



## Press Release

### **Vallourec pursues its employee shareholding policy through the launch of “Value 10”**

*Boulogne-Billancourt, 9 July 2010* - Vallourec announced today that it has reached an agreement on the principle of the implementation of an employee share offering reserved for its employees. This offer will be supplemented by a free performance share allocation plan.

*“We wish to continue to offer our employees around the world the opportunity to become Vallourec shareholders or to increase their participation. The success of our previous plans, despite the context of a difficult economic environment, illustrated the confidence of our employees in the strategy and the future of the business. This has encouraged us to continue this programme and thereby build upon the strong sense of attachment to the Group which animates our teams”* stated Philippe Crouzet, President of the Management Board.

This new employee shareholding plan, called “Value 10”, is an offering of a maximum of 2,882,822 newly issued shares, representing 2.5% of the company’s share capital after taking into account the 2:1 stock split<sup>1</sup>. Following the “Value 08” plan and “Value 09” plan, employee shareholders’ represented 2.6% of the Group’s share capital at 31 December 2009.

As a supplement to “Value 10”, the Management Board has decided to implement a plan aimed at awarding up to six free existing shares, to all eligible employees.

Details of the operation “Value 10” and the free performance share allocation plan follow.

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<sup>1</sup> The 2:1 stock split took place today before the market opened; the share capital of the company is now comprised of 116,548,468 shares.

## ***Employee share offering***

Subject to any locally required authorizations, the “Value 10” 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 95% of the Group’s current employees.

Based on the indicative calendar, the reservation period will be open from September 20, 2010 to and including October 8, 2010. 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 10, 2010. The subscription/revocation period will be open from November 12 to and including November 16, 2010.

As soon as possible following the completion of the capital increase (expected to occur on December 3, 2010), 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 10” 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 10” 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, 2015. 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 favourable 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 leveraged 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 270,000 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.

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, 2015 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 and German 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***

The Management Board has decided to implement a plan aimed at awarding up to six free existing shares to all employees eligible for the "Value 10" plan except for the members of the Management Board and the Brazilian employees and to other employees of the Vallourec Group in a list of countries to be decided by the Management Board no later than on the date of the grant of the performance shares to extend the implementation of this plan. The number of shares, subject to the satisfaction of presence within the company and performance conditions granted will not exceed 108,000 shares.

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

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

Listed on 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.

For more information [www.vallourec.com](http://www.vallourec.com)

### **Calendar 2010**

- 28 July: Release of 2010 second-quarter results
- 24 September: Investor Day
- 9 November : Release of 2010 third-quarter results

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