



Boulogne-Billancourt, 31 July 2009

Press Release

Vallourec pursues its employee shareholding policy through the launch of “Value 09”

Vallourec announced today that it has reached an agreement on the principle of the implementation of an employee share offering reserved for its employees (and assimilated beneficiaries) in order to strengthen their corporate attachment to the Group’s activity and performance. This offer will be supplemented by a free performance share allocation plan.

Employee share offering – Further to the success of the “Value 08” plan, this new plan, called “Value 09”, is an offering of up to 1,075,000 newly issued shares, representing 1.9% of the company’s share capital.

Last year, approximately 12,200 employees (representing 68% of the total number of eligible employees) subscribed to the “Value 08” plan which brought the employee shareholders’ interest in the Group’s share capital to 1.53%. Vallourec has decided to launch a new plan in order to further strengthen the employees’ corporate attachment to the Group’s future development and results by offering them an opportunity to invest once again in Vallourec shares (either directly or indirectly) via one or several FCPE (*fonds commun de placement d’entreprise* or company mutual fund).

Subject to any locally required authorizations, the “Value 09” offer will be open to employees (and assimilated beneficiaries) of Vallourec and of those of its subsidiaries in which it directly or indirectly holds more than 50% of the share capital and which have registered offices in one of the following countries: France, Germany, Brazil, United States, United Kingdom, Mexico, China and Canada, i.e. approximately 94% of the Group’s current employees.

Based on the indicative calendar, the reservation period will be open from September 21, 2009 to and including October 9, 2009. The subscription price will be equal to the average opening price of Vallourec shares on NYSE Euronext Paris during the twenty trading days preceding the date on which the subscription/revocation period is established, discounted by 20% and rounded up to the nearest Euro cent. Based on the indicative calendar, the dates and the subscription price will be determined on November 12, 2009. The subscription/revocation period will be open from November 13 to and including November 17, 2009.

As soon as possible following the completion of the capital increase (expected to occur on December 17, 2009), an application will be made for the admission to trading on NYSE Euronext Paris of the new Vallourec shares issued within the framework of the “Value 09” offer. They will be listed on the same line as the existing Vallourec shares (ISIN code: FR0000120354-VK) and will be immediately fully fungible with such shares.

Two formulas will be offered in France: a classic formula (i.e., share subscription with a 20% discount, supplemented by an employer contribution in cash through an FCPE), and a leverage formula. Outside of France, only a leverage formula will be offered.

The leveraged offer proposed within the framework of the “Value 09” offer is intended to guarantee the employee’s personal contribution (subject to the effects of foreign exchange rate fluctuations, any applicable tax and social security contributions and the consequences of a potential unwinding of the swap transaction) and to allow him/her to benefit from a multiple of the protected average increase of the share price compared to the reference price between the date of the capital increase and July 1, 2014. The structure of this formula will differ from one jurisdiction to another in order to comply with local regulations and/or to take advantage of specific tax provisions that may be more favorable for employee subscriptions, while ensuring comparable economic advantages to all eligible employees (in particular through a specific leveraged FCPE or a direct subscription for shares (or a cash deposit by the employee) supplemented by the grant of stock appreciation rights (SARs) by the employer). In France, the leverage formula will be supplemented by an employer contribution. Outside of France it will be supplemented either by a grant of free existing shares (up to a maximum of 80,000 shares), or in some cases a deferred cash bonus. The terms and conditions that apply in each jurisdiction will be transmitted to the eligible employees.

Some of the shares (i.e., for an amount equal to nine times the amount of the employees’ subscriptions under formulas other than those offered through an FCPE) will be subscribed for at a discounted price by a special purpose vehicle dedicated to Vallourec offers controlled by the financial institution participating in structuring the transaction.

Shares or FCPE units subscribed for by the employees or the cash deposits made by employees, as the case may be, will be unavailable until July 1, 2014 except in cases of early release. The Supervisory Board of each FCPE holding shares will exercise the voting rights associated with such shares. The financial institution has undertaken to vote in the same manner as the Supervisory Board of the leveraged FCPE being offered to French employees.

The financial mechanisms underlying the leverage formula require hedging transactions to be carried out on the open market by the financial institution that participates in structuring the formula. These hedging transactions may be carried out by this institution as from today, during the period used as reference for the determination of the subscription price and, for adjustment purposes, throughout the duration of the transaction. Based on Vallourec’s subscription assumptions, the impact of such transactions on the price of Vallourec shares is expected to be limited, whether it be when the hedging activities are initiated, during the plan’s term, or at maturity.

Free performance share allocation plan – As a supplement to “Value 09”, the Management Board has decided to implement a plan aimed at awarding up to three free existing shares to all employees eligible for the “Value 09” plan (representing a total maximum of 54,000 shares). This plan, subject to the satisfaction of presence and Group’s performance conditions, will allow employees eligible for “Value 09” (if possible under local legislation) to be associated in the Group’s capital, independently of their participation in the “Value 09” offer. The features of this plan will be provided to all concerned employees.

This press release is for information purposes only and does not constitute an offer to sell or a solicitation for offers to purchase securities. This document constitutes the press release required by the Autorité des marchés financiers (“AMF”) in accordance with Article 212-5-6° of its General Regulations. An information notice prepared in accordance with article 4(1)(e) of the EU Directive n°2003/71 will be made available to eligible participants if required under applicable regulations.

About Vallourec

Vallourec is world leader in the production of seamless steel tubes designed primarily for the Oil & Gas and Power generation sectors, as well as for other industrial applications.

Vallourec is listed on NYSE Euronext Paris (ISIN code: FR0000120354), is eligible for the deferred settlement system and is included in the following indices: MSCI World Index, Euronext 100 and CAC 40. FTSE classification: engineering and machinery.

Calendar 2009

- 24 September: Investor Day
- 12 November: release of 2009 Q3 results

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