



## Press Release

# Vallourec invests to meet the needs of the North American Oil & Gas market

*Boulogne-Billancourt, 15 February, 2010* - Vallourec, world leader in premium tubular solutions, announces today that it will build a new state-of-the-art small diameter rolling mill in Youngstown, Ohio. This decision is supported by the long term development of unconventional gas production in the US which is driving increased demand for small diameter OCTG tubes. The new mill, which will initially produce 350,000 tonnes per year, provides an annual nominal rolling capacity of 500,000 tonnes of seamless tubes. The project includes heat treatment and threading facilities. The investment will amount to US\$650 million, with operations expected to start by the fourth quarter 2011. The project will create around 350 new direct jobs.

The exploitation of unconventional gas resources has revolutionized the US gas market and, thanks to new technologies lowering extraction costs, has become a sustainable source of gas supply. Shale gas production typically requires an increased number of wells, horizontal drilling and sand fracturing at high pressures. This implies higher volumes of small diameter alloy pipes, with an increasing proportion of premium connections.

This new offer will complement the range produced by Vallourec in North America and will consolidate the Group's leadership position as a provider of competitive and fully integrated premium tubular solutions. Ideally located close to major shale basins (eg. Marcellus), and combined with the Group's other operations in the vicinity of other shale plays (eg. Fayetteville or Haynesville), this new facility will benefit Vallourec's customers in the US.

Philippe Crouzet, Chairman of Vallourec's Management Board stated: *"This is a strategic investment to support our customers in the development of America's natural gas resources. We are excited about the opportunities that this new investment brings for the development of the Group. This project capitalizes on our long-term commitments to the US market, our local business partnerships, as well as the support of federal, state and municipal governments. Specifically, we benefit from the talent and skill of our workforce who have demonstrated their ability and commitment to delivering world class products and excellent customer service."*

## **About Vallourec**

Vallourec is a world leader in premium tubular solutions primarily serving the energy markets, as well as other industrial applications.

With 18 000 employees, integrated manufacturing facilities, advanced R&D and a presence in more than 20 countries, Vallourec offers its customers innovative global solutions to meet the growing energy challenges of the 21st century.

Listed on the NYSE Euronext in Paris (ISIN code: FR0000120354) and eligible for the Deferred Settlement System, Vallourec is included in the following indices: MSCI World Index, Euronext 100 and CAC 40.

## **2010 Calendar**

- February 23: release of the 2009 annual results
- May 12: release of first-quarter results
- May 31: General Meeting of the Shareholders

### **For further information, contact:**

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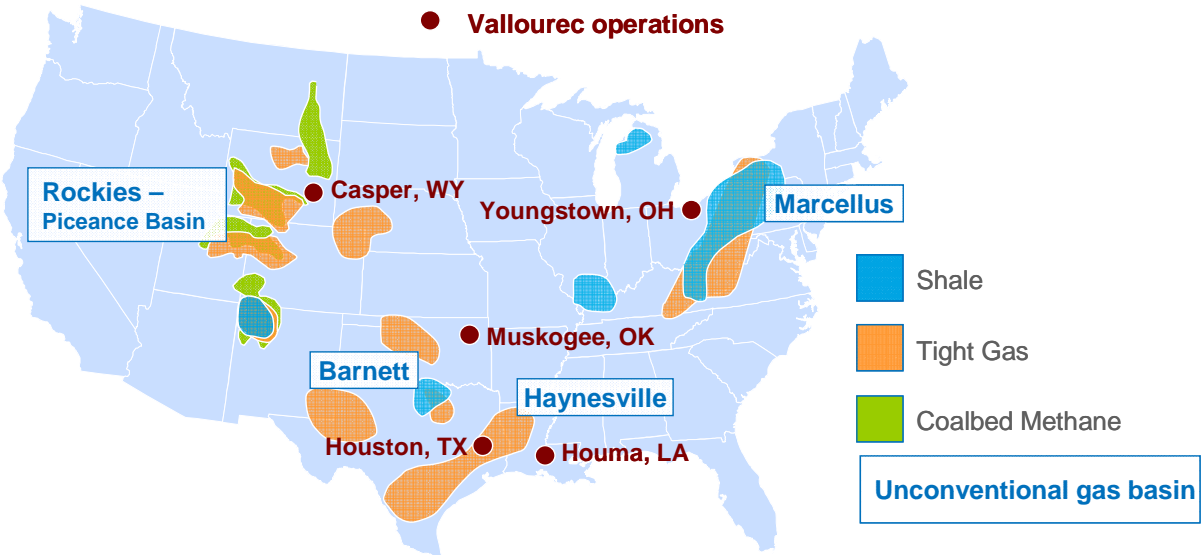
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*Appendix: Vallourec in North America, business profile*

**Vallourec in the US: proximity to unconventional gas basins**



**Vallourec in North America**

With over 2,500 people in 18 manufacturing facilities and service operations in the US, Canada and Mexico, Vallourec in North America primarily serves the local Oil & Gas market. Key products include Oil Country Tubular Goods (OCTG), Line Pipes, Drill Pipes and premium threading services of VAM<sup>®</sup> and Atlas Bradford<sup>®</sup>. Most other market segments are served by Vallourec's specialized entities in Europe and Brazil.

In 2008, the North American market generated €1.5 billion in revenues, representing 24% of Vallourec's total sales.

**Investment Profile:**

<p><b>Location</b> Youngstown and Girard, Ohio</p>	<p><b>Equipment:</b></p> <ul style="list-style-type: none"> <li>• Danieli FQM</li> <li>OD Range: 2.375" to 7"</li> <li>Production: 350k tonnes of finished tubes</li> <li>Nominal Capacity: 500k tonnes</li> <li>• Heat-treatment line</li> <li>• High-speed threading capacity</li> </ul> <p><b>Scheduled production start up:</b> Q4 2011</p> <p><b>Investment:</b> US\$650 million</p> <p><b>New jobs:</b> 350 new direct jobs</p>

**Vallourec in North America: Business profile**

<p><b>V&amp;M Star</b> Youngstown, Ohio</p>	<p>Manufacture of steel billets and seamless pipes Nominal Capacity: 730k tonnes of billets 500k tonnes of finished tubes OD Range: 5" to 10.75"</p>
<p><b>V&amp;M Star</b> Houston, Texas</p>	<p>Heat treatment &amp; threading facilities</p>
<p><b>V&amp;M TCA</b> Muskogee, Oklahoma</p>	<p>Heat treatment &amp; threading facilities</p>
<p><b>VAM USA</b> Houston, Texas</p>	<p>Premium threading facilities; VAM<sup>®</sup>, Atlas Bradford<sup>®</sup></p>
<p><b>V&amp;M Tube-Alloy</b> Wyoming, Louisiana, Texas</p>	<p>Downhole accessories and completion services</p>
<p><b>VAM Drilling</b> Houston, Texas</p>	<p>Drill pipe, Heavy-weight, Drill collars, service and accessories</p>
<p><b>VAM Canada</b> Alberta, Newfoundland, Canada</p>	<p>VAM<sup>®</sup> premium threading facilities</p>
<p><b>VAM Mexico</b> Veracruz, Mexico</p>	<p>VAM<sup>®</sup> premium threading facilities</p>
<p><b>Valtimet</b> Morristown, Tennessee</p>	<p>Specialty products for the Powergen market &amp; other industrial applications</p>