Thousands of U.S. dollars (except number of shares and per share amounts)	At December 31,				
	2003	**2002**	**2001**	**2000**	**1999**
Selected consolidated balance sheet data[4]					
IFRS					
Current assets	2,035,895	1,810,581	1,619,136	1,419,747	1,270,109
Property, plant and equipment, net	1,960,314	1,934,237	1,971,318	1,941,814	1,909,924
Other non-current assets	313,339	337,080	247,500	282,976	246,317
Total assets	4,309,548	4,081,898	3,837,954	3,644,537	3,426,350
Current liabilities	1,328,677	1,203,278	1,084,913	951,444	792,716
Non-current borrowings	374,779	322,205	393,051	355,628	212,012
Deferred tax liabilities	418,333	500,031	262,963	292,849	290,727
Other non-current liabilities	226,495	175,547	302,645	199,548	196,964
Total liabilities	2,348,284	2,201,061	2,043,572	1,799,469	1,492,419
Minority interest	119,984	186,783	918,981	919,710	979,067
Shareholders’ equity[1]	1,841,280	1,694,054	875,401	925,358	954,864
Total liabilities and shareholders’ equity	4,309,548	4,081,898	3,837,954	3,644,537	3,426,350
Number of shares outstanding[2]	1,180,287,664	1,160,700,794	710,747,187	710,747,187	710,747,187
Shareholders’ equity per share[3]	1.56	1.46	1.23	1.30	1.34
U.S. GAAP					
Total assets	4,287,548	4,051,044	3,075,455	1,905,732	
Net assets	2,008,964	1,935,698	1,781,814	1,341,854	
Total shareholders’ equity	1,887,207	1,745,883	941,926	908,872	
Number of shares outstanding[2]	1,180,287,664	1,160,700,794	710,747,187	710,747,187	
Shareholders’ equity per share[3]	1.60	1.50	1.33	1.28	

(1) The Company’s common stock as of December 31, 2003 and 2002, was represented by 1,180,287,664 and 1,160,700,794 shares respectively, par value USD1.00 per share, for a total amount of USD 1,180.3 million and USD1,160.7 million respectively.

(2) On October 18, 2002, Sidertubes S.A., formerly a wholly owned subsidiary of San Faustín, contributed all of its assets for 710,747,090 shares of Tenaris. Upon the consummation of the December 2002 exchange offer and subsequent acquisitions of minority interests as described in note 27 to Tenaris’s consolidated financial statements included in this annual report, Tenaris had a total of 1,180,287,664 and 1,160,700,794 shares at December 31, 2003 and 2002, respectively.

(3) Shareholders’ equity per share at the dates presented has been calculated based on the assumption that 710,747,187 shares were issued and outstanding at each of the dates presented prior to October 18, 2002.

(4) Certain comparative amounts in 1999, 2000, 2001 and 2002 have been reclassified to conform to changes in presentation for 2003.

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

You should carefully consider the risks and uncertainties described below, together with the other information contained in this annual report, before making any investment decision. Any of these risks and uncertainties could have a material adverse effect on our business, financial condition and results of operations, which could in turn affect the price of the Company’s ordinary shares and American Depositary Shares, or ADSs.

Risks Relating to the Seamless Steel Pipe Industry

Sales and revenues may fall as a result of downturns in the international price of oil and other circumstances affecting the oil and gas industry.

The oil and gas industry is the largest consumer of seamless steel pipe products worldwide. This industry has historically been volatile, and downturns in the oil and gas markets adversely affect the demand for seamless steel pipe products.

Demand for these products depends primarily upon the number of oil and natural gas wells being drilled, completed and reworked, and the depth and drilling conditions of these wells. The level of these activities depends primarily on current and expected future prices of oil and natural gas. Several factors, such as the supply and demand for oil and natural gas and general economic conditions, affect these prices. When the price of oil and gas falls, oil and gas companies generally reduce spending on production and exploration activities and, accordingly, make fewer purchases of seamless steel pipe products.

Other circumstances – such as geopolitical events and hostilities in the Middle East and elsewhere – may also affect drilling activity and, as a result, cause pipe consumption to decline. For example, in 2002, although oil prices remained at levels which, under typical circumstances, would have been expected to result in sustained levels of investment in oil and gas drilling, oil and gas exploration and production activity were affected by increased uncertainty over the future level of oil prices as a result of the prospect of military action against Iraq and production cutbacks established by the Organization of Petroleum Exporting Countries, or OPEC. As a result, our sales volume of seamless steel pipes for 2002 decreased 15% compared to the previous year.

Sales and revenues may fall as a result of fluctuations in industry inventory levels.

Inventory levels of seamless steel pipe in the oil and gas industry can vary significantly from period to period. These fluctuations can affect the demand for our products, as customers draw from existing inventory during periods of low investment in drilling and other activities and accumulate inventory during periods of high investment. Even if the prices of oil and gas rise or remain stable, oil and gas companies may not purchase additional seamless steel pipe products or maintain their current purchasing volume.

Competition in the global market for seamless steel pipe products may cause us to lose market share in particular markets and hurt our sales and revenues.

The global market for seamless steel pipe products is highly competitive, with the primary competitive factors being price, quality and service. We compete in major international markets mainly against a limited number of producers of premium-quality steel pipe products. In addition, a large number of producers manufacture and export generally lower quality steel pipes. Competition from these low-end producers, particularly those from Russia, China and the Ukraine, have, at times, adversely affected us because they have offered products at significantly lower prices. In addition, these producers are improving the range and quality of pipes, thereby increasing their ability to compete with us. We may not continue to compete effectively against existing or potential producers and preserve our current shares of geographic or product markets. In addition, if import restrictions are imposed upon our competitors, they may increase their marketing efforts in other countries where we sell our products and thus increase the competitive pressure on us in such markets.

Our main domestic markets are removing barriers to imported products which will lead to increased competition in these countries and may hurt our sales and revenues.

As part of the increasing globalization of major economic markets, some countries are lifting quotas and other restrictions on imports, including imports of seamless steel pipe products, and are forming trade blocs. Argentina is a member of the *Mercado Común del Sur*, or Mercosur, Mexico is party to the North American Free Trade Agreement, or NAFTA, and Italy is a member of the EU. In addition, Argentina, Mexico and Italy are each party to bilateral and multilateral trade agreements (for example, Mexico’s trade agreement with the EU) that remove barriers to the import of foreign products. As import barriers have fallen, the domestic markets in Argentina, Mexico and Italy for seamless steel pipe products have become more competitive, attracting foreign producers. This could result in an adverse effect on our current market share in our domestic markets. Furthermore, while trade liberalization may also provide us with greater access to foreign markets, increases in sales to those foreign markets may not adequately offset any loss in domestic sales arising from increased foreign competition.

As a result of antidumping and countervailing duty proceedings and other import restrictions, we may not be allowed to sell our products in important geographic markets such as the United States.

Local producers have filed antidumping, countervailing duty and safeguard actions against us and other producers in their home countries in several instances in the past. Some of these actions led to significant penalties, including the imposition of antidumping and countervailing duties, in the United States. Certain of our seamless steel products have been and continue to be subject to such duties in the United States. Antidumping or countervailing duty proceedings or any resulting penalties or any other form of import restriction may impede our access to one or more important export markets for our products and in the future additional markets could be closed to us as a result of similar proceedings. The U.S. market is effectively closed to some of our principal products, limiting our current business and potential growth in that market.

Further consolidation among oil and gas companies may force us to reduce prices and hurt our profits.

A large percentage of our sales are directed to international oil and gas companies. Oil and gas companies throughout the world have experienced a high level of consolidation which has reduced the number of companies dedicated to providing these services. The surviving companies enjoy significant bargaining power that could affect the prices of our products and services.

Fluctuations in the cost of raw materials and energy may hurt our profits.

The manufacture of seamless steel pipe products requires substantial amounts of raw materials and energy from domestic and foreign suppliers. The availability and price of a significant portion of the raw materials and energy we require are subject to market conditions and government regulation affecting supply and demand that can affect their continuity and purchase costs. Increased purchase costs of raw materials and energy may not be recoverable through increased product prices and limited availability may curtail production, which could adversely affect our profitability. For example, supplies of natural gas in Argentina are currently limited and supply restrictions could lead to production cutbacks at our facilities in Argentina.

Our inability to reduce some of our costs in response to lower sales volume may hurt our profits.

Like other manufacturers of steel-related products, we have fixed and semi-fixed costs that cannot adjust rapidly to fluctuations in product demand. If demand for our products falls significantly, these costs may adversely affect our profitability.

Potential environmental, product liability and other claims may create significant liabilities for us that would hurt our net worth.

Our oil and gas casing, tubing and line pipe products are sold primarily for use in oil and gas drilling and transportation activities, which are subject to inherent risks, including well failures, line pipe leaks and fires, that could result in death, personal injury, property damage, environmental pollution or loss of production. Any of these hazards and risks can result in the release of hydrocarbons, environmental liabilities, personal injury claims and property damage. Correspondingly, defects in specialty tubing products could result in death, personal injury, property damage, environmental pollution, damage to equipment and facilities or loss of production.

We normally warrant the oilfield products and specialty tubing products we sell or distribute in accordance with customer specifications, but as we pursue our business strategy of providing customers with supply chain services, we may be required to warrant that the goods we sell and services we provide are fit for their intended purpose. Actual or claimed defects in our products may give rise to claims against us for losses and expose us to claims for damages. The insurance we maintain may not be adequate or available to protect us in the event of a claim or its coverage may be canceled or otherwise terminated.

Similarly, our sales of tubing and components for the automobile industry subject us to potential product liability risks that could extend to bearing the costs of the recall of automobiles sold by car manufacturers and their distributors.

Risks Relating to our Business

Adverse economic or political conditions in the countries where we operate or sell our products and services may decrease our sales and revenues.

We are exposed to adverse economic and political conditions in the countries where we operate or sell our products and services. The economies of these countries are in different stages of socioeconomic development. Like other companies with significant international operations, we are exposed to risks from changes in foreign currency exchange rates, interest rates, inflation, governmental spending, social instability, regulatory and taxation changes and other political, economic or social developments in the countries in which we operate. Risks associated with foreign political, economic or social developments also may adversely affect our sales volume or revenues from exports and, as a result, our financial condition and results of operations. For example, in Argentina, due to the ongoing social, economic and political crisis, we face high fiscal pressure, changes in laws and policies affecting foreign trade and investment, exchange controls, expropriation and forced modification of existing contracts and restrictions on the supply of electricity and gas. For additional information on risks relating to our operations in Argentina, see "Risks Relating to Argentina and Mexico". Similarly, recent adverse political and economic developments in Venezuela and Nigeria have already had an adverse impact on our sales in those countries, and may continue to do so.

If we do not successfully implement our business strategy, our ability to grow and competitive position may suffer.

We plan to continue implementing our business strategy of developing value-added services and custom-designed products which enable us to integrate our production activities with the customer supply chain and pursuing further strategic acquisition opportunities. Any of these components of our overall business strategy may not be successfully implemented. Even if we successfully implement our business strategy, it may not yield the desired result. We may fail to find suitable acquisition targets or to consummate those acquisitions under favorable conditions, or we may be unable to successfully integrate any acquired businesses into our operations.

Our operations in Japan may be affected by the business combination between NKK Corporation, our partner in NKKTubes, and Kawasaki Steel, one of our competitors.

In 2000 we entered into a joint venture agreement with NKK Corporation, or NKK, to form NKKTubes. In September, 2002, NKK and Kawasaki Steel, one of our main competitors in the Far East, consummated a business combination through which they became subsidiaries of JFE Holdings, Inc., or JFE. JFE's continuing operation of Kawasaki Steel's seamless pipe business in competition with NKKTubes could have an adverse impact on our operations in Japan.

Future acquisitions and strategic partnerships may disrupt our operations and hurt our profits.

As part of our growth strategy, during the past five years, we acquired interests in various companies. Our strategy going forward contemplates that we will continue to actively consider other strategic acquisitions and partnerships from time to time. We must necessarily base any assessment of potential acquisitions and partnerships on assumptions with respect to operations, profitability and other matters that may subsequently prove to be incorrect. Our acquisition and partnership activities may not perform in accordance with our expectations and could adversely affect our operations and profitability.

The Company's ability to pay cash dividends depends on the results of operations and financial condition of its subsidiaries and may be restricted by legal, contractual or other limitations.

The Company conducts all of its operations through subsidiaries. Dividends or other intercompany transfers of funds from our subsidiaries are the Company's primary source of funds to pay its expenses and dividends. The ability of the Company's subsidiaries to pay dividends and make other payments to the Company will depend on their results of operations and financial condition and may be restricted by, among other things, applicable corporate and other laws and regulations (including those imposing exchange controls or transfer restrictions) and agreements and commitments of such subsidiaries. In addition, our ability to pay dividends is subject to legal and other requirements and restrictions at the holding company level. For example, we may only pay dividends out of retained earnings as defined under Luxembourg regulations. See Item 8.C. "Financial Information—Dividend Policy".

Our results of operations and financial condition may be adversely affected by movements in exchange rates.

Our revenues are primarily U.S. dollar-denominated and a significant portion of our costs are denominated in local currency. As a result, movements in the exchange rate of the U.S. dollar against the respective local currencies can have a significant impact on our results and financial condition. A rise in the value of the local currencies relative to the U.S. dollar will increase our relative production costs, thereby reducing operating margins.

Related-party transactions with members of the Techint group may not always be on terms as favorable as those that could be obtained from unaffiliated third parties.

Some of our sales and purchases are made to and from other Techint group companies. These sales and purchases are primarily made in the ordinary course of business and we believe that they are made on terms no less favorable than those we could obtain from unaffiliated third parties. We will continue to engage in related-party transactions in the future, but no assurance can be given that these transactions will be on terms as favorable as those that could be obtained from unaffiliated third parties.

Our sales of welded steel pipe products are volatile and dependent mainly on specific projects.

Our sales of welded products depend substantially on securing contracts to supply major pipeline projects and fluctuate significantly from year to year based on the number of active pipeline projects under contract and their rate of progress. For example, in the second half of 2003, demand for our welded products was negatively affected due to the suspension of incoming orders from major projects in Brazil. In 2001 and 2002, sales of welded steel pipes were strong, reflecting a period of high demand for such products in connection with the construction of large pipeline projects in South America, such as those in Ecuador and Peru, as well as ongoing pipeline network integration projects in the region. Deliveries of welded steel pipes to those projects in Ecuador and Peru have now been substantially completed. Our welded pipe revenues may fluctuate significantly in future years depending on our success at winning large supply contracts or if specific projects are postponed or delayed due to adverse economic, political or other factors.

The cost of complying with environmental regulations and paying unforeseen environmental liabilities may increase our operating costs or hurt our net worth.

We are subject to a wide range of local, provincial and national laws, regulations, permits and decrees relating to the protection of human health and the environment and we incur and will continue to incur expenditures to comply with those regulations. The expenditures necessary to remain in compliance with these laws and regulations, including site or other remediation costs, or unforeseen environmental liabilities, could have a material adverse effect on our financial condition and results of operations.

Any decline in purchases by Petróleos Mexicanos may hurt our sales and revenues in the future.

We enjoy a strong relationship with Petróleos Mexicanos, or Pemex, one of the world's largest crude oil and condensates producers. Pemex is our single largest customer. Sales to Pemex, including drilling companies contracted by Pemex, as a percentage of our total seamless steel pipe sales volume, amounted to 7.7% in 2003 (compared to 4.4% in 2002 and 3.1% in 2001). The loss of Pemex as a customer or a reduction in the volume of sales to Pemex (or drilling companies contracted by Pemex) could have a material adverse effect on our results of operations.

Significant indebtedness of Dalmine, our main operating subsidiary in Italy, could limit such subsidiary's ability to compete effectively in the future or to operate successfully under adverse economic conditions.

As of December 31, 2003, Dalmine had total indebtedness of USD398.5 million, including short-term financial indebtedness and current maturities of long-term financial debt of USD217.1 million. Dalmine's percentage of net financial debt to capitalization –financial debt plus book value of equity- was approximately 67% as of December 31, 2003. In addition, as a result of the settlement in December 2003 of a lawsuit with a consortium led by BHP Billiton Petroleum plc, or BHP, Dalmine was required to pay GBP30.3 million (USD54.5 million) in January 2004 and is also required to pay GBP60.8 million (USD109.4 million) plus interest accruing at LIBOR plus 100 basis points in two installments in December 2004 and December 2005. Dalmine's amount of total financial debt presents the risk that Dalmine might not have sufficient cash to service its indebtedness or might not have access to the capital or bank markets to refinance its indebtedness or incur additional indebtedness and that Dalmine's leveraged capital structure could limit its ability to finance capital expenditures or additional projects or to operate successfully under adverse economic conditions, which may ultimately affect Dalmine's competitiveness, results of operation and financial position.

Risks Relating to Argentina and Mexico

Negative economic, political and regulatory developments in Argentina may hurt our financial condition, revenues and sales volume and disrupt our manufacturing operations, thereby adversely affecting our results of operations and financial condition.

We have important manufacturing operations and assets in Argentina, and approximately one third of our sales have historically been made from our operations in Argentina. Our business may be materially and adversely affected by economic, political, fiscal and regulatory developments in Argentina, thereby affecting our results of operations and financial condition. The discussion of recent developments in Argentina that follows was mainly derived from statements of Argentine public officials.

After decades of major volatility, with periods of low or negative economic growth, inflation reaching three and even four digit levels and repeated devaluations of the Argentine currency, in 1991 the Argentine government launched a plan aimed at controlling inflation and restructuring the economy, whose centerpiece was the "Convertibility Law." The Convertibility Law fixed the exchange rate at one Argentine peso per U.S. dollar and required that the Argentine Central Bank maintain reserves in gold and foreign currency at least equivalent to the monetary base. As a result, inflation declined steadily and the economy experienced growth through most of the period from 1991 to 1997. Nevertheless, starting in the fourth quarter of 1998, the Argentine economy entered into a recession which led to a cumulative drop in the gross domestic product, or GDP, in excess of 8% by the end of 2001, and a deterioration of other variables such as GDP per capita, unemployment rate and tax collections.

Economic and political instability resulted in a severe recession in 2002, which has had a lasting effect on Argentina's economy.

In the second half of 2001, this sustained period of economic contraction culminated in severe social, monetary and financial turmoil and a series of dramatic political and legislative developments in Argentina. President de la Rúa resigned on December 21, 2001, amid large-scale, violent demonstrations against his administration. After three interim presidents in rapid succession, Senator Eduardo Duhalde, a member of the opposition Peronist party, was elected by the Legislative Assembly and assumed the presidency on January 2, 2002, to serve for the remainder of former President de la Rúa's term. The Duhalde administration quickly adopted a series of emergency measures affecting Argentina's monetary and fiscal policies. On January 6, 2002, the Argentine Congress approved the Public Emergency Law, ending more than a decade of uninterrupted U.S. dollar–Argentine peso parity under the Convertibility Law, eliminating the requirement that the Argentine peso be fully backed by gold and foreign reserves and establishing a framework for the resulting devaluation of the Argentine peso. Other emergency measures included:

- ratifying the suspension of payments on a significant portion of Argentina's sovereign external debt declared on December 23, 2001, by one of the interim presidents;

- converting U.S. dollar-denominated debts into Argentine peso-denominated debts at an exchange rate of ARP1.00 per U.S. dollar (for internal debts other than federal and provincial government debts) and ARP1.40 per U.S. dollar (for internal federal and provincial government debts);
- converting U.S. dollar-denominated bank deposits into Argentine peso-denominated bank deposits at an exchange rate of ARP1.40 per U.S. dollar;
- restructuring bank deposits and imposing further restrictions on bank withdrawals and transfers abroad;
- introducing legislation requiring U.S. dollar revenues from most export sales of Argentine products to be repatriated and exchanged for Argentine pesos at a free floating exchange rate;
- enacting amendments to the bankruptcy law to protect Argentine debtors (although certain of these amendments were later repealed);
- enacting an amendment to the Argentine Central Bank's charter to allow it to print currency in excess of the amount of foreign reserves it holds, make short-term advances to the federal government and provide financial assistance to financial institutions with liquidity constraints or solvency problems; *and*
- imposing a 5% tax on industrial exports and a 20% tax on the export of petroleum and many agricultural commodities.

During the first half of 2002, the events described above caused an abrupt rise in the exchange rate, reaching a high of ARP3.90 per U.S. dollar in June 2002, as well as the inflation rate, with the cumulative consumer price index, or CPI, rising by 46.1% from December 2001 through December 2003 and the cumulative wholesale price index, or WPI, rising by 122.2% during the same period. However, cumulative inflation over this period has been significantly lower than the devaluation of the Argentine peso.

Presidential elections were held on April 27, 2003, but no candidate obtained the requisite percentage of votes to be elected president. Although a run-off election between the two candidates that obtained the highest number of votes, Carlos Menem and Néstor Kirchner, was initially required, Carlos Menem withdrew from the run-off election and, as a result, Néstor Kirchner was elected president; the new president assumed office on May 25, 2003. Since taking office, Néstor Kirchner has enjoyed high levels of popular support and the economy has shown signs of recovery. Nevertheless, many of Argentina's economic problems remain to be resolved. These events have also weakened Argentina's financial system. Our business and operations in Argentina have been and will likely continue to be adversely affected by the ongoing crisis in Argentina and by the Argentine government's response to it.

Argentine government policies will likely significantly affect the economy and as a result, our Argentine operations.

The Argentine government has historically exercised significant influence over the economy. Since December 2001 the Argentine government has promulgated numerous, far-reaching and sometimes inconsistent laws and regulations affecting the economy. There is no assurance that laws and regulations currently governing the economy will not change in the future, particularly in light of the continuing economic crisis, or that any changes will not adversely affect our business, financial condition or results of operations.

Due to the current social and political crisis, investing in companies with Argentine operations entails risks of loss resulting from:

- taxation policies, including direct and indirect tax increases;

- potential interruptions in the supply of electricity, gas or other utilities;
- expropriation, nationalization and forced renegotiation or modification of existing contracts;
- restrictions on repatriation of investments and transfer of funds abroad;
- civil unrest, rioting, looting, nation-wide protests, road blockades, widespread social unrest and strikes; *and*
- changes in laws and policies of Argentina affecting foreign trade, taxation and investment.

The steps taken by the Argentine government in response to its problems could have an adverse effect on the ability of our Argentine subsidiaries to pay dividends or other amounts to us.

The Argentine Central Bank has imposed restrictions on the transfer of funds outside of Argentina and other exchange controls in the past and may do so in the future, which could prevent us from paying dividends or other amounts.

In 2001 and 2002 and until February 7, 2003, the Argentine Central Bank restricted Argentine individuals and corporations from transferring U.S. dollars abroad without the prior approval of the Argentine Central Bank. If restrictions of this kind were to be imposed again in the future, our ability to transfer funds in U.S. dollars outside Argentina to fund the payment of dividends or other amounts and to undertake investments and other activities that require payments in U.S. dollars would be impaired.

Moreover, until current emergency measures are removed or revised, we are required to repatriate U.S. dollars collected in connection with exports from Argentina (including U.S. dollars obtained through advance payment and pre-financing facilities) into Argentina and convert them into Argentine pesos at the market-based floating exchange rate applicable on the conversion date. This requirement, and any similar requirement which may be imposed in the future, subjects us to the risk of losses arising from a devaluation of the Argentine peso.

Argentina is currently insolvent and is limited in its ability to obtain financing in the future, which may restrict its ability to implement reforms and restore economic growth.

The Argentine government is currently insolvent, has defaulted on and is in the process of restructuring its public debt. To date, the International Monetary Fund, or the IMF, and other multilateral and official sector lenders are not providing significant financial aid to Argentina. In addition, Argentina and most of the private sector are not expected to have access to the international credit markets on economically feasible terms, if at all, for the foreseeable future. The Argentine government’s insolvency, credit default and effective inability to obtain financing can be expected to affect significantly its ability to implement any reforms, undermine the private sector’s ability to restore economic growth, and may result in further recession, high inflation and unemployment and greater social unrest. Further, the Argentine government’s ability to restructure its debt in a viable way is uncertain. This negative environment may, in turn, materially and adversely affect our operations and financial condition.

Inflation in Argentina may negatively impact our results of operations.

On January 24, 2002, the Argentine government amended the charter of the Argentine Central Bank to enable the Argentine Central Bank to print currency without having to maintain a fixed and direct relationship with its foreign currency and gold reserves and to make short-term advances to the federal government. Argentina’s experience prior to the adoption of the Convertibility Law raises doubts as to the government’s ability to maintain a strict monetary and fiscal policy and control inflation.

Argentina experienced significant inflation from December 2001 through December 2002, reflecting both the effect of the peso devaluation on production costs as well as a substantial modification of relative prices, partially offset by the elimination of public service tariff adjustments and the large drop in demand resulting from the severe recession. Since then, inflation has been subdued, helped in part by an appreciation of the Argentine peso and by unused productive capacity in the domestic economy. However, inflation has started to rise again recently. A substantial rise in inflation in Argentina would likely worsen Argentina’s current economic state and could adversely affect our operating costs and sales in Argentina.

The Argentine government has increased taxes on our operations in Argentina, and may increase further the fiscal burden on our operations in Argentina.

In 2002, the Argentine government imposed a 5% tax on the export of manufactured products. In addition, since 1992, the Argentine government has not permitted the application of an inflation adjustment on the value of fixed assets for tax purposes. Since the substantial devaluation of the Argentine peso, the amounts that the Argentine tax authorities permit us to deduct as depreciation for our past investments in plant, property and equipment for the purposes of computing our income tax liability has consequently been substantially reduced resulting in a higher effective income tax charge. If the Argentine government continues to increase the tax burden on our operations in Argentina or continues to disallow inflation adjustments on the value of fixed assets, our results of operation and financial condition may be adversely affected.

Argentina currently has an energy crisis and restrictions on the supply of energy to our operations in Argentina could curtail our production and negatively impact our results of operations.

As a result of several years of recession, the forced conversion into Argentine pesos at the one-to-one exchange rate and the subsequent freeze of gas and electricity tariffs, there has been a lack of investment in gas and electricity supply capacity in Argentina in recent years. Over the past year, demand for natural gas has increased substantially, driven by a recovery in economic conditions and low prices in comparison with alternative fuel sources. In addition, supplies of electricity generated from alternative sources, principally hydroelectric, have been affected by lower levels of rainfall than usual. This has resulted in shortages of natural gas and energy and consequent supply restrictions.

The Argentine government is taking a number of measures to alleviate the short-term impact of supply restrictions on residential and industrial users, including measures to limit the growth of residential consumption, to increase the price of compressed natural gas and to import natural gas from Bolivia, electricity from Brazil and fuel oil from Venezuela. It has announced several measures intended to address the situation in the medium and long term including allowing natural gas prices for industrial users to rise, the implementation of a tax increase on the export of petroleum and a new tax on the export of natural gas. In addition, the Argentine government has announced its intention to create a new state-owned energy company, to be funded by the additional tax revenues levied on the export of petroleum and natural gas, which would in turn fund, or otherwise promote, investments in expanding pipeline transportation capacity and building new pipelines and additional power generation capacity.

We are also taking measures to minimize the effect of potential restrictions on the supply of natural gas on our Argentine operations, including building an inventory of direct reduced iron and rescheduling the annual shutdown of our direct reduction facility, which consumes around half of our natural gas requirements, to July, a peak month for natural gas demand in Argentina.

If the measures that the Argentine government is taking to alleviate the short-term impact of the crisis prove to be insufficient, or if the investment that is required to increase natural gas production and transportation capacity and power generation capacity over the medium and long term fails to materialize on a timely basis, our production in Argentina could be curtailed and our results of operations and financial condition could be negatively affected.

Negative economic, political and regulatory developments in Mexico may hurt our sales and disrupt our manufacturing operations in Mexico, thereby adversely affecting our results of operations and financial condition.

We have important manufacturing operations and assets and a little under one third of our sales have historically been made from our operations in Mexico. Our business may be affected by economic, political and regulatory developments in Mexico. The discussion of recent developments in Mexico that follows was mainly derived from information recently filed by the Mexican government and Pemex with the Securities and Exchange Commission, or SEC.

Economic conditions and government policies in Mexico may negatively impact our business and results of operation.

A deterioration in Mexico's economic conditions, social instability, political unrest or other adverse social developments in Mexico may adversely affect the business, results of operations, financial condition, liquidity or prospects of our subsidiaries in Mexico. Those events could also lead to increased volatility in the foreign exchange and financial markets. In addition, the Mexican Government may cut spending in the future. These cuts may adversely affect the business, financial condition and prospects of our subsidiaries in Mexico. In the past, Mexico has experienced several periods of slow or negative economic growth, high inflation, high interest rates, currency devaluation and other economic problems. These problems may reemerge in the future, and may adversely affect the financial condition and result of operations of our Mexican subsidiaries.

Political conditions in Mexico could materially and adversely affect Mexican economic policy and, in turn, our financial condition and results of operations.

Mexican political events may also affect our financial condition and results of operations. The Mexican political environment is in a period of change. In July 2000, Vicente Fox, a member of the National Action Party (*Partido Acción Nacional*, or PAN), the oldest opposition party in the country, won the Presidential election. He took office on December 1, 2000, ending 71 years of rule by the Institutional Revolutionary Party (*Partido Revolucionario Institucional*, or PRI). Currently, no party has a working majority in either house of the Mexican Congress, which has made governability and the passage of legislation more difficult. The resulting legislative gridlock has impeded the progress of reforms in Mexico, which may adversely affect economic conditions in Mexico or our *financial condition and* results of operations.

Mexican government policies will likely significantly affect the economy and as a result, our Mexican operations.

The Mexican government has exercised, and continues to exercise, significant influence over the Mexican economy. Mexican government actions concerning the economy may have adverse effects on private sector entities in general and on Tenaris in particular. Economic plans of the Mexican government in the past have not, in many respects, fully achieved their objectives, and these and other economic plans of the Mexican government may not achieve their stated goals. Similarly, it is not possible to determine what effect those plans or their implementation will have on the Mexican economy or on our financial condition or results of operations.

The Mexican government controls Pemex, one of our largest customers.

Pemex, our single largest customer, is a decentralized public entity of the Mexican government. The Mexican government controls Pemex and its annual budget is subject to approval by the Mexican Congress. The Mexican government exercises significant influence over Pemex's commercial affairs, including its budget for exploration, which largely determines the volume of Pemex's purchases of our seamless steel pipe products. The Mexican government also taxes Pemex and its subsidiaries heavily. In the future, the Mexican government may reduce Pemex's budget for exploration, increase its taxes or otherwise exercise its control in a manner that would reduce its ability to purchase products from us. Because Pemex is our largest customer, this could adversely affect our financial condition and results of operations.

Risks Relating to the Company's Shares and ADSs

The Company's controlling shareholder may be able to take actions that do not reflect the will or best interests of other shareholders.

As of April 30, 2004, San Faustín beneficially owned 60% of the Company's outstanding voting stock. Until June 10, 2003, San Faustín was ultimately controlled by Roberto Rocca, either directly or through Rocca & Partners S.A., a British Virgin Islands corporation. Following Mr. Rocca's death on June 10, 2003, San Faustín is controlled by Rocca & Partners. As a result, Rocca & Partners is indirectly able to elect a substantial majority of the members of our board of directors and has the power to determine the outcome of most actions requiring shareholder approval, including, subject to the requirements of Luxembourg law, the payment of dividends by us. The decisions of the controlling shareholder may not reflect the will or best interests of other shareholders.

The trading price of the Company's shares and ADSs may suffer as a result of lower liquidity in the Argentine and Mexican equity markets.

The Company's shares are listed on several exchanges, including the Buenos Aires Stock Exchange and the Mexican Stock Exchange, and the liquidity of its ADSs listed on the NYSE will be determined in part by the liquidity of its shares on the Buenos Aires Stock Exchange and the Mexican Stock Exchange. The Argentine and Mexican equity markets are less liquid than those of the United States and other major world markets. Reduced liquidity in these markets may increase the volatility of the trading price of the Company's shares and ADSs and may impair your ability to readily buy or sell shares and ADSs in desired amounts and at satisfactory prices.

Prices in publicly traded Argentine equity securities have been more volatile than in many other markets. Total capitalization increased from USD44.7 billion as of December 31, 1996 to USD192.50 billion as of December 31, 2001, decreased to USD103.3 billion as of December 31, 2002 and increased to USD 185.1 billion as of December 31, 2003. The average volume of shares traded daily on the Buenos Aires Stock Exchange decreased from USD125.3 million in 1996 to USD37.0 million in 1999, USD24.1 million in 2000, and USD17.4 million in 2001, due to the decrease in capital inflows in 1999, 2000 and 2001, -increased slightly to USD17.8 million in 2002 and decreased to USD12.4 million in 2003.

Prices in publicly traded Mexico equity securities have been more volatile than in many other markets, despite an increase in total capitalization from USD106.8 billion as of December 31, 1996 to USD126.6 billion as of December 31, 2001, decreased to USD104.7 billion as of December 31, 2002 and increased to USD 122.6 billion as of December 31, 2003. The average daily trading volume of shares included in the principal equity index on the Mexican Stock Exchange decreased from USD144.6 million in 1996 to USD137.8 million in 1999, increased to USD165.1 million in 2000 and decreased to USD150.9 million in 2001, USD105.9 million in 2002 and USD97.2 million in 2003, due to the fluctuation in capital inflows in 1999, 2000, 2001, 2002 and 2003.

The trading price of the Company's shares and ADSs may suffer as a result of developments in emerging markets.

Although the Company is organized as a Luxembourg corporation, a substantial portion of our assets and operations is located in Latin America. Financial and securities markets for companies with a substantial portion of their assets and operations in Latin America are, to varying degrees, influenced by economic and market conditions in emerging market countries. Although economic conditions are different in each country, investor reaction to developments in one country can have significant effects on the securities of issuers with assets or operations in other emerging markets, including Argentina, Brazil, Mexico and Russia. In late October 1997, prices of Latin American debt and equity securities dropped substantially, precipitated by a sharp drop in value of Asian markets. Similarly, prices of Latin American securities were adversely affected by, among other things, the economic crises in Russia and in Brazil in the second half of 1998 and by the collapse of the exchange rate regime in Turkey in February 2001.

In deciding whether to purchase, hold or sell Tenaris shares or ADSs, you may not be able to access as much information about us as you would in the case of a U.S. company.

A principal objective of the securities laws of the other markets in which the Company's securities are quoted, like those of the United States, is to promote the full and fair disclosure of all material information. There may, however, be less publicly available information about us than is regularly published by or about U.S. issuers. Also, the accounting standards in accordance with which our consolidated financial statements are prepared differ in certain material respects from the accounting standards used in the United States. See notes U and 33 to our audited consolidated financial statements included in this annual report, which provide a description of the principal differences between IFRS and U.S. GAAP as they related to our audited consolidated financial statements and a reconciliation to U.S. GAAP of net income and shareholders' equity for the periods and at the dates indicated therein. Further, regulations governing the Company's securities may not be as extensive as those in effect in the United States, and Luxembourg law and regulations in respect of corporate governance matters might not be as protective of minority shareholders as state corporation laws in the United States.