



Press Release

Vallourec pursues its employee shareholding policy

Boulogne-Billancourt, 30 June 2011 - Vallourec announced today that it has reached an agreement on the principle of the implementation of a new employee share ownership offering.

This offering, called “Value 11”, concerns a maximum of 2,350,000 newly-issued shares representing close to 2% of the company’s share capital on the date of this press release¹. Following the successful implementation of the “Value 08”, “Value 09” and “Value 10” plans, Group employees held more than 3.4% of Vallourec’s share capital at 31 December 2010. Vallourec has decided to renew its employee share ownership offering with the aim of continuing to involve its employees in the Group’s activities and results by offering them the opportunity to invest once again in Vallourec shares (directly or through one or more FCPE² sub-funds).

As a supplement to this operation, Vallourec has decided to implement for the third consecutive year, a performance share allocation plan aimed at awarding up to six shares to all eligible employees.

Details are provided below of the “Value 11” offering and the performance share allocation plan.

¹ The dividend in respect of the 2010 results will be paid, in cash or in shares, on 7 July 2011. Details of the number of new shares issued will be released on that date.

² FCPE = Fonds commun de placement d’entreprise or company mutual fund

“Value 11” employee share offering

Beneficiaries

Subject to any locally required authorizations, the “Value 11” offering will be open to employees (and beneficiaries and similar parties) of Vallourec and of those of its subsidiaries over which it holds, directly or indirectly, the majority of the share capital and which have registered offices in one of the following countries: France, Germany, Brazil, United States, United Kingdom, Mexico, China, Canada and the United Arab Emirates, i.e. approximately 96% of the Group’s current employees.

Indicative calendar for the offering

Based on the indicative calendar, the reservation period will be open from 19 September 2011 to and including 7 October 2011. The subscription price will be equal to the average opening price of Vallourec’s shares on the 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. The dates of the subscription/revocation period and the subscription price are expected to be determined on 14 November 2011. The subscription/revocation period would be open from 16 November 2011 to and including 18 November 2011. The capital increase is scheduled to take place on 15 December 2011.

Share offering

The “Value 11” is an offering of a maximum of 2,350,000 ordinary shares, representing close to 2% of the company’s share capital on the date of this press release. The new shares will be entitled to dividends as from 1 January 2011.

Subscription procedures

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

The leveraged formula proposed within the framework of the “Value 11” offering is intended to guarantee the employee’s personal contribution and the net employer’s contribution (for those countries in which the contribution is made by means of a cash payment) which he/she receives under the terms of the “Value 11” offering (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 exchange 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 1 July 2016. 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, Germany, Brazil, China, the United Arab Emirates, Mexico and the United Kingdom, the leveraged formula will be supplemented by an employer contribution in cash also invested in the specific leveraged FCPEs, and in the United States and Canada, by a grant of free shares [new or existing shares] (up to a maximum of 20,000 shares), or a deferred cash bonus. Eligible employees will be informed of the terms and conditions that apply in each jurisdiction.

Vesting period

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 1 July 2016 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, UK and German employees.

Hedging

The financial mechanisms underlying the leverage formula require hedging transactions to be carried out on the open market by the financial institution that structures 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.

Performance share allocation plan

The Management Board has also decided to implement for the third consecutive year, a performance share allocation plan aimed at awarding up to six free shares to all employees eligible for the "Value 11" plan, (except for the members of the Management Board and the Brazilian employees), as well as to employees of Vallourec Group subsidiaries for which the head office is located in India, the Netherlands and 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. The number of shares granted, subject to the satisfaction of continuing employment within the Group and performance conditions, will not exceed 80,000 shares.

This performance share allocation is in accordance with the plan to promote the motivation and loyalty of Group employees over the long term and aims to align their interests with those of shareholders.

Subject to the satisfaction of the conditions concerning performance and continuing employment within the Group, the final allocation of the shares will take place, except in the case of early final allocation, at the end of an acquisition period of two years in the case of beneficiaries who are resident in France and four years in the case of beneficiaries who are not resident in France. The acquisition period shall run from the date of allocation by the Management Board. In the case of French residents and/or persons subject to a French social security system, the acquisition period shall be followed by a two-year holding period, during which beneficiaries may not dispose of their shares.

Characteristics of shares allocated

The shares to be allocated will be existing or new Vallourec shares. Shares allocated that are subject to a holding period will be registered in an account incorporating a reference to the fact that they may not be disposed of during the holding period.

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 11" offering or, where relevant, the performance share allocation plan, as soon as possible following the completion of the capital increase. 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.

ABOUT VALLOUREC

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

With over 20,000 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 21st century.

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

In the United States, Vallourec has a sponsored Level 1 American Depository Receipt (ADR) program (ISIN code: US92023R2094, Ticker: VLOWY). The ratio of Vallourec ADR to ordinary shares is 5:1.

www.vallourec.com

CALENDAR 2011

- 27 July: Release of Q2 and Half Year 2011 Results
- 5 – 7 October: Investor Day in Brazil
- 9 November: Release of Q3 2011 Results

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