

TENARIS SA
Form 6-K
May 02, 2008

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 May 2, 2008

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-

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 of Shareholders and the Shareholder Meeting Brochure and Proxy Statement.

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: May 2, 2008

Tenaris, S.A.

By: /s/ Cecilia Bilesio
Cecilia Bilesio
Corporate Secretary

Tenaris

Dear Tenaris Shareholder and ADR Holder,

I am pleased to invite you to attend the Annual General Meeting of Shareholders of the Company. The meeting will be held on Wednesday, June 4, 2008, at 46A, Avenue John F. Kennedy L-1855 Luxembourg and will begin promptly at 11:00 a.m. (Central European Time).

At the Annual General Meeting, you will have the opportunity to hear a report on the Company's business, financial condition and results of operation and to vote on various matters, including the approval of the Company's financial statements, the election of the members of the board of directors and the appointment of the independent auditors.

The Notice and Agenda for the meeting, the Shareholder Meeting Brochure and Proxy Statement and the Company's 2007 annual report (which includes the Company's consolidated financial statements for the years ended December 31, 2007, 2006 and 2005 and the Company's annual accounts as at December 31, 2007, together with the board of directors' and independent auditors reports), are available free of charge at the Company's registered office in Luxembourg and on our website at www.tenaris.com/investors. They may also be obtained upon request, by calling (352) 26-47-89-78 (if you are in Luxembourg), 1-800-555-2470 (if you are in the United States), or +1-267-468-0786 (if you are in another jurisdiction).

Even if you only own a few shares or ADRs, I hope that you will exercise your right to vote at the meeting. 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 THE BANK OF NEW YORK MELLON, depository bank, for instructions on how to exercise your vote by proxy.

Yours sincerely,

Paolo Rocca
Chairman and Chief Executive Officer

April 25, 2008

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 4, 2008, at 11:00 a.m. (Central European Time). The meeting will take place at 46A, Avenue John F. Kennedy L-1855 Luxembourg. A copy of the Company’s Notice of Annual General Meeting of Shareholders, including the agenda for such meeting, is enclosed.

The Notice of Annual General Meeting of Shareholders, the Shareholder Meeting Brochure and Proxy Statement, and the Company’s 2007 annual report (which includes the Company’s financial statements for the years ended December 31, 2007, 2006 and 2005 and the Company’s annual accounts as at December 31, 2007, together with the Board of Directors and independent auditors reports), are available on the website at www.tenaris.com/investors and may also be obtained upon request, by calling 1-800-555-2470 (if you are in the United States) or +1-267-468-0786 (if you are outside the United States). These materials are provided to allow the shares represented by your ADRs to be voted at the meeting.

Each holder of ADRs as of April 28, 2008, which continues to hold such ADRs on May 21, 2008, is entitled to instruct THE BANK OF NEW YORK MELLON, 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 are sent to holders and proxy materials are available on the website beginning on May 2, 2008, only those holders of record at each of April 28, 2008 and May 21, 2008 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 21, 2008 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 the Depositary at THE BANK OF NEW YORK MELLON, Proxy Processing P.O. Box 3549, S. Hackensack, NJ 07606-9249, U.S.A. If the Depositary receives properly completed instructions by 3:00 p.m., New York City time, on May 29, 2008, then it shall vote or cause to be voted the shares underlying such ADRs in the manner prescribed by the instructions. However, if by 3:00 p.m., New York time, on May 29, 2008, 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 (i) it does not wish such proxy given, (ii) it has knowledge that substantial opposition exists with respect to the action to be taken at the meeting, or (iii) the matter materially and adversely affects 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 3:00 p.m., New York time, on May 29, 2008. No instructions, revocations or revisions thereof shall be accepted by the Depositary after that time.

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IF YOU WANT YOUR VOTE TO BE COUNTED, THE DEPOSITARY MUST RECEIVE YOUR VOTING INSTRUCTIONS PRIOR TO 3:00 P.M. (NEW YORK CITY TIME) ON MAY 29, 2008.

THE BANK OF NEW YORK MELLON
Depositary

April 25, 2008
New York, New York

Tenaris

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 of Shareholders to be held on June 4, 2008

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 4, 2008, at 11:00 a.m. (Central European Time). The meeting 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 of Shareholders”.

Agenda

Annual General Meeting of Shareholders

1. Consideration of the Board of Directors’ and independent auditor’s reports on the Company’s consolidated financial statements. Approval of the Company’s consolidated financial statements for the years ended December 31, 2007, 2006 and 2005.
2. Consideration of the Board of Directors’ and independent auditors’ reports on the Company’s annual accounts. Approval of the Company’s annual accounts as at December 31, 2007.
3. Allocation of results and approval of dividend payment.
4. Discharge to the members of the Board of Directors.
5. Election of the members of the Board of Directors.
6. Compensation of the members of the Board of Directors.
7. Authorisation 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 is permitted by any applicable laws or regulations.
8. Appointment of the 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.

Procedures for Attending the Meeting

Holders of shares wishing to attend the meeting must obtain an admission ticket by depositing their certificates representing their common stock, not later than 4:00 p.m. (local time) on May 30, 2008, at the Company's office in Luxemburg or at the offices of any of the Company's subsidiaries set forth below:

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

Argentina: Carlos María della Paolera 299, piso 16°
(C1001ADA) 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 holding their shares through fungible securities accounts wishing to attend the meeting 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 as of May 30, 2008. Such certificate must be filed no later than 4:00 p.m. (local time) on May 30, 2008, at any of the addresses 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).

Holders of shares as of May 30, 2008, may also vote by proxy. To vote by proxy, holders must file the required certificate evidencing their holdings of shares and a completed proxy form not later than 4:00 p.m. (local time) on May 30, 2008 at any of the addresses 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 ("ADRs") as of April 28, 2008, which continue to hold such ADRs on May 21, 2008, are entitled to instruct THE BANK OF NEW YORK MELLON, 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 are sent to holders and proxy materials are available at our website beginning on May 2, 2008, only those holders of record as of each of April 28, 2008 and May 21, 2008 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 21, 2008, will be counted for voting instruction purposes. Eligible ADR holders who desire to vote at the meeting must complete, date and sign a proxy form and return it to the Depositary, at THE BANK OF NEW YORK MELLON, Proxy Processing P.O. Box 3549, S. Hackensack, NJ 07606-9249, U.S.A., by 3:00 p.m., New York City time, on May 29, 2008.

The Shareholder Meeting Brochure and Proxy Statement (which contains reports on each item of the agenda for the meeting, and further details on voting procedures) and the forms furnished by the Company in connection with the meeting, may be obtained at any of the addresses indicated above or upon request by calling 1-800-555-2470 (if you are in the United States), +1-267-468-0786 (if you are outside the United States) or (352) 26-47-89-78 (if you are in Luxembourg), but also from the Depository, Borsa Italiana SpA (Piazza degli Affari 6, 20123, Milan, Italy) and S.D. Indeval S.A. de C.V., as from May 2, 2008, 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. Copies of the Company's 2007 annual reports (including the Company's consolidated financial statements for the years ended 2007, 2006 and 2005 and the Company's annual accounts as at December 31, 2007, the Board of Directors and independent auditors reports, and the documents referred to in the preceding sentence) may also be obtained free of charge at the Company's registered office in Luxembourg or upon request by calling 1-800-555-2470 (if you are in the United States), +1-267-468-0786 (if you are outside the United States) or (352) 26-47-89-78 (if you are in Luxembourg).

Cecilia Bilesio
Secretary to the Board of Directors

April 25, 2008
Luxembourg

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 of Shareholders to be held on June 4, 2008

This Shareholder Meeting Brochure and Proxy Statement is furnished by Tenaris S.A. (the “Company”) in connection with the Annual General Meeting of Shareholders to be held, for the purposes set forth in the accompanying Notice of the Annual General Meeting of Shareholders (the “Notice”), on June 4, 2008, starting at 11:00 a.m., at 46A, avenue John F. Kennedy L-1855 Luxembourg.

As of April 25, 2008, there were issued and outstanding 1,180,536,830 shares of common stock, each entitled to one vote, US\$1 par value each, of the Company (the “Common Stock”), including shares of Common Stock (the “Deposited Shares”) deposited with various agents for THE BANK OF NEW YORK MELLON, as depositary (the “Depositary”), under the Amended and Restated Deposit Agreement, dated as of February 28, 2008 (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 meeting 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 May 30, 2008. Such certificate must be filed no later than 4:00 p.m. (local time) on May 30, 2008, at any of the addresses 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 May 30, 2008, may also vote by proxy. To vote by proxy, holders must file the required certificate evidencing their holdings of shares and a completed proxy form not later than 4:00 p.m. (local time), on May 30, 2008, at any of the addresses 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 28, 2008, which continues to hold such ADRs on May 21, 2008, is entitled to instruct 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 are sent to holders and proxy materials are available at our website beginning on May 2, 2008, only those holders of record as of each of April 28, 2008 and May 21, 2008 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 21, 2008 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 the Depositary, at THE BANK OF NEW YORK MELLON, Proxy Processing P.O. Box 3549, S. Hackensack, NJ 07606-9249, U.S.A. If the Depositary receives properly completed instructions by 3:00 p.m., New York City time, on May 29, 2008, then it shall vote or cause to be voted the shares underlying such ADRs in the manner prescribed by the instructions. However, if by 3:00 p.m., New York time, on May 29, 2008, 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 (i) it does not wish such proxy given (ii) it has knowledge that substantial opposition exists with respect to the action to be taken at the meeting, or (iii) the matter materially and adversely affects 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 3:00 p.m., New York time, on May 29, 2008. No instructions, revocations or revisions thereof shall be accepted by the Depositary after that time.

Due to regulatory differences and market practices in each country where the Company's shares or ADRs are listed, holders of shares traded on the Argentine and Italian stock exchanges who have requested admission to the meeting, or who have issued a voting proxy, must have their shares blocked for trading until the date of the meeting, 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 29, 2008 and June 3, 2008, shall be disregarded for voting purposes.

The meeting will appoint a chairperson pro tempore to preside the meeting. The chairperson pro tempore will have broad authority to conduct the meeting in an orderly and timely manner and to establish rules for shareholders who wish to address the meeting; 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.

The meeting is called to address and vote on the following agenda:

Annual General Meeting of Shareholders

1. Consideration of the Board of Directors' and independent auditor's reports on the Company's consolidated financial statements. Approval of the Company's consolidated financial statements for the years ended December 31, 2007, 2006 and 2005.

The Board of Directors recommends a vote FOR approval of the Company's consolidated financial statements for the fiscal years ended December 31, 2007, 2006 and 2005, after due consideration of 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, 2007, 2006 and 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 2007 annual report, a copy of which is available on our website at www.tenaris.com/investors and may also be obtained upon request, by calling (352) 26-47-89-78 (if you are in Luxembourg), 1-800-555-2470 (if you are in the United States), or +1-267-468-0786 (if you are in another jurisdiction).

2. Consideration of the Board of Directors' and independent auditors' reports on the Company's annual accounts. Approval of the Company's annual accounts as at December 31, 2007.

The Board of Directors recommends a vote FOR approval of the Company's annual accounts as of, and for the fiscal year ended, December 31, 2007, after due consideration of the report from each of the Board of Directors and the independent auditors on such annual accounts. These documents are included in the Company's 2007 annual report, a copy of which is available on our website at www.tenaris.com/investors and may also be obtained upon request, by calling (352) 26-47-89-78 (if you are in Luxembourg), 1-800-555-2470 (if you are in the United States), or +1-267-468-0786 (if you are in another jurisdiction)..

3. Allocation of results and approval of dividend payment.

The Board of Directors recommends a vote FOR approval of a dividend in U.S. dollars, in the amount of US\$0.38 per share of Common Stock currently issued and outstanding and US\$0.76 per ADR currently issued and outstanding. As required by Luxembourg law, this dividend includes the interim dividend of US\$0.13 per share (US\$0.26 per ADR) paid on November 22, 2007. Accordingly, if this dividend proposal is approved, the Company will make a dividend payment on June 26, 2008, in the amount of US\$ 0.25 per share of Common Stock currently issued and outstanding and US\$ 0.50 per ADR currently issued and outstanding.

The aggregate amount of US\$ 153,469,787.90 distributed as interim dividend on November 22, 2007, was paid from earnings from the nine-month period ended September 30, 2007. The aggregate amount of US\$ 295,134,207.50 to be distributed as dividends on June 26, 2008, is to be paid from profits of the year ended December 31, 2007. The balance of the fiscal year's profits will be allocated to the Company's retained earnings account.

Upon approval of this resolution, it is proposed that the Board of Directors determine or amend, 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 as at December 31, 2007, 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 members of the Board of Directors.

The Company's Articles of Association provide for the annual election by the holders of shares 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 as of 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 ten directors. Three members of the Board of Directors (Messrs. Jaime Serra Puche, Amadeo Vázquez y Vázquez and Roberto Monti) qualify as independent directors under the Company's Articles of Association and applicable law and are members of the Audit Committee.

It is proposed that the size of the Board of Directors be maintained at ten members and that nine of the current members of the Board of Directors be re-elected. Mr. Bruno Marchettini is not running for re-election, and Mr. Alberto Valsecchi, former Chief Operating Officer of the Company, is being proposed as a new member of the Board

of Directors in his stead.

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

1. Mr. Roberto Bonatti. Mr. Bonatti, grandson of Agostino Rocca and first cousin of the Company's chairman, Paolo Rocca, has been involved in Techint Group businesses, specifically in the engineering and construction and corporate sectors, throughout his career. He was first employed by the Techint Group in 1976, as a deputy resident engineer in Venezuela. In 1984, he became a member of the board of directors of San Faustín N.V. ("San Faustín"), the Company's controlling shareholder, and, since 2001, he has served as its president. In addition, Mr. Bonatti currently serves as president of Techint Compañía Técnica Internacional S.A.C.I. and Tecpetrol S.A. ("Tecpetrol"), an oil producer, and is a member of the board of directors of Siderca S.A.I.C. ("Siderca"), Siderar S.A.I.C. ("Siderar"), and Ternium S.A. ("Ternium"), an affiliate of the Company. Mr. Bonatti, aged 58, is an Italian citizen.
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2. Mr. Carlos Condorelli. Mr. Condorelli served as the Company's chief financial officer, a position that he assumed in October 2002 and held until September 30, 2007. He is also a member of the board of directors of Ternium. He began his career within the Techint Group in 1975 as an analyst in the accounting and administration department of Siderar. He has held several positions within the Company or its subsidiaries and other Techint Group companies, including as finance and administration director of Tubos de Acero de México, S.A. ("Tamsa") and president of the board of directors of Empresa Distribuidora La Plata S.A., an Argentine utilities company. Mr. Condorelli, aged 57, is an Argentine citizen.
3. Mr. Carlos Manuel Franck. Mr. Franck is the president of Santa María S.A.I.F., and Inverban S.A., the vice president of Siderca and a member of the board of directors of Techint Financial Corporation N.V. ("Techint Financial"), I.I.I., Industrial Investments Inc., Siderar, Tecpetrol and Tecgas N.V. He has financial, planning and control responsibilities in various Techint Group companies. Mr. Franck, aged 57, is an Argentine citizen.
4. Mr. Roberto Monti. Mr. Monti is the non-executive chairman of Trefoil Limited, a member of the board of directors of Petrobras Energia and John Wood Group PLC. He has served as vice president of Exploration and Production of Repsol YPF and chairman and CEO of YPF. He was also the president of Dowell, a subsidiary of Schlumberger and the president of Schlumberger Wire & Testing division for East Hemisphere Latin America. Mr. Monti, aged 69, is an Argentine citizen.
5. Mr. Gianfelice Mario Rocca. Mr. Rocca, a grandson of Agostino Rocca and brother of the Company's chairman, Mr. Paolo Rocca, is the chairman of the board of directors of San Faustín, a member of the board of directors of Tamsa and Ternium, the president of the Humanitas Group, and the president of the board of directors of Techint Compagnia Tecnica Internazionale S.p.A. and Tenova S.p.A. In addition, he is a member of the board of directors or executive committees of several companies, including Allianz S.p.A, RCS Quotidiani and Buzzi Unicem. He is the vice president of Confindustria, the leading association of Italian industrialists. He is a member of the Advisory Board of Allianz Group, of the Trilateral Commission and of the European Advisory Board of the Harvard Business School. Mr. Rocca, aged 60, is an Italian citizen.
6. Mr. Paolo Rocca. Mr. Rocca, a grandson of Agostino Rocca, is the the Company's chief executive officer. He is also the chairman of the board of directors of Tamsa and the vice president of Confab Industrial S.A. In addition, he is the chairman of the board of directors of Ternium, a member of the board of directors and vice president of San Faustín and a member of the board of directors of Techint Financial. Mr. Rocca is a vice chairman of the International Iron and Steel Institute and a member of the International Advisory Committee of the New York Stock Exchange. Mr. Rocca, aged 55, is an Italian citizen.
7. Mr. Jaime Serra Puche. Mr. Serra Puche is the chairman of SAI Consultores, a Mexican consulting firm, and a member of the board of directors of Chiquita Brands International, The Mexico Fund, Grupo 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, aged 57, is a Mexican citizen.
8. Mr. Alberto Valsecchi. Mr. Valsecchi served as the Company's chief operating officer, a position he assumed in February 2004 and held until July 31, 2007. He joined the Techint Group in 1968 and has held various positions within the Company or its subsidiaries and the Techint Group. He has retired from executive positions. He is a member of the board of directors of San Faustín and has been elected as the chairman of the board of directors of Dalmine S.p.A., a position he is expected to assume in May 2008. Mr. Valsecchi, aged 63, is an Italian citizen.
9. Mr. Amadeo Vázquez y Vázquez. Mr. Vázquez y Vázquez is an independent member of the board of directors and of the audit committee of Gas Natural Ban, S.A. He is a member of the Executive Committee of the Asociación

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Empresaria Argentina and of the Fundación Mediterránea, and he is a member of the Advisory Board of the Fundación de Investigaciones Económicas Latinoamericanas. He served as CEO of Banco Río de la Plata S.A. until August 1997 and was also the chairman of the board of directors of Telecom Argentina S.A. until April 2007. Mr. Vázquez y Vázquez, aged 66, is a Spanish and Argentine citizen.

10. Mr. Guillermo F. Vogel. Mr. Vogel is the vice chairman of Tamsa, the chairman of Grupo Collado S.A. de C.V., the vice chairman of Estilo y Vanidad S.A. de C.V. and a member of the board of directors of Alfa S.A.B. de C.V., the American Iron and Steel Institute, the North American Steel Council, the North American Competitiveness Council and the International Iron and Steel Institute. In addition, he is a member of the board of directors and of the investment committee of the Corporación Mexicana de Inversiones de Capital, and a member of the board of directors and of the audit committee of HSBC (Mexico). Mr. Vogel, aged 57, is a Mexican citizen.

Each elected director will hold office until the next Annual General Meeting of Shareholders. Under the current Company's Articles of Association, such meeting is required to be held on June 3, 2009.

The Company's Board of Directors met eight times during 2007. On January 31, 2003, the Board of Directors created an Audit Committee pursuant to Article 11 of the Company's 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. Compensation of the members of the Board of Directors.

It is proposed that each of the members of the Board of Directors receive an amount of US\$ 70,000 as compensation for their services during the fiscal year 2008. It is further proposed that the members of the Board of Directors who are members of the Audit Committee receive an additional fee of US\$50,000 and that the Chairman of such Audit Committee receive, in addition, an additional fee of US\$10,000.

7. Authorisation 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 is permitted 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 authorised 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 an annual report on 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 (including any interpretations thereof), including, without limitation, by posting such communication on the Company's website, or by sending electronic communications (emails) with attachment(s) 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 as is or may be permitted by any applicable laws or regulations.

In this resolution the Company seeks authorisation under Article 16 of the Luxembourg Transparency Law of 11 January 2008 to give, send or supply information (including any notice or other document) that is required or authorised to be given, sent or supplied to a shareholder by the Company whether required under the Company's Articles of Association or by any applicable law or any other rules or regulations to which the Company may be subject, by making such information (including any notice or other document) available on the Company's website or through other electronic means.

8. Appointment of independent auditors and approval of their fees.

Based on the recommendation from the Audit Committee, the Board of Directors recommends a vote FOR the appointment of PricewaterhouseCoopers (acting, in connection with the Company's annual accounts required under Luxembourg law, through PricewaterhouseCoopers S.à.r.l., Réviseur d'entreprises, and, in connection with the

Company's annual and interim financial statements required under the laws of any other relevant jurisdiction, through Pricewaterhouse & Co. S.R.L.) as the Company's independent auditors for the fiscal year ending December 31, 2008, to be engaged until the next Annual General Meeting that will be convened to resolve on the 2008 accounts.

With respect to independent auditors' fees for audit, audit-related and other services to be rendered during the fiscal year ending December 31, 2008, the Board of Directors recommends a vote FOR approval of fees payable in US dollars or other currency, as appropriate, up to an aggregate amount that, based on the exchange rate between the US dollar and each applicable currency as of December 31, 2007, was equivalent to US\$4,753,018. Such fees would cover the audit of the Company's consolidated financial statements and annual accounts, the audit of the Company's internal controls over financial reporting, audit and audit-related services, and other services. The Board of Directors also recommends a vote FOR the grant of an authorization to the Audit Committee of the Board of Directors to approve any increase or reallocation of the independent auditors' fees as may be necessary, appropriate or advisable under the circumstances.

The Company anticipates that the next Annual General Meeting of Shareholders will be held on June 3, 2009. Any holder of shares who intends to present a proposal to be considered at the next Annual General Meeting must submit its 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, 2009, or in accordance with the procedures set forth under applicable Luxembourg law, in order for such proposal to be considered for inclusion on the agenda for the 2009 Annual General Meeting of Shareholders.

PricewaterhouseCoopers are the Company's independent auditors. A representative of the independent auditors will be present at the meeting to respond to questions.

Cecilia Bilesio
Secretary to the Board of Directors

Annual Report 2007

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Company profile

Tenaris is a leading supplier of tubes and related services for the world's energy industry and certain other industrial applications. Our mission is to deliver value to our customers through product development, manufacturing excellence and supply chain management. We minimize risk for our customers and help them reduce costs, increase flexibility and improve time-to-market. Our employees around the world are committed to continuous improvement by sharing knowledge across a single global organization.

Leading indicators

	2007	2006	2005
SALES VOLUMES (thousands of metric tons)			
Seamless tubes	2,870	2,919	2,870
Welded tubes	1,439	578	501
Total steel tubes	4,309	3,497	3,371
PRODUCTION VOLUMES (thousands of metric tons)			
Seamless tube	2,836	3,013	2,842
Welded pipes	1,408	642	476
Total steel tubes	4,244	3,655	3,318
FINANCIAL INDICATORS (millions of USD)			
Net sales	10,042	7,728	6,210
Operating income	2,957	2,792	1,946
EBITDA (1)	3,449	3,046	2,158
Net income (2)	2,076	2,059	1,387
Free cash flow (3)	2,021	1,811	1,295
Capital expenditures	448	441	284
BALANCE SHEET (millions of USD)			
Total assets	15,245	12,595	6,706
Total financial debt	4,020	3,651	1,010
Net financial debt (4)	2,970	2,095	183
Total liabilities	7,715	6,894	2,930
Shareholders' equity including minority interest	7,530	5,702	3,776
PER SHARE / ADS DATA (USD PER SHARE / PER ADS)			
Number of shares outstanding (5) (thousands of shares)	1,180,537	1,180,537	1,180,537
Earnings per share	1.63	1.65	1.08
Earnings per ADS	3.26	3.30	2.16
Dividends per share (6)	0.38	0.30	0.30
Dividends per ADS (6)	0.76	0.60	0.60
ADS Stock price at year-end	44.73	49.89	22.90
Number of employees (5)	23,372	21,751	17,693

(1) Defined as operating income plus depreciation and amortization from continuing operations.

(2) Defined as borrowings less cash and cash equivalents and other current investments.

(3) On April 26, 2006 the ratio of ADSs to ordinary shares was changed from 1:10 to 1:2. ADS data is stated using the new ratio.

(4) As of December 31.

(5) Proposed or paid in respect of the year.

Chairman's letter

Dear Shareholders,

This has been another eventful year for Tenaris. We consolidated our industrial and commercial presence in the USA and substantially enhanced our worldwide positioning in premium connections. We strengthened relations with key global customers including ConocoPhillips, Chevron and OMV. We put into operation important investments to add capacity for processing high value products, started the implementation of an integrated systems platform to improve our response to customers and launched an ambitious project to improve all aspects of our industrial management.

Our financial performance continues to be strong with record revenues of USD 10.0 billion and a 34% EBITDA margin.

Following our US acquisitions and the lifting of trade restrictions on our imports of seamless OCTG products, we have full access to the North American market. We are now the only supplier able to provide to our customers a full range of products, for every well application, in a strategic market that accounts for around 40% of global OCTG consumption. With the backing of our supply chain and technical services, we are working with distributors and forming alliance partnerships with major oil and gas operators.

As the oil and gas industry develops new reserves in complex operating environments, project-specific solutions and multi-year development and testing programs are increasingly required. In environments with extreme pressure, temperature and corrosion conditions, material selection and handling are critical as errors can cost lives and result in significant financial loss.

With Hydril, we have a unique opportunity to enhance our leadership in servicing the requirements of our customers in these conditions. The integrated TenarisHydril product and technology portfolio is exceptional and offers a complete range of options in applications from the deepest high pressure, high temperature wells to the extended, horizontal reach wells often used to increase recovery from existing fields. We have the people, technology and resources to support our customers worldwide and we have reorganized our commercial team to instill Hydril's service-oriented focus and offer integrated technical solutions.

The market did not go all our way last year. Demand for high-end products used in more complex drilling activities continued to grow worldwide and we expect that growth to continue in the coming years. However, we had to face a difficult situation in Canada, where the decline in gas drilling activity and demand for OCTG products (40% lower than 2006) affected our operations in Calgary and Sault Ste. Marie. The adjustment in Canadian demand together with inventory adjustments in other markets resulted in a sharp slowdown in global apparent demand. We are confident that overall OCTG apparent demand growth will resume in 2008 but it is unlikely to be at the accelerated rates seen in the three years prior to 2007, which was to some extent influenced by the increase in inventories in key oil-producing areas of the world.

The competitive context of our industry has changed substantially in the past years. The growth of the market and the globalization of trade have made possible the emergence of new players. In addition to our traditional European and Japanese competitors, Chinese, Russian and other producers are starting to qualify their products beyond their domestic markets. At the same time, the consolidation of the industry is under way, and will continue in the future, as we have seen happening in the USA and in Canada in the last two years.

Tenaris has had the leading role in this transformation over the past years. We have become the example to imitate in many aspects for emerging companies, with our ability to anticipate changes, grow and integrate our operations at a global level. We have done so while maintaining levels of profitability that have been consistently higher than the rest of the industry.

At the core of our business, products for the oil and gas industry, we have managed to maintain and increase our market share and move forward in developing and supplying the more sophisticated products required by the market. In the power generation sector, we have a good opportunity for growth, considering the dynamic in demand and the capital we have invested in our industrial system. In the industrial and structural sector, we focus on select industry niches in which we have developed specialized know-how.

How will we maintain our leadership? Certainly, the position we have built up, with its global reach, access to markets and globally integrated industrial system gives us a good start. But, moving forward, we will be working hard to differentiate our performance in terms of improving the quality, reliability and range of products we offer, the service we provide our customers, and our manufacturing cost efficiency.

Competition today takes place in a wider arena, in which the exploration and production challenges facing the oil and gas industry, rising environment standards, the demand for total quality and reliability all combine to set new and higher standards for every player. I believe that Tenaris is better prepared for these challenges than any other competitor.

After two years of extraordinary growth, our financial results in 2007 reflect the continuing good, though less favorable, market conditions we faced during the year and the integration of major acquisitions. Net sales for the year rose 30% to USD 10.0 billion and EBITDA increased by 13% to USD 3.4 billion. Earnings per share, however, remained at the level of the previous year amounting to USD 1.63, or USD 3.26 per ADS. Based on our expectations for continued strong cash generation from our operations and a declining debt level following two major acquisitions, as well as the anticipated cash inflow from the divestiture of the Hydril Pressure Control business, we propose to increase the annual dividend to USD 0.38 per share (USD 0.76 per ADS), a 27% increase over last year, and to pay a dividend, net of the interim we paid in November, of USD 0.25 per share (USD 0.50 per ADS) in June.

It has been another demanding year for our employees as the company has continued to grow and integrate new operations. Accordingly, we have strengthened our focus on training and knowledge management, the development of new skills and the incorporation of new recruits who can contribute to our continuing growth. I want to thank all of our employees for their efforts and also express my thanks to our customers, suppliers and shareholders for their continuous support and confidence in Tenaris.

February 27, 2008

Paolo Rocca

Business review

Market background and outlook

In 2007, global demand for oil and gas continued to rise reflecting economic growth and the importance of oil and gas in the energy matrix. Encouraged by continuing high levels of oil prices, oil and gas companies in most regions of the world continued to increase their level of spending and drilling activity to offset declining rates of production from mature fields and to explore and develop new reserves. In Canada, however, subdued North American gas prices affected gas drilling activity.

The international count of active drilling rigs, as published by Baker Hughes, after rising steadily in the first three quarters of the year dipped marginally in the fourth quarter to average 1017, an increase of 7% compared to the same quarter of the previous year. The average increase for the full year, compared to 2006, was 9%.

The corresponding rig count in the USA, which is more sensitive to North American gas prices, also showed a positive, though decelerating, trend during the year. It showed an average annual increase of 7% in 2007 compared to 2006 and in the fourth quarter of 2007 was up 4% compared to the fourth quarter of 2006. The corresponding rig count in Canada, however, which began to decline in the second half of 2006, showed an average annual decline of 27% compared to 2006 and a decline of 19% in the fourth quarter compared to the same period of 2006.

We estimate that global apparent demand for OCTG in 2007 remained similar to that in 2006, following strong growth in the previous three years, as an increase in operative consumption was offset by inventory adjustments. We expect growth in apparent demand to resume in 2008 based on continued growth in oil and gas drilling activity outside North America and the maintenance of current levels of drilling activity in North America. However, the annual growth rate is expected to be lower than in the period 2004–2006 and may be affected by market volatility and inventory adjustments in some markets.

Demand for our large diameter pipes for pipeline projects in South America was strong in 2007 as major gas pipeline infrastructure projects in Brazil and Argentina, which had previously been delayed, went forward. Orders for new projects in Brazil and Colombia have been received and we expect to maintain a strong level of sales in this segment in 2008.

Steelmaking raw material costs rose in 2007 and are expected to rise more steeply in 2008. Energy and labor costs also rose during 2007, and may rise further in 2008, with labor costs being affected primarily by currency-related factors. Steel costs for our welded pipe products also rose and are expected to increase further in 2008.

We expect our sales to increase in 2008, led by higher sales of specialized, high-end OCTG products, and that the increase in sales will be reflected in higher operating and net income. However, increased volatility in economic conditions and raw material and commodity prices could affect market conditions for our products and services and, consequently, our results in the second half of the year.

Summary of results

Following several years of strong growth, earnings per share declined marginally in 2007 compared to 2006. Net sales, EBITDA and operating income, on the other hand continued to grow, up 30%, 13% and 6% respectively. These stable results reflect a steady overall demand for our products and services from the global oil and gas industry. They were achieved in a context of rising costs and a severe decline in Canadian gas drilling activity.

Oilfield services

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

Following the acquisition of Hydril, a leading manufacturer of premium connections for the oil and gas industry, we are able to offer our customers worldwide a full range of integral and coupled premium connection products for the most demanding applications. The combined R&D and industrial know-how of the two companies will make a substantial contribution to expanding the frontiers of exploration and production.

Hydril's strong brand and manufacturing capacity in North America completes Tenaris's position in the region with a full product range complementing the integration of Maverick in 2006.

We have also established a specialized technical sales team combining resources from Hydril and Tenaris that will work together with our customers in order to provide them with innovative and personalized solutions and services.

Our TenarisBlue® (renamed TenarisHydril Blue™) premium connection is now well established as a leading product in the market.

With sales in more than 35 countries, especially in the Middle East and North Africa, TenarisHydril Blue™ has been a major factor in the growth of our sales of our OCTG products. Its presence in the Caspian Sea and Far East was strengthened through its introduction in Noble Oil, Azerbaijan, and in OMV, New Zealand, along with TenarisHydril Blue™ Dopeless™. TenarisHydril Blue™ has also been selected by ENI for its operations in India, opening the way to affirm our presence in this significant market.

We have also advanced in the introduction of the recently-developed TenarisHydril Blue™ Near Flush connection, which completes our offer of integral connections along with the widely-recognized Hydril connections. New customers that started using this technology include ENI for its operations in Angola, Libya, Pakistan and Nigeria, Lukoil in Russia, Maersk in Angola and Repsol in Peru.

We work with many customers under long-term framework agreements. Although the terms of these agreements vary, our aim is to provide a secure source and comprehensive range of tubular products backed up by integrated logistical and technical assistance services. In October, we were awarded a contract for the provision of Petrom's 2008 OCTG casing requirements, thus consolidating the relationship already existing between OMV and Tenaris.

Additionally, we have been selected by Lukoil to provide their OCTG requirements for their Primoria field under a long-term agreement signed in July. This agreement includes corrosion-resistant alloy and sour service material designed to resist the most corrosive and demanding conditions, and strengthens our presence in Russia where we have also signed new agreements with Petroalliance and Rosneft. During the year we renewed our worldwide agreement with Chevron, extending it to Australia, and with Shell GTL and Qatar Gas for their corrosion-resistant alloy requirements for the massive LNG development Qatar Gas III & IV.

Maintaining our long-term commitment to service customers in China, we have established a local manufacturing facility of premium connections and couplings in Qingdao to serve domestic operators with the high specification materials their new developments require. From Qingdao, we will supply an ample range of OCTG pipes, ranging from 2 3/8" to 13 3/8" all in API 5CT or Tenaris proprietary grades with TenarisHydril premium connections. These products are suitable for the most demanding environments including high H₂S content, high collapse, high

temperature/high pressure (HT/HP) well sand deepwater projects, amongst others.

Pipeline services

We supply an extensive range of seamless and welded line pipe and coiled line pipe products, complete with coatings and accessories for use in onshore and offshore pipelines, with onsite, ready-for-installation delivery. Our focus is on providing the risers, flow lines and subsea tubular components for the deepwater and ultra deepwater markets where we are a major player, in the Gulf of Mexico, West Africa, Far East, United Kingdom and Scandinavia. Our catalog also includes pipes for complex offshore structures like platforms and rigs.

The seamless line pipe market continues with its growth trend, mainly in the most demanding high-end markets, such as West Africa and the deepwater Gulf of Mexico. As conventional reserves begin to decline, developments are moving towards more stringent conditions (e.g., deeper waters, HP/HT and Arctic conditions) in order to fulfill future energy needs. This trend for increasing complexity in exploration and production results in new and more challenging requirements for pipes: heavy wall requirements, more stringent internal diameter tolerances and higher steel grades.

Tenaris seeks to differentiate itself from its competitors through product quality and innovation; focusing on high-end markets, developing agreements with key industry players (oil and gas and engineering companies).

During the year, we signed a 5-year agreement with StatoilHydro ASA for line pipe supply, mainly for the Norwegian market. We won an important order to supply 19,000 tons of high specification flow lines and export lines, with the additional wet insulation solution for the Petrobras Chinook and Cascade project in the ultra deepwater Gulf of Mexico. This will be the first Floating Platform, Storage and Offloading (FPSO) unit in the US, producing both oil and gas from the Walker Ridge area, in a water depth of 2,690 meters. In addition, we have been very active in the Indian offshore market, undertaking important projects such as Ravva and Rajas than operated by Cairn Energy.

As the industry continues to reach deeper waters (3,000+ meters), and exploration and production projects enter more complex environments (Arctic and HP/HT), the technical requirements for our products become increasingly stringent and demanding. To overcome all the issues related to current and future critical projects, Tenaris participates in industry standardization with research and development and also in joint industry programs with customers, studying gaps and finding technology solutions. These programs include research into fatigue corrosion in sour environments, offshore welding, high strength steel grades, extreme heavy wall materials and strain base design.

Process and 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.

During the year, we implemented steps to be closer to our customers and to provide prompter responses. We introduced the Tenaris Secured Supply System, which provides an alternative to reduce piping supply risk for hydrocarbon processing industry (HPI) projects by meeting demanding project schedules, even with last minute design changes, and by diminishing pipe cost volatility.

The HPI market leveled off during 2007, with investments in gas and refinery projects on average lower than in the prior year. Gas processing projects are taking more time to move forward due to rising costs, geopolitical risks and capacity constraints of major engineering companies. Refinery investments were driven more by plant revamps than grassroots projects. The petrochemical sector showed strength due to strong demand from Asia, mainly China and India. Major petrochemical complexes like Sabic-Kayan and Borouge are being built in the Middle East and China.

Our focus of activity during 2007 continued to be in the Middle East, serving gas processing projects. Major projects during this year included Qatar Shell Pearl, the world's largest integrated gas to liquids (GTL) complex, in which Tenaris worked closely with MWK/JGC and Chiyoda, and the Khurais Gas projects in Saudi Arabia where Tenaris worked with Snamprogetti and Hyundai.

In refineries, Tenaris continued participating in two large refinery projects, the Reliance Jamnagar refinery in India with Bechtel and the Dung Quat refinery in Vietnam with Technip. Reliance's refinery expansion in India will make Jamnagar the world's largest single refinery site. Dung Quat's refinery will be the first in Vietnam and is expected to meet 40% of local demand with an annual capacity of 6.5million metric tons.

The ever-growing demand for energy and power has resulted in a high level of activity in the power generation sector throughout 2007; despite plant construction cost increases, major power plant component manufacturers have reported strong growth over the previous year with lengthening backlogs. We are participating in this market by supplying tubing for heat recovery steam generators used in combined cycle plants as well as in boilers used in coal-fired power plants. Specialty steels are being developed to support the industry's demand for higher efficiencies and lower costs as it revamps old plants and builds new ones to satisfy the world's increasing demand for power.

Industrial and 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, gas cylinders and architectural structures where we can add value with our specialist product development and supply chain management expertise. Sales are concentrated in Europe, where our Italian mill has traditionally served this market, but we also have significant sales in North America, the Far East and South America.

Demand for our specialized industrial products in 2007 was good, particularly for hydraulic cylinders and hollows for gas cylinders.

We registered a 30% increase in sales of hydraulic cylinders driven by growing demand for earth-moving machinery for the construction and infrastructure sectors, mainly in Europe. We opened a new component center in Romania, which was set up to serve the hydraulic cylinder needs of Caterpillar USA. This is already working at full capacity, producing tubes, flanges and assembled components and has registered 100% compliance in delivery performance.

In hollows for gas cylinders, particularly for compressed natural gas applications, where we are the market leader worldwide, we registered sales growth of 15%. In this market segment, we have been making investments in R&D and manufacturing in order to increase our production capacity and product performance in terms of weight reduction, thus contributing to savings in CO2 emissions, a crucial issue in the transportation sector.

Sales to the automotive sector were in line overall with those of last year following a phase-out of some less profitable items, such as axles and some transmissions applications. We registered a significant volume increase in Eastern Europe and South America, also driven by an increase in light vehicles production. Production volumes of tubular components for airbags at our component center in Mexico continued to rise and reached over 27 million pieces in 2007, a 27% increase over the previous year. Through worldwide qualification with all major airbag manufacturers of ultra high-strength steel grade for airbag applications, we have increased our market participation in the USA and Europe and have started to penetrate the market in China.

2007 themes

1. Offshore Drilling

During the course of its ongoing global alliance with ConocoPhillips, the two companies have been at the forefront of introducing innovative tubular technology and services for offshore drilling applications. In 2007, the alliance had a further success in implementing casing directional drilling for the first time in an offshore environment.

As part of its global alliance with ConocoPhillips, Tenaris supplied 10 ¾" and 7 ¾" outside diameter casing with TenarisBlue® premium connections for Eldfisk Bravo, a project that represented a first in terms of offshore drilling technology. Using specially modified TenarisHydril Blue™ premium connections casing in an innovative system called side-by-side wellhead and casing directional drilling, ConocoPhillips drilled the first of two independent well bores from one conductor in the Casing Directional Drilling mode.

Casing Directional Drilling technology relies on the performance of the casing connections, which are pushed to their design limits in terms of fatigue and torque resistance. Prior to the project and in order to guarantee the performance of the TenarisHydril Blue™ connections in such a demanding environment, the strings' fatigue resistance was tested at an independent U.S. laboratory in accordance with ConocoPhillips' specifications.

For this breakthrough project, Tenaris worked closely with ConocoPhillips in the planning and implementation of the drilling operation. All products were manufactured according to Tenaris's proprietary sour service specifications and threaded with specially modified TenarisHydril Blue™ connections. During the products' initial use in the North Sea, Tenaris provided offshore technical services and carefully monitored the entire process.

2. Global Trainee Program

Recognizing that human resources are critical to its growth and success, Tenaris in recent years has reaffirmed its commitment to the Global Trainee Program (GTP), the Company's strategic initiative for attracting and developing recent university graduates.

The GTP, where many in Tenaris's senior management began their professional careers, provides participants with accelerated training and development aimed at preparing them to become the Company's future leaders. While the program is open to graduates from all disciplines, special emphasis is placed on recruiting engineers with a demonstrated industrial vocation.

During the two-year program, Global Trainees (GTs) are assigned to two different jobs, to broaden their skills and give them exposure to different areas of the Company. All engineering GTs spend their first year in one of the Company's mill, where, in addition to gaining hands-on experience, they undertake a special project under the guidance of a tutor.

Training plays a key role in the GTP and is continuous throughout the two years. The highlight of this training is the TenarisUniversity Induction Camp, which brings together GTs from around the world for one month of intensive learning at the Company's plant in Campana, Argentina. GTs are also coached and evaluated closely over the course of the two years, and only those who meet the program's demanding requirements are allowed to graduate.

To ensure the Company is developing the human resources required to meet its future needs, Tenaris has significantly expanded the GTP in recent years. At the end of 2007 there were more than 750 Global Trainees, compared to 250 at the end of 2004.

3. Technical sales

Following the acquisition of Hydril in May 2007, an oil and gas technical sales team was formed in Tenaris in order to provide customers with a better technical understanding of the advantages of using Tenaris's products and services in specific oil and gas drilling environments. Building on Hydril's renowned customer-focused approach and Tenaris's team of experienced field service professionals, the new unit works with the drilling engineers of our customers to help them identify the optimum technical solutions for their particular drilling operations all over the world.

The unit is made up of engineers who not only understand how best to select and use premium connections and other oil and gas products but who are also aware of how these products interact within oil and gas well-site operations. It is also responsible for providing on-site technical and running assistance services and will work closely with the product development team to identify areas for product development and enhancement.

The new organizational unit, which is led by a former Hydril executive, will reinforce our focus on understanding the needs of our customers and serving them in the best possible way. As drilling takes place in more complex operational environments and the need to employ more cost-effective drilling solutions to enhance production in mature fields increases, a detailed knowledge of how premium connections and other oil and gas products perform in different environments will become increasingly valuable. The ability to deploy a knowledgeable technical sales team around the world should enhance Tenaris's competitive advantage in a world where there is likely to be a demographic deficit of experienced drilling engineers.

Communities and environment review

Tenaris's growth has been made possible by adhering to certain values that guide the Company's internal management and its relationships with customers, suppliers and communities where the Company is present. These values are centered on a conviction that industry plays a key role in promoting lasting and equitable economic growth for societies and that Tenaris will add value to its operations as well as to the wider community by interacting with employees and others in accordance with that conviction.

Consistent with this vision, Tenaris strives to build partnerships, both internally and externally, that foster growth and opportunity for all involved. The importance we place on such relationships is manifested in our commitment to protecting the health and safety of our employees, maintaining transparent relations with customers and suppliers and collaborating with government and non-government organizations in the communities in which we operate.

Valuing education, we invest continuously in the development of our own workforce and support a wide variety of educational initiatives at primary, secondary and university levels. Through a revitalized Global Trainee Program, where many in Tenaris's senior management began, Tenaris recruits recent university graduates and develops them to be tomorrow's senior management. At a time when demand for skilled engineers is strong, especially in our own industry, we believe this emphasis on attracting and developing people that have the requisite education and skills is critical to our future growth.

In 2007, the Company's corporate university, TenarisUniversity, launched a technical training project for the purpose of unifying training policies and programs for the Company's 16,000 non-salaried plant employees worldwide. Development plans comprising a structured series of training activities for workers in each job area are now being developed and training based on the project's new guidelines is already being delivered in multiple countries and languages.

In our community relations we stress support for academic excellence. In Argentina and Mexico, we are carrying out a series of projects aimed at improving the quality of primary and secondary education in schools close to our plants in Campana and Veracruz. Drawing on the expertise of UNESCO and international experts as well as local universities and the active participation of school officials, students and their families, we take an integral approach that involves investment in infrastructure, the provision of school supplies and scholarships.

One example of this is the "Sembrar" programme carried out in Argentina to complement the formal education of 100 secondary-school students from the city of Campana, reinforcing their readiness to successfully step from school into the world of employment.

Four state schools with an enrolment of 1,500 students from under-privileged sectors of Campana have been targeted for an institutional development program aimed at improving the currently poor results being shown at the different stages of the learning process by the children that attend them. The "Schools for the Bicentenary" program is sponsored by Tenaris, promoted by the AEA (Association of Argentine Enterprises) and coordinated by the Universidad de San Andrés, focusing on 100 schools across Argentina.

In the area of higher education, we continue to support the Roberto Rocca Education Program, which Tenaris co-founded in 2005. Designed to encourage the study of engineering in selected countries, the Program in 2007 funded 500 Scholarships, for undergraduate students, and 22 Fellowships, for doctoral studies at leading international universities. As is the case with all of our community projects, we seek to reward merit and initiative by granting these Scholarships and Fellowships only to students who combine academic excellence with outstanding personal qualities.

In all of our community programs, we seek to promote social integration and leverage our own contribution by partnering with other governmental and non-governmental organizations on projects that involve the active participation of the project's beneficiaries.

With 23,500 employees drawn from dozens of countries, we view the diversity of our workforce as one of our strengths. The combination of rational analysis and diversity of ideas and cultures will continue to play an instrumental role in the growth of Tenaris. Thus, we make a continuous effort to foster respect among employees for language, cultural and gender differences and are committed to broadening this diversity at all levels of the Company. Achieving greater integration, awareness and understanding among all the various cultures that coexist within Tenaris, requires the building of bridges and programs in which to invest in cultural exchange.

This need gave rise to the setting up of the PROA Foundation, which from its head quarters in Buenos Aires receives support from Tenaris for the dissemination of leading contemporary artistic trends through exhibitions, workshops, seminars and conferences. At the same time, it organizes educational programmes and exchanges with prestigious

cultural institutions from around the world. Through PROA, Tenaris has been responsible for several significant events, such as the second edition of the Latin Wave festival of Latin American cinema, held in Houston in association with the Museum of FineArts, and the “Dualidad” exhibition of Mexican art held at its plant in Veracruz.

In Italy, we participate in GAMEC, Associazione per la Galleria d'Arte Moderna e Contemporanea, in Bergamo, providing support for national and international artistic research and strengthening the Gallery's position as a point of reference for contemporary art.

"Il futuro dell Futurismo" stood out as one of the highlights of the exhibition season.

Health, safety and environment

Tenaris is committed to protecting the health and safety of its employees and the communities in which it operates, as well as to minimizing its own impact on the environment and supporting broader industry and public efforts to protect the environment. In accordance with the principle of sustainable development, our efforts in this area are focused on improving the efficiency of our operations, designing our processes with a sustainable approach, reducing energy consumption, minimizing and recycling waste, and employee training.

We continue to work on the implementation and improvement of our integrated Health, Safety and Environment (HSE) management system. Based on international standards such as ISO 14000 and OSHA 18000, the system applies eco-efficiency and integral safety concepts to all of our operations. Following the further development and deployment of an integrated IT safety and environmental tool, we are able to record, track and analyze safety and environment accidents and incidents at our plants, follow up with corrective actions and track HSE performance. In the case of the recently-acquired Hydril premium connection facilities around the world, we are working to integrate them into our system.

We believe that accidents do not happen by chance. All injuries and work-related illnesses can and must be prevented. To achieve this objective we have instituted innovative programs that reward safe behavior through accident prevention and hold weekly meetings with managers, safety staff and workers at each of our mills to discuss accidents and share ideas to improve safety. We dedicate a percentage of working hours to safety training.

During 2007, a team brought together for this occasion, along with Tenaris experts and external consultants, organized an assessment in order to introduce best practices at every mill.

At Tenaris, investments in training, processes and workplace behavior are complemented by capital investments in the mills. A significant proportion of our capital investment spending is allocated toward improving safety in our operations.

Our lost-time accidents index continued to decline in 2007, falling 8.2% in comparison with 2006. Since 2001, this indicator has fallen 58.2%.

A significant portion of Tenaris's new investments contributes to reduce the environmental impact of the Company's operations, products and services. We adopt the most appropriate and eco-efficient designs and technologies available and continuously review our HSE performance so as to improve it. We monitor the operations of our subcontractors in addition to our own, seeking to maximize the efficiency in the use of energy and material resources, to recycle – both at our own facilities and by third parties – , by-products, and to minimize generation of waste, emissions and effluents in the supply chain.

Perhaps one of our most significant contributions to the environment comes from the delivery of products that can perform in the most demanding conditions and on whose quality our customers rely. We work constantly on improving the quality and reliability of our products, developing new products that help our customers to reduce the impact of their operations on the environment, and we aim to supply using an integrated supply chain concept that aims to reduce risk and impact as well as costs.

We actively participate in different governmental and non-governmental forums and associations focused on sustainability issues. These include the environmental commissions and working groups of organizations like the International Iron & Steel Institute (IISI), the Latin American Iron & Steel Institute and various national chapters of the World Business Council for Sustainable Development. Some of the most relevant issues addressed by these organizations are global climate change, by-products and water management, and the definition of sustainability indexes.

Corporate governance

Tenaris has one class of shares, with each share having equal rights, including the entitlement to one vote at our shareholders' meetings. Our articles of association provide that the annual ordinary shareholders' meeting, which approves our annual financial statements and appoints the Board of Directors, take place each year on the first Wednesday of June.

Board of Directors

Management of Tenaris is vested in a Board of Directors. Our articles of association provide for a Board of Directors consisting of at least five and at most fifteen directors. The Board of Directors is required to meet as often as required by the interests of Tenaris and at least four times per year. A majority of the members of the directors present or represented at each Board of Directors' meeting constitutes a quorum, and resolutions may be adopted by the vote of a majority of the directors present or represented. In the case of a tie, the chairman is entitled to cast the deciding vote.

Directors are elected at the annual ordinary shareholders' meeting to serve one-year renewable terms, as decided by the shareholders. The shareholders may dismiss all or any one director at anytime, with or without cause, by resolution passed by majority vote, irrespective of the number of shares present or represented at an ordinary shareholders' meeting. In 2007, the Board of Directors met eight times.

The annual shareholders' meeting, held on June 6, 2007, approved the appointment of ten directors, three of whom are independent.

Audit committee

Tenaris has an audit committee consisting of three members, all of whom are independent directors. The members of the audit committee are not eligible to participate in any incentive compensation plan for employees of Tenaris or any of its subsidiaries. Under our articles of association, as supplemented by the audit committee charter, the audit committee:

- assists the Board of Directors in fulfilling its oversight responsibilities relating to the integrity of our financial statements and system of internal controls and the independence and performance of the independent auditors
- reviews material transactions between Tenaris and its subsidiaries with related parties to determine whether their terms are consistent with market conditions or are otherwise fair to Tenaris and its subsidiaries, and
- performs the other duties entrusted to it by the Board of Directors, particularly as regards relations with the independent auditors.

The audit committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and has direct access to the independent auditors as well as anyone at Tenaris and, subject to applicable laws, its subsidiaries.

The audit committee is required to report to the Board of Directors on its activities and once a year on the adequacy of the internal control systems. In 2007, the audit committee met seven times.

Auditors

The annual accounts are audited by independent auditors. Auditors are appointed by the shareholders through a resolution passed by a simple majority vote at the annual shareholders' meeting, irrespective of the number of shares present or represented, on the audit committee's recommendation. Shareholders may determine the number and the term of office of the auditors, which may not exceed one year. As part of their duties, the auditors report directly to the audit committee.

PricewaterhouseCoopers (acting, in connection with our annual accounts, through PricewaterhouseCoopers S.à.r.l., Réviseur d'entreprises, and, in connection with our consolidated financial statements, through Price Waterhouse & Co. S.R.L.), served as our independent auditors during the 2007 fiscal year and are proposed for reappointment.

Compensation

The compensation of the members of our Board of Directors is determined at the annual ordinary shareholders' meeting. The aggregate compensation earned by our directors and executive officers during 2007 amounted to USD 19.0 million.

Corporate governance standards

Our corporate governance practices are governed by Luxembourg Law (particularly the law of August 10, 1915 on commercial companies and the law of July 31, 1929, as amended) and our articles of association. As a Luxembourg company listed on the New York Stock Exchange (the NYSE), the Bolsa Mexicana de Valores, S.A. de C.V. (the Mexican Stock Exchange), the Bolsa de Comercio de Buenos Aires (the Buenos Aires Stock Exchange) and Borsa Italiana S.p.A. (the Italian Stock Exchange), we are not required to comply with some of the corporate governance standards of these exchanges. We, however, believe that our corporate governance practices meet, in all material respects, the corporate governance standards that are generally required for controlled companies by all of the exchanges on which our securities trade.

Code of Conduct

We have a Code of Conduct incorporating guidelines and standards integrity and transparency applicable to all our employees and directors. This Code of Conduct establishes the ethical principles that form the basis for relations between the company, its employees and third parties and provides the means and instruments to give transparency to issues and problems that may have a bearing on the management of the company. We also have a Code of Ethics for Financial Officers, which applies to our principal executive officer, principal financial officer, principal accounting

officer or controller, or persons performing similar functions and is intended to supplement our Code of Conduct.

Information required under the Luxembourg Law on takeovers of May 19, 2006

We have an authorized share capital of a single class of 2,500,000,000 shares with a par value of USD 1.00 per share. Our authorized share capital is fixed by our articles of association as amended from time to time with the approval of our shareholders in an extraordinary shareholders' meeting. There were 1,180,536,830 shares issued as of December 31, 2006. All shares are fully paid.

Under our articles of association, our Board of Directors is authorized until August 2, 2012, to increase from time to time our issued share capital wholly or in part, within the limits of the authorized capital.

Under our articles of association, any issuance of new shares pursuant to the authorization granted to our Board of Directors, must grant our existing shareholders a preferential right to subscribe for such newly-issued shares, except:

- in circumstances in which the shares are issued for consideration other than money
- with respect to shares issued as compensation to directors, officers, agents or employees, its subsidiaries or affiliates, and
- with respect to shares issued to satisfy conversion or option rights created to provide compensation to directors, officers, agents or employees, its subsidiaries or affiliates.

Any shares to be issued as compensation or to satisfy conversion or option rights may not exceed 1.5% of our issued capital stock.

Our articles of association do not contain any redemption or sinking fund provisions, nor do they impose any restrictions on the transfer of our shares. Amendment of our articles of association requires the approval of shareholders on an extraordinary shareholders' meeting with a two-thirds majority of the votes present or represented.

Tenaris is controlled by San Faustín N.V., a Netherlands Antilles corporation, which owns 60.4% of our outstanding shares, through its wholly-owned subsidiary I.I.I. Industrial Investments Inc., a Cayman Islands corporation. Rocca & Partners S.A. controls a significant portion of the voting power of San Faustín N.V. and has the ability to influence matters affecting, or submitted to a vote of the shareholders of, San Faustín N.V., such as the election of directors, the approval of certain corporate transactions and other matters concerning the company's policies. There are no controlling shareholders for Rocca & Partners. Our directors and executive officers as a group own 0.2% of our outstanding shares, while the remaining 39.4% are publicly traded. Our shares trade on the Italian Stock Exchange, the Buenos Aires Stock Exchange and the Mexican Stock Exchange; in addition, our American Depositary Securities (ADSs) trade on the New York Stock Exchange.

None of our outstanding securities has any special control rights. There are no restrictions on voting rights, nor are there, to our knowledge, any agreements among our shareholders that might result in restrictions on the transfer of securities or the exercise of voting rights.

There are no significant agreements to which we are a party and which take effect, alter or terminate in the event of a change in the control of Tenaris following a takeover bid, there by materially and adversely affecting us, nor are there any agreements between us and members of our Board of Directors or employees that provide for compensation if they resign or are made redundant without reason, or if their employment ceases pursuant to a takeover bid.

Management is vested in a Board of Directors. Directors are elected at the annual ordinary shareholders' meeting to serve one-year renewable terms.

Board of Directors

Chairman and Chief Executive Officer

Paolo Rocca

Vice-President Finance

Guillermo Vogel

Roberto Bonatti

Carlos Condorelli

Carlos Franck

Bruno Marchettini

Roberto Monti (*)

Gianfelice Mario Rocca

Jaime Serra Puche (*)

Amadeo Vázquez y Vázquez (*)

Secretary

Cecilia Bilesio

(*) Members of the audit committee

Executive officers

Chief Executive Officer

Paolo Rocca

North American Area Manager

Germán Curá

Chief Financial Officer

Ricardo Soler

Central American Area Manager

Sergio de la Maza

Technology Director

Carlos San Martin

South American Area Manager

Guillermo Noriega

Commercial Director

Alejandro Lammertyn

Supply Chain Director

Renato Catallini

European Area Manager

Vincenzo Crapanzano

Human Resources Director

Marco Radnic

Planning Director

Carlos Pappier

Quality Director

Marcelo Ramos

Managing Director, Japanese Operations

Claudio Leali

Industrial Coordination Director

Sergio Tosato

Consolidated Financial Statements
for the years ended December 31, 2007, 2006 and 2005

Operating and Financial Review

This review of Tenaris's results of operations and financial condition is based on, and should be read in conjunction with, the audited consolidated financial statements of Tenaris and the related notes included elsewhere in this annual report. It compares Tenaris's results on a consolidated basis for the fiscal year ended December 31, 2007 with its results for the fiscal year ended December 31, 2006. Tenaris prepares its consolidated financial statements in conformity with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

Results of Operations

The following table sets forth, for the periods indicated, selected financial data from our consolidated income statement and expresses our operating and other costs and expenses as a percentage of net sales.

Selected financial data (all
amounts in USD thousands)

Y E A R E N D E D
D E C E M B E R 3 1

	2007		2006		2005	
Continuing operations						
Net sales	10,042,008	100%	7,727,745	100%	6,209,791	100.0%
Cost of sales	(5,515,767)	(54.9%)	(3,884,226)	(50.3%)	(3,429,365)	(52.2%)
Gross profit	4,526,241	45.1%	3,843,519	49.7%	2,780,426	44.8%
Selling, general and administrative expenses	(1,573,949)	(15.7%)	(1,054,806)	(13.6%)	(832,315)	(13.4%)
Other operating income and expenses	4,933	0.0%	3,773	0.0%	(2,199)	(0.0%)
Operating income	2,957,225	29.4%	2,792,486	36.1%	1,945,912	31.3%
Interest income	93,392	0.9%	60,798	0.8%	23,815	0.4%
Interest expense	(275,648)	(2.7%)	(92,576)	(1.2%)	(52,629)	(0.8%)
Other financial results	(22,754)	(0.2%)	26,826	0.3%	(79,772)	(1.3%)
Income before equity in earnings of associated companies and income tax	2,752,215	27.4%	2,787,534	36.1%	1,837,326	29.6%
Equity in earnings of associated companies	113,276	1.1%	94,667	1.2%	117,377	1.9%
Income before income tax	2,865,491	28.5%	2,882,201	37.3%	1,954,703	31.5%
Income tax	(823,924)	(8.2%)	(869,977)	(11.3%)	(567,368)	(9.1%)
Income for continuing operations	2,041,567	20.3%	2,012,224	26.0%	1,387,335	22.3%
Discontinued operations						
I n c o m e (l o s s) f o r discontinued operations	34,492	0.3%	47,180	0.6%	(3)	(0.0%)
Income for the Year	2,076,059	20.7%	2,059,404	26.6%	1,387,332	22.3%

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Attributable to:

Equity holders of the

Company	1,923,748	19.2%	1,945,314	25.2%	1,277,547	20.6%
Minority interest	152,311	1.5%	114,090	1.5%	109,785	1.8%
	2,076,059	20.7%	2,059,404	26.6%	1,387,332	22.3%

The following table indicates the distribution of our net sales by business segment for the periods indicated:

Million of USD	2007		2006		Increase / (Decrease)
Tubes	8,552.6	85%	6,826.9	88%	25%
Projects	876.3	9%	453.5	6%	93%
Others	613.1	6%	447.3	6%	37%
Total	10,042.0	100%	7,727.7	100%	30%

The following table indicates our sales volume of seamless and welded pipes by business segment for the periods indicated:

Metric tons	FY 2007	FY 2006	Increase/(Decrease)
Tubes – Seamless	2,870,000	2,919,000	(2%)
Tubes – Welded	965,000	297,000	225%
Tubes – Total	3,835,000	3,216,000	19%
Projects – Welded	474,000	281,000	69%
Total – Tubes + Projects	4,309,000	3,497,000	23%

Tubes

The following table indicates, for our Tubes business segment, net sales by geographic region, cost of sales as a percentage of net sales, operating income and operating income as a percentage of net sales:

Tubes	FY 2007	FY 2006	Increase/(Decrease)
Net sales (\$ million)			
- North America	2,921.7	1,993.0	47%
- South America	1,221.7	960.3	27%
- Europe	1,661.4	1,315.1	26%
- Middle East & Africa	2,057.6	1,895.7	9%
- Far East & Oceania	690.2	662.8	4%
Total net sales	8,552.6	6,826.9	25%
Cost of sales (% of sales)	52%	47%	
Operating income (\$ million)	2,713.9	2,670.5	2%
Operating income (% of sales)	32%	39%	

Net sales of tubular products and services rose 25% to US\$8,552.6 million in 2007, compared to US\$6,826.9 million in 2006, due to a higher volume of welded pipe sales, resulting from the incorporation of the former Maverick operations acquired in October 2006, and a higher average selling price for our seamless pipes reflecting an enhanced product mix and increased demand for our specialized, high-end seamless pipe products used in the world's more complex drilling operations and other demanding applications. In North America, sales increased principally due to the incorporation of sales from the former Maverick and Hydril premium connection operations but, excluding such effects, there was a substantial decline in sales in Canada reflecting the decline in drilling activity and consequent inventory adjustments. In South America, sales increased due primarily to higher sales of OCTG products in Venezuela as PDVSA began to replenish inventories and increased sales in Colombia. In Europe, sales increased, with higher average selling prices and volumes, reflecting higher sales to European-based process and power plant contractors, a more specialized mix of products sold to industrial and automotive customers, increased sales of OCTG products in continental Europe and the appreciation of the Euro with respect to the U.S. dollar. In the Middle East and Africa, higher average selling prices more than offset lower volumes which were affected by lower sales of API OCTG products and inventory adjustments. In the Far East and Oceania, sales remained stable with higher sales in

South-East Asia and South Korea offsetting lower sales in China.

Operating income from tubular products and services rose 2% to US\$2,713.9 million in 2007, from US\$2,670.5 million in 2006, as the increase in sales was substantially offset by a reduction in the gross margin and higher expenses for the amortization of intangible assets.

Projects

The following table indicates, for our Projects business segment, net sales, cost of sales as a percentage of net sales, operating income and operating income as a percentage of net sales:

Projects	FY 2007	FY 2006	Increase/(Decrease)
Net sales (\$ million)	876.3	453.5	93%
Cost of sales (% of sales)	71%	72%	
Operating income (\$ million)	184.8	56.3	228%
Operating income (% of sales)	21%	12%	

Net sales of pipes for pipeline projects rose 93% to US\$876.3 million in 2007, compared to US\$453.5 million in 2006, due to higher shipments and average selling prices. Regional demand for pipes for pipeline projects in South America improved substantially in 2007 as large gas pipeline projects in Brazil and Argentina that had been delayed in 2006 went ahead and orders were received for mineral slurry and additional gas pipeline projects in Brazil.

Operating income from pipes for pipeline projects rose 228% to US\$184.8 million in 2007, from US\$56.3 million in 2006, due to the increase in net sales and an increase in the operating margin reflecting a higher proportion of sales in Brazil where sales from our Brazilian mill have low logistics costs. Operating income in this segment in 2007 included other operating income of US\$16.4 million in respect of the sale of surplus office space.

Others

The following table indicates, for our Others business segment, net sales, cost of sales as a percentage of net sales, operating income and operating income as a percentage of net sales:

Others	FY 2007	FY 2006	Increase/(Decrease)
Net sales (\$ million)	613.1	447.3	37%
Cost of sales (% of net sales)	76%	72%	
Operating income (\$ million)	58.5	65.6	(11%)
Operating income (% of sales)	10%	15%	

Net sales of other products and services rose 37% to US\$613.1 million in 2007, compared to US\$447.3 million in 2006, as sales from electric conduit pipe operations acquired in October 2006 were included for a full year. Sales of metallic structures also increased but sales of excess raw materials and sucker rods declined.

Selling, general and administrative expenses, or SG&A, increased as a percentage of net sales to 15.7% in 2007 compared to 13.6% in 2006 due mainly to increased charges for amortization of intangible assets relating principally to assets acquired in the Maverick and Hydril acquisitions. These amortization charges amounted to US\$236.0 million in 2007, or 2.4% of net sales, compared to US\$54.8 million, or 0.7% of net sales, in 2006.

Other operating income and expenses resulted in net income of US\$4.9 million in 2007, compared to net income of US\$3.8 million in 2006. The 2007 result included income of US\$16.4 million in relation to the sale of surplus office space in Brazil and an expense of US\$10.3 million relating to the settlement of redemptions on Maverick's 2005 Notes.

Net interest expenses totaled US\$182.3 million in 2007, compared to net interest expenses of US\$31.8 million in 2006. The increase in net interest expenses reflects the increase in the average net debt position during 2007 compared to 2006, relating to debt contracted for the Maverick and Hydril acquisitions.

Other financial results contributed a loss of US\$22.8 million in 2007, compared to a gain of US\$26.8 million during 2006. These results largely reflect gains and losses on net foreign exchange transactions and the fair value of derivative instruments and are to a large extent offset by changes to our net equity position. They arise due to the fact that most of our subsidiaries prepare their financial statements in currencies other than the US dollar in accordance with IFRS.

Equity in earnings of associated companies generated a gain of US\$113.3 million in 2007, compared to a gain of US\$94.7 million in 2006. These gains were derived mainly from our equity investment in Ternium but, in 2007, also included a gain of US\$18.4 million recorded on the sale of our remaining 25% participation in Dalmine Energie.

Income tax charges of US\$823.9 million were recorded during 2007, equivalent to 30% of income before equity in earnings of associated companies and income tax, compared to income tax charges of US\$870.0 million, equivalent to 31% of income before equity in earnings of associated companies and income tax, during 2006. The result in 2007 included net non-recurring tax losses of US\$47.3 million.

Income from discontinued operations amounted to US\$34.5 million, compared to US\$47.2 million in 2006. The 2007 income corresponds to the Hydril pressure control business, which was classified as a discontinued operation following the conclusion of an agreement to sell this business on January 28, 2008. The 2006 income corresponds to our former Dalmine Energie energy supply subsidiary, in which we sold a majority participation in December 2006.

Net income rose marginally to US\$2,076.1 million in 2007, compared to US\$2,059.4 million in 2006, as an increase in operating income was largely offset by an increase in net interest expenses.

Income attributable to equity holders was US\$1,923.7 million, or US\$1.63 per share (US\$3.26 per ADS), in 2007, compared to US\$1,945.3 million, or US\$1.65 per share (US\$3.30 per ADS) in 2006.

Income attributable to minority interest was US\$152.3 million in 2007, compared to US\$114.1 million in 2006. The increase was due primarily to higher income attributable to minority interest at our Confab subsidiary.

B. Liquidity and Capital Resources

The following table provides certain information related to our cash generation and changes in our cash and cash equivalents position for each of the last three years:

Thousands of U.S. dollars	For the year ended December 31,		
	2007	2006	2005
Net cash provided by operating activities	2,020,624	1,810,856	1,295,323
Net cash used in investing activities	(2,287,132)	(2,822,049)	(292,791)
Net cash (used in) provided by financing activities	(196,684)	1,700,705	(604,129)
(Decrease) Increase in cash and cash equivalents	(463,192)	689,512	398,403
Effect of exchange rate changes	52,487	(5,095)	(11,636)

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Cash and cash equivalents at the beginning of year	1,365,008	680,591	293,824
Cash and cash equivalents at the end of year	954,303	1,365,008	680,591

Our financing strategy is to maintain adequate financial resources and access to additional liquidity. During 2007, we have counted on cash flows from operations as well as additional bank financing to fund our transactions including the acquisition of Hydril. Short-term bank borrowings were used as needed throughout the year.

We believe that funds from operations, availability of liquid financial assets and our access to external borrowing through the financial markets will be sufficient to satisfy our working capital needs and to service our debt in the foreseeable future. We also believe that our liquidity and capital resources give us adequate flexibility to manage our planned capital spending programs, to service our debt and to address short-term changes in business conditions.

Cash and cash equivalents are comprised of cash in banks, short-term money market funds and highly liquid short-term securities with a maturity of less than 90 days at the date of purchase. Assets recorded in cash and cash equivalents are carried at fair market value, or at historical cost which approximates fair market value. We used these funds to finance our working capital and capital expenditure requirements, to make acquisitions and to distribute dividends to our shareholders.

We hold money market investments and variable or fixed-rate securities from investment grade issuers. We concentrate our cash in major financial centers (mainly New York and London). We hold our cash and cash equivalents primarily in U.S. dollars, and limit our holdings of other currencies to the minimum required to fund our cash operating needs or hedge our financial positions. As of December 31, 2007 U.S. dollar denominated liquid assets represented around 70% of total liquid financial assets. Liquid financial assets as a whole (excluding current investments) were 6.3% of total assets at December 31, 2007 compared to 10.9% at the end of 2006.

Cash and cash equivalents (excluding bank overdraft) decreased from \$1,372.3 million at December 31, 2006, to \$962.5 million at December 31, 2007. In addition, we had other current investments of \$87.5 million. As of December 31, 2006, other current investments amounted to \$183.6 million.

Operating activities

Net cash provided by operations during 2007 rose to \$2,020.6 million compared to \$1,810.9 million in 2006 primarily reflecting an increase in operating income to \$2,957.2 million in 2007 from \$2,792.5 million in 2006. Working capital increased by \$110.4 million in 2007 compared to a \$469.5 million increase in 2006. The increase in working capital comprised mainly:

- an increase in inventories of \$252.8 million, reflecting primarily an increase in business activity and input costs
- an increase in trade receivables of \$115.8 million, mainly due to higher sales; and, on the other side of the ledger,
 - increases in customer advances and other liabilities of \$113.5 million and \$127.4 million respectively.

Investing activities

Net cash used in investing activities in 2007 was \$2,287.1 million, compared to \$2,822.0 million in 2006. The main differences were as follows:

- In 2007 we spent approximately \$2.0 billion to acquire Hydril, while in 2006 we spent approximately \$2.4 billion in acquisitions, mainly related to the acquisition of Maverick.
- In 2007 we realized \$96.1 million from investments in short term securities, while in 2006 we increased our short term securities in \$63.7 million.
 - Capital expenditures for 2007 amounted to \$447.9 million, similar to the \$441.5 million spent in 2006.

Financing activities

Net cash used in financing activities, including dividends paid and proceeds and repayments of borrowings, was \$196.7 million in 2007, compared to net cash provided by financing activities in 2006 of \$1,700.7 million.

Net proceeds from borrowings (proceeds less repayments) totaled \$371.2 million in 2007 compared to net proceeds from borrowings of \$1,928.1 million in 2006. Dividends paid, including dividends paid to minority interests in subsidiaries, amounted to \$567.9 million in 2007, of which \$354 million were paid to equity holders in respect of the 2006 fiscal year and \$153 million were paid to equity holders in November 2007 as an interim dividend in respect of the dividend for the 2007 fiscal year.

This compares to \$227.4 million paid in 2006, of which \$ 204.2 million was paid in respect of the 2005 fiscal year in addition to an interim dividend paid in November 2005.

Our total liabilities to total assets ratio decreased to 0.51 to 1 as of December 31, 2007, compared to 0.55 to 1 as of December 31, 2006.

Principal Sources of Funding

Financial liabilities

Total financial debt increased by \$369.0 million to \$4,020.2 million at December 31, 2007 from \$3,651.2 million at December 31, 2006.

Our financial liabilities consist mainly of bank loans. As of December 31, 2007 U.S. dollar-denominated financial liabilities and Euro-denominated financial liabilities represented 90.7% and 6.5%, respectively, of total financial liabilities. For further information about our financial liabilities, please see note 20 to our consolidated financial statements.

The following table shows the composition of our financial liabilities at December 31, 2007 and 2006:

Thousands of U.S. dollars	2007	2006
Bank borrowings	3,953,696	3,503,573
Bank overdrafts	8,194	7,300
Other loans	56,592	134,421
Finance lease liabilities	1,763	5,949
Total borrowings	4,020,245	3,651,243

The weighted average interest rates before tax shown below were calculated using the rates set for each instrument in its corresponding currency as of December 31, 2007 and 2006. The changes in interest rate are basically due to changes in floating interest rate.

	2007	2006
Bank borrowings	5.80%	6.12%
Other loans	5.50%	5.50%
Finance lease liabilities	2.52%	3.71%

The maturity of our financial liabilities is as follows:

Thousands of U.S. dollars At December 31, 2007	1 year or less	1 - 2 years	2 - 3 years	3 - 4 Years	4 - 5 years	Over 5 years	Total
At December 31, 2007							
Financial lease	696	524	269	106	168	-	1,763
Other borrowings	1,150,083	1,855,887	503,503	441,345	45,850	21,814	4,018,482
Total borrowings	1,150,779	1,856,411	503,772	441,451	46,018	21,814	4,020,245

Our current debt to total debt ratio increased from 0.22 as of December 31, 2006 to 0.27 as of December 31 2007 due to the prepayment of long term syndicated loans.

For information on our derivative financial instruments, please see Item 11—"Quantitative and Qualitative Disclosure about Market Risk" and note 25 to our consolidated financial statements.

Most relevant Borrowings

Our most relevant borrowings as of December 31, 2007, were assumed in relation to the acquisition of Maverick in October 2006 and Hydril in May 2007.

Millions of U.S. dollars

Date	Borrower	Type	Original Principal amount	Outstanding Principal amount	Maturity
March 2005	Tamsa	Syndicated loan	300.0	300.0	March 2010
October 2006	Maverick	Syndicated loan	750.0	536.8	October 2011
October 2006	Tamsa	Syndicated loan	700.0	622.2	October 2011
October 2006	Siderca	Syndicated loan	480.5	416.6	October 2009
October 2006	Dalmine	Syndicated loan	150.0	133.3	October 2011
May 2007	Tenaris	Syndicated loan	1,000.0	1,000.0	May 2009 (*)
May 2007	Hydril	Syndicated loan	300.0	300.0	May 2012

(*)This loan may be extended at the Company's option until May 2012 at market rates, upon notice to the agent no later than 3 business days prior to the original maturity date.

The main covenants in these loan agreements are limitations on liens and encumbrances, limitations on the sale of certain assets, restrictions on investments and compliance with financial ratios (e.g., leverage ratio and interest coverage ratio in Hydril's syndicated loan agreement, and leverage ratio and debt service coverage ratio in the Company's syndicated loan agreement). In addition, Hydril's syndicated loan agreement has certain restrictions on capital expenditures. The Company's syndicated loan agreement is secured with a pledge of 100% of Hydril's shares; upon each payment or prepayment under this agreement, the number of shares subject to the pledge shall be reduced proportionally, and the pledge will be completely released immediately after the aggregate outstanding principal amount of the loan is less than or equal to \$600 million. The Company is initially allowed to make payments such as dividends, repurchase or redemption of shares up to the greater of \$475 million or 25% of the consolidated operating profit for the previous fiscal year; once the outstanding amount of this facility does not exceed \$1,000 million, no such restrictions apply.

On November 8, 2007, the Company prepaid loans under the Company's syndicated loan agreement in a principal amount of \$0.7 billion plus accrued interest thereon to such date. As a result of such prepayment, all dividend

restrictions under the syndicated loan agreement ceased to apply; in addition, the Company is entitled to reduce proportionally the number of shares pledged in connection therewith.

Tenaris began consolidating Hydril's balance sheet and operating results since May, 2007.

Tenaris's consolidated debt includes \$90 million of Dalmine's debt and \$21 million of Confab's debt secured by certain properties of these subsidiaries.

As of December 31, 2007, Tenaris was in compliance with all of its covenants.

For further information on our borrowings, please see note 20 to our consolidated financial statements.

Price Waterhouse & Co. S.R.L.
Bouchard 557
C1106ABG Ciudad de Buenos Aires
Tel (54 -11) 4850-0000
Fax (54 -11) 4850-1800

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Tenaris S.A.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of cash flows and of changes in equity present fairly, in all material respects, the financial position of Tenaris S.A. and its subsidiaries at December 31, 2007 and 2006, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2007 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Price Waterhouse & Co. S.R.L.
by

Diego Niebuhr
(Partner)

Report of Independent Registered Public Accounting Firm
Buenos Aires, Argentina
February 27, 2008

CONSOLIDATED INCOME STATEMENTS

(all amounts in thousands of U.S. dollars, unless otherwise stated)

		Year ended December 31,		
	Notes	2007	2006	2005
Continuing operations				
Net sales	1	10,042,008	7,727,745	6,209,791
Cost of sales	2	(5,515,767)	(3,884,226)	(3,429,365)
Gross profit		4,526,241	3,843,519	2,780,426
Selling, general and administrative expenses	3	(1,573,949)	(1,054,806)	(832,315)
Other operating income	5 (i)	28,704	13,077	12,396
Other operating expenses	5 (ii)	(23,771)	(9,304)	(14,595)
Operating income		2,957,225	2,792,486	1,945,912
Interest income	6	93,392	60,798	23,815
Interest expense	6	(275,648)	(92,576)	(52,629)
Other financial results	6	(22,754)	26,826	(79,772)
Income before equity in earnings of associated companies and income tax		2,752,215	2,787,534	1,837,326
Equity in earnings of associated companies	7	113,276	94,667	117,377
Income before income tax		2,865,491	2,882,201	1,954,703
Income tax	8	(823,924)	(869,977)	(567,368)
Income for continuing operations		2,041,567	2,012,224	1,387,335
Discontinued operations (see Note 29)				
Income (loss) for discontinued operations		34,492	47,180	(3)
Income for the year		2,076,059	2,059,404	1,387,332
Attributable to:				
Equity holders of the Company		1,923,748	1,945,314	1,277,547
Minority interest		152,311	114,090	109,785
		2,076,059	2,059,404	1,387,332
Earnings per share attributable to the equity holders of the Company during year				
Weighted average number of ordinary shares (thousands)	9	1,180,537	1,180,537	1,180,537
Earnings per share (U.S. dollars per share)	9	1.63	1.65	1.08
Earnings per ADS (U.S. dollars per ADS)	9	3.26	3.30	2.16

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

(all amounts in thousands of U.S. dollars)

	Notes	At December 31, 2007		At December 31, 2006	
ASSETS					
Non-current assets					
Property, plant and equipment, net	10	3,269,007		2,939,241	
Intangible assets, net	11	4,542,352		2,844,498	
Investments in associated companies	12	509,354		422,958	
Other investments	13	35,503		26,834	
Deferred tax assets	21	310,590		291,641	
Receivables	14	63,738	8,730,544	41,238	6,566,410
Current assets					
Inventories	15	2,598,856		2,372,308	
Receivables and prepayments	16	222,410		272,632	
Current tax assets	17	242,757		202,718	
Trade receivables	18	1,748,833		1,625,241	
Other investments	19	87,530		183,604	
Cash and cash equivalents	19	962,497	5,862,883	1,372,329	6,028,832
Current and non current assets held for sale	29		651,160		-
			6,514,043		6,028,832
Total assets			15,244,587		12,595,242
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital		1,180,537		1,180,537	
Legal reserves		118,054		118,054	
Share premium		609,733		609,733	
Currency translation adjustments		266,049		3,954	
Other reserves		18,203		28,757	
Retained earnings		4,813,701	7,006,277	3,397,584	5,338,619
Minority interest			523,573		363,011
Total equity			7,529,850		5,701,630
LIABILITIES					
Non-current liabilities					
Borrowings	20	2,869,466		2,857,046	
Deferred tax liabilities	21	1,233,836		991,945	
Other liabilities	22(i)	185,410		186,724	
Provisions	23(ii)	97,912		92,027	
Trade payables		47	4,386,671	366	4,128,108
Current liabilities					
Borrowings	20	1,150,779		794,197	
Current tax liabilities		341,028		565,985	
Other liabilities	22(ii)	252,204		187,701	
Provisions	24(ii)	19,342		26,645	
Customer advances		449,829		352,717	

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Trade payables		847,842	3,061,024	838,259	2,765,504
Liabilities associated with current and non-current assets held for sale	29		267,042		-
			3,328,066		2,765,504
Total liabilities			7,714,737		6,893,612
Total equity and liabilities			15,244,587		12,595,242

CONTINGENCIES, COMMITMENTS AND RESTRICTIONS TO THE DISTRIBUTION OF PROFITS ARE DISCLOSED IN NOTE 26.

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(all amounts in thousands of U.S. dollars)

	Attributable to equity holders of the Company							Total
	Share Capital	Legal Reserves	Share Premium	Currency Translation Adjustment	Other Reserves	Retained Earnings (*)	Minority Interest	
B a l a n c e a t January 1, 2007	1,180,537	118,054	609,733	3,954	28,757	3,397,584	363,011	5,701,630
C u r r e n c y t r a n s l a t i o n differences	-	-	-	262,095	-	-	47,766	309,861
Change in equity reserves (see Section III C)	-	-	-	-	(10,554)	-	-	(10,554)
Acquisition and decrease of minority interest	-	-	-	-	-	-	20,748	20,748
Dividends paid in cash	-	-	-	-	-	(507,631)	(60,263)	(567,894)
Income for the year	-	-	-	-	-	1,923,748	152,311	2,076,059
B a l a n c e a t December 31, 2007	1,180,537	118,054	609,733	266,049	18,203	4,813,701	523,573	7,529,850

(*) The Distributable Reserve and Retained Earnings calculated according to Luxembourg Law are disclosed in Note 26.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity (CONT.)

(all amounts in thousands of U.S. dollars)

	Attributable to equity holders of the Company							Total
	Share Capital	Legal Reserves	Share Premium	Currency Translation Adjustment	Other Reserves	Retained Earnings	Minority Interest	
Balance at January 1, 2006	1,180,537	118,054	609,733	(59,743)	2,718	1,656,503	268,071	3,775,873
C u r r e n c y t r a n s l a t i o n	-	-	-	63,697	-	-	15,225	78,922

differences								
Change in equity reserves (see Section III C and Note 27 (d))	-	-	-	-	26,039	-	-	26,039
Acquisition of minority interest	-	-	-	-	-	-	(11,181)	(11,181)
Dividends paid in cash	-	-	-	-	-	(204,233)	(23,194)	(227,427)
Income for the year	-	-	-	-	-	1,945,314	114,090	2,059,404
B a l a n c e a t December 31, 2006	1,180,537	118,054	609,733	3,954	28,757	3,397,584	363,011	5,701,630

	Attributable to equity holders of the Company								Total
	Share Capital	Legal Reserves	Share Premium	Distributable Reserve	Other Currency Translation Adjustment	Other Reserves	Retained Earnings	Minority Interest	
Balance at January 1, 2005	1,180,537	118,054	609,733	82	(30,020)	-	617,538	165,271	2,661,195
Effect of adopting IFRS 3 (see Section II F)	-	-	-	-	-	-	110,775	-	110,775
Adjusted balance at January 1, 2005	1,180,537	118,054	609,733	82	(30,020)	-	728,313	165,271	2,771,970
Currency translation differences	-	-	-	-	(29,723)	-	-	7,180	(22,543)
Increase in equity reserves in Ternium	-	-	-	-	-	2,718	-	-	2,718
Acquisition of minority interest	-	-	-	-	-	-	-	153	153
Dividends paid in cash	-	-	-	(82)	-	-	(349,357)	(14,318)	(363,757)
Income for the year	-	-	-	-	-	-	1,277,547	109,785	1,387,332
Balance at December 31, 2005	1,180,537	118,054	609,733	-	(59,743)	2,718	1,656,503	268,071	3,775,873

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENTS

(all amounts in thousands of U.S. dollars)	Note	Year ended December 31,		
		2007	2006	2005
Cash flows from operating activities				
Income for the year		2,076,059	2,059,404	1,387,332
Adjustments for:				
Depreciation and amortization	10 & 11	514,820	255,004	214,227
Income tax accruals less payments	28 (ii)	(393,055)	56,836	149,487
Equity in earnings of associated companies		(94,888)	(94,667)	(117,377)
Interest accruals less payments, net	28 (iii)	(21,302)	21,909	1,919
Income from disposal of investment and other		(18,388)	(46,481)	-
Changes in provisions		(421)	8,894	6,497
Proceeds from Fintecna arbitration award net of BHP settlement		-	-	66,594
Changes in working capital	28 (i)	(110,425)	(469,517)	(433,939)
Other, including currency translation adjustment		68,224	19,474	20,583
Net cash provided by operating activities		2,020,624	1,810,856	1,295,323
Cash flows from investing activities				
Capital expenditures	10 & 11	(447,917)	(441,472)	(284,474)
Acquisitions of subsidiaries and minority interest	27	(1,927,262)	(2,387,249)	(48,292)
Other disbursements relating to the acquisition of Hydril		(71,580)	-	-
Decrease in subsidiaries / associated		27,321	52,995	-
Convertible loan to associated companies		-	-	(40,358)
Proceeds from disposal of property, plant and equipment and intangible assets		24,041	15,347	9,995
Dividends and distributions received from associated companies	12	12,170	-	59,127
Changes in restricted bank deposits		21	2,027	11,452
Reimbursement from trust funds		-	-	(119,907)
Investments in short terms securities		96,074	(63,697)	119,666
Net cash used in investing activities		(2,287,132)	(2,822,049)	(292,791)
Cash flows from financing activities				
Dividends paid		(507,631)	(204,233)	(349,439)
Dividends paid to minority interest in subsidiaries		(60,263)	(23,194)	(14,318)
Proceeds from borrowings		2,718,264	3,033,230	1,222,861
Repayments of borrowings		(2,347,054)	(1,105,098)	(1,463,233)
Net cash (used in) provided by financing activities		(196,684)	1,700,705	(604,129)
(Decrease) Increase in cash and cash equivalents		(463,192)	689,512	398,403
Movement in cash and cash equivalents				
At the beginning of the period		1,365,008	680,591	293,824
Effect of exchange rate changes		52,487	(5,095)	(11,636)
(Decrease) Increase in cash and cash equivalents		(463,192)	689,512	398,403
At December 31,	28 (iv)	954,303	1,365,008	680,591

Non-cash financing activity

Conversion of debt to equity in subsidiaries	35,140	-	-
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The accompanying notes are an integral part of these consolidated financial statements.

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I. GENERAL INFORMATION

Tenaris S.A. (the “Company”), a Luxembourg corporation (société anonyme holding), was incorporated on December 17, 2001, as a holding company in steel pipe manufacturing and distributing operations. The Company holds, either directly or indirectly, controlling interests in various subsidiaries. References in these financial statements to “Tenaris” refer to Tenaris S.A. and its consolidated subsidiaries.

The Company’s shares trade on the Milan Stock Exchange, the Buenos Aires Stock Exchange and the Mexico City Stock Exchange; the Company’s American Depositary Securities trade on the New York Stock Exchange.

These Consolidated Financial Statements were approved for issue by the Company’s Board of Directors on February 27, 2008.

II. ACCOUNTING POLICIES

A Basis of presentation

The Consolidated Financial Statements of Tenaris and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss. The Consolidated Financial Statements are presented in thousands of U.S. dollars (“\$”).

Certain comparative amounts have been reclassified to conform to changes in presentation in the current year.

The preparation of consolidated financial statements in conformity with IFRS requires management to make certain accounting estimates and assumptions that might affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the balance sheet dates, and the reported amounts of revenues and expenses during the reporting years. Actual results may differ from these estimates.

B Group accounting

(1) Subsidiary companies

Subsidiary companies are entities which are controlled by Tenaris as a result of its ownership of more than 50% of the voting rights or its ability to otherwise govern an entity’s financial and operating policies. Subsidiaries are consolidated from the date on which control is exercised by the Company and are no longer consolidated from the date that the Company ceases to have control.

The purchase method of accounting is used to account for the acquisition of subsidiaries by Tenaris. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of acquisition, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of Tenaris share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Material intercompany transactions and balances between Tenaris subsidiaries have been eliminated in consolidation. However, since the functional currency of some subsidiaries is its respective local currency, some financial gains

(losses) arising from intercompany transactions are generated. These are included in the Consolidated Income Statement under Other financial results.

See Note 31 for the list of the principal subsidiaries.

(2) Associated companies

Investments in associated companies are accounted for by the equity method of accounting and initially recognized at cost. Associated companies are companies in which Tenaris owns between 20% and 50% of the voting rights or over which Tenaris has significant influence, but does not have control. Unrealized results on transactions between Tenaris and its associated companies are eliminated to the extent of Tenaris' interest in the associated companies. Unrealized losses are also eliminated but considered an impairment indicator of the asset transferred. Financial statements of associated companies have been adjusted where necessary to ensure consistency with IFRS. The Company's pro-rata share of earnings in associated companies is recorded in Equity in earnings of associated companies. The Company's pro-rata share of changes in other reserves is recognized in reserves in the Statement of Changes in Equity.

The Company's investment in Ternium S.A. ("Ternium") has been accounted for by the equity method, as Tenaris has significant influence as defined by IAS 28, Investments in Associates. At December 31, 2007, Tenaris holds 11.46% of Ternium's common stock. The Company's investment in Ternium is carried at incorporation cost plus proportional ownership of Ternium's earnings and other shareholders' equity accounts. Because the exchange of its holdings in Amazonia and Ylopa for shares in Ternium was considered to be a transaction between companies under common control of San Faustin N.V., Tenaris recorded its initial ownership interest in Ternium at \$229.7 million, the carrying value of the investments exchanged. This value was \$22.6 million less than Tenaris' proportional ownership of Ternium's shareholders' equity at the transaction date. As a result of this treatment, Tenaris' investment in Ternium will not reflect its proportional ownership of Ternium's net equity position. Ternium carried out an initial public offering ("IPO") of its shares on February 1, 2006, listing its ADS on the New York Stock Exchange.

C Segment information

The Company is organized in three major business segments: Tubes, Projects and Other.

The Tubes segment includes the operations that consist of the production and selling of both seamless and welded steel tubular products and related services mainly for energy and industrial applications.

The Projects segment includes the operations that consist of the production and selling of welded steel pipe products mainly used in the construction of major pipeline projects.

The Others segment includes the operations that consist of the production and selling of sucker rods, welded steel pipes for electric conduits, industrial equipment and raw materials, such as hot briquetted iron, or HBI, that exceed Tenaris's internal requirements.

In May 2007, Tenaris acquired Hydril Company ("Hydril"), a company engaged in engineering, manufacturing and selling of premium connections and pressure control products for oil and gas drilling production. Hydril's premium connections business was allocated to the Tubes segment and a new segment was initially created -Pressure Control- for Hydril's pressure control business. On January 28, 2008, Tenaris entered into an agreement with General Electric Company (GE) to sell the pressure control business; in accordance with IFRS 5, the pressure control business has been disclosed as current and non current assets and liabilities held for sale and discontinued operations.

Corporate general and administrative expenses have been allocated to the Tubes segment.

Tenaris groups its geographical information in five areas: North America, South America, Europe, Middle East and Africa, and Far East and Oceania. For purposes of reporting geographical information, net sales are allocated to geographical areas based on the customer's location; allocation of assets and capital expenditures and associated depreciation and amortization are based on the geographic location of the assets.

D Foreign currency translation

(1) Functional and presentation currency

IAS 21 (revised) defines the functional currency as the currency of the primary economic environment in which an entity operates.

The functional and presentation currency of the Company is the U.S. dollar. The U.S. dollar is the currency that best reflects the economic substance of the underlying events and circumstances relevant to Tenaris' global operations. Generally, the functional currency of the Company's subsidiaries is the respective local currency. Tenaris Argentine

operations, however, which consist of Siderca S.A.I.C. (“Siderca”) and its Argentine subsidiaries, have determined their functional currency to be the U.S. dollar, based on the following considerations:

- Sales are mainly negotiated, denominated and settled in U.S. dollars. If priced in a currency other than the U.S. dollar, the price considers exposure to fluctuation in the rate of exchange rate versus the U.S. dollar;
 - Prices of critical raw materials and inputs are priced and settled in U.S. dollars;
- The exchange rate of the currency of Argentina has long-been affected by recurring and severe economic crises; and
 - Net financial assets and liabilities are mainly received and maintained in U.S. dollars.

In addition to Siderca, the Colombian subsidiaries and most of the Company's distributing subsidiaries and intermediate holding subsidiaries have the U.S. dollar as their functional currency, reflecting the transaction environment and cash flow of these operations.

(2) Translation of financial information in currencies other than the functional currency

Results of operations for subsidiaries whose functional currencies are not the U.S. dollar are translated into U.S. dollars at the average exchange rates for each quarter of the year. Balance sheet positions are translated at the end-of-year exchange rates. Translation differences are recognized in equity as currency translation adjustments. In the case of a sale or other disposal of any such subsidiary, any accumulated translation difference would be recognized in income as a gain or loss from the sale.

(3) Transactions in currencies other than the functional currency

Transactions in currencies other than the functional currency are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions, including intercompany transactions, and from the translation of monetary assets and liabilities denominated in currencies other than the functional currency, are recorded as gains and losses from foreign exchange and included in Other Financial results in the income statement.

E Property, plant and equipment

Property, plant and equipment are recognized at historical acquisition or construction cost less accumulated depreciation and impairment losses. Property, Plant and Equipment acquired through acquisitions accounted for as business combinations have been valued initially at the fair market value of the assets acquired.

Major overhaul and rebuilding expenditures are capitalized as property, plant and equipment only when the investment enhances the condition of assets beyond its original condition. The carrying amount of the replaced part is derecognized.

Ordinary maintenance expenses on manufacturing properties are recorded as cost of products sold in the year in which they are incurred.

Borrowing costs that are attributable to the acquisition or construction of certain capital assets are capitalized as part of the cost of the asset, in accordance with IAS 23("Borrowing Costs") . Capital assets for which borrowing costs are capitalized are those that require a substantial period of time to prepare for their intended use.

Depreciation is calculated using the straight-line method to depreciate the cost of each asset to its residual value over its estimated useful life, as follows:

Buildings and improvements	30-50 years
Plant and production equipment	10-20 years
Vehicles, furniture and fixtures, and other equipment	4-10 years

The residual values and useful lives of significant plant and equipment are reviewed, and adjusted if appropriate, at each year-end date. Any charges from such reviews are included in Cost of sales in the Income Statement.

Management's reestimation of assets useful lives, performed in accordance with IAS 16 ("Property plant and equipment"), did not materially affect depreciation expenses for 2007.

Tenaris depreciates each significant part of an item of property, plant and equipment for its different production facilities that (i) can be properly identified as an independent component with a cost that is significant in relation to the total cost of the item, and (ii) has a useful operating life that is different from another significant part of that same item of property, plant and equipment.

Gains and losses on disposals are determined by comparing net proceeds with the carrying amount of assets. These are included in Other operating income or Other operating expenses in the Income Statement.

F Intangible assets

(1) Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of Tenaris' share of net assets acquired as part of business combinations determined mainly by independent valuation. Separately recognized goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. No impairment losses related to goodwill were recorded by Tenaris during the three years covered by these Consolidated Financial Statements. In the event of impairment, reversals are not allowed. Goodwill is included in Intangible assets, net on the Balance Sheet.

Goodwill is allocated to cash-generating units ("CGU's") for the purpose of impairment testing. The allocation is made to those CGU expected to benefit from the business combination which generated the goodwill being tested.

Negative goodwill represents an excess of the fair value of identifiable net assets acquired in a business combination over the cost of the acquisition. IFRS 3 ("Business Combinations") requires negative goodwill to be recognized immediately as a gain in the Income Statement.

Upon the adoption of IFRS 3, adopted together with the revised IAS 38 ("Intangible Assets"), and IAS 36 ("Impairment of Assets"), previously accumulated negative goodwill was required to be derecognized through an adjustment to retained earnings. The derecognition of negative goodwill in this manner resulted in an increase of \$110.8 million in the opening balance of the Company's equity at January 1, 2005.

(2) Information systems projects

Costs associated with developing or maintaining computer software programs are generally recognized as an expense as incurred. However, costs directly related to the development, acquisition and implementation of information systems are recognized as intangible assets if it is probable they have economic benefits exceeding one year.

Information systems projects recognized as assets are amortized using the straight-line method over their useful lives, not exceeding a period of 3 years. Amortization charges are classified as Selling, general and administrative expenses in the Income Statement.

(3) Licenses, patents, trademarks and proprietary technology

Expenditures on acquired patents, trademarks, technology transfer and licenses are capitalized and amortized using the straight-line method over their estimated useful lives, not exceeding a period of 10 years.

Trademarks acquired through acquisitions amounting to \$149.1 million at December 31, 2007, out of which \$57.1 million are disclosed within current and non current assets held for sale, have indefinite useful lives according to external appraisal. Main factors considered in the determination of the indefinite useful lives, include the years that they have been in service and their recognition among customers in the industry.

(4)

Research and development

Research expenditures as well as development costs that do not fulfill the criteria for capitalization are recorded as Cost of sales in the income statement as incurred. Research and development expenditures included in Cost of sales for the years 2007, 2006 and 2005 totaled \$61.7 million , \$46.9 million and \$34.7 million, respectively.

(5) Customer relationships and backlog acquired in a business combination

In accordance with IFRS 3 and IAS 38, Tenaris has recognized the value of customer relationships and backlog separately from goodwill attributable to the acquisition of Maverick and Hydril, as further disclosed in Note 27 (a) and (c).

Customer relationships are amortized using the straight-line method over a useful average life of approximately 14 years for Maverick and 10 years for Hydril.

Backlog refers to fair value calculated with the discounted cash flow method of agreements and/or relationships that effectively represent "pre-sold" business for Hydril pressure control. It is amortized using the straight-line method over a useful average life of approximately 2 years.

G Impairment of non financial assets

In accordance with IFRS 3, IAS 36 and IAS 38, long-lived assets including identifiable intangible assets and goodwill are regularly reviewed for impairment.

Intangible assets with indefinite useful life, including goodwill, are subject to at least an annual impairment test for possible impairment whereas, the remaining long lived assets are tested whenever events or changes in circumstances indicate that the balance sheet carrying amount of the asset may not be recoverable.

To carry out these tests, assets are grouped into CGUs. The value in use of these units is determined on the basis of the present value of net future cash flows which will be generated by the assets tested. Cash flows are discounted at rates that reflect specific country and currency risks.

H Other investments

Other investments consist primarily of investments in financial debt instruments.

All of Tenaris investments are classified as financial assets "at fair value through profit or loss".

Purchases and sales of financial investments are recognized as of the trade date, which is the date that Tenaris commits to purchase or sell the investment, and which is not significantly different from the actual settlement date. The change in fair value of financial investments designated as held at fair value through profit or loss is charged to Financial results in the Income Statement.

Results from financial investments are recognized in Financial results in the income statement.

The fair values of quoted investments are based on current mid prices (see Section III. Financial Risk Management). If the market for a financial investment is not active or the securities are not listed, Tenaris estimates the fair value by using standard valuation techniques.

I Inventories

Inventories are stated at the lower of cost (calculated principally on the first-in-first-out "FIFO" method) and net realizable value. The cost of finished goods and goods in process is comprised of raw materials, direct labor, other direct costs and related production overhead costs. Tenaris estimates net realizable value of inventories by grouping, where applicable, similar or related items. Net realizable value is the estimated selling price in the ordinary course of

business, less any estimated costs of completion and selling expenses. Goods in transit at year end are valued based on supplier's invoice cost.

Tenaris establishes an allowance for obsolete or slow-moving inventory related to finished goods, supplies and spare parts. For slow moving or obsolete finished products, an allowance is established based on management's analysis of product aging. An allowance for slow-moving inventory of supplies and spare parts is established based on management's analysis of such items to be used as intended and the consideration of potential obsolescence due to technological changes.

J Trade receivables

Trade receivables are recognized initially at fair value, generally the original invoice amount. Tenaris analyzes its trade accounts receivable on a regular basis and, when aware of a specific client's difficulty or inability to meet its obligations to Tenaris, impairs any amounts due by means of a charge to an allowance for doubtful accounts receivable. Additionally, this allowance is adjusted periodically based on the aging of receivables.

K Cash and cash equivalents

Cash and cash equivalents are comprised of cash in banks, short-term money market funds and highly liquid short-term securities with a maturity of less than 90 days at the date of purchase. Assets recorded in cash and cash equivalents are carried at fair market value, or at historical cost which approximates fair market value.

For the purposes of the cash flow statement, cash and cash equivalents is comprised of cash, bank accounts and short-term highly liquid investments and overdrafts.

On the Balance Sheet, bank overdrafts are included in borrowings in current liabilities.

L Shareholders' Equity

(1) Basis of presentation

The consolidated statement of changes in equity includes:

- The value of share capital, legal reserve, share premium and other distributable reserve calculated in accordance with Luxembourg Law;
- The currency translation adjustment, other reserves, retained earnings and minority interest calculated in accordance with IFRS.

(2) Share capital

Total ordinary shares issued and outstanding as of December 31, 2007, 2006 and 2005 are 1,180,536,830 with a par value of \$1.00 per share with one vote each. All issued shares are fully paid.

(3) Dividends paid by the Company to shareholders

Dividends payable are recorded in the Company's financial statements in the year in which they are approved by the Company's shareholders, or when interim dividends are approved by the Board of Directors in accordance with the by-laws of the Company.

Dividends may be paid by the Company to the extent that it has distributable retained earnings, calculated in accordance with Luxembourg law. As a result, retained earnings included in the Consolidated Financial Statements may not be wholly distributable (See Note 26).

M Borrowings

Borrowings are recognized initially for an amount equal to the proceeds received net of transaction costs. In subsequent years, borrowings are stated at amortized cost.

N Income Taxes – Current and Deferred

Under present Luxembourg law, the Company is not subject to income tax, withholding tax on dividends paid to shareholders or capital gains tax payable in Luxembourg as long as the Company maintains its status as a “1929 Holding Billiardaire Company”. Following a previously announced decision by the European Commission, the Grand-Duchy of Luxembourg has terminated its 1929 holding company regime, effective January 1, 2007. However, under the implementing legislation, pre-existing publicly listed companies -including the Company- will be entitled to continue benefiting from their current tax regime until December 31, 2010.

The current income tax charge is calculated on the basis of the tax laws in effect in the countries where the Company’s subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions when appropriate.

Deferred income taxes are calculated applying the liability method on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from fair value adjustments of assets acquired in business combinations, the effect of currency translation on fixed assets, depreciation on property, plant and equipment, valuation of inventories and provisions for pensions. Deferred tax assets are also recognized for net operating loss carry-forwards. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the time period when the asset is realized or the liability is expected to be settled, based on tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognized to the extent it is probable that future taxable income will be available to utilize those recognized deferred tax assets against such income.

O Employee-related liabilities

(a) Employee severance indemnity

Employee severance indemnity costs are assessed annually using the projected unit credit method. Employee severance indemnity obligations are measured at the present value of the estimated future cash outflows, based on actuarial calculations provided by independent advisors and in accordance with current legislation and labor contracts in effect in each respective country. The cost of this obligation is charged to the income statement over the expected service lives of employees.

This provision is primarily related to the liability accrued for employees at Tenaris' Italian and Mexican subsidiaries.

As from January 1, 2007 as a consequence of a change in an Italian law, employees were entitled to make contributions to external funds or to maintain the contributions within the company. If the employee chooses to make contributions to the external funds Tenaris' Italian subsidiary pays every year the matured contribution to the funds and no more obligation will be in charge of it. As a consequence of the abovementioned, the structure of the plan could be changed from a defined benefit plan to a defined contribution plan effective from the date of the choice, but only limited to the contributions of 2007 onwards.

(b) Defined benefit pension obligations

Certain officers of Tenaris are covered by defined benefit employee retirement plans designed to provide post-retirement, termination and other benefits.

Post-retirement costs are assessed using the projected unit credit method. Post-retirement obligations are measured at the present value of the estimated future cash outflows, based on actuarial calculations provided by independent advisors.

Benefits provided under one of Tenaris' plans are provided in U.S. dollars, and are calculated based on seven-year salary averages. Tenaris accumulates assets for the payment of benefits expected to be disbursed by this plan in the form of investments that are subject to time limitations for redemption. These investments are neither part of a specific pension plan nor are they segregated from Tenaris' other assets. As a result, this plan is considered to be "unfunded" under IFRS definitions.

In one of its Canadian subsidiaries, Tenaris sponsors funded and unfunded non-contributory defined benefit pension plans. The plans provide defined benefits based on years of service and, in the case of salaried employees, final average salary. In addition Tenaris provides an unfunded non-contributory post-employment benefits plan to retirees

from salaried employment.

Certain other officers and former employees of one specific Tenaris subsidiary are covered by a separate plan defined as “funded” under IFRS definitions.

All of Tenaris’ plans recognize actuarial gains and losses over the average remaining service lives of employees.

(c) Other compensation obligations

Employee entitlements to annual leave and long-service leave are accrued as earned.

Other length of service based compensation to employees in the event of dismissal or death is charged to income in the year in which it becomes payable.

(d) Employee retention and long term incentive program

On January 1, 2007 Tenaris adopted an employee retention and long term incentive program. Pursuant to this program, certain senior executives will be granted with a number of units' equivalent in value to the equity book value per share (excluding minority interest). The units will be vested over four years period and Tenaris will redeem vested units following a period of seven years from the grant date, or when the employee ceases employment, at the equity book value per share at the time of payment. Beneficiaries will also receive a cash amount per unit equivalent to the dividend paid per share whenever the Company pays a cash dividend to its shareholders.

Annual compensation under this program is not expected to exceed 35% in average of the total annual compensation of the beneficiaries.

The total value of the units granted to date under the program, considering the number of units and the book value per share as of December 31, 2007, is \$8.1 million. As of December 31, 2007, Tenaris has recorded a total liability of \$11.1 million, based on actuarial calculations provided by independent advisors.

P Employee statutory profit sharing

Under Mexican law, the Company's Mexican subsidiaries are required to pay to their employees an annual benefit calculated on a similar basis to that used for local income tax purposes. Employee statutory profit sharing is calculated using the liability method, and is recorded in Current other liabilities and Non-current other liabilities on the balance sheet. Because Mexican employee statutory profit sharing is determined on a similar basis to that used for determining local income taxes, Tenaris accounts for temporary differences arising between the statutory calculation and reported expense as determined under IFRS in a manner similar to the calculation of deferred income tax.

Q Provisions and other liabilities

Tenaris is subject to various claims, lawsuits and other legal proceedings, including customer claims, in which a third party is seeking payment for alleged damages, reimbursement for losses or indemnity. Tenaris' potential liability with respect to such claims, lawsuits and other legal proceedings cannot be estimated with certainty. Management periodically reviews the status of each significant matter and assesses potential financial exposure. If a potential loss from a claim or proceeding is considered probable and the amount can be reasonably estimated, a liability is recorded. Accruals for loss contingencies reflect a reasonable estimate of the losses to be incurred based on information available to management as of the date of preparation of the financial statements, and take into consideration Tenaris' litigation and settlement strategies. These estimates are primarily constructed with the assistance of legal counsel. As the scope of liabilities become better defined, there may be changes in the estimates of future costs which could have a material adverse effect on its results of operations, financial condition and net worth.

If Tenaris expects to be reimbursed for an accrued expense, as would be the case for an expense or loss covered under an insurance contract, and reimbursement is considered virtually certain, the expected reimbursement is recognized as a receivable.

R

Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost.

S Revenue recognition

Tenaris' products and services are sold based upon purchase orders, contracts or upon other persuasive evidence of an arrangement with customers, including that the sales price is known or determinable. Sales are recognized as revenue upon delivery and when collection is reasonably assured. Delivery is defined by the transfer of risk provision of sales contracts and may include delivery to a storage facility located at one of the Company's subsidiaries.

The Pressure Control business (disclosed as discontinued operations) and industrial equipment (included in Other segment) recognize revenues from long term contracts. These contracts are recognized using the percentage of completion method measured by the percentage of costs incurred to estimated final costs.

Other revenues earned by Tenaris are recognized on the following bases:

- Interest income: on the effective yield basis.
- Dividend income from investments in other companies: when Tenaris' right to collect is established.

T Cost of sales and sales expenses

Cost of sales and sales expenses are recognized in the income statement on the accrual basis of accounting.

Commissions, freight and other selling expenses, including shipping and handling costs, are recorded in Selling, general and administrative expenses in the income statement.

U Earnings per share

Earnings per share are calculated by dividing the income attributable to equity holders of the Company by the daily weighted average number of common shares outstanding during the year.

V Derivative financial instruments

Accounting for derivative financial instruments and hedging activities is included within the Section III, Financial Risk Management.

Tenaris has identified certain embedded derivatives and in accordance with IAS 39 ("Financial Instruments: Recognition and Measurement") has accounted them separately from their host contracts. This result has been recognized under "Net foreign exchange transaction results and changes in fair value of derivative instruments".

III. FINANCIAL RISK MANAGEMENT

The multinational nature of Tenaris' operations and customer base expose the Company to a variety of risks, including the effects of changes in foreign currency exchange rates and interest rates. To manage the volatility related to these exposures, management evaluates exposures on a consolidated basis to take advantage of logical exposure netting. For a portion of the remaining exposures, the Company or its subsidiaries may enter into various derivative transactions in order to manage potential adverse impacts on the Tenaris' financial performance. Such derivative transactions are executed in accordance with internal policies in areas such as counterparty exposure and hedging practices.

A. FINANCIAL RISK FACTORS

(i) Capital Risk

Tenaris seeks to maintain an adequate debt to total equity ratio considering the industry and the markets where it operates. The year end ratio of debt to total equity (where “debt” comprises all financial borrowings and “equity” is the sum of financial borrowings and shareholders’ equity) is 0.35 as of December 31, 2007, in comparison with 0.39 as of December 31, 2006. The Company does not have to comply with regulatory capital adequacy requirements as known in the financial services industry.

(ii) Foreign exchange rate risk management

Tenaris manufactures and sells its products in a number of countries throughout the world and as a result is exposed to foreign exchange rate risk. Since the functional currency of the Company is the U.S. dollar the purpose of Tenaris’ foreign currency hedging program is to reduce the risk caused by changes in exchange rates against US dollar.

Tenaris’ exposure to currency fluctuations is reviewed on a periodic basis. A number of derivative transactions are performed in order to achieve an efficient coverage. Almost all of these hedging transactions are forward exchange rates contracts (see Note 25 Derivative Financial Instruments).

Tenaris does not hold or issue derivative financial instruments for speculative trading purposes.

Because a number of subsidiaries have functional currencies other than the U.S. dollar, the results of hedging activities, reported in accordance with IFRS, may not reflect management’s assessment of its foreign exchange risk hedging program. Intercompany balances between Tenaris subsidiaries may generate financial gains (losses) to the extent that functional currencies differ.

The following table shows a breakdown of Tenaris’ assessed long / (short) balance sheet exposure to currency risk as of December 31, 2007, including the effect of forward exchange rate contracts in place. These balances include intercompany positions where the intervening parties have different functional currencies.

Exposure to in thousand \$	Functional Currency									
	USD	EUR	MXN	BRL	JPY	CAD	RON	VEB	CNY	Other
USD	(n/a)	(236,608)	(278,948)	209,932	145,438	4,522	(58,354)	(38,811)	(31,755)	(749)
EUR	44,256	(n/a)	1,486	11,218	(213)	(799)	(19,681)	(3,832)	(180)	-
MXN	2,283	-	(n/a)	-	-	-	-	-	-	-
JPY	439	-	-	-	(n/a)	(10)	-	-	(107)	-
CAD	(62,657)	256	663	-	(40)	(n/a)	-	-	-	-
RON	(19,208)	-	-	-	-	-	(n/a)	-	-	-
VEB	16,338	-	-	-	-	-	-	(n/a)	-	-
ARS	(156,359)	-	-	-	-	-	-	-	-	-
GBP	14,330	1,405	6	9	256	(8)	1,667	-	-	-
Other	(1,125)	-	-	-	19	-	-	-	-	-