-regional sales personnel as having been made to assist Tenaris in obtaining or retaining business in Uzbekistan.

v. In the summer of 2008, the M-07-70 contract and all outstanding portions of the M-07-72 contract were cancelled. In total, OAO paid Tenaris approximately \$2,697,598 on the 07-53 contract, \$4,585,312 on the 07-71 contract, and \$1,651,663 on the 07-72 contract. Tenaris's combined profits on OAO contracts M-07-53, M-07-71, and M-07-72 were approximately \$4,786,438.

w. In or around 2007, the books, records and accounts reflecting Tenaris's transactions related to the OAO contracts, which involved payments to OAO foreign officials, were incorporated into Tenaris's consolidated year-end financial statements for the respective year.

x. In or around 2007, Tenaris failed to make and keep books, records, and accounts which accurately and fairly reflected Tenaris's transactions with the agent described above, and which failed to accurately record the payments to OAO officials.

y. In or around 2007, Tenaris's system of internal controls failed to detect or prevent payments to OAO officials in an effort to obtain and retain business in Uzbekistan, including a failure to ensure that proper and effective due diligence was conducted on the Agent for the OAO contracts, and that the review process for authorization or approval of payments to the Agent failed to detect or prevent the illegal payments to OAO officials. Tenaris's policies, procedures and training related to anticorruption and the Foreign Corrupt Practices Act ("FCPA") compliance in place at that time warranted further strengthening to ensure effective compliance with the related laws.

### *Tenaris's Disclosure*

z. In or about March 2009, a third party disclosed to Tenaris that it had become aware that certain sales agency payments made by Tenaris may have improperly benefited employees of the third party. In response to that information the Audit Committee of Tenaris's Board of Directors retained Sullivan & Cromwell LLP to investigate the allegations. Thereafter, in a Form 20-F filed with the Commission on or about June 30, 2009, Tenaris disclosed the customer's allegations, Tenaris's internal investigation, and that it had informed staff of the Division and Department of Justice ("DOJ") about the allegations by the third party.

aa. In or about July 2009, counsel for Tenaris met with the staff of the Division and Department of Justice ("DOJ"), and disclosed preliminary findings of the internal investigation. Such disclosure was not related to the facts concerning transactions in Uzbekistan. Tenaris counsel informed staff of the Division and DOJ that it would conduct a more detailed internal investigation, and would report its findings to the staff.

bb. Tenaris's internal investigation included a world-wide investigation of its business operations and controls. Beginning in or about July 2010, Tenaris counsel met with the staff of the Division and DOJ to disclose facts related to its internal

investigation. Tenaris provided extensive, thorough, real-time cooperation with the staff of the Division and DOJ which included timely, voluntary and complete disclosure of certain conduct, including the facts described above. As a result of its internal investigation, Tenaris discovered facts and transactions in Uzbekistan which Tenaris included in the report provided to the staff. Tenaris also thoroughly reviewed its pre-existing compliance program and undertook steps to update and improve its compliance program, and to continue to implement enhanced compliance measures. These steps included, in part, adoption of a strengthened Code of Conduct, Business Conduct Policy, and Agent Retention Procedure that address anticorruption and compliance with the FCPA, and provide for enhanced due diligence procedures related to the retention of third party agents and review of payments to third party agents. Tenaris has agreed to provide real and meaningful cooperation with the Commission, DOJ and any law enforcement agency in connection with this matter.

### PROHIBITIONS

7. During the Deferred Period, the Respondent understands and agrees to comply with the following prohibitions:

- a. to refrain from violating the U.S. federal and state securities laws;
- b. to refrain from seeking or accepting a U.S. federal or state tax credit or deduction for any monies paid pursuant to this Agreement; and
- c. to refrain from seeking or accepting reimbursement or indemnification from any source, including, but not limited to, payment made pursuant to an insurance policy or employment contract, with regard to any monies paid pursuant to this Agreement.

### UNDERTAKINGS

8. During the Deferred Period, the Respondent understands and agrees to perform the following undertakings:

- a. to provide written notification to the Division, within fourteen days, if it (1) has been charged or convicted of an offense by any U.S. federal, state, or local law enforcement organization or regulatory agency, or (2) has been charged or convicted of an offense by any foreign law enforcement organization or regulatory agency relating to any anti-bribery or securities law, regulation or rule;
- b. to provide written notification to the Division, within fourteen days, if a formal or informal complaint has been made against it, or disciplinary action has been taken against it by any self regulatory organization relating to any anti-bribery or securities law, regulation or rule;

c. to pay disgorgement obtained or retained as a result of the violations alleged in Paragraph 1 in the amount of \$4,786,438 plus prejudgment interest of an estimated \$641,900 for a total of \$5,428,338 within 30 days by delivering or mailing by next-day mail a certified check, bank cashier's check, or United States postal money order, payable to the Securities and Exchange Commission, to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Mail Stop 0-3, Alexandria, Virginia 22312 along with a letter identifying the Respondent and specifying that the payment is made pursuant to a deferred prosecution agreement entered into with the Commission on May 17, 2011 and send an additional copy of the letter and check in accordance with the service requirements of Paragraph 11;

d. to provide the Division with a written certification of compliance with the prohibitions and undertakings in this Agreement between forty-five and sixty days before the end of the Deferred Period;

e. to review annually and update, as appropriate, the Code of Conduct beginning on February 1, 2012;

f. to require that each director, officer, and management-level employee certify compliance with the Code of Conduct on an annual basis beginning on February 1, 2011; and

g. to conduct effective training regarding anticorruption and compliance with the FCPA for (1) all current officers and managers, (2) all employees working in Finance, Accounting, Internal Audit, Sales, and Government Relations, (3) all other employees working in positions Tenaris deems to involve activities implicated by Tenaris's policies regarding anticorruption and compliance with the FCPA, on or before December 31, 2011, and (4) all such future employees within 90 days of their affiliation with Tenaris.

## PUBLIC STATEMENTS

9. After the Deferred Period begins, on May 17, 2011, the Respondent agrees not to take any action or to make or permit any public statement through present or future attorneys, employees, Agents, or other persons authorized to speak for it, except in legal proceedings in which the Commission is not a party, denying, directly or indirectly, any aspect of this Agreement or creating the impression that the allegations in Paragraph 6 of this Agreement are without factual basis. This paragraph is not intended to apply to any statement made by an individual in the course of any criminal, civil, or regulatory proceeding initiated by the government or self-regulatory organization against such individual, unless such individual is speaking on behalf of the Respondent. If it is determined by the Commission that a public statement by the Respondent or any related person contradicts in whole or in part this Agreement, at its sole discretion, the Commission may bring an enforcement action in accordance with Paragraphs 12 through 15.

10. Prior to issuing a press release concerning this Agreement, the Respondent agrees to have the text of the release approved by the staff of the Division.

#### SERVICE

11. The Respondent agrees to serve by hand delivery or by next-day mail all written notices and correspondence required by or related to this Agreement to Karen L. Martinez, 15 W. South Temple, Suite 1800, Salt Lake City, UT 84101, (801) 524-5796, unless otherwise directed in writing by the staff of the Division.

#### VIOLATION OF AGREEMENT

12. The Respondent understands and agrees that it shall be a violation of this Agreement if it knowingly provides false or misleading information or materials in connection with the Proceedings or Other Proceedings. In the event of such misconduct, the Division will advise the Commission of the Respondent's misconduct and may make a criminal referral for providing false information (18 U.S.C. § 1001), contempt (18 U.S.C. §§ 401-402) and/or obstructing justice (18 U.S.C. § 1503 *et seq.*).

13. The Respondent understands and agrees that, should the Division determine that the Respondent has failed to comply with any term or condition of this Agreement, the Division will notify the Respondent or its counsel of the fact and provide an opportunity for the Respondent to make a Wells submission pursuant to the Securities Act of 1933 Release No. 5310. Under these circumstances, the Division may, in its sole discretion and not subject to judicial review, recommend to the Commission an enforcement action against the Respondent for any securities law violations, including, but not limited to, the substantive offenses relating to the Investigation.

14. The Respondent understands and agrees that in any future enforcement action resulting from its violation of the Agreement, any documents, statements, information, testimony, or evidence provided by it during the Proceedings or Other Proceedings, and any leads derived there from, may be used against it in future legal proceedings.

15. In the event it breaches this Agreement, the Respondent agrees not to contest or contradict in any future Commission enforcement action the factual statements contained in Paragraph 6 above as admissions pursuant to Federal Rule of Evidence 801(d)(2).

#### COMPLIANCE WITH AGREEMENT

16. Subject to the full, truthful, and continuing cooperation of the Respondent, as described in Paragraphs 3 and 4, and compliance by Respondent with all obligations, prohibitions and undertakings in the Agreement during the Deferred Period, the Commission agrees not to bring any enforcement action or proceeding against the Respondent arising from the Investigation, after the conclusion of the Deferred Period.

17. The Respondent understands and agrees that this Agreement does not bind other U.S. federal, state or self-regulatory organizations, but the Commission may, at its discretion, issue a letter to these organizations detailing the fact, manner, and extent of its cooperation during the Proceedings or Other Proceedings, upon the written request of the Respondent.

18. The Respondent understands and agrees that if it sells, merges, or transfers all or substantially all of its business operations as they exist as of the date of this Agreement, whether such a sale is structured as a stock or asset sale, merger, or transfer during the Deferred Period, it shall include in any contract for sale, merger, or transfer a provision binding the purchaser or successor in interest to the obligations set forth in this Agreement.

19. The Respondent understands and agrees that the Agreement only provides protection against enforcement actions arising from the Investigation and does not relate to any other violations or any individual or entity other than the Respondent.

#### VOLUNTARY AGREEMENT

20. The Respondent's decision to enter into this Agreement is freely and voluntarily made and is not the result of force, threats, assurances, promises, or representations other than those contained in this Agreement.

21. The Respondent has read and understands this Agreement. Furthermore, the Respondent has reviewed all legal and factual aspects of this matter with its attorney and is fully satisfied with its attorney's legal representation. The Respondent has thoroughly reviewed this Agreement with its attorney and has received satisfactory explanations concerning each paragraph of the Agreement. After conferring with its attorney and considering all available alternatives, the Respondent has made a knowing decision to enter into the Agreement.

22. The Respondent represents that its Board of Directors has duly authorized, in a the resolution attached as Exhibit A, the execution and delivery of this Agreement, and that the person signing this Agreement has authority to bind the Respondent.

#### ENTIRETY OF AGREEMENT

23. This Agreement constitutes the entire agreement between the Commission and the Respondent, and supersedes all prior understandings, if any, whether oral or written, relating to the subject matter herein.

24. This Agreement cannot be modified except in writing, signed by the Respondent and a representative of the Commission.

25. In the event an ambiguity or a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring the Commission or the Respondent by virtue of the authorship of any of the provisions of the Agreement.

The signatories below acknowledge acceptance of the foregoing terms and conditions.

RESPONDENT

March 23, 2011

Date



Ricardo Soler  
Chief Financial Officer  
Tenaris S.A.  
46A, avenue John F. Kennedy  
L-1855 Luxembourg

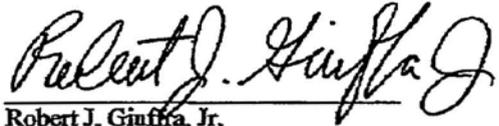
Attached hereto is the Certificate of the Secretary to the Board of Directors of Tenaris S.A., certifying that Ricardo Soler is, and at the time of the signing and delivery of the Agreement was, the duly appointed, qualified and acting Chief Financial Officer of the Company and duly authorized to execute the Agreement on behalf of the Company, and that the signature of Ricardo Soler appearing on the Agreement is his genuine signature.

RESPONDENT'S COUNSEL

Approved as to form:

March 29, 2011

Date

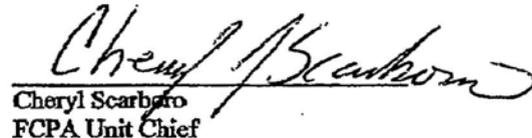


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SECURITIES AND EXCHANGE COMMISSION  
DIVISION OF ENFORCEMENT

May 17, 2011

Date



Cheryl Scarborough  
Cheryl Scarborough  
FCPA Unit Chief