Table of Contents

Thousands of U.S. dollars (except number of shares and per share amounts)	At December 31,				
	2004	2003	2002	2001	2000
Selected consolidated balance sheet data[1]					
IFRS					
Current assets	3,012,092	2,035,895	1,810,581	1,619,136	1,419,747
Property, plant and equipment, net	2,164,601	1,960,314	1,934,237	1,971,318	1,941,814
Other non-current assets	485,595	313,339	337,080	247,500	282,976
Total assets	5,662,288	4,309,548	4,081,898	3,837,954	3,644,537
Current liabilities	1,999,846	1,328,677	1,203,278	1,084,913	951,444
Non-current borrowings	420,751	374,779	322,205	393,051	355,628
Deferred tax liabilities	371,975	418,333	500,031	262,963	292,849
Other non-current liabilities	208,521	226,495	175,547	302,645	199,548
Total liabilities	3,001,093	2,348,284	2,201,061	2,043,572	1,799,469
Minority interest	165,271	119,984	186,783	918,981	919,710
Shareholders’ equity[2]	2,495,924	1,841,280	1,694,054	875,401	925,358
Total liabilities and shareholders’ equity	5,662,288	4,309,548	4,081,898	3,837,954	3,644,537
Number of shares outstanding[3]	1,180,536,830	1,180,287,664	1,160,700,794	710,747,187	710,747,187
Shareholders’ equity per share[4]	2.11	1.56	1.46	1.23	1.30
U.S. GAAP					
Total assets	5,595,345	4,287,548	4,051,044	3,075,455	1,905,732
Net assets	2,655,196	2,008,964	1,935,698	1,781,814	1,341,854
Total shareholders’ equity	2,488,372	1,887,207	1,745,883	941,926	908,872
Number of shares outstanding[3]	1,180,536,830	1,180,287,664	1,160,700,794	710,747,187	710,747,187
Shareholders’ equity per share[4]	2.11	1.60	1.50	1.33	1.28

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

(2) The Company’s common stock as of December 31, 2004, 2003 and 2002, was represented by 1,180,536,830, 1,180,287,664 and 1,160,700,794 shares respectively, par value USD1.00 per share, for a total amount of USD1,180.5 million, USD 1,180.3 million and USD1,160.7 million respectively

(3) 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 28 to our consolidated financial statements included in this annual report, Tenaris had a total of 1,180,536,830, 1,180,287,664 and 1,160,700,794 shares at December 31, 2004, 2003 and 2002, respectively.

(4) 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.

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 all 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 shares and 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.

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 Ukraine, is increasing and has, 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. Mexico is party to the North American Free Trade Agreement, or NAFTA, Italy is a member of the European Union, or EU and Romania is expected to join the EU and Argentina is a member of the *Mercado Común del Sur*, or Mercosur. In addition, Mexico, Italy and Argentina 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 Mexico, Italy and Argentina 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 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. 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. For additional information on risks relating to our operations in emerging markets, see “Risks Relating to Emerging Markets”.

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 high value products to serve customers operating in demanding environments and value-added services which enable us to integrate our production activities with the customer supply chain as well as 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 develop products that differentiate us from our competitors or 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. For example, in 2004, we acquired a controlling interest in S.C. Silcotub S.A., or Silcotub, a Romanian leading seamless steel pipes producer, and a controlling interest in Matesi, Materiales Siderúrgicos S.A., or Matesi, a Venezuelan producer of pre-reduced hot briquetted iron, or HBI. 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. 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, as a percentage of our total sales, amounted to 11% in 2004. The loss of Pemex as a customer or a reduction in the volume of sales to 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, 2004, Dalmine had total indebtedness of USD498.8 million, including short-term financial indebtedness and current maturities of long-term financial debt of USD366.6 million. Dalmine’s percentage of net financial debt to capitalization –financial debt plus book value of equity- was approximately 67% as of December 31, 2004. 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 Emerging Markets

Negative economic, political and regulatory developments in certain emerging markets in which we have a significant portion of our operations and assets may hurt our financial condition, revenues and sales volume and disrupt our manufacturing operations, thereby adversely affecting our results of operations and financial condition.

The results of our operations are subject to the risks of doing business in politically sensitive or unstable countries, and have been, and may in the future be, affected from time to time to varying degrees by other political developments and laws and regulations, such as forced divestiture of assets; restrictions on production, imports and exports; interruptions to essential energy inputs; exchange restrictions; war or other international conflicts; civil unrest and local security concerns that threaten the safe operation of company facilities; price controls; tax increases and other retroactive tax claims; expropriation of property; cancellation of contract rights; and environmental regulations. Both the likelihood of such occurrences and their overall effect upon us vary greatly from country to country and are not predictable. Realization of these risks could have an adverse impact on the results of operations and financial condition of our subsidiaries located in the affected country.

Argentina

We have important manufacturing operations and assets in Argentina, and approximately one-third of our seamless pipes are produced 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 information recently filed by the Argentine government with the Securities and Exchange Commission, or SEC.

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, a 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, 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.

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 55% from December 2001 through December 2004 and the cumulative wholesale price index, or WPI, rising by 140% 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. Gross Domestic Product (“GDP”) grew by 8.7% in 2003 and by 9.0% in 2004. Unemployment rates dropped to 12.1% in 2004 from a high of 24.1% in June 2002. Economists also expect the Argentine economy to continue performing well during 2005 when GDP is projected to increase by 4.7%. 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. The WPI exhibited an increase of 7.9% in 2004, compared to 2% in 2003, and further increased by 2% in the first quarter of 2005.

Nevertheless, many of Argentina’s economic problems remain to be resolved. We cannot assure that the Argentine economy will continue at current levels or that it will continue to experience growth. Economic conditions in Argentina have deteriorated rapidly in the past and may deteriorate rapidly in the future and our business and operations in Argentina could be adversely affected by rapidly changing economic conditions in Argentina and by the Argentine government’s response to such conditions.

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, or that any changes will not adversely affect our business, financial condition or results of operations.

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 from cash generated by our Argentine operations.

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. In 2003 and 2004, the government reduced some of these restrictions, including those requiring the Argentine Central Bank’s prior authorization for the transfer of funds abroad in order to pay principal and interest on debt obligations. Nevertheless, some government controls and restrictions remain in place, and if additional restrictions of this kind were to be imposed again in the future, our ability to transfer funds generated by our Argentine operations 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. For additional information on current Argentine exchange controls and restrictions see “Additional Information – Exchange Controls – Argentina”.

Currently, 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 an abrupt devaluation of the Argentine peso.

Despite the results of the recent restructuring of its debt with private creditors, Argentina is limited in its ability to obtain financing in the future, which may restrict its ability to implement reforms and create the conditions for sustained economic growth.

The Argentine government has recently restructured its public debt with private creditors, with approximately 76% of its creditors surrendering their claims in exchange for new bonds worth approximately US$0.35 on the dollar. However, at this time it is impossible to determine what effect the restructuring will have, if any, on investor confidence or on the Argentine economy generally. In addition, as a consequence of the restructuring Argentina will still have obligations outstanding with bondholders of approximately US$54.8 billion (approximately US$35.3 billion under the new bonds plus approximately US$19.5 billion under the old bonds not tendered for exchange) and will have to withstand any legal actions that may be filed by bondholders who did not accept the Argentine government’s exchange offer.

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 for the foreseeable future.. This environment could materially and adversely affect our operations and financial condition.

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

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 in 2002, 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. In addition, in 2002, the Argentine government imposed a 5% tax on the export of manufactured products. If the Argentine government continues to increase the tax burden on our operations in Argentina, 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 course of the last several years, 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 created a new state-owned energy company, 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.

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. In 2004, we took measures to limit the effect of supply restrictions that were sufficient to avoid any impact on our production in Argentina but we can give no assurances that we will be able to similarly limit the effect of future supply restrictions on our production in Argentina.

Mexico

We have important manufacturing operations and assets and approximately one-quarter of our seamless pipes are produced 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 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. If these problems reemerge in the future, they could 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 always fully achieved their objectives. Similarly, it is not possible to determine what effect those plans or their implementation could have on the Mexican economy or on our financial condition or results of operations.

The Mexican government controls Pemex, our largest customer.

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 and production, 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.

Other Emerging Markets

Brazil

We have important manufacturing operations and assets in Brazil. Our business may be affected by economic, political and regulatory developments in Brazil. The discussion of recent developments in Brazil that follows was mainly derived from information recently filed by the Brazilian government with the SEC.

The Brazilian government frequently intervenes in the Brazilian economy and occasionally makes substantial changes in policy, as often occurs in other emerging economies. The Brazilian government's actions to control inflation and carry out other policies have in the past involved wage and price controls, currency devaluations, capital controls and limits on imports, among other things.

In addition, environmental regulation in Brazil has become stricter in recent years, and it is possible that more regulation or more aggressive enforcement of existing regulations will adversely affect us by imposing restrictions on our customer's projects, creating new requirements for the issuance or renewal of environmental licenses, raising their costs or requiring them to engage in expensive reclamation efforts. These projects often require our customers to obtain or renew environmental licenses. Difficulties in obtaining those licenses may lead to construction delays or cost increases, and in some cases may lead our customers to abandon a project.

Romania

Operations in Romania have become an important part of our business. In 2004 we acquired Silcotub, a leading Romanian producer of seamless pipes, and in May 2005, we acquired Donasid S.A., or Donasid, a Romanian steel producer. The discussion of recent developments in Romania that follows was mainly derived from statements of Romanian public officials.

Romania is still in the process of transition from a centrally planned economy to a free-market economy and is subject to significant macroeconomic risks as a result. The government of Romania is in the process of privatizing selected formerly state-owned companies, which may lead to significant corporate restructuring, labor dislocation or social unrest. Due to continued implementation of reforms and changes in government infrastructure, it may be difficult for us to enforce any rights we may have or to know if we are in compliance with all applicable laws, rules and regulations. Changes in laws, regulations or governmental policy, or the interpretation thereof affecting our business activities, including the imposition of price controls and new taxes, may increase our costs or restrict our ability to operate our business. Political, economic, social or other developments in Romania may cause us to change the way we conduct our business or force us to discontinue our operations altogether.

Romania has experienced substantial, and in some periods extremely high, rates of inflation and resulting high interest rates for many years. Low or negative economic growth rates, inflation and rapid fluctuations in interest rates have had and may continue to have negative effects on the economy which in turn may have adverse effects on our financial results. Until June 30, 2003, Romania was defined for accounting purposes as a highly inflationary economy. Subsequent to June 30, 2003, the cumulative inflation in Romania for the last three years was below 100% and consequently Romania ceased to be defined for accounting purposes as a highly inflationary economy. Our functional currency in Romania is the Leu. Therefore, we are exposed to exchange rate risk. Any significant change in the relevant exchange rates, whether of a short-term nature or a steady long-term change in relative valuation, could have an effect on our financial statements. Significant devaluation of the Leu to the dollar has occurred in the past and may occur again in the future. Romania is currently a second wave European Union accession candidate and it is foreseeable that the Euro will take prominence in Romania in the future. Consequently, depending on the result of the progression of Romania towards the Euro, exchange rate fluctuations may have a more significant impact on our results of operations in the future. Our business, financial condition and results of operations may be adversely affected by these previously described factors in Romania.

Venezuela

Operations in Venezuela have become an important part of our business. In addition to Tubos de Acero de Venezuela S.A., or Tavsa, our seamless steel pipe plant, in 2004 we incorporated Matesi, an HBI plant. The discussion of recent developments in Venezuela that follows was mainly derived from statements of Venezuelan public officials.

In February 2002, as a result of the capital drain that had started a few years before and the fall in economic activity caused by production cuts mandated by the Organization of Petroleum Exporting Countries, or OPEC, Venezuela was forced to abandon the exchange rate system that it had maintained for some time. Venezuela's currency, the Bolivar, was allowed to float against the U.S. dollar, leading to a significant devaluation.

In April 2002, the President of Venezuela, Hugo Chávez, was removed from power but subsequently returned to the presidency after a few days. He was removed by the military after heavy political backlash over the implementation of his social programs and decision to change management at Petróleos de Venezuela S.A., or PDVSA, the state-owned oil company.

The political crisis deepened in the last months of 2002, with less support for President Chávez and increased violence. In December 2002, in the face of Chávez's refusal to permit a referendum that would determine whether to accelerate elections, a general strike organized by the "Coordinadora Democrática" was initiated. A number of sectors, including PDVSA workers, joined the strike; as a result, oil production plummeted. The strike was accompanied by increased capital drains, loss of bank deposits and a material deterioration of the country's tax situation as a result of reduced tax revenues. Credit rating agencies downgraded Venezuela's debt ratings. Taking into account the economic deterioration brought by the strike, opposition forces decided to lift the strike in February 2003. The government, in turn, was able to resume control over PDVSA and to partially reinstate production, after dismissing a large number of PDVSA employees.

After discussions between the government and the opposition resumed, an agreement was reached to hold a referendum on President Chávez's future tenure. In June 2004, the Venezuelan Justicia Electoral determined that the opposition to Hugo Chávez had gathered the necessary support to force a referendum on Chávez's mandate, which occurred in August of 2004 and determined the continuation of Chavez.

In response to the crisis, the government adopted certain emergency measures including, closing the foreign exchange market and implementing strict exchange controls, and implementing price controls over basic goods.

The events and governmental measures previously described could have an adverse impact on the results of our operations and financial condition in Venezuela.

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, 2005, San Faustín beneficially owned 60% of the Company's outstanding voting stock. 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 price of its ADSs listed on the NYSE could be affected to a certain extent 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.

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 and Mexico. 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 AP V and note 34 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.

Holders of our ADSs may encounter difficulties in the exercise of dividend and voting rights.

You may encounter difficulties in the exercise of some of your rights as a shareholder if you hold ADSs rather than ordinary shares. If the Company makes a distribution in the form of securities and you have the right to acquire a portion of them, the depositary is allowed, in its discretion, to sell on your behalf that right to acquire those securities and instead distribute the net proceeds to you. Also, under some circumstances, such as our failure to provide the depositary with voting materials on a timely basis, you may not be able to vote by giving instructions to the depositary on how to vote for you.

Holders of our ADSs in the United States may not be able to exercise preemptive rights in certain cases.

Under the Company's articles of association, it is generally required, in the event of a capital increase, to offer rights to its existing shareholders to subscribe for a number of shares sufficient to maintain such holders' existing proportionate holdings of shares of that class. The Company may, however, issue shares without preemptive rights if the newly-issued shares are issued for consideration other than money, are issued as compensation to directors, officers, agents or employees of the Company or its affiliates, or are issued to satisfy conversion or option rights created to provide compensation to directors, officers, agents or employees of the Company, its subsidiaries or its affiliates. Furthermore, holders of the Company's ADSs in the United States may, in any event, not be able to exercise any preemptive rights, if granted, for ordinary shares underlying their ADSs unless additional ordinary shares and ADSs are registered under the U.S. Securities Act of 1933, as amended, or the Securities Act, with respect to those rights or an exemption from the registration requirements of the Securities Act is available. Prior to any capital increase or rights offering, the Company will evaluate the costs and potential liabilities associated with the exercise by holders of ADSs of their preemptive rights for ordinary shares underlying their ADSs and any other factors it considers appropriate. The Company may decide not to register any additional ordinary shares or ADSs, in which case the depositary would be required to sell the holders' rights and distribute the proceeds thereof. Should the depositary not be permitted or otherwise be unable to sell preemptive rights, the rights may be allowed to lapse with no consideration to be received by the holders of the ADSs.

It may be difficult to enforce judgments against us in U.S. courts.

The Company is a corporation organized under the laws of Luxembourg, and most of our assets are located outside of the United States. Furthermore, most of the Company's directors and officers and some experts named in this annual report reside outside the United States. As a result, investors may not be able to effect service of process within the United States upon us or our directors or officers or some experts or to enforce against us or them in U.S. courts judgments predicated upon the civil liability provisions of U.S. federal securities law. There is doubt as to the enforceability in original actions in courts outside the United States of civil liabilities predicated solely upon U.S. federal securities laws, and the enforceability in courts outside the United States of judgments entered by U.S. courts predicated upon the civil liability provisions of U.S. federal securities law will be subject to compliance with procedural requirements under applicable local law, including the condition that the judgment does not violate the public policy of the applicable jurisdiction.