



## Notice of Meeting

# Ordinary and Extraordinary Shareholders' Meeting

**31 MAY 2010** at 4 P.M.

In the Grand Auditorium, Palais Brongniart  
Rue Vivienne - 75002 Paris - France

**Documents in accordance with Article R.225-81 of the French  
*Code de commerce***

A French limited liability Company with Management and Supervisory Boards  
and capital of €229,123,156

Registered office: 27, avenue du Général Leclerc, 92100 Boulogne-Billancourt, France  
552 142 200 RCS Nanterre



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*Free translation for English readers*

## **Feel free to contact us if you require further information:**

### **VALLOUREC**

Shareholder Relations  
27, avenue du Général Leclerc  
92100 Boulogne-Billancourt  
Tel.: +33 (0) 49 09 39 76 – Fax: +33 (0)1 49 09 36 94  
Email: [actionnaires@vallourec.fr](mailto:actionnaires@vallourec.fr)

**Full information is available on the Group website at: [www.vallourec.com](http://www.vallourec.com)**



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## STATEMENT BY THE CHAIRMAN OF THE SUPERVISORY BOARD



Meeting 31 May 2010, at 4 p.m

Dear Shareholder,

It is with great pleasure that I invite you to the Ordinary and Extraordinary Shareholders' Meeting of Vallourec. The Meeting will be held at 4:00 p.m. **on 31 May 2010 at the Grand Auditorium of the Palais Brongniart, rue Vivienne, Paris.**

At the Meeting the Chairman, Philippe Crouzet, and the members of the Management Board will update you on Vallourec's progress in 2009 and the outlook for the future.

The Shareholders' Meeting is **an ideal opportunity to obtain information and exchange views**. It is also an opportunity for you **to take an active part**, via your vote, in the key decisions affecting your Group, irrespective of the number of shares you hold.

**I very much hope that you will be able to participate in the Meeting, by attending in person**, casting a postal vote, or **by appointing** as your proxy the Chairman of the Meeting or another authorized person.

This document contains **information on the various methods** by which you can participate in the Meeting, the agenda for the Meeting and the text of the resolutions submitted for your approval.

Thank you for your continuing support.

**Jean-Paul PARAYRE**  
Chairman of the Supervisory Board



## Submitted to the **Ordinary Shareholders' Meeting**

1. Approval of the statutory financial statements for the 2009 fiscal year
2. Approval of the consolidated financial statements for the 2009 fiscal year
3. Allocation of the net profit for the 2009 fiscal year and determination of the dividend
4. Option to receive payment of the dividend in shares
5. Renewal of the mandate of Mr Michel de Fabiani as member of the Supervisory Board
6. Renewal of the mandate of Bolloré S.A. as member of the Supervisory Board
7. Renewal of the mandate of Mr Jean-Claude Verdière as member of the Supervisory Board
8. Appointment of Mrs Vivienne Cox as member of the Supervisory Board
9. Appointment of Mrs Alexandra Schaapveld as member of the Supervisory Board
10. Adjustment of the compensation of the members of the Supervisory Board
11. Authorization to be given to the Management Board to trade in the Company's own shares

## Submitted to the **Extraordinary Shareholders' Meeting**

12. Division of the nominal value of the Company's shares in half
13. Amendment of by-laws to provide for the introduction of remote electronic voting
14. Delegation of authority to the Management Board to issue warrants during takeover bids



# HOW TO PARTICIPATE IN THE SHAREHOLDERS' MEETING AND EXERCISE YOUR VOTING RIGHT?

## All shareholders, irrespective of the number of shares they hold, are entitled to participate in the Shareholders' Meeting.

To gain admission to the Meeting, shareholders will be required to produce the following documents:

- an admission card. Details of how to obtain an admission card are provided below;
- an identity document.

## General provisions

In accordance with Article R.225-85 of the French *Code de commerce*, the right to participate in this Meeting is subject to the shares being recorded in accounts in the name of the shareholder or of an intermediary registered on the shareholder's behalf, on the third business day preceding the Meeting by midnight, Paris time,

- either in the registered security accounts kept by the Company; or
- in the bearer security accounts kept by the authorized intermediary.

The registration or recording of the shares in bearer security accounts kept by an authorized intermediary must be shown by a certificate of holding (**your shares are free for trading**). The certificate of holding must be attached to the single voting form drawn up in the name of the shareholder by the financial intermediary or your bank.

A certificate shall also be sent to any shareholder wishing to attend the Meeting in person who has not received an admission card by midnight, Paris time, on the third business day preceding the Meeting.

In accordance with current legislation, shareholders who cannot attend this Meeting may choose either to nominate another shareholder or their spouse as proxy, or to return a proxy form without indicating a representative, or to vote by post.

A single form for voting by post or proxy must be requested at least six days before the Meeting from **Caceis Corporate Trust – Service Assemblées Générales – 14 rue Rouget de Lisle – 92862 Issy-les-Moulineaux Cedex 09 (Tel.: +33 (0)1 57 78 32 32/Fax: +33 (0)1 49 08 05 82)**. The form is sent automatically, by post, to all shareholders whose shares are registered in a fully registered account or in a managed registered account: such shareholders do not need to make a specific request to receive the form.

This single form, together with the certificate of holding, must be sent in such a way that the relevant departments at Caceis Corporate Trust receive it no later than midnight, Paris time, three days before the holding of the Meeting, *i.e.* 26 May 2010.

## Your shares are free for trading

When a shareholder has voted by post, sent in a proxy or requested an admission card, he can no longer choose any other method of participation in the Meeting.

A shareholder who has completed one of the above formalities may nevertheless transfer all or part of his shares at any time.

However, if the transfer takes place before midnight, Paris time, on the third business day preceding the Meeting, the Company shall invalidate or amend the distance vote, proxy, admission card

or certificate of holding accordingly. To this end, the authorized intermediary and account holder shall notify the Company or its representative of the transfer and send it the necessary information.

No transfer or other transaction carried out after midnight, Paris time, on the third day preceding the Meeting, regardless of the means used, shall be notified by the authorized intermediary or taken into consideration by the Company, notwithstanding any agreement to the contrary.

## For your information

Shareholders may obtain the documents relating to the Shareholders' Meeting and governed by Articles R.225-83 and R.225-88 of the French *Code de commerce* upon request from Caceis Corporate Trust. These documents are also be made available to shareholders at the Company's registered office.

If you need further information, please visit our website: [www.vallourec.com](http://www.vallourec.com).



## HOW TO PARTICIPATE IN THE SHAREHOLDERS' MEETING AND EXERCISE YOUR VOTING RIGHT?

To vote at the 31 May 2010 Shareholders' Meeting, you must:

- hold Vallourec registered or bearer shares on 31 May 2010, midnight Paris time;
- send your voting documents to Caceis Corporate Trust on 26 May 2010 (deadline for receipt of the documents by Caceis).

### What do you need to do?

#### STEP 1: INDICATE HOW YOU WISH TO VOTE

##### Option 1: Voting in person by attending the Meeting.

Tick box A of the single form and return it as soon as possible so that you can be sure to receive your admission card in time (to find out where to return your form, refer to Step 4).

##### Option 2: Casting a postal vote.

Tick box B of the form, and then the box "2 – vote by post" and follow the voting instructions.

##### Option 3: Appointing the Chairman of the Meeting to exercise a proxy vote on your behalf.

Tick box B of the form, and then the box "1 – I hereby give my proxy to the Chairman of the Meeting".

##### Option 4: Appointing another Vallourec shareholder or your spouse to exercise a proxy vote.

Tick box B of the form, and then the box "I hereby appoint" and fill in the contact details of your representative at the Meeting.

Detailed instructions for filling out the single form can be downloaded from the Vallourec website: [www.vallourec.com](http://www.vallourec.com).

The single form will be sent by mail to all registered shareholders with no request on their part. Holders of bearer shares must apply to Caceis before 26 May 2010.

#### STEP 2: CHECK THAT YOUR CONTACT DETAILS ARE CORRECT

#### STEP 3: DATE AND SIGN THE FORM (regardless of your choice under Step 1)

#### STEP 4: RETURN YOUR FORM (regardless of your choice under Step 1)

**If you are the holder of bearer shares:** you must send the form to your bank or financial intermediary, who will send it to Caceis with proof of participation.

**If you are a registered shareholder:** send the form directly to Caceis by mail or by fax.

In any case, Caceis must receive the form **no later than 26 May 2010. Any form received after that date will not be included** in the voting at the Meeting.

However, if you are the holder of bearer shares and your valid form has not arrived by 26 May 2010, you may ask your bank or financial intermediary for proof of participation and attend the Annual Shareholder's Meeting to vote in person.

##### Please note that:

Once recorded by the Caceis staff, your vote cannot be changed.

Your securities are free for trading. You may sell all or part of your shares even if you have already voted or applied for an admission card. Vallourec will take into account your exact position as of 26 May 2010 at midnight (The institution holding your account is required to inform Vallourec of this).

To contact Caceis:

##### By mail:

Caceis CORPORATE TRUST  
Service des Assemblées Générales  
14 rue Rouget de Lisle  
92862 Issy les Moulineaux  
Cedex 09

**By phone:** 00 33 (0)1 57 78 32 32

**By fax:** 00 33 (0)1 49 08 05 82

# HOW TO PARTICIPATE IN THE SHAREHOLDERS' MEETING AND EXERCISE YOUR VOTING RIGHT?



## How to fill in your form?

### STEP 1 : INDICATE HOW YOU WISH TO VOTE

Tick box **A** if you wish to vote in person by attending the Meeting.

Tick box **B** if you cannot attend the Meeting and wish to cast a postal vote or if you wish to appoint a representative, and follow instructions **B1** through **B3**.

### STEP 2 : CHECK THAT YOUR CONTACT DETAILS ARE CORRECT AND MAKE NECESSARY CHANGES.

**IMPORTANT** : avant d'exercer votre choix, veuillez prendre connaissance des instructions situées au verso / Before selecting please see instructions on reverse side

**A**  QUELLE QUE SOIT L'OPTION CHOISIE, DATER ET SIGNER AU BAS DU FORMULAIRE / **WHICHEVER OPTION IS USED, DATE AND SIGN AT THE BOTTOM OF THE FORM**  
**B**  Je désire assister à cette assemblée et demande une carte d'admission : dater et signer au bas du formulaire / I wish to attend the shareholder's meeting and request an admission card : date and sign at the bottom of the form.  
 J'utilise le formulaire de vote par correspondance ou par procuration ci-dessous, selon l'une des 3 possibilités offertes / I prefer to use the postal voting form or the proxy form as specified below.

**vallourec**  
 Société anonyme à Directoire et Conseil de Surveillance au capital de 229 123 156 €. **ASSEMBLEE GENERALE MIXTE**  
 Siège social : 27, avenue du Général Leclerc, 92100 Boulogne-Billancourt. **du 31 Mai 2010 à 16 heures,**  
 552 142 200 R.C.S. Nanterre **au Palais Brongniart à Paris (75002)**  
**grand Auditorium - entrée principale rue Vivienne**  
**ORDINARY AND EXTRAORDINARY GENERAL MEETING**  
**of 31 may 2010 at 4 p.m.**  
**at Palais Brongniart in Paris (75002)**  
**grand Auditorium - main entrance rue Vivienne**

**CADRE RESERVE** / For Company's use only  
 Identifiant / Account  
 Nombre d'actions / Number of shares  
 Nombre de votes / Number of voting rights  
 Nominatif / VS / single vote  
 Porteur / bearer / VD / double vote

**2**  **JE VOTE PAR CORRESPONDANCE / I VOTE BY POST**  
 Cf. au verso renvoi (2) - See reverse (2)  
 Je vote **OUI** à tous les projets de résolutions présentés ou agréés par le Conseil d'Administration ou le Directoire ou la Gérance, à l'EXCEPTION de ceux que je signale en noirissant comme ceci à la case correspondante et pour lesquels je vote **NON** ou je m'abstiens.  
 I vote **OR** all the draft resolutions approved by the Board of Directors EXCEPT those indicated by a shaded box - like this , for which I vote against or I abstain.  
 Sur les projets de résolutions non agréés par le Conseil d'Administration ou le Directoire ou la Gérance, je vote en noirissant comme ceci à la case correspondant à mon choix.  
 On the draft resolutions not approved by the Board of Directors, I cast my vote by shading the box of my choice - like this .

1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>	7 <input type="checkbox"/>	8 <input type="checkbox"/>	9 <input type="checkbox"/>	Oui/ Yes <input type="checkbox"/>	Non/No Abst/Abs <input type="checkbox"/>	F <input type="checkbox"/>	<input type="checkbox"/>
10 <input type="checkbox"/>	11 <input type="checkbox"/>	12 <input type="checkbox"/>	13 <input type="checkbox"/>	14 <input type="checkbox"/>	15 <input type="checkbox"/>	16 <input type="checkbox"/>	17 <input type="checkbox"/>	18 <input type="checkbox"/>	B <input type="checkbox"/>	G <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19 <input type="checkbox"/>	20 <input type="checkbox"/>	21 <input type="checkbox"/>	22 <input type="checkbox"/>	23 <input type="checkbox"/>	24 <input type="checkbox"/>	25 <input type="checkbox"/>	26 <input type="checkbox"/>	27 <input type="checkbox"/>	C <input type="checkbox"/>	H <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
28 <input type="checkbox"/>	29 <input type="checkbox"/>	30 <input type="checkbox"/>	31 <input type="checkbox"/>	32 <input type="checkbox"/>	33 <input type="checkbox"/>	34 <input type="checkbox"/>	35 <input type="checkbox"/>	36 <input type="checkbox"/>	D <input type="checkbox"/>	J <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
37 <input type="checkbox"/>	38 <input type="checkbox"/>	39 <input type="checkbox"/>	40 <input type="checkbox"/>	41 <input type="checkbox"/>	42 <input type="checkbox"/>	43 <input type="checkbox"/>	44 <input type="checkbox"/>	45 <input type="checkbox"/>	E <input type="checkbox"/>	K <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**1**  **JE DONNE POUVOIR AU PRÉSIDENT DE L'ASSEMBLÉE GÉNÉRALE**  
 Dater et signer au bas du formulaire sans rien remplir  
**I HEREBY GIVE MY PROXY TO THE CHAIRMAN OF THE MEETING**  
 Date and sign at the bottom of the form without filling it  
 Cf. au verso renvoi (3) - See reverse (3)

**3**  **JE DONNE POUVOIR A :** (voir le conseil, soit un autre actionnaire - cf renvoi (2) au verso) pour me représenter à l'assemblée  
**I HEREBY APPOINT** (you may give your PROXY either to your spouse or to another shareholder - see reverse (2) to represent me at the above mentioned meeting.  
 M, Mme ou Mlle / Mr, Mrs or Miss  
 Adresse / Address

**ATTENTION** : s'il s'agit de titres au porteur, les présentes instructions ne seront valides que si elles sont directement retournées à votre teneur de compte  
**CAUTION** : if it is about bearer securities, the present instructions will be valid only if they are directly returned to your account-keepers.

Nom, Prénom, Adresse de l'actionnaire (si ces informations figurent déjà, les vérifier et les rectifier éventuellement)  
 -Surname, first name, address of the shareholder (if this information is already supplied, please verify and correct if necessary)  
 Cf. au verso renvoi (1) - See reverse (1)

**STEP 3 : WHATEVER YOU DECIDE TO DO, DO NOT FORGET TO SIGN AND DATE THE FORM HERE.**

Date & signature

Pour être prise en considération, toute formule doit parvenir au plus tard :  
 In order to be considered, this completed form must be returned at the latest  
 sur 1<sup>ère</sup> convocation / on 1<sup>st</sup> notification  
 26/05/2010  
 à la société / to the company  
 à la Banque / to the bank

### STEP 4 : RETURN THIS FORM BEFORE THE RETURN DEADLINE.

#### B2 TO CAST A POSTAL VOTE:

tick here.

- To vote YES to a resolution, leave the box next to the resolution number concerned blank.
- To vote NO to a resolution or abstain, black out the box next to the resolution number concerned.

#### B1 TO APPOINT THE CHAIRMAN TO EXERCISE A PROXY VOTE ON YOUR BEHALF: tick here.

#### B3 TO APPOINT YOUR SPOUSE OR ANOTHER VALLOUREC SHAREHOLDER TO REPRESENT YOU AT THE MEETING:

Tick here and indicate the name and contact details of your representative.

The owner of the shares must sign and date the form. If the shares are jointly owned, each joint owner must sign the form.



## THE SUPERVISORY BOARD

The Supervisory Board, which met seven times during the financial year 2009, ensured that it was regularly informed of the performance and activity of the Company and the Group, in accordance with the legislation and the Company's by-laws. As part of its supervisory duties, it carried out the verifications and checks it considered necessary and took particular care to ensure that its structure was such as to facilitate good corporate governance.

Meetings are chaired by the Supervisory Board Chairman who ensures, in particular, that each member expresses his opinion on the most important matters. In the unusual case of a Board member having a personal interest in one of the matters under consideration as specified in Article L.225-86 of the French *Code de commerce*, he will be required to leave the Meeting while the matter concerned is being discussed.

The Supervisory Board has examined the Management Board's management report and the financial statements for the year ended 31 December 2009 as well as the various documents attached thereto, on which it does not have any specific comments.

The Board has also approved the Supervisory Board's report to be included in the annual Reference Document and the report of the Chairman of the Supervisory Board on the conditions governing

the preparation and organization of the Supervisory Board's work and the internal control and risk management procedures implemented by the Company.

In 2009, Vallourec's Statutory Auditors attended those Supervisory Board meetings at which the annual and half-year financial statements were approved.

The effective attendance rate of Board members at meetings exceeded 80% on average for the meetings held in 2009.

Dates of Board meetings (Financial year 2009)	Attendance rate
25 February	7/9 (78%)
6 April	7/8 (88%)
13 May	7/8 (88%)
3 June	7/9 (78%)
30 July	6/9 (67%)
30 September	7/9 (78%)
12 November	8/9 (89%)



## Composition of the Supervisory Board

	Year of birth	Date of first appointment as Director or Board member	Date appointment most recently renewed	Date on which appointment ceases	Other main appointments
<b>Chairman</b>					
Jean-Paul Parayre	1937	13/06/1989	Ordinary Shareholders' Meeting (OSM) 01/06/2006	2011 OSM to approve financial statements for year ended 31/12/2010	Member of the Supervisory Board of Peugeot; Chairman of the Supervisory Board of Stena Maritime
<b>Vice-Chairman</b>					
Patrick Boissier	1950	15/06/2000	OSM 01/06/2006	2011 OSM to approve financial statements for year ended 31/12/2010	Chairman and CEO of DCNS
<b>Members</b>					
Jean-François Cirelli*	1958	13/05/2009	–	2012 OSM to approve financial statements for year ended 31/12/2011	Vice-Chairman and Chief Operating Officer of GDF Suez
Michel de Fabiani	1945	10/06/2004	–	2010 OSM to approve financial statements for year ended 31/12/2009	Director of BP France and Rhodia
Denis Gautier-Sauvagnac	1943	07/02/1997	OSM 01/06/2006	2011 OSM to approve financial statements for year ended 31/12/2010	
François Henrot	1949	08/06/1999	OSM 07/06/2005	2011 OSM to approve financial statements for year ended 31/12/2010	Managing partner of Rothschild & Cie
Edward G. Krubasik	1944	06/03/2007	OSM 04/06/2008	2012 OSM to approve financial statements for year ended 31/12/2011	Vice-Chairman of the Federation of German industries
Jean-Claude Verdière	1938	01/07/2001	OSM 06/06/2007	2010 OSM to approve financial statements for year ended 31/12/2009	Member of the Management Board of Vallourec until 30 June 2001
Bolloré represented by Thierry Marraud	1942	13/11/2008	–	2010 OSM to approve financial statements for year ended 31/12/2009	CFO of Bolloré Group
<b>Censors (non-voting Board members)</b>					
Arnaud Leenhardt Honorary Chairman	1929	–	–	2010 OSM to approve financial statements for year ended 31/12/2009	Chairman of the Board of Directors of Vallourec from 1981 to 1994, then of the Supervisory Board from 1994 to 2000
Luiz-Olavo Baptista	1938	04/06/2008	–	2012 OSM to approve financial statements for year ended 31/12/2011	Lawyer and Professor of International Law

\* Mr Jean-François Cirelli was appointed by the Supervisory Board at its meeting on 13 May 2009 as a member of the Supervisory Board to replace Mr Philippe Crouzet, who had resigned, for the remainder of his predecessor's term of office, i.e. until the Ordinary Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2011. This appointment was ratified by the Ordinary and Extraordinary Shareholders' Meeting of 4 June 2009 in accordance with the legislation and regulations.

## Renewal of terms of office

You are asked to renew for a period of 4 years the terms of office as members of the Supervisory Board of Mr Michel de Fabiani and Bolloré Group (for which Mr Thierry Marraud is the permanent representative). You are also asked to renew the term of office of Mr Jean-Claude Verdière for a period of 2 years to

ensure the continuity of the work of the Board and, in particular, that of the Finance and Audit Committee, to which he contributes significant expertise in the fields of finance and accounting. This two-year period will give new Board members the time to acquire an in-depth knowledge of the Group.



## Appointment of new members

You are also asked to appoint Mrs Vivienne Cox and Mrs Alexandra Schaapveld as members of the Supervisory Board for a period of 4 years. Mrs Cox and Mrs Schaapveld are regarded as

independent according to the criteria of the AFEP-MEDEF Code, as are Mr Michel de Fabiani, Mr Jean-Claude Verdière and Bolloré Group.

## Biographies of new members

### Mrs Vivienne Cox

British national, graduated from Oxford University, from INSEAD and Honorary Doctor from the University of Hull, Vivienne Cox spent all her career at BP, which she joined in 1981. She first held commercial roles at BP Chemicals, then was analyst with BP Finance before running the commodity derivatives team. In 1993, she became Chief Executive of BP's Benelux refining and supply organization before being appointed Commercial Director of BP Central and Eastern Europe in Vienna. In 1997, she became Chief Executive of Air BP, then took on the management of BP's integrated supply and trading organization. In 2004, Vivienne Cox became Executive Vice President and CEO of BP Gas, Power and Renewables. From 2007 to 2009, she ran BP Alternative Energy. Vivienne Cox is a non-executive director of several companies and institutions, including Rio Tinto and INSEAD, and is the Chairman of the advisory and investment firm Climate Change Capital.

### Mrs Alexandra Schaapveld

Dutch national, graduated in Politics, Philosophy and Economics from Oxford University and subsequently a Master in Development Economics from Erasmus University, Alexandra Schaapveld spent all her career at ABN AMRO, which she joined in 1984. The first eight years within Corporate Banking, the subsequent eight years in Investment Banking: Equity Capital Markets and Mergers and Acquisitions. In 2001, she became Senior Executive Vice President responsible for Sector Expertise and in 2004 Head of Global Clients and Investment Banking. After the acquisition of ABN AMRO, Alexandra Schaapveld was appointed Head of Europe for Royal Bank of Scotland during 2008. She is currently a member of the Advisory Council of "The Central Planning Office" of the Netherlands (Minister of Finance office), member of the Supervisory Board of Holland Casino, member of the Board of the Amsterdam University and the University Medical Center and member of the Advisory Board of Plan Nederland (a non profit organization).



## The Group's key figures

In € million	2006	2007	2008	2009
Consolidated sales	5,542	6,141	6,437	4,465
EBITDA	1,665	1,751	1,694	981
Total net profit	999	1,024	1,025	537
Net profit attributable to owners of the parent	917	986	967	518
EBITDA/sales ratio	30.1%	28.5%	26.3%	22.0%
Cash flow	1,119	1,196	1,235	766
Industrial and financial investments	376	441	1,070	785
Net debt	-41	-242	347	-407

In euros per share	2006	2007	2008	2009
Net earnings per share	17.8	18.9	18.3	9.4
Ordinary dividend per share	6*	11**	6***	3.5

\* Including an interim dividend of €2 per share distributed on 20 October 2006

\*\* Including an interim dividend of €4 per share distributed on 4 July 2007

\*\*\* It is recalled that the Ordinary and Extraordinary Shareholders' Meeting of 4 June 2009 granted each shareholder the option to receive the payment of the dividend either cash, in shares, in accordance with the legal and regulatory provisions in force.

## Summary of the Group's activity

In 2009, the world economic recession and the fall in demand across all the Group's markets resulted in a 31% fall in sales to €4,465 million, thereby ending five years of uninterrupted growth. This fall in sales consisted of a negative volume effect (-46%), which was partially offset by positive consolidation scope (+2%), currency (+0.2%), and price/mix effects (the combined price/mix effect was +24%). This price/mix effect was due mainly to the delivery during 2009 of orders placed under favourable terms during the second part of 2008 and the start of 2009 in the Oil & Gas (rest of the world) and Power generation sectors.

In the **Oil & Gas** sector, 2009 sales, which now include sales of PTCT (a company in which Vallourec acquired a controlling interest on 2 July 2009), fell by 25% to €2,239 million. Oil & Gas is Vallourec's leading market, generating 50% of Group sales in 2009.

In the United States, demand contracted during the year as a result of the sharp drop in the active rig count, the destocking undertaken by distributors and price reductions. The fall in this

country's annual sales was partly offset by the resilience of the Premium threading activity, the consolidation for the full year 2009 of the companies acquired in May 2008 (Atlas Bradford® Premium Threading & Services, Tube-Alloy™ and TCA®), and the upturn in activity during the fourth quarter.

In the rest of the world, orders placed in 2008 under favourable price/mix and volume terms enabled the Group to maintain a good level of activity during most of the year. In Brazil, sales remained strong throughout the year thanks to investments made by the national oil company Petrobras and its partners.

In the **Power generation** sector, sales fell by 12% to €1,155 million. This fall was due solely to the fact that the product mix and pricing of orders placed in 2008 was more favourable than that of orders placed in 2009. Power generation's contribution to consolidated sales increased from 20% in 2008 to 26% in 2009.

The share of sales to the nuclear industry increased slightly. Demand remained strong in this sector and the Group's sales



continued to increase thanks to the anticipated doubling of capacity as from 2011.

**Petrochemicals'** sales fell sharply (-47%) to €365 million. The contribution of the Petrochemicals sector to Group consolidated sales fell by three points to 8%. Sales were concentrated in Europe and the Middle East whilst in the rest of the world activity remained very weak, due to the postponement of a large number of projects and destocking undertaken by distributors.

For the full year 2009, Energy (Oil & Gas, Power generation and Petrochemicals) accounted for 84% of Group sales compared with 77% in 2008.

Sales to the non-energy sectors (**Mechanical engineering**, **Automotive** and "Other") totalled €705 million, down 52% compared with 2008. Sales were severely affected in the first

half year by the sharp slowdown in industrial activity which began at the end of 2008 combined with measures taken by both end users and distributors to reduce inventories. However, sales increased in both the third and fourth quarters as destocking in these segments ended.

Sales to the **Mechanical engineering** and **Other** sectors were the most severely affected (down 54% to €325 million and down 53% to €183 million respectively). Having fallen in the same proportions as the Mechanical engineering and Other sectors during the first nine months of the year, sales to the **Automotive** sector (down 46% to €197 million) increased by 35% in the fourth quarter, benefitting in particular from the favourable financing terms granted by BNDES in Brazil for the purchase of heavy vehicles.

## Net profit and cash position

**EBITDA** totalled €981 million, giving an EBITDA/sales ratio of 22% (compared with 26.3% in 2008). This 42.1% fall as compared with 2008 was due mainly to the fall in volumes, despite average selling prices being higher than in 2008, and significant cost-adaptation efforts. In 2009, total operating costs were 35% lower than in 2008 whilst annual sales fell by 31%. The "Cap Ten" plan, which was launched early in 2008 with the aim of generating recurring cost-savings of €200 million at the end of three years, is ahead of target at the end of its second year.

**Net profit attributable to owners of the parent** fell by 47% from €967 million in 2008 to €518 million in 2009.

The Group generated record **cash flow** of €1,611 million (€883 million in 2008) due to the cash generated by operations and the significant reduction in the working capital requirement. In addition to paying dividends totalling €152 million\*, the Group financed capital expenditure totalling €677 million, up 28% on 2008 (€528 million). Nearly half of the 2009 expenditure related to the construction of Vallourec & Sumitomo Tubos do Brasil's integrated site, as well as other strategic investments. In addition, in accordance with the cross-shareholding agreement entered into with Sumitomo in February 2009, financial investments include the acquisition of Sumitomo shares for a total amount of €82 million.

The Group's financial position is particularly healthy. At 31 December 2009, **net cash** totalled €407 million, giving a negative gearing ratio of -9.9%, compared with 10.7% at 31 December 2008. At the end of December, the Group's cash and cash equivalents exceeded its overdrafts and other short-term bank borrowings by €1,042 million. More than 83% of the €751 million bank loans and other borrowings have a maturity in excess of two years. In addition, Vallourec has undrawn confirmed credit lines of around €1.2 billion, which mature at various times during 2012 and 2013.

\* It should be noted that the dividend was paid partly in shares.



## FIVE-YEAR FINANCIAL SUMMARY

<i>In euros</i>	2005	2006	2007	2008	2009
<b>CAPITAL</b>					
Share capital	212,006,640	212,047,480	212,154,880	215,154,864	229,123,156
Number of ordinary shares in issue	10,600,332	53,011,870	53,038,720	53,788,716	57,280,789
Number of preference dividend shares (without voting rights) in issue	-	-	-	-	-
Maximum number of new shares to be issued:					
• by conversion of bonds;	-	-	-	-	-
• by exercise of subscription rights;	8,174	30,660	147,308	212,100	500,000
• by redemption of bonds.	-	-	-	-	-
<b>OPERATIONS AND RESULTS FOR THE YEAR</b>					
Sales excluding taxes	-	-	-	4,093,551	108,188
Profit (loss) before tax, employee profit sharing, amortization, depreciation and provisions	- 11,515,957	158,527,985	533,143,895	715,270,552	413,810,495
Income tax	- 10,031,246	- 13,234,248	- 21,998,166	- 15,892,775	-11,559,643
Employee profit sharing for the year	-	-	-	-	-
Profit (loss) after tax, employee profit sharing, amortization, depreciation and provisions	14,144,934	172,068,021	553,894,374	730,835,635	427,376,831
Dividends distributed	118,723,718	318,071,220	583,425,920	322,732,296	200,482,762
<b>PER SHARE DATA</b>					
Profit (loss) after tax and employee profit sharing, but before amortization, depreciation and provisions	- 0.14	3.24	10.47	13.59	7.43
Profit (loss) after tax, employee profit sharing, amortization, depreciation and provisions	1.33	3.25	10.44	13.59	7.46
Dividend allotted to each share	11.20	6.00	11.00	6	3.50
<b>EMPLOYEES</b>					
Average number of employees during the financial year	5	5	4	7	7
Payroll during the financial year	573,987	732,844	353,485	1,633,803	2,566,640
Payroll-related costs (social security, employee benefits, etc.)	214,024	258,138	85,419	903,538	929,471



# REPORT OF THE MANAGEMENT BOARD ON THE DRAFT RESOLUTIONS

## I. Resolutions to be submitted to the Ordinary Shareholders' Meeting

### a. Approval of the statutory financial statements and allocation of net profit

The **1<sup>st</sup> resolution** relates to the approval of Vallourec's statutory financial statements for the 2009 fiscal year showing profits of €427,376,830.66 euros.

The **2<sup>nd</sup> resolution** relates to the approval of Vallourec's consolidated financial statements for the 2009 fiscal year showing profits of €536,478,000.

The **3<sup>rd</sup> resolution** relates to the allocation of net profit. It is proposed that the dividend for the 2009 fiscal year be set at €3.50 per share. In accordance with Article 243 bis of the French *Code général des impôts*, it is specified that this dividend is eligible, when it is paid to shareholders who are individuals residing in France for tax purposes, to an abatement of 40% as a result of the application of Article 158-3 of this same *Code*. In accordance with Article 117 quater of the General Tax Code, the shareholders may nevertheless, subject to certain conditions and instead of the progressive income tax rate scale, opt for a lump-sum withholding at the rate of 18%; the dividend is then no longer eligible for the 40% abatement. The shareholders are reminded that, in these two cases, under certain conditions, the social security withholdings relating to these dividends are withheld at the source.

It is reiterated that the following dividends were distributed in the three fiscal years prior to those of the 2009 fiscal year:

Fiscal year	Number of shares	Dividend per share <sup>(1)</sup> In euros
2006	53,011,870	6.00 <sup>(2)</sup>
2007	53,038,720	11.00 <sup>(3)</sup>
2008	53,788,716	6.00 <sup>(4)</sup>

(1) The dividends distributed during the course of the 2006 to 2008 fiscal years entitle their holders to the 40% abatement resulting from the application of Article 158-3 of the French *Code général des impôts*.

(2) Including an interim dividend of €2 per share distributed on 20 October 2006.

(3) Including an interim dividend of €4 per share distributed on 4 July 2007.

(4) It is recalled that the Combined Ordinary and Extraordinary Shareholders' of 4 June 2009 granted each shareholder the option to receive the payment of the dividend either in cash, in shares, in accordance with the legal and regulatory provisions in force.

The dividend will be detached from the share on 7 June 2010 and paid on 30 June 2010.

The **4<sup>th</sup> resolution** relates to the granting of an option to each shareholder of the Company to receive payment of the dividend either in cash or in shares, in accordance with applicable legal and regulatory provisions.

To this end, each shareholder may opt for the payment of the dividend in cash between 7 June 2010 and June 22 2010, included. After this period, the dividend will only be paid in cash.

For the shareholders who opt for a payment in cash, the dividend will be paid on 30 June 2010; on the same date, the delivery of the shares will occur for those who opt for the payment of the dividend in shares. The shares delivered as dividend payments will bear rights as of 1 January 2010

The new shares, in the event of the exercise of this option, will be issued for a price equal to 90% of the average of the opening listing price of the share on Euronext Paris during the twenty days prior to the date of this Shareholders' Meeting, reduced by the net amount of the dividend referred to in the **3<sup>rd</sup> resolution** and rounded to the next highest euro cent.

If the amount of the dividends for which the option is exercised does not correspond to a whole number of shares, the shareholder may:

- ▶ obtain the next higher whole number of shares by paying, on the date that he or she exercises the option, the difference in cash; or
- ▶ receive the next lower whole number of shares supplemented by a payment of the balance in cash.



## b. Approval of agreements subject to Article L.225-86 of the French *Code de commerce*

The Company did not enter into any new so-called “regulated” agreement during the course of the 2009 fiscal year that would not have already been submitted to the Shareholder’s Meeting.

Accordingly, and in application of article L. 225-88 of the Commercial Code, no resolution relating to agreements subject to Article L.225-86 of the Commercial Code is submitted, given the lack thereof, to the Shareholder’s Meeting.

Regulated agreements and undertakings that were previously concluded, authorized and approved, particularly during prior fiscal years and which remained in effect during the 2009 fiscal year are described in detail in the special report of the Statutory Auditors, which appears on pages 239 of the 2009 Registration Document.

The report specifies that the Company and Banque Rothschild & Cie mutually agreed to terminate, effective 31 December 2009, the mandate conferred to this bank in 2006 for assignments relating to Vallourec’s strategic options, as well as the assistance in the event of a takeover bid. The advice of Banque Rothschild & Cie was significant, in particular for its contribution to the Group’s strategic analysis and planning. Since Vallourec has now set up teams and working groups allowing the preparation and approval of its strategic options without the need to receive permanent outside counsel, it no longer appears necessary to continue this mandate in 2010.

## c. Composition of the Supervisory Board

Resolutions 5 through 9 relate to the composition of the Supervisory Board.

### 1. RENEWAL OF THE MANDATE OF THREE MEMBERS OF THE SUPERVISORY BOARD

The mandates as a member of the Supervisory Board of Michel de Fabiani and Jean-Claude Verdière as well as Bolloré S.A., the permanent representative of which is Mr. Thierry Marraud, expire at the end of this Shareholder’s Meeting.

The **5<sup>th</sup> resolution** relates to the renewal, in accordance with article 10.1 of the by-laws, of the mandate of Mr. Michel de Fabiani as member of the Supervisory Board for a period of four (4) years, i.e. until the end of the Ordinary Shareholder’s Meeting called to approve the financial statements for the fiscal year ending on December 31, 2013. Mr. Michel de Fabiani is independent under the terms of the AFEP-MEDEF Code.

The **6<sup>th</sup> resolution** relates to the renewal, in accordance with Article 10.1 of the by-laws, of the mandate of Bolloré S.A. as member of the Supervisory Board for a period of four (4) years, i.e., until the end of the Ordinary Shareholder’s Meeting called to approve the financial statements for the fiscal year ending on 31 December 2013. Bolloré S.A. is independent under the terms of the AFEP-MEDEF Code.

The **7<sup>th</sup> resolution** relates to the renewal, in accordance with article 10.1 of the bylaws, of the mandate of Mr. Jean-Claude Verdière<sup>(1)</sup> as member of the Supervisory Board for a period of two (2) years, i.e. until the end of the Ordinary Shareholder’s Meeting

called to approve the financial statements for the fiscal year ending on 31 December 2011 in order to ensure the continuity of the works of the Board, in particular the works of the Financial and Audit Committee, of which he is a qualified member with specific expertise in financial and audit related matters. This postponement will allow the new members of the Board to acquire an in-depth knowledge of the Group. Mr. Jean-Claude Verdière is independent under the terms of the AFEP-MEDEF Code.

### 2. APPOINTMENT OF TWO NEW MEMBERS TO THE SUPERVISORY BOARD

The **8<sup>th</sup> resolution** relates to the appointment, in accordance with Article 10.1 of the by-laws, of Mrs. Vivienne Cox as member of the Supervisory Board for a period of four (4) years, i.e. until the end of the Ordinary Shareholder’s Meeting called to approve the financial statements for the fiscal year ending on 31 December 2013. Mrs. Vivienne Cox is independent under the terms of the AFEP-MEDEF Code.

The **9<sup>th</sup> resolution** relates to the appointment, in accordance with Article 10.1 of the by-laws, of Mrs. Alexandra Schaapveld as member of the Supervisory Board for a period of four (4) years, i.e. until the end of the Ordinary Shareholder’s Meeting called to approve the financial statements for the fiscal year ending on 31 December 2013. Mrs. Alexandra Schaapveld is independent under the terms of the AFEP-MEDEF Code.

The biographies of Mrs. Vivienne Cox and Mrs. Alexandra Schaapveld are provided on page 10 of this brochure “Notice of calling”.

(1) Having reached the age limit of 70 years set forth in the bylaws, Mr. Jean-Claude Verdière may be reelected one more time, for a maximum period of two years, in accordance with the provisions of article 10-1 of the bylaws.



### 3. EXPIRATION OF THE MANDATE OF A CENSOR

Mr. Arnaud Leenhardt's mandate as Censor expires at the end of the Shareholder's Meeting. Having spent his entire career in the industry with the Vallourec Group of which he was the Chairman from 1981 to 2000, Mr. Arnaud Leenhardt was the

source of pivotal decisions that furthered the Group's international expansion as well as the success of its products and services in the global market.

The Management Board expresses the recognition of his attachment to Vallourec and its profound gratitude for the job he has done.

### d. Adjustment of the compensation of the members and the Censors of the Supervisory Board

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The **10<sup>th</sup> resolution** sets the maximum annual amount of the attendance fees to be paid to the Supervisory Board at €520,000. This change aims at adapting this amount to the composition of

the Board, its international nature and the increased frequency of the meetings of the Supervisory Board and the Committees, also taking into account the practice of European listed companies.

### e. Authorization to be given to the Management Board to trade in the Company's own shares

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The **11<sup>th</sup> resolution** relates to the renewal of the authorization given to the Management Board to trade in the Company's shares granted by the Shareholder's Meeting of 4 June 2009 which will expire on 4 December 2010. Pursuant to this new authorization, the Management Board, in terms that are basically identical to those of the prior authorization, may decide to acquire a number of shares of the Company that may not exceed 10 % of the Company's share capital. This percentage will apply to the capital as adjusted following changes in share capital that may occur after the date of this Shareholder's Meeting.

The purpose of the purchases of shares will be the following:

- to implement any stock option plan of the Company;
- to award or sell shares to employees in order to allow them to participate in the Company's expansion and in connection with any company savings plan established under applicable law;
- to award shares;
- to develop the market or liquidity of the shares through an investment services provider, in connection with a liquidity contract;

- delivering shares in connection with transactions involving external growth;
- to deliver shares upon exercise of rights attached to securities that give access to shares; or
- cancelling shares.

These actions may be carried out by any means, on the market or over-the-counter, in accordance with Article L.225-209 of the Commercial Code and the rules imposed by the *Autorité des marchés financiers*. These actions may be carried out at any time, in accordance with applicable law, except during periods in which a takeover bid has been made for the Company's shares.

The maximum purchase price may not exceed €204, corresponding to the volume-weighted average price of the Vallourec share, from 1 January 2010 until 31 March 2010, increased by 50%.

The maximum amount that may be allocated to share repurchase program is set at €800 million.

This authorization is granted for a period of eighteen months.



## II. Resolutions to be submitted to the Extraordinary Shareholder's Meeting

### a. Division of the nominal value of the shares

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The price of the Vallourec share is one of the highest on the market, and is much higher the average price of the CAC 40. This situation could affect trades and may discourage certain investors from purchasing the Vallourec share. This is the reason for which Vallourec wishes to divide the nominal value of its share in order to enhance the accessibility of the share and improve its liquidity.

The **12<sup>th</sup> resolution** therefore proposes to this Shareholder's Meeting a division by two (2) of the nominal value of the Vallourec share through the creation of 114,561,578 new shares with a nominal value of two (2) euros each that will be allocated to the shareholders holding 57,280,789 existing shares with a nominal value of €4 each, through an exchange, at the ratio of two (2) new shares for one (1) existing share.

The division of the nominal value and the corresponding allocation of new shares to the shareholders have no effect on the rights to which the shares are entitled under the Company's by-laws. The new shares will have the same rights as the existing shares for which they will be substituted.

The division of the nominal value will be effective after the distribution, on 30 June 2010, of the dividend proposed for the 2009 fiscal year.

### b. Amendment of the by-laws to provide for the introduction of remote electronic voting.

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The Company intends to carry on its policy to promote and facilitate the exercise of voting rights by shareholders during Shareholders' Meetings. Taking note of the accessibility of the Internet, and adopting a practical approach in line with the opportunities offered by the law, the Company wishes to set up a mechanism of prior remote voting via Internet, subject to the conditions of functioning and security being fully met.

Remote voting via Internet will allow shareholders to vote in advance using a secured electronic means. This voting option will complete those already at the disposal of shareholders, i.e., presence at Shareholders' Meetings, vote by proxy, or vote by correspondence.

The use of remote electronic voting requires a prior amendment of Company's by-laws in accordance with the provisions of Articles

L.225-107, R.225-61 and R.225-71 of the French Commercial Code. The **13<sup>th</sup> resolution** is therefore proposed to the Shareholders' Meeting in order to amend the by-laws accordingly.

Shareholders using remote electronic voting by means of the voting form available on the website set up by the centralizing agent of the Shareholders' Meeting, will be deemed to be physically present or represented. The entry and signature of the electronic voting form may, upon decision of the Management Board, be made directly on the website, using any process decided upon by the Management Board which meets the conditions provided for by the first sentence of paragraph 2 of Article 1316-4 of the French Civil Code, for instance using a username and a password.



## c. Delegation of authority to the Management Board to issue warrants during takeover bids

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In application of Article L.233-32-II of the Commercial Code, the **14<sup>th</sup> resolution** aims to authorize the Management Board to issue for free to the shareholders of Vallourec warrants with preferential rights to subscribe shares of the Company during an unsolicited takeover bid.

In accordance with the law, this delegation may only be implemented in the case that a public offer is initiated by an entity which is under no obligation to obtain the approval of its shareholders before taking defensive measures during takeover periods, or which is controlled by an entity that is not bound by this obligation. In all other cases, this resolution must be confirmed by a vote of the Shareholder's Meeting of Shareholders during the takeover bid.

The issuance of these warrants may not exceed an amount equal to 25% of the share capital on the date of the Management Board's decision to issue the warrants, it being specified that this cap is set independently from any other cap relating to the issuance of shares or other securities giving access to the share capital of the Company authorized by the Shareholder's Meeting or any other prior or subsequent Shareholder's Meeting, and will result in a maximum dilution of 20% of the share of the capital held by the bidder following its offer.

The proposed resolution is not intended to result in the failure of a takeover bid but is intended to protect the interests of its shareholders by inciting the bidder to improve the terms of its offer if they were otherwise deemed to be inadequate.

To this end, the proposed resolution includes important provisions that guarantee the protection of the interests of the shareholders. Hence, the issuance of warrants may only be decided by the Management Board on the basis of a report prepared by a bank with no interest in the Company that will have been designated and approved by a majority of the independent members of the Supervisory Board. In light of the conclusions of this report, the Management Board will have to justify the circumstances and reasons for which they believe that the offer is not in the shareholders' interests and which justify the issuance of such warrants.

Moreover, even if the Management Board decides to issue warrants, they will automatically become null and void should the takeover bid and any other competitive offer lapse or be withdrawn.

This authorization may be used by the Management Board in the event of a takeover bid filed eighteen months from the vote on this resolution. Its renewal will require a valid consultation with the shareholders.



# STATUTORY AUDITORS' REPORT ON THE ISSUANCE OF WARRANTS DURING TAKEOVER BIDS (FOURTEENTH RESOLUTION)

*This is a free translation into English of the Statutory Auditors' report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders,

In accordance with our appointment as Statutory Auditors of your Company and pursuant to the procedures set forth in Article L.228-92 of the French *Code de commerce*, we hereby report to you on the issuance of warrants during takeover bids on which you are asked to decide.

Your Management Board proposes that, based on its report, shareholders delegate to it in accordance with Article L.233-32 II of the French *Code de commerce*, the authority to:

- Issue warrants in accordance with the provisions of Article L.233-32 II of the French *Code de commerce*, allowing shareholders to subscribe with preferential rights one or several shares capital of the Company and on their free award to the shareholders of the Company eligible before the expiration of the takeover bid period,
- Set the conditions of exercise and features of warrants.

The maximum number of warrants that may be issued by virtue of this delegation is set to the number of shares comprising the share capital and the maximum nominal value of the share capital increases resulting from the exercising of these warrants may not exceed an amount equal to 25% of the share capital on the date of the Management Board's decision to issue the warrants.

The Management Board is responsible for preparing a report pursuant to Articles R.225-113, R.225-114, R.225-115 et

R.225 117 of the French *Code de commerce*. Our role is to express an opinion on the fair presentation of the quantified information extracted from the accounts and on certain other information concerning the issuance contained in this report.

We performed the procedures we deemed necessary in accordance with the professional standards of the French National Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement. These procedures consisted in verifying the content of the report of the Management Board relating to this operation.

We have no comment on the information contained in the report established by the Management Board on the issuance of warrants during takeover bids.

We shall issue, if necessary, a further report to the Shareholder's Meeting pursuant to Article L.233-32 III of the French *Code de commerce* confirming, in compliance with provisions of Article R.225-116 of the French Commercial Law, the use of this delegation by your Management Board.

The Statutory Auditors

Paris La Défense and Neuilly-sur-Seine, 16 April 2010

**KPMG Audit**

**Deloitte & Associés**

Department of KPMG S.A.

Jean-Paul VELLUTINI

Philippe GRANDCLERC

Jean-Paul PICARD

Jean-Marc LUMET



# PROPOSED RESOLUTIONS SUBMITTED TO THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF 31 MAY 2010

## Ordinary Part

### First resolution

*(Approval of the statutory financial statements for the 2009 fiscal year)*

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The Shareholders' Meeting, acting in accordance with the quorum and majority criteria required for Ordinary Shareholders' Meetings, having examined the statutory financial statements for the fiscal year ending as at 31 December 2009, the Management Board's management report, the Supervisory Board's report on

the Management Board's report concerning the annual financial statements, approves the financial statements for the fiscal year ending as at 31 December 2009, as well as all transactions reflected in the financial statements or summarized in these reports, showing profits of €427,376,830.66 for such fiscal year.

### Second resolution

*(Approval of the consolidated financial statements for the 2009 fiscal year)*

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The Shareholders' Meeting, acting in accordance with the quorum and majority criteria required for Ordinary Shareholders' Meetings, having examined the consolidated financial statements for the fiscal year ending as at 31 December 2009, the Management Board's management report, the Supervisory Board's report on the Management Board's report concerning the annual financial

statements, approves the consolidated financial statements for the fiscal year ending as at 31 December 2009, as well as all transactions reflected in the financial statements or summarized in these reports, showing profits of €536,478,000 for such fiscal year.

### Third resolution

*(Allocation of the net profit for the 2009 fiscal year and determination of the dividend)*

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The Shareholders' Meeting, acting in accordance with the quorum and majority criteria required for Ordinary Shareholders' Meetings, having examined the Management Board's report, approves the allocation of income proposed by the Management Board as follows:

Profits for the fiscal year	€427,376,830.66
Allocation to the statutory reserve	€-1,396,829.20
Retained earnings carried forward	€430,085,999.04
<b>Distributable profit</b>	<b>€856,066,000.50</b>
<b>Payment to the shareholders of a dividend of €3.50 corresponding to a total dividend of</b>	<b>€200,482,761.50</b>
Balance allocated entirely to the retained earnings carried forward account	€655,583,239.00

The dividend for the 2009 fiscal year is therefore set at €3.50 for each of the 57,280,789 shares comprising the share capital as at 31 December 2009.

The Shareholders' Meeting specifies that the Company will not receive a dividend for its own shares that it holds in treasury on the payment date. The corresponding amount will be carried forward. Accordingly, the shareholders' Meeting authorizes the Management Board to revise the final amount of the distribution if needed, as well as the final amount of the retained earnings carried forward.

In accordance with Article 243 bis of the French *Code général des impôts*, it is specified that this dividend is eligible, when it is paid to shareholders who are individuals residing in France for tax purposes, to an abatement of 40% as a result of the application of Article 158-3 of this same *Code*. In accordance with Article 117 quater of the General Tax Code, the shareholders may nevertheless, subject to certain conditions and instead of the progressive income tax rate scale, opt for a lump-sum withholding at the rate of 18%; the dividend is then no longer eligible for the 40% abatement. The shareholders are reminded that, in these two cases, under certain conditions, the social security withholdings relating to these dividends are withheld at the source.



The Shareholders' Meeting acknowledges that the following dividends were distributed in the three fiscal years prior to the 2009 fiscal year:

<b>Fiscal year</b>	<b>Number of shares</b>	<b>Dividend per share <sup>(1)</sup> In euros</b>
2006	53,011,870	6.00 <sup>(2)</sup>
2007	53,038,720	11.00 <sup>(3)</sup>
2008	53,788,716	6.00 <sup>(4)</sup>

(1) The dividends distributed during the course of the 2006 to 2008 fiscal years entitle their holders to the 40% abatement resulting from the application of Article 158-3 of the French Code général des impôts.

(2) Including an interim dividend of €2 per share distributed on 20 October 2006.

(3) Including an interim dividend of €4 per share distributed on 4 July 2007.

(4) It is recalled that the Combined Shareholder's Meeting of 4 June 2009 granted each shareholder the option to receive the payment of the dividend either in cash, in shares, in accordance with the legal and regulatory provisions in force.

The dividend shall be detached from the share on 7 June 2010 and paid on 30 June 2010.

## Fourth resolution

### *(Option to receive payment of the dividend in shares)*

The Shareholders' Meeting, acting in accordance with the quorum and majority criteria required for Ordinary Shareholders' Meetings, having examined the Management Board's report, and in accordance with Article 15 of the by-laws, decides to grant each owner of ordinary shares the possibility of opting for the payment in new shares of the entire net dividend to which he or she is entitled by virtue of the shares owned by him or her.

The new shares, in the event of the exercise of this option, will be issued for a price equal to 90% of the average of the opening listing price of the share on Euronext Paris during the twenty days prior to the date of this Shareholder's Meeting, reduced by the net amount of the dividend referred to in the third resolution and rounded to the next highest euro cent.

If the amount of the dividends for which the option is exercised does not correspond to a whole number of shares, the shareholder may:

- obtain the next higher whole number of shares by paying, on the date that he or she exercises the option, the difference in cash; or

- receive the next lower whole number of shares supplemented by a payment of the balance in cash.

The shares delivered as dividend payments will bear rights as of 1 January 2010. The shareholders may opt for the payment of the dividend in cash or in new shares between 7 June 2010 to and including 22 June 2010. After this period, the dividend may only be paid in cash.

For the shareholders who opt for a payment in cash, the dividend will be paid on 30 June 2010; on the same date, the delivery of the shares will occur for those who opt for the payment of the dividend in shares.

The Shareholder's Meeting delegates all powers to the Management Board, with the option to sub-delegate in accordance with applicable law, for purposes of taking all necessary measures for the application and performance of this resolution, to define the terms of application and performance, to record the capital increase that will result from this decision, to modify the Company's by-laws accordingly, and more generally, to do all that is useful or necessary.

## Fifth resolution

### *(Renewal of the mandate of Mr Michel de Fabiani as member of the Supervisory Board)*

The Shareholders' Meeting, acting in accordance with the quorum and majority criteria required for Ordinary Shareholder's Meetings and in accordance with Article 10.1 of the by-laws, having examined the Management Board's report, decides to

renew the mandate of Mr Michel de Fabiani as member of the Supervisory Board for a period of four (4) years, *i.e.* until the end of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ending on 31 December 2013.



## Sixth resolution

### *(Renewal of the mandate of Bolloré S.A. as member of the Supervisory Board)*

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The Shareholders' Meeting, acting in accordance with the quorum and majority criteria required for Ordinary Shareholder's Meetings and in accordance with Article 10.1 of the by-laws, having examined the Management Board's report, decides to renew the

mandate of Bolloré S.A. as member of the Supervisory Board for a period of four (4) years, *i.e.* until the end of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ending on 31 December 2013.

## Seventh resolution

### *(Renewal of the mandate of Mr Jean-Claude Verdière as member of the Supervisory Board)*

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The Shareholders' Meeting, acting in accordance with the quorum and majority criteria required for Ordinary Shareholder's Meetings and in accordance with Article 10.1 of the by-laws, having examined the Management Board's report, decides to

renew the mandate of Mr Jean-Claude Verdière as member of the Supervisory Board for a period of two (2) years, *i.e.* until the end of the Ordinary Shareholder's Meeting called to approve the financial statements for the fiscal year ending on 31 December 2011.

## Eighth resolution

### *(Appointment of Mrs. Vivienne Cox as member of the Supervisory Board)*

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The Shareholder's Meeting, acting in accordance with the quorum and majority criteria required for Ordinary Shareholder's Meetings and in accordance with Article 10.1 of the by-laws, having examined the Management Board's report, decides to

appoint Mrs. Vivienne Cox as member of the Supervisory Board for a period of four (4) years, *i.e.* until the end of the Ordinary Shareholder's Meeting called to approve the financial statements for the fiscal year ending on 31 December 2013.

## Ninth resolution

### *(Appointment of Mrs. Alexandra Schaapveld as member of the Supervisory Board)*

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The Shareholder's Meeting, acting in accordance with the quorum and majority criteria required for Ordinary Shareholder's Meetings and in accordance with Article 10.1 of the by-laws, having examined the Management Board's report, decides to appoint

Mrs. Alexandra Schaapveld as member of the Supervisory Board for a period of four (4) years, *i.e.* until the end of the Ordinary Shareholder's Meeting called to approve the financial statements for the fiscal year ending on 31 December 2013.

## Tenth resolution

### *(Adjustment of the compensation of the members of the Supervisory Board)*

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The Shareholder's Meeting, acting in accordance with the quorum and majority criteria required for Ordinary Shareholder's Meetings of the by-laws, having examined the Management Board's report, decides to set the maximum total attendance fees to be paid to

the Supervisory Board for the fiscal year ending on 31 December 2010, and for every subsequent fiscal year until decided otherwise, at €520,000.



## Eleventh resolution

### *(Authorization to be given to the Management Board to trade in the Company's own shares)*

The Shareholder's Meeting, acting in accordance with the quorum and majority criteria required for Ordinary Shareholder's Meetings, and having examined the Management Board's report, authorizes the Management Board, with the power to sub-delegate as provided by law, in accordance with the terms of Article L.225-209 *et seq.* of the Commercial Code, and the conditions defined in Articles 241-1 to 241-6 of the General Regulations of the *Autorité des Marchés Financiers* and European Regulation no. 2273/2003 of 22 December 2003 taken in implementing directive 2003/6/CE of 28 January 2003, to purchase the Company's shares for the following purposes:

- ▶ to implement any stock option plan of the Company in accordance with Articles L.225-177 *et seq.* of the Commercial Code;
- ▶ to award or sell shares to employees in order to allow them to participate in the Company's expansion and in connection with any group or company savings plan established under applicable law (in particular Articles L.3332-1 *et seq.* of the Labour Code);
- ▶ to award shares in accordance with Articles L.225-197-1 *et seq.* of the Commercial Code;
- ▶ to develop the market or liquidity of the shares through an investment services provider, within the framework of a liquidity contract signed with such provider conforming to the deontological charter approved by the *Autorité des Marchés Financiers*;
- ▶ delivering shares (as exchange, payment or otherwise) in connection with transactions involving external growth, mergers, split-offs or contributions;
- ▶ to deliver shares upon exercise of rights attached to securities that give access to share capital through repayment, conversion, exchange, exercise of a warrant or in any other manner; or
- ▶ cancelling all or part of such repurchased shares within the framework of the authorization resulting from the twenty-second resolution of the Combined Shareholder's Meeting of 4 June 2009.

This program would also allow the Company to proceed with any other objective currently authorized under existing laws and regulations, or which may in the future be authorized by such laws and regulations. In such a case, the Company would inform shareholders by way of press release.

Repurchases of the Company's shares will apply to a number of shares such that the number of shares that the Company is allowed to purchase over the course of the share repurchase program may not, at any time, exceed 10% of the share capital. A figure that may be adjusted following changes in share capital that may occur after the date of this Shareholder's Meeting, provided that (i) the number of shares acquired for holding and subsequent

delivery in the case of mergers, spin-offs or contributions shall not exceed 5% of the share capital; (ii) when shares are repurchased in order to favor liquidity in accordance with the terms defined by the general regulations of the *Autorité des Marchés financiers*, the number of shares taken into account for purposes of calculating the 10% limit mentioned above corresponds to the number of purchased shares, minus the number of shares sold during the term of the authorization and (iii) the number of shares that the Company may hold at any given moment may not exceed 10% of its share capital at the date thereof.

These purchase, sale, exchange or transfer transactions may be carried out by the Management Board in one or more times by any means, on the market or over-the-counter, at any time, except during periods in which a takeover bid has been made for the Company's shares.

The maximum purchase price of each share shall be €204 and the maximum amount that may be allocated to the share repurchase program is set at €800 million.

The Shareholder's Meeting grants the Management Board, in case of modification of the par value of the share, increase in capital through incorporation of reserves, granting of free shares, stock-split or reverse stock split, distribution of reserves or any other assets, amortization of capital or any other transaction affecting equity, the authority to adjust the aforementioned maximum purchase price to take into account the effect the foregoing transactions may have had on share value.

The Shareholder's Meeting grants all powers to the Management Board, including the ability to sub-delegate its powers subject to applicable law, to decide upon and implement this authorization, to specify the terms thereof, if necessary, and to decide upon the conditions for effecting the share repurchase program and, in particular, to make any stock exchange order, to enter into any agreement, with a view to maintaining share purchase and sale registers, allocate or reallocate repurchased shares to objectives pursued in compliance with applicable laws and regulations, making all declarations to the *Autorité des Marchés Financiers* and any other authority that may take its place, performing all formalities and, generally, taking all necessary actions.

The Management Board is expressly authorized to sub-delegate its powers to its Chairman, including the ability to sub-delegate his or her powers to the person of his choice, the execution of the decisions made by the Management Board further to this authorization.

This authorization is granted for a period of eighteen (18) months from the date hereof.

The Shareholder's Meeting decides that as of the use of this authorization by the Management Board, it cancels and replaces the authorization granted by the Shareholder's Meeting on 4 June 2009, for the remainder of the term of such authorization.



## Extraordinary Part

### Twelfth resolution

#### *(Division of the nominal value of the Company's shares in half)*

The Shareholder's Meeting, acting in accordance with the quorum and majority criteria required for Extraordinary Shareholder's Meetings, and having examined the Management Board's report, decides to divide the par value of the share by two (2) bringing the par value of each share of the Company from four (4) euros to two (2) euros.

Accordingly, the Shareholder's Meeting acknowledges that the share capital remains set at €229,123,156 divided into 114,561,578 shares, each with a par value of two (2) euros. The 114,561,578 new shares will be allocated to the shareholders of the Company at the ratio of two (2) new shares for one (1) share held.

The Shareholder's Meeting therefore decides to amend Article 6 of the Company's by-laws, which shall read as follows:

*"The share capital is set at €229,123,156, divided into 114,561,578 shares with a par value of €2 each"*

The Shareholder's Meeting acknowledges that the division of the par value and the corresponding allocation of new shares to

the shareholders shall have no effect on the rights to which the holders of the shares are entitled under the Company's by-laws. The new shares will be entitled to the same rights as the existing shares for which they will be substituted.

The Shareholder's Meeting decides that all of the fees relating to the division of the par value will be borne by the Company.

The Shareholder's Meeting grants all powers to the Management Board, including the ability to sub-delegate its powers subject to applicable law, to set the effective date of this division of the par value of the share, which will be after 30 June 2010, carry out any adjustments required by this division, in particular in connection with the performance share plans, the stock options plans, or free shares plans that may have been implemented by the Company before now, amend accordingly the Company's by-laws and carry out any acts, formalities, make any statements as a result of this decision.

### Thirteenth resolution

#### *(Amendment of by-laws to provide for the introduction of remote electronic voting)*

The General Shareholders' Meeting, acting in accordance with the quorum and majority criteria required for Extraordinary Shareholder's Meetings, and having examined the Management Board's report, decides to introduce an option for a remote electronic voting during General Shareholders' Meetings.

Consequently, the General Shareholders' Meeting decides to amend Section 3. "Participation" of Article 12 of the Company's by-laws as follows:

#### *"3. Participation*

*Shareholder's Meetings of the shareholders shall be made up of all shareholders regardless of the number of shares they own.*

*Any shareholder has the right to participate in Shareholder's Meetings, in accordance with the terms set by laws and regulations.*

*Upon decision of the Management Board, the shareholders may vote by any telecommunication and remote transmission means, including the Internet, under the conditions provided for by applicable regulations at the time of use. This decision, if any, shall be noted in the notice of meeting of Shareholder's Meeting published in the Bulletin of Mandatory Legal Announcements (Bulletin des Annonces Légales Obligatoires).*

*The shareholders voting remotely within the prescribed time limit by electronic means using the electronic voting form, containing*

*the mentions required by regulations, available on the website set up by the centralizing agent of the Shareholder's Meeting will be treated like shareholders present or represented. The entry and signature of the electronic form may, if the Management Board so decides at the time of the Shareholder's Meeting's convening, be made directly on the website set up by the centralizing agent of the Shareholder's Meeting by any process decided upon by the Management Board and meeting the conditions defined in the first sentence of the second paragraph of Article 1316-4 of the French Code civil; this may for instance consist of a login and a password. The proxy or the vote so expressed before the meeting by use of this electronic means, as well as the acknowledgement of receipt thereof, will be considered as instruments in writing, irrevocable and opposable to all, it being specified that in case of transfer of securities taking place before the third business day preceding the Shareholder's Meeting at midnight, Paris time, the Company will invalidate or amend accordingly, as the case may be, the proxy or vote expressed before this date and time.*

*Holders of shares with regard to which not all payments due have been paid within 30 days as from formal notice being given by the Company shall not be allowed to attend Shareholder's Meetings. These shares shall be deducted in the calculation of the quorum.*

*Where shares are encumbered by usufruct, the voting right shall be exercised by the usufructuary in all Shareholder's Meetings, whether they are ordinary, extraordinary or special.*



*Shareholder's Meetings may be held at the registered office or at any other place in mainland France."*

Consequently, the Shareholder's Meeting decides that paragraph 10 of Section 4. "Holding of Shareholder's Meetings" of Article 12 of the by-laws, currently worded as follows:

*"A presence sheet is duly signed by all participants and certified accurate by the Shareholders' Meeting bureau."*

*is replaced by a new paragraph, worded as follows:*

*"A presence sheet is established under the conditions provided for by the law."*

The Shareholder's Meeting grants all powers to the Management Board, including the ability to sub-delegate its powers subject to applicable law, to amend accordingly the Company's by-laws and carry out any acts, formalities, make any statements as a result of this decision.

## Fourteenth resolution

### (Delegation of authority to the Management Board to issue warrants during takeover bids)

The Shareholder's Meeting, acting in accordance with the quorum and majority criteria required for Ordinary Shareholder's Meetings and having examined the Board of Directors' report and the Auditors' special report, and acting in accordance with Articles L.233-32 II and L.233-33 of the Commercial Code:

1. delegates to the Management Board the authorization to decide, during a takeover bid, on an issuance, on one or several occasions with the ability to delay or renounce, of warrants with preferential rights to subscribe shares of the Company, and on the award of these warrants to the shareholders of the Company eligible before the expiration of the takeover bid period, for no consideration;
2. sets the maximum number of warrants that may be issued by virtue of this delegation as the number of shares comprising the share capital and the maximum nominal value of the share capital increases resulting from the exercising of these warrants may not exceed an amount equal to 25% of the share capital on the date of the Management Board's decision to issue the warrants, it being specified that this cap is set independently from any other cap relating to the issuance of shares or other securities giving access to the share capital of the Company authorized by the Shareholder's Meeting or any other prior or subsequent Shareholder's Meeting; if needed, this cap will be increased by an amount proportionate to any subsequent capital increase carried out prior to the decision to issue the warrants, it being specified that this cap does not take into account any other adjustment that may be carried out pursuant to applicable laws and regulations, and any contractual provisions providing for other cases of adjustments in order to protect the rights of the holders of securities giving access to the Company's share capital;
3. decides that the maximum number of warrants to be issued shall not exceed the number of shares composing the share capital at the time of the issuance of the warrants;
4. decides that the Management Board must report, on the basis of a report prepared by a bank with no interests in the Company, the designation of which will have been approved by a majority of the independent members of the Supervisory Board, of the circumstances and reasons for which they believe that the offer is not in the shareholders' interest and which justify the issuance of such warrants, as well as the criteria and methods by which the exercise price of the warrants will be determined;
5. decides that the warrants issued pursuant to this delegation may not be exercised and will automatically become null and void should the takeover bid and any other competitive offer lapse or be withdrawn;
6. decides that the Management Board will have all powers to implement this delegation, in particular, to:
  - determine the criteria for the allocation of the warrants based in particular on a reference date on which the status of shareholder shall be established,
  - set the number of warrants to be allocated per share,
  - set the conditions for the exercise of these warrants as well as all of the other features of the warrants, in particular the exercise period, the exercise price of the warrants or the terms of the determination, tradability and/or transferability of the warrants,
  - provide an option to suspend the exercise of the rights attached to the warrants for a maximum period of three months,
  - set the manner to protect, if needed, the rights of the warrant holders in accordance with applicable laws, regulations, and contractual provisions,
  - if needed, declare or acknowledge the nullity, or on the other hand, the exercisable nature of the warrants,
  - determine, if need be, the conditions of exercise of the rights attached to the shares subscribed by the exercise of the warrants and, in particular, set the date, even retroactive, as from which the new shares shall bear rights,
  - decide that the fractional rights shall not be tradable and that the corresponding securities shall be sold,
  - acknowledge the completion of the capital increases resulting from the exercise of the warrants and make the corresponding changes to the by-laws,
  - make the necessary adjustments, as needed, to allow for the preservation, in relation to this issuance of warrants, to the rights of the holders of securities giving access to the share capital or of the holders of stock options,
  - make public the intention of the Company to issue warrants in accordance with this delegation,



**PROPOSED RESOLUTIONS SUBMITTED  
TO THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF 31 MAY 2010**

- generally take all measures and perform all formalities necessary to issue, list and service the securities issued pursuant to this delegation and facilitate exercise of rights attached thereto;
- 7.** decides that this delegation is granted for a term expiring at the end of the offering period for any takeover bid (after reopening, if applicable) for the Company filed eighteen (18) months from the date of this Shareholder's Meeting;
- 8.** decides that this delegation will be deemed not to have been used and will therefore remain fully enforceable in the event that the warrants should be declared null and void;
- 9.** acknowledges that this delegation includes the waiver by the shareholders of their preferential subscription rights with respect to the shares of the Company to which the warrants issued pursuant to this delegation might entitle.



# REQUEST FOR DOCUMENTS AND INFORMATION

(Covered by Articles R.225-83 and R.225-88 of the French *Code de Commerce*)



A French limited liability Company with Management and Supervisory Boards and capital of € 229,123,156  
Registered office: 27, avenue du Général Leclerc –  
92100 Boulogne-Billancourt  
552 142 200 RCS Nanterre  
Siret 552 142 200 00773 APE 7010Z

## Ordinary and Extraordinary Shareholders' Meeting

31 May 2010

I, the undersigned:

Surname and first name: .....

Home address: .....

E-mail and telephone number: .....

Owner of: ..... registered shares and/or ..... bearer shares recorded in registered accounts in bank/authorized intermediary (named) .....

If I am a bearer shareholder, I attach the certificate of holding of the authorized intermediary.

Having read the documents attached to this form concerning the above-mentioned Meeting and covered by Articles R.225-81 and R.225-83 of the French *Code de Commerce*,

I request the said Company to send me, free of charge, following the publication of the official notice and before the Meeting, the documents and information covered by Article R.225-88 of the French *Code de Commerce*.

Signed (place) ....., on (date) ..... 2010

When completed, this form should be returned directly to the Company's registered office (Fax: 01 49 09 36 94).

**NB:** From the invitation and until the fifth day inclusive before the Meeting, in accordance with Article R.225-88 of the French *Code de Commerce*, registered shareholders may make a single request for the Company to send documents and information referred to above and covered by Articles R.225-81 and R.225-83 of the French *Code de Commerce* for each subsequent Shareholders' Meeting. This option is also available to bearer shareholders provided that they send with their request the certificate of holding of the authorized intermediary.

