

TENARIS SA  
Form 6-K  
April 24, 2006

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**FORM 6 - K**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**Report of Foreign Private Issuer**  
**Pursuant to Rule 13a - 16 or 15d - 16 of**  
**the Securities Exchange Act of 1934**  
**As of April 24, 2006**  
**TENARIS, S.A.**

(Translation of Registrant's name into English)

**TENARIS, S.A.**

46a, Avenue John F. Kennedy  
L-1855 Luxembourg

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or 40-F.  
Form 20-F  Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12G3-2(b) under the Securities Exchange Act of 1934.  
Yes  No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- .

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The attached material is being furnished to the Securities and Exchange Commission pursuant to Rule 13a-16 and Form 6-K under the Securities Exchange Act of 1934, as amended. This report contains Tenaris' notice of Annual General Meeting and Extraordinary General Meeting of Shareholders and the Shareholder Meeting Brochure and Proxy Statement.

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**Date: April 24, 2006**

**Tenaris, S.A.**

By: /s/ Cecilia Bilesio  
Cecilia Bilesio  
Corporate Secretary

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Dear Tenaris Shareholder,

I am pleased to invite you to attend the Annual General Meeting and Extraordinary General Meeting of Shareholders of Tenaris Société Anonyme Holding. Both meetings will be held on Wednesday, June 7, 2006, at 46A, Avenue John F. Kennedy L-1855 Luxembourg. The Annual General Meeting of Shareholders will begin promptly at 11:00 a.m., (Central European Time), while the Extraordinary General Meeting of Shareholders will be held immediately upon conclusion of the Annual General Meeting of Shareholders.

At the Annual General Meeting of Shareholders, you will hear a report on the Company's business, financial condition and results of operations, and have the chance to meet the Chairman and Chief Executive Officer. Subsequently, the Extraordinary General Meeting of Shareholders will decide on proposed amendments to Tenaris's articles of association.

Enclosed please find the Notice and Agenda for both meetings and the Shareholder Meeting Brochure and Proxy Statement. These documents, as well as the Company's 2005 annual report (which includes the Company's financial statements for the year ended December 31, 2005 in their consolidated and unconsolidated form together with the board of director's report and the report of the independent auditor), are available on our website at [www.tenaris.com/investors](http://www.tenaris.com/investors) and may also be obtained upon request at 1 800 990 1135 (if you are in the United States) or 201 680 6630 (if you are outside the United States) and are available free of charge at the Company's registered office in Luxembourg.

Even if you only own a few shares or ADRs, I would like to see them represented at both meetings. You can vote your shares personally or by proxy. If you choose to vote by proxy, you may use the enclosed dedicated proxy form. If you are a holder of ADRs, please see the letter from JP Morgan Chase, the depositary bank, for instructions on how to exercise your vote by proxy.

I look forward to welcoming you on June 7, 2006.

Very truly yours

Paolo Rocca

Chairman and Chief Executive Officer

April 20, 2006

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**JPMORGAN CHASE BANK, N.A.**

4 New York Plaza, Floor 13

New York, NY 10004

**Re: TENARIS S.A.**

To: Registered Holders of American Depositary Receipts ( ADRs )  
for Shares of Common Stock, US\$1 Par Value ( Common Stock ), of  
Tenaris S.A. (the Company ):

The Company has announced that its Annual General Meeting of Shareholders will be held on June 7, 2006, at 11:00 a.m. (Central European Time), and that an Extraordinary General Meeting will be held immediately after conclusion of the Annual General Meeting. Both meetings will take place at 46A, Avenue John F. Kennedy L-1855 Luxembourg. **A copy of the Company s Notice of Annual General Meeting and Extraordinary General Meeting of Shareholders, including the agenda for such meetings, is enclosed.**

The enclosed materials are provided to allow the shares represented by your ADRs to be voted at the meetings. They include the Notice of Annual General Meeting and Extraordinary General Meeting of Shareholders and the Shareholder Meeting Brochure and Proxy Statement. These documents, as well as the Company s 2005 annual report (which includes the Company s financial statements for the year ended December 31, 2005 in their consolidated and unconsolidated form), are available on our website at [www.tenaris.com/investors](http://www.tenaris.com/investors) and may also be obtained upon request at 1 800 990 1135 (if you are in the United States) or 201 680 6630 (if you are outside the United States). Each holder of ADRs as of April 25, 2006, which continues to hold such ADRs on May 23, 2006, is entitled to instruct JPMorgan Chase Bank, N.A., as Depositary (the Depositary ), as to the exercise of the voting rights pertaining to the Company s shares of Common Stock represented by such holder s ADRs. Although voting instructions and proxy material are sent to holders as of April 25, 2006, only those Holders of record as of each of April 25, 2006 and May 23, 2006 will be entitled to provide the Depositary with voting instructions. Notwithstanding that holders of ADRs must have held ADRs on each such date, in order to avoid the possibility of double vote, **only those positions on May 23, 2006 will be counted for voting instruction purposes.** Eligible ADR holders who desire to have their shares represented by their ADRs voted at the Meeting must complete, date and sign a proxy form and return it to JPMorgan Chase Bank, N.A., P.O. Box 3500, South Hackensack, NJ 07606-3500, U.S.A. If the Depositary receives properly completed instructions by **3:30 p.m., New York City time, on May 31, 2006**, then it shall vote or cause to be voted the shares underlying such ADRs in the manner prescribed by the instructions. However, if by 3:30 p.m., New York time, on May 31, 2006, the Depositary receives no instructions from the holder of ADRs, or the instructions are not in proper form, then the Depositary shall deem such holder to have instructed the Depositary to **vote the underlying shares of Common Stock of any such ADRs in favor of any proposals or recommendations of the Company**, for which purposes the Depositary shall issue a discretionary proxy to a person appointed by the Company to vote such shares in favor of any proposals or recommendations of the Company (including any recommendation by the Company to vote such shares on any given issue in accordance with the majority shareholder vote on that issue). No instruction shall be deemed given and no discretionary proxy shall be given with respect to any matter as to which the Company informs the Depositary it does not wish such proxy given or if the proposal has, in the discretion of the Depositary, a materially adverse effect on the rights of the holders of ADRs. Any holder of ADRs is entitled to revoke any instructions which it has previously given to the Depositary by filing with the Depositary a written revocation or duly executed instructions bearing a later date at any time prior to **3:30 p.m., New York time, on May 31, 2006**. No instructions, revocations or revisions thereof shall be accepted by the Depositary after that time.

**IF YOU WANT YOUR VOTE TO BE COUNTED, THE DEPOSITARY MUST RECEIVE YOUR VOTING INSTRUCTIONS**

**PRIOR TO 3:30 P.M. (NEW YORK CITY TIME) ON MAY 31, 2006.**

**JPMORGAN CHASE BANK, N.A.**

*Depositary*

April 20, 2006  
New York, New York

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**Tenaris S.A.  
Société Anonyme Holding  
46A, Avenue John F. Kennedy  
L-1855, Luxembourg  
RCS Luxembourg B 85 203**

Notice of the Annual General Meeting and Extraordinary General Meeting of Shareholders to be held on June 7, 2006

Notice is hereby given to holders of shares of common stock of Tenaris S.A. (the Company) that the Annual General Meeting of Shareholders will be held on June 7, 2006, at 11:00 a.m. (Central European Time), and that an Extraordinary General Meeting will be held immediately after conclusion of the Annual General Meeting. Both meetings will be held at 46A, avenue John F. Kennedy L-1855 Luxembourg. In the Annual General Meeting, shareholders will vote with respect to the items listed below under the heading Annual General Meeting. At the Extraordinary General Meeting, shareholders will vote with respect to the item listed below under the heading Extraordinary General Meeting.

**Item 1.**

**AGENDA**  
**Annual General Meeting**

1. Consideration of the Board of Directors and independent auditor's reports on the consolidated financial statements. Approval of the Company's consolidated financial statements as of, and for the fiscal year ended, December 31, 2005.
  2. Consideration of the Board of Directors and independent auditor's reports on the unconsolidated annual accounts. Approval of the Company's unconsolidated annual accounts as of, and for the fiscal year ended, December 31, 2005.
  3. Allocation of results and approval of dividend payment.
  4. Discharge to the members of the Board of Directors.
  5. Election of the Board of Directors' members.
  6. Authorization to the Board of Directors to delegate the day-to-day management of the Company's business and the power to represent the Company as *administrateur délégué* (chief executive officer) to Mr. Paolo Rocca (with full power of sub-delegation).
  7. Authorization to the Board of Directors to appoint any or all of its members as the Company's attorneys-in-fact including in general day to day management of the Company.
  8. Authorization to the Board of Directors to cause the distribution of all shareholder communications, including its shareholder meeting and proxy materials and annual reports to shareholders by such electronic means as are permitted by any applicable laws or regulations.
  9. Board of Directors' compensation.
  10. Appointment of independent auditors and approval of their fees.
- Pursuant to the Company's Articles of Association, resolutions at the Annual General Meeting of Shareholders will be passed by simple majority vote, irrespective of the number of shares present or represented





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**Extraordinary General Meeting**

1. Amendment of article 11 of the Articles of Association to require the Audit Committee to report to the board of directors on its activity and on the adequacy of the internal control system once a year.

Pursuant to the Company's Articles of Association, an extraordinary general meeting of shareholders convened to consider a proposed amendment to the Company's Articles of Association can only validly vote on such amendment on the first call if at least half of the share capital is present or represented. If the required quorum is not met, a second meeting may be convened by means of notices published twice, at twenty (20) days interval at least and in any case twenty (20) days before the meeting, in the *Mémorial C, Recueil des Sociétés et Associations* (Luxembourg Official Gazette) and such other newspapers as provided for in article 19 of the Articles of Association of the Company. The second meeting can validly decide regardless of the quorum present or represented. In each case, resolutions may only be passed by a two-thirds majority of the votes of the shareholders present or represented.

**PROCEDURES FOR ATTENDING THE MEETINGS**

Holders of shares wishing to attend the meetings must obtain an admission ticket by depositing their certificates representing their common stock, not later than **4:00 p.m. (local time) on June 1st, 2006**, at any of the following Company's offices:

Luxembourg: 46A, Avenue John F. Kennedy  
L-1855 Luxembourg

Argentina: Leandro N. Alem 1067, 15°  
(C1001AAF) Buenos Aires  
Attn: Horacio de las Carreras and/or Eleonora Cimino

Italy: c/o Dalmine S.p.A.  
Piazza Caduti 6 luglio 1944 n. 1 24044  
Dalmine (BG)  
Attn: Marco Tajana and/or Teresa Gaini

Mexico: c/o Tubos de Acero de México S.A.  
Campos Eliseos 400-17  
Col. Chapultepec Polanco  
11560 Mexico D.F.  
Attn: Félix Todd and/or Luis Armando Leviaguirre

Holders of shares through fungible securities accounts wishing to attend the meetings must present a certificate (issued by the financial institution or professional depository holding such shares) evidencing such deposit and certifying the number of shares recorded in the relevant account as of June 1st, 2006. Such certificate must be filed no later than **4:00 p.m. (local time) on June 1st, 2006** with any of the Company's offices indicated above and, in the case of shares held in Mexico, with S.D. Indeval, S.A. de C.V. (Paseo de la Reforma #255, 2o. y 3er. piso Col. Cuauhtémoc, Mexico City).

Holder of shares as of June 1st, 2006 may also vote by proxy. To vote by proxy, holders must file the required certificate and a completed proxy form not later than **4:00 p.m. (local time) on June 1st, 2006** with any of the Company's offices indicated above or, in the case of shares held in Mexico, with S.D. Indeval, S.A. de C.V. in Mexico City.

Holders of American Depositary Receipts (the ADRs) as of April 25, 2006, which continue to hold such ADRs on May 23, 2006, are entitled to instruct JPMorgan Chase Bank, N.A., as Depository (the Depository), as to the exercise of the voting rights pertaining to the Company's shares of Common Stock represented by such holder's ADRs. Although voting instructions and proxy material are sent to holders as of April 25, 2006, only those holders of ADRs as of each of April 25, 2006 and May 23, 2006 will be entitled to provide the Depository with voting instructions. Notwithstanding that holders of ADRs must have held ADRs on each such date, in order to avoid the possibility of

double vote, **only those positions on May 23, 2006 will be counted for voting instruction purposes.** Eligible ADR holders who desire to vote at the Meeting

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must complete, date and sign a proxy form and return it to JPMorgan Chase Bank, N.A. (the Depository), P., P.O. Box 3500, South Hackensack, NJ 07606-3500, U.S.A., by **3:30 p.m., New York City time, on May 31, 2006.**

The Shareholder Meeting Brochure and Proxy Statement (which contains reports on each item of the agenda for the meetings, and further details on voting procedures) and the forms furnished by the Company in connection with the meetings, may be obtained from any of the Company's offices indicated above, the Depository, Borsa Italiana SpA (Piazza degli Affari 6, 20123, Milan, Italy) and S.D. Indeval S.A. de C.V., as from April 20, 2006, between 10:00 a.m. and 5:00 p.m. (local time).

Copies of the Shareholder Meeting Brochure and Proxy Statement and the forms are also available at [www.tenaris.com/investors](http://www.tenaris.com/investors). Copies of the Company's financial statements and the reports of the auditors as well as the documents referred to in the preceding sentence may also be obtained free of charge at the Company's registered office in Luxembourg.

**Cecilia Bilesio**  
**Secretary of the Board of Directors**

April 20, 2006  
Luxembourg

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**TENARIS S.A.**  
**Société Anonyme Holding**  
**46A, Avenue John F. Kennedy**  
**L-1855, Luxembourg**  
**RCS Luxembourg B 85 203**

**SHAREHOLDER MEETING BROCHURE AND PROXY STATEMENT**

**Annual General Meeting and Extraordinary General Meeting of Shareholders to be held on June 7, 2006**

This Shareholder Meeting Brochure and Proxy Statement is furnished by Tenaris, S.A. (the Company) in connection with the Annual General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders to be both held, for the purposes set forth in the accompanying Notice of the Annual General Meeting and Extraordinary General Meeting of Shareholders (the Notice), on June 7, 2006 starting at 11:00 a.m., at 46A, avenue John F. Kennedy L-1855 Luxembourg.

As of April 20, 2006, there were issued and outstanding 1,180,536,830 shares of common stock, US\$1 par value, of the Company (the Common Stock), including shares of Common Stock (the Deposited Shares) deposited with Fortis Bank Luxembourg S.A., as agent for JPMorgan Chase Bank, N.A., as depositary (the Depositary), under the Deposit Agreement, dated as of November 11, 2002, as amended on April 3, 2006 (the Deposit Agreement) among the Company, the Depositary and all holders from time to time of American Depositary Receipts (the ADRs) issued thereunder. The Deposited Shares are represented by American Depositary Shares, which are evidenced by the ADRs (one ADR equals two Deposited Shares).

Each holder of shares of Common Stock is entitled to one vote per share. Holders of shares that hold shares through fungible securities accounts and wish to attend the Meetings must present a certificate (issued by the financial institution or professional depositary holding such shares) evidencing such deposit and certifying the number of shares recorded in the relevant account on June 1st, 2006. Such certificate must be filed no later than 4:00 p.m. (local time) on June 1st, 2006, with any of the Company's offices indicated in the Notice, or, in the case of shares held in Mexico, with S.D. Indeval, S.A. de C.V., in Mexico City.

Holders of shares as of June 1st, 2006 may also vote by proxy. To vote by proxy, such holders must file the requisite certificate and a completed proxy form not later than 4:00 p.m. (local time), on June 1st, 2006, with any of the Company's offices indicated in the Notice, or, in the case of shares held in Mexico, with S.D. Indeval, S.A. de C.V., in Mexico City.

Each holder of ADRs as of April 25, 2006, which continues to hold such ADRs on May 23, 2006, is entitled to instruct JPMorgan Chase Bank, N.A., as Depositary (the Depositary), as to the exercise of the voting rights pertaining to the Company's shares of Common Stock represented by such holder's ADRs. Although voting instructions and proxy material are sent to holders as of April 25, 2006, only those Holders of record as of each of April 25, 2006 and May 23, 2006 will be entitled to provide the Depositary with voting instructions. Notwithstanding that holders of ADRs must have held ADRs on each such date, in order to avoid the possibility of double vote, **only those positions on May 23, 2006 will be counted for voting instruction purposes.** Eligible holders of ADRs who desire to have their shares represented by their ADRs voted at the Meeting must complete, date and sign a proxy form and return it to JPMorgan Chase Bank, N.A., P.O. Box 3500, South Hackensack, NJ 07606-3500, U.S.A. If the Depositary receives properly completed instructions by **3:30 p.m., New York City time, on May 31, 2006**, then it shall vote or cause to be voted the shares underlying such ADRs in the manner prescribed by the instructions. However, if by **3:30 p.m., New York time, on May 31, 2006**, the Depositary receives no instructions from the holder of ADRs, or the instructions are not in proper form, then the Depositary shall deem such holder to have instructed the Depositary to vote the underlying shares of Common Stock of any such ADRs in favor of any proposals or recommendations of the Company, for which purposes the Depositary shall issue a discretionary proxy to a person appointed by the Company to vote such shares in favor of any proposals or recommendations of the Company (including any recommendation by the Company to vote such shares on any given issue in accordance with the majority shareholder vote on that issue).

No instruction shall be deemed given and no discretionary proxy shall be given with respect to any matter as to which the Company informs the Depositary it does not wish such proxy given or if the proposal has, in the discretion of the Depositary, a materially adverse effect on the rights of the holders of ADRs. Any holder of ADRs is entitled to revoke any instructions which it has previously given to the Depositary by filing with the Depositary a written revocation or duly executed instructions bearing a later date at any time prior to **3:30 p.m., New York time, on May 31, 2006**. No instructions, revocations or revisions thereof shall be accepted by the Depositary after that time.

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Due to regulatory differences and market practices in each country where the Company's shares are listed, the holders of shares traded on the Argentine and Italian stock exchanges who have requested admission to the meetings, or who have issued a voting proxy, must have their shares blocked for trading until the date of the meetings, while holders of shares traded in the Mexican stock exchange and holders of ADRs traded in the New York stock exchange need not have their shares or ADRs, as the case may be, blocked for trading. However, the votes of holders of shares traded in the Mexican stock exchange who sell their shares between May 31, 2006 and June 6, 2006, shall be disregarded.

The meetings will appoint a chairperson *pro tempore* to preside over them. The chairperson *pro tempore* will have broad authority to conduct the meetings in an orderly and timely manner and to establish rules for shareholders who wish to address the meetings; the chairperson may exercise broad discretion in recognizing shareholders who wish to speak and in determining the extent of discussion on each item of the agenda.

Pursuant to the Company's Articles of Association, resolutions at the Annual General Meeting of Shareholders will be passed by majority vote, irrespective of the number of shares present or represented. Extraordinary general meetings of shareholders convened to consider amendments to the Company's Articles of Association can only validly meet on the first call if at least half of the share capital is present or represented. If the required quorum is not met, a second meeting may be convened by means of notices published twice, at twenty (20) days interval at least and in any case twenty (20) days before the meeting, in the *Mémorial C, Recueil des Sociétés et Associations* (Luxembourg Official Gazette). The second meeting can validly decide regardless of the quorum present or represented. In each case, resolutions may only be passed by a two-thirds majority of the votes of the shareholders present or represented.

The meetings are called to address and vote on the following agenda:

**ANNUAL GENERAL MEETING**

**1. CONSIDERATION OF THE BOARD OF DIRECTORS' AND INDEPENDENT AUDITOR'S REPORTS ON THE CONSOLIDATED FINANCIAL STATEMENTS. APPROVAL OF THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS AS OF, AND FOR THE FISCAL YEAR ENDED, DECEMBER 31, 2005.**

The Board of Directors recommends a vote FOR approval of the Company's consolidated financial statements for the fiscal year ended December 31, 2005, and having considered the reports from each of the Board of Directors and the independent auditors on such consolidated financial statements. The consolidated balance sheet of the Company and its subsidiaries at December 31, 2005 and the related consolidated statement of income, consolidated statement of changes in shareholders' equity, consolidated cash flow statement and notes to the consolidated financial statements, the independent auditors' report on such consolidated financial statements and management's discussion and analysis on the Company's results of operations and financial condition are included in the Company's annual report 2005, a copy of which is available on our website at [www.tenaris.com/investors](http://www.tenaris.com/investors) and may also be obtained upon request at 1 800 990 1135 (if you are in the United States) or 201 680 6630 (if you are outside the United States).

**2. CONSIDERATION OF THE BOARD OF DIRECTORS' AND INDEPENDENT AUDITOR'S REPORTS ON THE UNCONSOLIDATED ANNUAL ACCOUNTS. APPROVAL OF THE COMPANY'S UNCONSOLIDATED ANNUAL ACCOUNTS AS OF, AND FOR THE FISCAL YEAR ENDED, DECEMBER 31, 2005.**

The Board of Directors recommends a vote FOR approval of the Company's unconsolidated annual accounts as of, and for the fiscal year ended, December 31, 2005, and having considered the report from each of the Board of Directors and the independent auditors on such unconsolidated annual accounts. These documents are included in the Company's annual report, a copy of which is available on our website at [www.tenaris.com/investors](http://www.tenaris.com/investors) and may also be obtained upon request at 1 800 990 1135 (if you are in the United States) or 201 680 6630 (if you are outside the United States).

**3. ALLOCATION OF RESULTS AND APPROVAL OF DIVIDEND PAYMENT.**

The Board of Directors recommends a vote FOR approval of an annual dividend in U.S. dollars in an amount of US\$0.30 per share. As required by Luxembourg law, the total dividend amount includes the interim dividend declared by the Board of Directors in accordance with Luxembourg law on November 8, 2005, and paid on November 16, 2005, in an amount of US\$0.127 per share. Accordingly, if this annual dividend proposal is approved, the Company will make a cash dividend payment to shareholders on June 16, 2006 in the amount of US\$0.173 per share issued and outstanding on June 13, 2006. Since each ADR is equivalent to two ordinary shares following the adjustment in the

ADR ratio made on April 17, 2006, this dividend payment amount of US\$0.173 per share is equivalent to US\$0.346 per ADR.

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The aggregate amount of US\$149,928,177 distributed as interim dividend on November 16, 2005, was paid from earnings from the nine-month period ended September 30, 2005. The aggregate amount of US\$204,232,872 to be distributed as dividends after the date hereof shall also be paid from profits earned during the year ended December 31, 2005. The balance of the fiscal year's profits will be allocated to the Company's retained earnings account.

Upon approval of this resolution, the Board of Directors shall determine, in its discretion, the terms and conditions of the dividend payment, including the applicable record date.

### **4. DISCHARGE TO THE MEMBERS OF THE BOARD OF DIRECTORS.**

In accordance with applicable Luxembourg law and regulations, it is proposed that, upon approval of the Company's accounts for the year ended December 31, 2005, the members of Board of Directors be discharged of any responsibilities in connection with the management of the Company's affairs during such year.

### **5. ELECTION OF THE BOARD OF DIRECTORS MEMBERS.**

The Company's Articles of Association provide for the annual election by the holders of Common Stock of a Board of Directors of not less than five and not more than fifteen members. Members of the Board of Directors have a term of office of one year, but may be reappointed.

Under applicable U.S. laws and regulations, effective on July 15, 2005, the Company is required to have an audit committee comprised solely of directors who are independent.

The present Board of Directors of the Company consists of nine Directors. Three members of the Board of Directors (Messrs. Jaime Serra Puche, Amadeo Vázquez y Vázquez and Roberto Monti) qualify as independent members under the Company's Articles of Association and applicable law.

It is proposed that the current members of the Board of Directors be re-elected.

Set forth below is summary biographical information of each of the candidates:

1) **Mr. Roberto Bonatti.** Mr. Bonatti is president of San Faustín N.V., Tecpetrol S.A. and Techint Compañía Técnica Internacional S.A.C.I. of Argentina. He is also a member of the board of directors of Ternium S.A., Siderca S.A.I.C. and Siderar S.A.I.C. Mr. Bonatti is an Italian citizen.

2) **Mr. Carlos Manuel Franck.** Mr. Franck is president of Santa María, vice president of Siderca S.A.I.C. and a member of the board of directors of Techint Financial Corporation N.V., I.I.I. Industrial Investments Inc., Siderar S.A.I.C., Tecpetrol and Tecgas. Mr. Franck is an Argentine citizen.

3) **Mr. Bruno Marchettini.** Mr. Marchettini has recently retired from executive positions, and continues to be the referent advisor in steel technology matters. He is member of the board of directors of San Faustín N.V., Ternium S.A. and Siderar S.A.I.C. Mr. Marchettini is an Italian citizen.

4) **Mr. Roberto Monti\*.** Mr. Monti is a non-executive chairman of Trefoil Limited., member of the board of directors of Petrobras Energia, Transocean Offshore Drilling and of John Wood Group PLC. Served as vice president of Exploration and Production of Repsol YPF and vice president of the board of directors of YPF. He was also president of Dowell, a subsidiary of Schlumberger and president of Schlumberger division of East hemisphere, Wireline & Testing from South America. Mr. Monti is an Argentine citizen.

5) **Mr. Gianfelice Mario Rocca.** Mr. Rocca is chairman of the board of directors of San Faustín, a member of the board of directors of I.I.I. Industrial Investments Inc., Tenaris S.A., Dalmine S.p.A., Tubos de Acero de México, S.A. and Ternium S.A., president of the Humanitas Group and president of the board of directors of Techint Compagnia Tecnica Internazionale S.p.A., Techint S.A. de C.V. In addition, he sits on the board of directors or executive committees of several companies, including Sirti S.p.A., Ras, RCS Quotidiani, Fastweb, Buzzi Unicem and Cam Finanziara S.p.A. He is vice president of Confindustria, the leading association of Italian industrialists. He is a member of the European Advisory Board of the Harvard Business School, the Trilateral Commission. Mr. Rocca graduated in Physics cum laude at the University of Milan and holds a postgraduate degree from the Harvard Business School. Mr. Rocca is an Italian citizen.

6) **Mr. Paolo Rocca.** Mr. Rocca is chairman of our board of directors and our chief executive officer. He is also chairman of the board of directors of Tubos de Acero de Mexico, S.A. (Tamsa) and of Dalmine, S.p.A. and vice president of Confab Industrial S.A. He is also chairman of the board of Ternium S.A. and director and vice president of San Faustín N.V. and director of Techint Financial Corporation N.V. Mr. Rocca is member of the Executive

Committee of the IISI (International Iron and Steel Institute), member of the International Advisory Committee of the NYSE (New York Stock Exchange) and

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member of the Private Sector Advisory Council of the IDB (Inter-American Development Bank). Mr. Rocca is an Italian citizen.

7) **Mr. Jaime Serra Puche\***. Mr. Serra Puche is chairman of SAI Consultores, and a member of the board of directors of Chiquita Brands International, The Mexico Fund, Vitro and Grupo Modelo. Mr. Serra Puche served as Mexico's Undersecretary of Revenue, Secretary of Trade and Industry, and Secretary of Finance. He led the negotiation and implementation of NAFTA. Mr. Serra Puche is a Mexican citizen.

8) **Mr. Amadeo Vázquez y Vazquez\***. Mr. Vázquez y Vázquez is chairman of the board of directors of Telecom Argentina S.A., a director of Gas Natural Ban, S.A., second vice president of Asociación de Empresas de Servicios Privatizados and third vice president of Cámara Argentina de Comercio, and Vocal of the Executive Committee of Asociación Empresaria Argentina. Mr. Vázquez y Vázquez is an Argentine citizen.

9) **Mr. Guillermo F. Vogel**. Mr. Vogel is vice chairman of Tamsa, vice chairman of the American Iron & Steel Institute, chairman of the North American Steel Council, chairman of Grupo Collado, vice chairman of Estilo y Vanidad S.A. de C.V.. Mr. Vogel is a Mexican citizen.

**\* Independent directors**

Each elected director will hold office until the next annual meeting of shareholders. Under the current Company's Articles of Association, such meeting is required to be held on June 6, 2007.

The Board of Directors of the Company met six times during 2005. On January 31, 2003, the Board of Directors created an Audit Committee pursuant to Article 11 of the Articles of Association. As permitted under applicable laws and regulations, the Board of Directors does not have any executive, nominating or compensation committee, or any committees exercising similar functions.

**6. AUTHORIZATION TO THE BOARD OF DIRECTORS TO DELEGATE THE DAY-TO-DAY MANAGEMENT OF THE COMPANY'S BUSINESS AND THE POWER TO REPRESENT THE COMPANY AS ADMINISTRATEUR DÉLÉGUÉ (CHIEF EXECUTIVE OFFICER) TO MR. PAOLO ROCCA (WITH FULL POWER OF SUB-DELEGATION).**

In order to provide for the necessary flexibility in the management of the Company's affairs, it is proposed that the management of the Company's day-to-day business and power to represent the Company as administrateur délégué be delegated to Mr. Paolo Rocca, Chairman of the Board of Directors and Chief Executive Officer of the Company. The chief executive officer will have the power to sub delegate the authority to represent the Company in connection with specific transactions or matters relative to the duties of the chief executive officer.

**7. AUTHORIZATION TO THE BOARD OF DIRECTORS TO APPOINT ANY OR ALL OF ITS MEMBERS AS THE COMPANY'S ATTORNEYS-IN-FACT INCLUDING IN GENERAL DAY TO DAY MANAGEMENT OF THE COMPANY.**

In order to provide for the necessary flexibility in the management of the Company's affairs, it is proposed that the General Shareholders Meeting of the Company authorises the Board of Directors to appoint any or all members of the Board from time to time as the Company's attorney-in-fact, delegating to such directors any management powers to the extent the Board may deem appropriate in connection therewith, this authorisation to be valid until expressly revoked by the Company's General Shareholders Meeting.

It being understood, for the avoidance of doubt, that this authorisation shall not revoke, substitute, impair nor limit in any way the authorisation granted by the General Shareholders Meeting of the Company for the delegation of the day-to-day management of the Company and the authority to represent and bind the Company in such day-to-day management to Paolo Rocca, Chairman of the Board of Directors and Chief Executive Officer of the Company (*administrateur délégué*).

**8. AUTHORIZATION TO THE BOARD OF DIRECTORS TO CAUSE THE DISTRIBUTION OF ALL SHAREHOLDER COMMUNICATIONS, INCLUDING ITS SHAREHOLDER MEETING AND PROXY MATERIALS AND ANNUAL REPORTS TO SHAREHOLDERS BY SUCH ELECTRONIC MEANS AS ARE PERMITTED OR REQUIRED BY ANY APPLICABLE LAWS OR REGULATIONS.**

In order to expedite shareholder communications and ensure their timely delivery, the Board of Directors recommends that it be authorized to cause the distribution of all shareholder communications, including its shareholder meeting and

proxy materials and annual reports to shareholders (either in the form of a separate annual report containing financial statements of the Company and its consolidated subsidiaries or in the form of a Form 20-F or similar document, as filed with the securities authorities or stock markets) by such electronic means as are permitted or required by any applicable laws or regulations

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(including any interpretations thereof), including, without limitation, by posting such communication on the Company's web site, or by sending an email with attachment in a widely used format or with a hyperlink to the applicable filing by the Company on the website of the above referred authorities or stock markets, or by any other existing or future electronic means of communication.

**9. BOARD OF DIRECTORS' COMPENSATION**

It is proposed that each of the members of the Board of Directors receive an amount of US\$50,000 as compensation for their services during the fiscal year 2006. It is further proposed that the Chairman of the Audit Committee receive an additional fee of US\$60,000 and that the other Directors who are members of such Committee receive an additional fee of US\$50,000.

**10. APPOINTMENT OF INDEPENDENT AUDITORS AND APPROVAL OF THEIR FEES**

Based on the recommendation from the Audit Committee, the Board of Directors of the Company recommends a vote FOR the appointment of PricewaterhouseCoopers S.à.r.l., Réviseur d'entreprises, member firm of PricewaterhouseCoppers, as the independent auditors of the Company for the fiscal year ending December 31, 2006, to be engaged until the next annual general meeting that will be convened to decide on the 2006 accounts. In addition, the Board of Directors recommends a vote FOR approval of an amount up to US\$3,489,838 payable to the independent auditors as fees for audit services and audit related services to be rendered during the fiscal year ending December 31, 2006. Such fees cover the audit of the Company's consolidated financial statements and annual accounts, the audit of the Company's internal controls over financial reporting as mandated by the Sarbanes-Oxley Act of 2002, and other audit related services.

**EXTRAORDINARY GENERAL MEETING**

**1. AMENDMENT OF ARTICLE 11 OF THE ARTICLES OF ASSOCIATION TO REQUIRE THE AUDIT COMMITTEE TO REPORT TO THE BOARD OF DIRECTORS ON ITS ACTIVITY AND ON THE ADEQUACY OF THE INTERNAL CONTROL SYSTEM ONCE A YEAR.**

Taking into consideration the need to reconcile the multiple reporting obligations to which the Company is subject as a result of the listing of its securities in four jurisdictions with those that apply to similar public companies to meet market expectations, it is proposed to require the Audit Committee to report to the board of directors on its activity and on the adequacy of the internal control system once a year, rather than every six months.

Article 11 of the Articles of Association, as amended, would read as follows:

*Article 11. Article 11. Powers. The board of directors is invested with the broadest powers to act on behalf of the Company and accomplish or authorize all acts and transactions of management and disposal which are within its corporate purpose and which are not specifically reserved to the general meeting.*

*The Company will be bound by the joint signature of two directors or the sole signature of any persons to whom such signatory power shall be delegated by the board of directors.*

*The board of directors is invested with the power to interpret and apply the present Articles of Association and to issue guidelines and rules for that purpose.*

*Within the limits of applicable law, the board of directors may:*

- 1. delegate to one or more persons, whether or not members of the board of directors, the powers necessary to carry out its decisions and to provide day-to-day management; provided that the approval of material transactions with related parties shall not be delegated and the opinion of the Audit Committee on such material transactions shall be taken into consideration prior to their approval by the board of directors;*
  - 2. confer to one or more persons, whether or not members of the board of directors, the powers deemed to be appropriate for the general technical, administrative and commercial management of the Company;*
  - 3. constitute an Audit Committee, made up by directors, determining its function and authority;*
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4. constitute any committee, the members of which may be selected either from among the directors or outside thereof, and determine their functions and authority.

The board may authorize all substitutions in the powers it may confer or has conferred.

In case the shares of the Company are listed on a regulated market, the Company shall have an Audit Committee composed of three members, two of which, at least, shall qualify as Independent Directors. The members of the Audit Committee shall not be eligible to participate in any incentive compensation plan for employees of the Company or any of its subsidiaries. The Audit Committee shall (I) assist the board of directors in fulfilling its oversight responsibilities relating to the integrity of the financial statements of the Company, the Company's system of internal controls and the independence and performance of the Company's internal and independent auditors. It shall also perform the other duties entrusted to it by the board of directors, particularly as regards relations with the independent auditor and (II) review material transactions between the Company or its subsidiaries with related parties to determine whether their terms are consistent with market conditions or are otherwise fair to the Company and its subsidiaries. To that end,

(A) the term «material» shall mean (a) any transaction, or series of transactions within the period of one year prior to the determination, by which the Company or any of its subsidiaries would be required to pay or would receive aggregate sums in excess of 1.5% of the Company's consolidated net sales made in the fiscal year preceding the year on which the determination is made or (b) any corporate reorganization transaction (including a merger, spin-off or bulk transfer of a business) affecting the Company or any of its subsidiaries for the benefit of or involving also a related party;

and

(B) the term «related party» shall mean any of the following persons in relation to the Company or the subsidiaries of the Company: (i) a member of the board of directors of the Company or of any of the subsidiaries; (ii) any company or person that controls directly or indirectly the Company or is a member of the board of directors of a company controlling directly or indirectly the Company; (iii) any company or person that holds a significant interest in the equity of the Company or of a subsidiary of the Company; (iv) spouses, parents, siblings or relatives up to the third degree of any person referred to in (i), (ii) or (iii); and (v) companies in whose equity the persons referred in (i) and (iii) hold a significant interest.

The board of directors shall appoint one of the members of the Audit Committee as its Chairman. The Audit Committee shall report to the board of directors on its activity and the adequacy of the internal control system once a year, at the time the annual accounts are approved.

For the purpose of the present Articles of Association, the term «Independent Director» shall mean a director who:

(i) is not, and has not been employed by the Company or its subsidiaries in an executive capacity, within the five years immediately prior to the annual meeting at which the nominees of the board of directors will be voted upon;

(ii) is not a person that directly or indirectly controls the Company and is not a member of the board of directors of a company controlling directly or indirectly the Company;

(iii) has not (and is not affiliated with a company or a firm that has) a significant business relationship with the Company, its subsidiaries or the person that directly or indirectly controls the Company;

(iv) is not, and has not been affiliated with or employed by a (present or former) auditor of the Company, its subsidiaries or the person that directly or indirectly controls the Company, within the five years immediately prior to the annual meeting at which the nominees of the board of directors will be voted upon;

(v) is not a spouse, parent, sibling or relative up to the third degree of any person above described from (i) to (v).

The Board of Directors believes that the proposed amendment to the Articles of Association is in the best interests of the Company and its stockholders and accordingly recommends a vote FOR this proposal.

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The Company anticipates that the next Annual General Meeting of Shareholders will be held on June 6, 2007. A holder of shares who intends to present a proposal at the next Annual General Meeting must submit the proposal in writing to the Company at any of the offices indicated in the Notice not later than 4:00 P.M. (local time) on March 31, 2007, in order for such proposal to be considered for inclusion on the agenda for the 2007 annual general meeting of shareholders.

PricewaterhouseCoopers S.à.r.l., Réviseur d entreprises, member firm of PricewaterhouseCoppers are the Company s independent auditors. A representative of the independent auditors will be present at the Meetings to respond to questions.

Cecilia Bilesio

*Secretary of the Board of Directors*

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**Cautionary statement**

Some of the statements contained in this Annual Report are forward-looking statements. Forward-looking statements are based on management's current (March 2006) assumptions and involve known and unknown risks that could cause actual results, performance or events to differ materially from those expressed or implied by those statements. These risks include, but are not limited to, risks arising from uncertainties as to future oil and gas prices and their impact on the investment programs by oil and gas companies.

Certain figures included in this Annual Report have been subject to rounding adjustments. Accordingly, figures shown as totals in tables may not be the sum of the figures that precede them, and percentages in the text may not total 100% or may not be the sum of the percentages that precede them.

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Company profile

Tenaris is the leading global manufacturer of seamless steel pipes for the world's oil and gas industry and a leading global supplier of seamless steel pipes for process and power plants and for industrial and automotive applications. We are also the leading regional supplier of welded steel pipes for oil and gas pipelines in South America. Our customers include most of the world's major oil and gas companies as well as a large number of engineering and industrial companies.

Domiciled in Luxembourg, we have manufacturing facilities in Argentina, Brazil, Canada, Italy, Japan, Mexico, Romania and Venezuela and specialized R&D and proprietary global service and distribution networks. Our annual manufacturing capacity is 3.3 million tons of seamless and 930 thousand tons of welded pipes. With this infrastructure and our 17,500 employees, we focus on providing end-user customers a service that integrates manufacturing, procurement, distribution and on-time delivery of high quality products throughout the world.

We aim for long-term sustainable growth to reward our shareholders and to give opportunities for our employees. And since we recognize that much of our success results from the contribution of our local communities, we work hard to help them share in the opportunities that such success makes possible and to minimize the environmental impact of our activities on them.

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## Leading indicators

	2005	2004	2003
SALES VOLUMES (thousands of metric tons)			
Seamless pipes	2,870	2,646	2,278
Welded pipes	501	316	355
<b>Total steel pipes</b>	<b>3,371</b>	<b>2,963</b>	<b>2,633</b>

## PRODUCTION VOLUMES (thousands of metric tons)

Seamless pipes	2,842	2,631	2,275
Welded pipes	476	366	346
<b>Total steel pipes</b>	<b>3,318</b>	<b>2,997</b>	<b>2,621</b>

## FINANCIAL INDICATORS (millions of USD)

Net sales	6,736	4,136	3,180
Operating income	1,948	814	288
EBITDA (1)	2,163	899	602
Net income (2)	1,387	805	222
Free cash flow (3)	1,011	(85)	113
Capital expenditures	284	183	163

## BALANCE SHEET (millions of USD)

Total assets	6,706	5,662	4,310
Total financial debt	1,010	1,259	834
Net financial debt (4)	183	828	448
Total liabilities	2,930	3,001	2,348
Shareholders' equity including minority interest	3,776	2,661	1,961

## PER SHARE / ADS DATA (USD PER SHARE / PER ADS)

<b>Number of shares outstanding (5)</b> (thousands of shares)	<b>1,180,537</b>	<b>1,180,537</b>	<b>1,180,288</b>
Earnings per share	1.08	0.66	0.18
Earnings per ADS	10.82	6.65	1.78
Dividends per share (6)	0.30	0.11	0.10

Dividends per ADS (6)	2.96	1.14	0.99
ADS Stock price at year-end	114.50	48.90	33.32
Number of employees (5)	17,693	16,447	14,391

1. Defined as operating income plus depreciation and amortization charges taken before non-recurring losses and provisions relating to the litigation settled in 2003 with a consortium led by BHP Billiton Petroleum Ltd., and non-recurring gains derived from the Fintecna arbitration award.
2. Equals net income before deduction of minority interest. See Section IV (a) of the consolidated financial statements.
3. Defined as net cash from operations (USD 1,295 million, USD 98 million, USD 276 million in 2005, 2004 and 2003,

respectively)  
less capital  
expenditures  
(USD  
284 million,  
USD  
183 million and  
USD  
163 million in  
2005, 2004 and  
2003,  
respectively).

4. Defined as borrowings less cash and cash equivalents and other current investments.
  5. As of December 31.
  6. Paid during the year.
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Chairman's letter

Dear Shareholders,

2005 was a year when many of the supply issues facing the energy industry came into stark focus. The difficulties of increasing global oil and gas production to keep pace with continuing increases in demand and declines in production from the fields in operation today were reflected in yet higher oil and gas prices. There are tremendous challenges to gain access to new exploration and production areas, to expand infrastructure both upstream and downstream and to incorporate and train human resources throughout the supply chain.

Production output from the world's largest and most productive oilfields, most of which were discovered more than 30 years ago, is now firmly declining. As fields become less productive, more wells need to be drilled to produce a similar level of output. And as the most accessible fields have already been developed, drilling activity is taking place increasingly in more complex operating environments, both from the technological and the geopolitical perspective. For Tenaris, this operating background presents tremendous opportunities as well as responsibilities. As the leading supplier of seamless pipes to the oil and gas industry worldwide, we are benefiting from increased demand for products that can perform in technologically challenging environments such as deep and ultra-deepwater, highly corrosive conditions and the Arctic. At the same time, we have to ensure that our customers have access to the products and services they need when they need them, even in the most remote areas of the world.

Over the past few years, Tenaris has been investing in the development of new products such as our high performance TenarisBlue® premium connections, proprietary sour service OCTG steel grades and high specification line pipe for deepwater and ultra-deepwater applications, as well as the facilities required to produce them. We have also been establishing long-term source of supply relationships and building full-service bases in key regions around the world. We are accompanying our customers to remote locations and integrating our mill production capabilities to their drilling operations through a flexible and efficient supply chain management system.

The results of these past efforts were in evidence in 2005. We increased sales by volume of high-end products by 25% and consolidated our position in the OCTG market. During the year, we launched a two-year, USD 350 million investment program at our mills to add new finishing lines, heat treatment capacity and other capabilities required for the manufacture of specialized, high-end products used in the most demanding applications. We are also strengthening our research and development and product qualification capabilities by investing in a new research facility in Mexico and expanding our access to research facilities in Italy. Our product development budgets have been growing rapidly and we are reinforcing our R&D personnel.

To help us match the expectations of our customers, we remain focused on investing in our industrial system, in automation and in the information technology supporting the integration of our industrial and supply chain systems, as well as in the training of our personnel at all levels of the organization. We acquired a steel shop in Romania and integrated our operations in Eastern Europe.

Our financial results for the year reflect the favorable environment and our exceptional positioning in the market. Net sales for the year rose to USD 6.7 billion and EBITDA to USD 2.2 billion. Earnings per share rose 63% to USD 1.08, or USD 10.82 per ADS. We are proposing to pay a final dividend for the year of USD 0.173 per share (USD 1.73 per ADS) in June, which, in addition to the interim dividend of USD 0.127 per share (USD 1.27 per ADS) paid in November, would make for a total annual dividend of USD 0.30 per share (USD 3.00 per ADS), an increase of 78% over the previous year.

Once again, our employees have responded well to the challenge and high workload of a demanding market. I want to thank all of them for their efforts and also express my thanks to our customers, suppliers and shareholders for their continuous support and confidence in Tenaris.

March 1, 2006

Paolo Rocca

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### Business review

#### Market background and outlook

In 2005, further increases in exploration and production spending by oil and gas companies and increased drilling activity, reflecting high oil and gas prices and continuing increases in global demand for oil and gas, led the increase in demand for seamless pipe products. The international count of active drilling rigs, as published by Baker Hughes, averaged 929 during the fourth quarter of 2005, an increase of 8% compared to the same quarter of the previous year and an increase of 9% for the year overall compared to 2004. The corresponding percentage annual rig count increases in the Canadian and US markets, which are more sensitive to natural gas prices, were 24% and 16% respectively. We estimate that global apparent consumption of seamless OCTG (oil country tubular goods) in 2005 grew around 17% compared to 2004, and will grow further in 2006. Demand for other seamless products also increased contributing to an overall estimated increase in apparent consumption of seamless pipe products worldwide of around 9% in 2005 over 2004. Demand from the energy sector for our high-end seamless pipe products, including premium connections, used in complex drilling and other high-performance applications grew strongly in 2005 and should grow further in 2006.

Favorable market conditions and increased demand for high-end seamless pipe products helped us to record strong sales growth and a higher gross margin for our seamless pipe products as higher average selling prices were more than sufficient to offset the impact of higher raw material, energy and labor costs. We expect that the continuation of favorable market conditions and increased demand for high-end seamless pipe products will result in further sales growth and that we will maintain our operating margins at the higher levels shown in 2005.

Demand for our welded pipe products, which depend to a substantial extent on specific projects, particularly those for the construction of oil and gas pipelines in the regional market of our two welded pipe mills in South America, can vary significantly from year to year. In 2005, demand for our welded pipe products benefited from gas and mineral slurry pipeline projects in Brazil and from gas pipeline expansion projects in Argentina. We expect demand for our welded pipe products in 2006 to be affected by delays to the implementation of projects in Brazil and Argentina which will result in reduced sales and margins on welded pipes for the year.

#### Summary of results

Our results reflect the strong performance of our seamless pipe business. We are the leading supplier of seamless pipe products to the global energy industry and have been increasing our sales of high-end products, such as premium connections, sour service and high collapse grades used in deeper and more corrosive environments and special deepwater line pipe for risers and flowlines. Net sales of our seamless pipes, which accounted for 76% of our total net sales, rose 57% with particularly strong growth recorded in the Middle East and Africa region. Our welded pipe business also enjoyed a good year with strong demand for welded pipes for gas pipeline projects in its regional markets of Brazil and Argentina.

Operating income rose 140% to USD 1,948 million, or 29% of net sales, compared to USD 814 million, or 20% of net sales, in 2004. Excluding a one-time operating income gain of USD 123 million recorded in 2004 in respect of an arbitration award, operating income plus depreciation and amortization rose 141% to USD 2,163 million, or 32% of net sales, compared to USD 899 million, or 22% of net sales, in 2004.

Free cash flow (net cash provided by operations less capital expenditures) during the year rose to USD 1,011 million, compared to an outflow of USD 85 million in 2004. This strong free cash flow was used to fund the acquisition of a Romanian steel shop, increase dividends and to reduce our net debt position.

Capital expenditures in 2005 rose to USD 284 million, compared to USD 183 million in 2004, and are expected to increase further in 2006 due to our investment program to add the finishing lines, heat treatment capacity and other capabilities required to increase our capacity to produce high-end products.

#### Oilfield Services

We supply a comprehensive range of high quality seamless casing and tubing, premium connections and accessories for use in the most demanding oil and gas drilling and well completion activities. Using our unique network of manufacturing, customer service and R&D facilities, we focus on reducing costs for our customers through integrated supply chain management and developing industry leading products.

Industry acceptance and qualification of our TenarisBlue® premium connection continued apace during 2005. It was run for the first time in countries such as Mexico, the US and Qatar and sales were made for the first time to the operations of Repsol YPF in North Africa, OMV and Apache in Oceania, BHP in Trinidad, Chevron in Nigeria and the UK and BP in

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Venezuela. In Canada, it is now widely used along with the newly introduced TenarisBlue® SAGD by operators including Husky, Shell, Nexen and Suncor.

TenarisBlue® is starting to become the connection of choice for the most challenging environments. ConocoPhillips is using it in high-pressure, hightemperature wells in the North Sea, as is Total in Indonesia, and Panamerican Energy has been using it for its extended reach horizontal wells in Argentina. In its Dopeless version, it has been successfully run throughout the year at Statoil's Snøhvit field in the Barents Sea in a range of carbon, 13 Cr and 25 Cr steels, and is gaining acceptance among customers like Saudi Aramco and ENI for its operational efficiencies and effectiveness in reducing risks and running time at the rig.

We extended the TenarisBlue® premium connection platform with the introduction of the TenarisBlue® Near Flush, an integral connection for use in slim wells, and the TenarisBlue® SAGD, a connection specially designed for use with slotted liners. We also started construction of a new R&D center in Mexico to increase our testing and qualification capacity and complement our research capabilities. The new center will perform high capacity, full scale testing of premium connections and risers.

Our strategic alliance with Sandvik, a worldleading producer of stainless and high-alloy steels, delivered excellent results. The award of contracts to supply Sandvik CRA materials with TenarisBlue® connections for QatarGas III and IV and Shell Pearl GTL was particularly noteworthy.

Among other initiatives, we signed a global agreement with Schlumberger to provide tubular goods and services for their Integrated Project Management (IPM) operations and strengthened our capability to supply integrated supply chain management services in strategic locations with the start up of threading facilities in Kazakhstan and by starting construction of a new service base in Egypt which will support Petrobel's operations under a new long-term agreement.

### **Pipeline Services**

We supply an extensive range of tailor-made seamless pipes, complete with coatings and accessories for use in every operating environment onshore, offshore and deepwater. Our focus is on providing the risers, flowlines and subsea tubular components for the deepwater and ultra-deepwater markets where we are a major player in the Gulf of Mexico, West Africa, United Kingdom and Scandinavia.

As the industry moves further into frontier deepwater exploration and production projects, increasingly stringent technical requirements are required for our products. During the year, we made significant progress in developing higher yield strength, weldable steel grades with reduced wall thickness for uses where the host payload is mission critical, as well as in pipe insulation and pipe geometry technology.

For the Dalia project in offshore Angola, we successfully met the challenge of manufacturing double joint pipe meeting the X65 reel-laid requirements specified by the laying contractor.

Using our new welding laboratory in Veracruz, we were able to provide Technip continual trials, quality testing and an engineering critical assessment for the reeling application, and then delivered 8,500 tons of double joint pipe for installation on the sea-floor in water depths of 1,200-1,500 meters. Following the success of this project, Technip selected us to supply 8,800 tons of pipe with welded anode pads, coating and sorting services to be used for the undersea flowlines for BP's six-field development known as Greater Plutonio with shipment due in 2006.

Other important project awards included Anadarko's Independence Hub in the Gulf of Mexico, where we will manufacture 17,800 tons of pipe meeting stringent dimensional tolerances for risers and flowlines reaching a depth of 8,000 ft, Chevron's Tahiti in the Gulf of Mexico where we will supply pipe for risers and flowlines, Total's Akpo in Nigeria, where we will provide 23,000 tons of pipe for the gas export line and ConocoPhillips' BritSat in the UK.

As we seek to align our capabilities with the increasingly complex technological needs of our customers we are stepping up our involvement in joint industry programs, which provide a forum for key industry players to share information on pipeline issues. In July, we launched a collaborative program called Strainweld, whose purpose is to involve customers in the study and evaluation of currently accepted hardness levels for C-steel girth welds intended for sour service and which are subjected to severe plastic straining during the installation process.

### **Process & Power Plant Services**

We provide comprehensive material planning and supply chain management services and on-time delivery of quality products to enable customers in the process and power plant industry meet the demanding needs of major refinery,



petrochemical and power plant contracts.

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Downstream project activity surged during the year with gas projects in the Middle East to the fore. We supplied pipes for the second phase construction of the two process trains at the QatarGas II project, the world's largest LNG project, as well as various NGL and other gas processing plants. For 2006, there are a number of large refinery projects on the drawing board.

Investments in capital projects in the processing industry are substantial with the average project size considerably larger than in recent years. This has a substantial impact on material supply needs, which has been exacerbated by the tight global market for seamless pipe products. The securing of material availability has become a critical element for most large projects today. We have been adjusting to the new environment, with the uniquely different aspects of material planning required for these mega-projects, by implementing new ways of working focused on mill reservation protocols. This has also involved the strengthening of strategic supplier relationships with leading global engineering companies such as Technip, Snamprogetti, Bechtel, KBR and Chiyoda.

Activity in the power generation sector remained strong in 2005 again led by China, where rapid economic growth and soaring domestic energy consumption continues to create demand for new and upgraded power generation plants. Long-term prospects for this sector are encouraging and we are focusing several R&D initiatives and investments for the particular tubular requirements of this sector.

**Industrial & Automotive Services**

We provide a wide variety of seamless pipe products for industrial applications with a focus on segments such as automotive components, hydraulic cylinders, construction machinery, gas cylinders and architectural structures where we can add value with our specialized product development and supply chain management expertise. Sales are concentrated in Europe, particularly Italy, where our mill has traditionally served this market, but we also have significant sales in North America, the Far East and Mercosur.

Early expectations that the European industrial and automotive market would return to growth in 2005 proved optimistic and, with some exceptions, the market remained flat. With competition from low-cost producers in countries entering the European Union and other Eastern European countries as well as constrained mill capacity allocation, we focused on strengthening our position in applications where we can differentiate our product offering through high technology content backed up by an integrated service program. Progress was made in integrating services such as just-in-time delivery of machined components into automotive sector supply agreements and in consolidating a leadership position in the industrial hydraulics sector.

Our Romanian mill, Silcotub, was fully integrated into our European commercial system and is providing a strategic option for sales to industrial and automotive customers in the expanded EU market. In order to serve small lot end-users in Romania we set up a network of authorized distributors following the model established in Italy. During the year, there was a significant increase in production of cold-drawn tubes for the automotive business, due in part to the growth of the Romanian automotive sector led by the Renault-Dacia Logan project.

In the NAFTA market we consolidated our leadership position in the inflators for airbags market through the expansion of our new automotive component center in Veracruz. The production capacity of this facility was increased from 14.4 million pieces a year to 24 million pieces. We have also increased capacity of our cold drawing facilities to support the growth in demand for machined automotive components, which, in addition to airbag inflators, include CV joints, half shafts, ring gears and trailer axles.

We have been developing new high strength steel grades, including a new steel grade suitable for ring gear manufacturing, as well as investigating various conversion processes for component manufacturing.

**Welded**

Demand for natural gas and oil in Brazil and Argentina continued to rise, supported by economic growth and the increasing weight of natural gas in Brazil's energy mix. Major infrastructure projects were executed to transport natural gas and minerals, which had been postponed in the past. In Brazil, gas transportation projects included the Coari Manaus project that links the Amazon region, Manati onshore and offshore, Catu-Carmopolis-Pilar, and Cabiunas-Victoria (GASENE) in the Southeast and Northeast regions of the country.

In the mining sector, the most important project included the Paragominas bauxite slurry pipeline to supply the Alunorte plant, the first such pipeline built in the world. In Argentina, the gas pipeline infrastructure was expanded by building loops on the existing gas pipelines.



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Toward the end of the year, demand for welded pipes for projects in the regional market weakened, primarily because of delays in the definition of the second segment of GASENE (Cacimbas- Catu), Gasfor II in Brazil, and new gas pipeline loops in Argentina.

Tenaris, in association with Socotherm, built a new pipe coating plant in the state of Espiritu Santo, Brazil. The plant incorporates advanced pipe coating technology, which will help us to meet customer needs in oil and gas exploration in both deepwater and ultra-deepwater environments.

The outlook for 2006 is a little uncertain, as we await definition of the GASENE project and the loops in Argentina; exports are expected to make up a higher share of sales.

Brazil continues with a shortage of gas transportation capacity, primarily in the north-east of the country, where gas is used for thermoelectric generators. Expansions are also expected in the south of the country, a region that uses natural gas for its industry, where users are currently awaiting definitive arrangements for supply from Bolivia. In oil transportation, Petrobras is going ahead with the PDET offshore project, to transport oil in the area of the Campos basin.

In the mining sector, Samarco has recently awarded us a contract to supply pipes for a new 345-km 16 pipes that will transport iron ore from the state of Minas Gerais to the coast of Espiritu Santo.

In export markets, demand and prices for natural gas and oil remain high, a situation that favors the implementation of major pipeline project opportunities in North America and Africa.

In January 2006, we acquired a second welded pipe facility in Argentina for USD 28 million. The facility is located in Villa Constitucion, Santa Fe, and has an annual capacity of 80,000 tons of welded pipes whose small diameter size range largely complements the range of welded pipes that we already produce in Argentina.

**Energy**

Dalmine Energie, our Italian energy supply business, provides energy and energy services to customers in the Italian industrial, commercial and public sectors. The company offers tailor-made packages that combine electricity, natural gas and energy services and other related products, such as energy hedging and risk management, on-site maintenance services and energy optimization advisory.

Started in 2000 shortly after the partial deregulation of the Italian energy business, Dalmine Energie has increased sales and now has a wide customer base and sold to third parties around 3 TWh of electricity and around 950 million cubic meters of natural gas in 2005.

As a leading energy supplier to the Italian industrial and commercial markets, Dalmine Energie has established successful partnerships with multinational companies like Coca Cola, McDonald's, Bayer, Finmeccanica and Brembo, as well as many trade associations representing the bulk of the Italian energy-intensive industrial base. The basis for all these relationships is a commitment to be the single point of reference for all the energy needs of its customer. With the implementation in the EU of the Emission Trading Scheme to comply with the greenhouse gases emissions targets set by the Kyoto Protocol on climate change, Dalmine Energie is also advising its customers on adapting to an emissionconstrained world of CO2 targets compliance.

Following the initial development of the core electricity and natural gas supply activities, Dalmine Energie has been consolidating a portfolio of services that meets the needs of our customers. Examples of this strategy are the development of the energy appliances and networks maintenance service and the operation and maintenance of onsite power and cogeneration plants.

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Communities and environment review

Tenaris's history is deeply entwined with that of the communities where it has its roots. As a longterm industrial project, the essential framework governing its relations with its communities was established many years ago. It departs from the deeply-held conviction of our founding family that the continuing strength of the Company depends on an active participation that links its own development to that of its suppliers, customers, employees, and the communities in which it resides.

This framework encompasses continuous commitments to promoting health and safety among employees, to minimizing the impact of operations on the environment, to maintaining transparent relations with suppliers, customers, employees and local communities, and to working with local authorities and non-governmental organizations to promote education and foster self-reliance.

As a global company with a strong local focus, we employ a workforce of tremendous diversity. This requires strong integration of global and local functions, a high capacity to adapt to local conditions and a clear commitment of the Company's values. Respect for cultural, gender and language differences is a guiding principle for relations among employees at all levels of the Company. This rich cultural diversity is represented in the varied nationalities of our 17,500 employees.

We have established a corporate university to