

E. Taxation

Material U.S. Tax Consequences

Ownership and Disposition of the Company's Shares or ADSs

The following discussion summarizes the material United States federal income tax consequences related to the ownership and disposition of the Company's shares or ADSs. It applies to you only if you are a U.S. holder, as defined below, and if you hold your shares or ADSs as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code").

This section is intended for general informational purposes only, and does not represent a complete analysis of all U.S. tax consequences relating to the ownership of shares of common stock or ADSs. It does not purport to address all material tax consequences that may be relevant to holders of shares of common stock or ADSs, and does not take into account the actual facts and circumstances of any particular investor, some of which may be subject to special tax rules.

This section does not address the U.S. federal income tax consequences that may be relevant to special classes of shareholders or holders of ADSs, including (but not limited to) the following:

- A financial institution,
- a dealer in securities,
- a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings,
- a tax-exempt organization,
- an insurance company,
- a regulated investment company,
- a real estate investment trust,
- a financial asset securitization investment trust,
- a person liable for alternative minimum tax,
- a person that actually or constructively owns 10% or more of the voting stock of Tenaris,
- a person that holds shares or ADSs as part of a straddle or a hedging or conversion transaction, *or*
- a person whose functional currency is not the U.S. dollar.

This section is based upon the tax laws of the United States, including the Code, Treasury Regulations promulgated thereunder, judicial decisions, published rulings, and other relevant administrative pronouncements, all as in effect on the date hereof, as well as on the current income tax convention between the United States and Luxembourg (the "Treaty"), all of which are subject to change, possibly on a retroactive basis.

In addition, this section is based in part upon the representations of the depositary and the assumption that each obligation in the Deposit Agreement and any related agreement will be performed in accordance with its terms.

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For purposes of this discussion, you are a U.S. holder if you are a beneficial owner of shares or ADSs and you are:

- a citizen or resident of the United States,
- a domestic corporation,
- an estate whose income is subject to United States federal income tax regardless of its source, *or*
- a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust.

U.S. holders are urged to consult their own tax advisors regarding the United States federal, state, local and other tax consequences of owning and disposing of Tenaris shares or ADSs.

If a partnership holds shares of common stock or ADSs, the U.S. federal income tax treatment of a partner generally will depend upon the partner's status and the activities of the partnership. Partners of a partnership holding shares of common stock or ADSs should consult their own tax advisors.

In general, and taking into account the earlier assumptions, for United States federal income tax purposes, if you hold ADRs evidencing ADSs, you will be treated as the owner of the shares represented by those ADRs. Exchanges of shares for ADRs, and ADRs for shares, generally will not be subject to United States federal income tax.

Dividends

Subject to the Passive Foreign Investment Company, or PFIC, rules discussed below, if you are a U.S. holder, the gross amount of any dividend paid by us out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) generally is subject to United States federal taxation. Distributions in excess of our current and accumulated U.S. earnings and profits will be treated as a non-taxable return of capital to the extent of your basis in the ADSs or shares, and thereafter as capital gain.

If you are a non-corporate U.S. holder, dividends paid to you in taxable years beginning after December 31, 2002 and before January 1, 2009 that constitute qualified dividend income will be taxable to you at a maximum tax rate of 15%, provided that you hold the shares or ADSs for more than 60 days during the 120-day period beginning 60 days before the ex-dividend date and meet other holding period requirements. The IRS has announced that it will permit taxpayers to apply a proposed legislative change to the holding period requirement described in the preceding sentence as if such change were already effective. This legislative and technical correction would change the minimum required holding period retroactive to January 1, 2003 to more than 60 days during the 121-day period beginning 60 days before the ex-dividend date. Dividends we pay with respect to the shares or ADSs generally will be qualified dividend income. The dividend is taxable to you when you, in the case of shares, or the depository, in the case of ADSs, receive the dividend, either actually or constructively. The dividend will not be eligible for the dividends-received deduction generally allowed to U.S. corporations in respect of dividends received from other U.S. corporations.

The amount of any dividend distribution that you must include in your income, if paid in currency other than the U.S. dollar, will be the U.S. dollar value of the foreign currency payments made, determined at the spot foreign currency/U.S. dollar rate on the date such dividend distribution is includible in your income, regardless of whether the payment is in fact converted into U.S. dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date you include the dividend payment in income to the date such payment is converted into U.S. dollars will be treated as ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income. The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes.

For foreign tax credit purposes, the dividend will be income from sources outside the United States, and generally will be considered "passive income" or "financial services income," which is treated separately from other types of income for purposes of computing the foreign tax credit allowable to you. Special rules apply in determining the

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foreign tax credit limitation with respect to dividends that are subject to the maximum 15% tax rate. No U.S. foreign tax credit will be allowed to U.S. holders of shares or ADSs in respect of any personal property or similar tax imposed by Luxembourg (or any taxing authority thereof or therein).

Distributions of additional shares to U.S. holders with respect to their shares or ADSs that are made as part of a pro rata distribution to all our shareholders generally will not be subject to U.S. federal income tax.

Taxation of Capital Gains

Subject to the PFIC rules discussed below, if you are a U.S. holder and you sell or otherwise dispose of your shares or ADSs, you will recognize capital gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the U.S. dollar value of the amount realized and your tax basis (determined in U.S. dollars) in such shares or ADSs. Generally such gain or loss will be long-term capital gain or loss if your holding period for such shares or ADSs exceeds one year. Long-term capital gains of a corporate U.S. holder are generally subject to tax at a current maximum marginal tax rate of 35%, and long-term capital gains of a non-corporate U.S. holder that are recognized on or after May 6, 2003 and before January 1, 2009 are generally subject to a current maximum marginal tax rate of 15%. The gain or loss will generally be income or loss from sources within the United States and will generally constitute "passive income" for foreign tax credit limitation purposes.

PFIC Rules

We believe that, as of the date of this annual report, our shares and ADSs should not be treated as stock of a PFIC for U.S. federal income tax purposes, but this conclusion is a factual determination made annually and thus may be subject to change.

In general, if you are a U.S. holder, we will be a PFIC with respect to you if, for any taxable year in which you held our ADSs or shares:

- at least 75% of our gross income for the taxable year is passive income; or
- at least 50% of the gross value (without reduction for liabilities), determined on the basis of a quarterly average, of our assets is attributable to assets that produce or are held for the production of passive income.

For purposes of the PFIC rules, "passive income" generally includes dividends, interest, royalties, rents (other than certain rents and royalties derived in the active conduct of a trade or business), annuities and gains from assets that produce passive income. However, if a foreign corporation owns at least 25% by value of the stock of another corporation, the foreign corporation is treated for purposes of the PFIC passive income and assets tests as owning its proportionate share of the other corporation's assets, and as receiving directly its proportionate share of the other corporation's income.

The PFIC rules impose a tax regime on U.S. Persons who hold shares of a PFIC that is significantly less favorable than the tax rules generally applicable to U.S. Persons who hold shares of a foreign corporation that is not a PFIC. Under the PFIC rules, if a U.S. holder sells at a gain shares of a foreign corporation that has been a PFIC at any time during such person's holding period for such shares and if such person has not made a "qualified electing fund", or QEF, election or a "mark-to-market" election as described below, then such gain is allocated ratably to each day of such person's holding period for such shares. The portion of the gain allocable to the current year is taxed as ordinary income. Tax is calculated with respect to the portions of the gain allocated to each of the prior years of the shareholder's holding period by multiplying the portion allocable to each prior year by the highest tax rate applicable to ordinary income in effect for such prior year. In addition, interest is charged with respect to the tax attributable to the gain allocated to such prior years. Thus, in the year a shareholder sells PFIC shares, such shareholder is subject to an amount of tax equal to the sum of (i) the tax on the gain allocable to the year of sale, (ii) the tax on the gain allocable to each of the prior years of his holding period, and (iii) an interest charge with respect to such prior year tax amounts. "Excess distributions" received by a U.S. holder with respect to PFIC shares are subject to tax in the same manner as gain from disposition of such shares. In general, a shareholder receives an "excess distribution" if

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the amount of the distribution is more than 125% of the average distribution with respect to the shares during the three preceding taxable years (or the period during which the taxpayer held the shares, if shorter).

A shareholder may avoid being subjected to tax calculated under the PFIC rules described above if such shareholder has elected to treat the PFIC as a QEF, such election has been in effect throughout the holding period for such shareholder's PFIC shares, and we provide certain required information. We intend to provide U.S. holders with such information as may be required to make a QEF election effective. A U.S. holder who is a shareholder of a QEF is required to include in such shareholder's income each year (i) as ordinary income, such shareholder's pro rata share of the ordinary earnings of the QEF for such year, and (ii) as long-term capital gain, such shareholder's pro rata share of the net capital gain of the QEF for such year. The shareholder is taxable with respect to such amounts even if they are not distributed to such shareholder by the corporation. A shareholder making a QEF election may also elect to extend the time for payment of tax with respect to such undistributed PFIC earnings, generally until such time as such shareholder receives a distribution of such earnings from the PFIC or transfers such shareholder's shares, but such shareholder will be required to pay interest to the IRS with respect to the deferred tax amounts. The shareholder's basis for such shareholder's PFIC shares is adjusted each year to reflect the amounts includible in the shareholder's income pursuant to the QEF rules. If a shareholder of a PFIC wishes to avoid future application of the PFIC tax rules described in the preceding paragraph but has failed to make a timely QEF election effective starting with the first year of such shareholder's holding period for the PFIC stock, such shareholder may "catch up" by making a QEF election going forward and further electing to recognize gain, taxable pursuant to the PFIC tax rules, as if such shareholder sold the stock on the first day of the year in which the QEF election becomes effective. In the case of a shareholder of a PFIC that is also a CFC, such shareholder may also "catch up" by making a QEF election going forward and electing to include in income, as an "excess distribution" subject to the PFIC tax rules, such shareholder's share of the accumulated earnings and profits of the PFIC.

As an alternative to a QEF election, if you own shares in a PFIC that are treated as marketable stock, you may also make a mark-to-market election. Although stock traded on a "qualified" foreign exchange may be considered "marketable stock," the United States Internal Revenue Service, or IRS, has not yet identified specific foreign exchanges that are "qualified" for this purpose. If you make this election, you will not be subject to the PFIC rules described above. Instead, in general, you will include as ordinary income each year the excess, if any, of the fair market value of your shares or ADSs at the end of the taxable year over your adjusted basis in your shares or ADSs. These amounts of ordinary income will not be eligible for the favorable tax rates applicable to qualified dividend income or long-term capital gains. You will also be allowed to take an ordinary loss in respect of the excess, if any, of the adjusted basis of your shares or ADSs over their fair market value at the end of the taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). Your basis in the shares or ADSs will be adjusted to reflect any such income or loss amounts.

Notwithstanding any election you make with regard to the shares or ADSs, dividends that you receive from us will not constitute qualified dividend income to you if we are a PFIC either in the taxable year of the distribution or the preceding taxable year. Dividends that you receive that do not constitute qualified dividend income are not eligible for taxation at the 15% maximum rate applicable to qualified dividend income. Instead, you must include the gross amount of any such dividend paid by us out of our accumulated earnings and profits (as determined for United States federal income tax purposes) in your gross income, and it will be subject to tax at rates applicable to ordinary income.

Ownership and Disposition of the Company's Shares or ADSs

Holders of the Company's shares or ADSs will not be subject to Luxembourg income tax, wealth tax or capital gains tax in respect of those shares or ADSs, except for:

(i) individuals resident (or, in certain circumstances, formerly resident) in Luxembourg, entities organized in Luxembourg or entities domiciled or having a permanent establishment in Luxembourg. For purposes of Luxembourg tax law, you are deemed to be an individual resident in Luxembourg, subject to treaty provisions, if you have your domicile or your usual place of residence in Luxembourg, or

(ii) non-resident holders are taxed with respect to the disposition of the Company's shares or ADSs held for six months or less or if such non-resident holders has owned alone, or together with his spouse or minor children,

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directly or indirectly at any point in time within the five year term preceding the disposition, more than 10% of our share capital.

No inheritance tax is payable by a holder of the Company's shares or ADSs except if the deceased holder was a resident of Luxembourg at the time of death.

There is no Luxembourg transfer or stamp tax on the purchase or disposition of the Company's shares or ADSs.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

The Company is required to file annual and special reports and other information with the SEC. You may read and copy any documents filed by the Company at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC also maintains a website at <http://www.sec.gov> which contains reports and other information regarding registrants that file electronically with the SEC.

The Company is subject to the reporting requirements of the Exchange Act of 1934, as applied to foreign private issuers. Because the Company is a foreign private issuer, the SEC's rules do not require it to deliver proxy statements or to file quarterly reports. In addition, the Company's "insiders" are not subject to the SEC's rules that prohibit short-swing trading. The Company prepares quarterly and annual reports containing consolidated financial statements. Its annual consolidated financial statements are certified by an independent accounting firm. It files quarterly financial information with the SEC on Form 6-K simultaneously with or promptly following the publication of that information in Luxembourg or any other jurisdiction in which its securities are listed, and will file annual reports on Form 20-F within the time period required by the SEC, which is currently six months from the close of the fiscal year on December 31. These quarterly and annual reports may be reviewed at the SEC's Public Reference Room. Reports and other information filed electronically with the SEC are also available at the SEC's website.

The Company has appointed JPMorgan Chase to act as depositary for its ADSs. During the time there continue to be ADSs deposited with the depositary, it will furnish the depositary with:

- our annual reports, *and*
- summaries of all notices of shareholders' meetings and other reports and communications that are made generally available to the Company's shareholders.

The depositary will, as provided in the deposit agreement, arrange for the mailing of summaries in English of the reports and communications to all record holders of our ADSs. Any record holder of ADSs may read the reports, notices or summaries thereof, and communications at the depositary's office located at One Chase Manhattan Plaza, New York, New York 10081.

Whenever a reference is made in this annual report to a contract or other document, please be aware that such reference is not necessarily complete and that you should refer to the exhibits that are a part of this annual report for a copy of the contract or other document. You may review a copy of the annual report at the SEC's public reference room in Washington, D.C.