

VALLOUREC
French limited liability company (*société anonyme*)
with a Management Board and a Supervisory Board
With share capital of € 212,047,480
Registered office: 130 rue de Silly, 92100 Boulogne-Billancourt, France
no. 552 142 200 on the Nanterre Trade and Companies Register
Siret no. 552 142 200 000765 – APE no. 741 J

BY -LAWS

(*STATUTS*)

**DRAFT VERSION AS AFTER THE EXTRAORDINARY GENERAL MEETING OF THE SHAREHOLDERS
OF 6 JUNE 2007**

VALLOUREC

BY -LAWS

(STATUTS)

Article 1 FORM

This Company is a [French] limited liability company (*société anonyme*) with a Management Board and a Supervisory Board. It shall be governed by the laws in force and by the By -Laws.

Article 2 NAME

The Company's name shall be "VALLOUREC"

Article 3 OBJECT

The Company has the following object in all countries, either on its own behalf or on behalf of third parties, or in direct or indirect joint ventures with third parties:

All industrial and commercial operations relating to all methods of preparing and manufacturing metals and all materials that may replace them in all their uses, by all known processes and any that may subsequently be discovered.

And, generally, all commercial, industrial and financial transactions, in real or personal property, directly or indirectly related to the above-mentioned company object.

Article 4 REGISTERED OFFICE

The registered office is located at 130 rue de Silly, Boulogne-Billancourt (Hauts-de-Seine).

It may be transferred to any other location in the same town, the same *département* (administrative district) or a bordering *département* by a decision of the Supervisory Board, subject to ratification of its decision by the next Ordinary General Meeting of the shareholders and to any other place pursuant to a decision of an Extraordinary General Meeting.

Where a transfer is decided on by the Supervisory Board, said Board shall be authorised to amend the By -Laws accordingly.

Article 5 Life

The Company's life shall end on 17 June 2067 unless it is extended or the Company is dissolved early.

Article 6 SHARE CAPITAL

The share capital is set at € 212,047,480 divided into 53,011,870 shares with a nominal value of € 4 each.

Article 7 N/A

Article 8 SHARES

1. Form

Shares may be registered or bearer shares, at the shareholder's choice, in the absence of statutory or legal provisions which may provide, in certain cases, solely for registered shares.

The Company shall be entitled to request the identification of holders of securities that grant the right to vote at its own General Meetings, immediately or subsequently, as well as the quantities held, all the foregoing under conditions laid down by the laws in force.

2. Transfer of shares

Shares may be traded freely in the absence of statutory or regulatory provisions to the contrary.

They shall be transferred by account-to-account transfer.

3. Rights of shares

Ownership of a share shall automatically entail acceptance of the By-Laws and decisions taken by General Meetings of the shareholders.

Whenever it may be necessary to hold several shares in order to exercise a right, especially in the case of a reduction of capital, for any reason and in any manner whatsoever, the shareholders shall be personally responsible for grouping, and, if applicable, buying or selling the number of shares or rights required.

Rights and obligations attached to a share shall remain with it regardless of the owner of said share.

The right to take part in General Meetings and to vote on resolutions shall be attached to each share under the conditions laid down by law and by the By-Laws.

Each share shall give the right to ownership of the Company's assets and in the sharing of profits in proportion to the number of existing shares, taking into account the nominal value of the shares and the rights of different classes of shares, where applicable.

All existing or future shares making up the share capital shall be treated identically for tax purposes. As a result, and apart from the effect of the date as from which dividends can be paid or how far the shares have been paid up, all the shares shall give the right, during the Company's life and in the event of liquidation, to payment of the same net amount in any allocation or redemption, such that all shares shall be considered together, where applicable, regardless of any tax exemptions or of any other taxes to which this allocation or redemption could give rise.

Shareholders shall only bear the Company's losses up to the amount of their contributions.

4. Indivisibility

Shares shall be indivisible as regards the Company. All joint owners of undivided shares must arrange to be represented, as regards the Company, by only one of them or by a lawful joint representative, subject to statutory or regulatory provisions relating to the exercise of the right to receive information.

Heirs, representatives or creditors of a shareholder may not, under any pretext whatsoever, cause seals to be placed on the Company's property or securities or take proceedings as regards said assets and securities, request the sharing or the public sale of property held in common (*licitation*) or interfere in acts by the Company's management in any way whatsoever. They shall rely on the Company's statements of assets and liabilities and decisions taken by General Meetings.

5. Crossing of statutory thresholds

Any shareholder crossing a threshold stipulated by law, whether such crossing results in his holding being above or below said threshold, must make a declaration to this effect to the Company and the Autorité des Marchés Financiers (AMF) in accordance with the prevailing legislation. Failure to make such a declaration will result in the application of the legal provisions in force.

In addition to the declarations of crossing thresholds expressly provided by Articles L. 233-7-I and II of the French Code de Commerce, any shareholder (individual or corporate body) that acquires, directly or indirectly by means of companies controlled by the shareholder within the meaning of Article L. 233-3 of the French Code de Commerce, acting singly or jointly, a number of the Company's ~~bearer~~ shares equal to or greater than three (3), four (4), six (6), seven (7), eight (8), nine (9) and twelve and half (12.5) per cent of the total number of shares making up the share capital must, within five (5) trading days of crossing said threshold, inform the Company ~~of the total number of shares it holds~~, by letter sent by recorded delivery with advice of receipt to the Company's registered office, ~~of his/her/its identity and the identity of the persons with which he/she/it is acting jointly and of the total number of shares, securities giving access to capital and vetoing rights he/she/it holds, directly, indirectly and jointly.~~

The information given in the previous paragraph must also be given within the same times and in accordance with the same conditions when the holding in the Company's capital falls below the thresholds referred to in this paragraph.

In each declaration, the shareholder making the declaration must certify that the declaration made covers all the shares ~~and voting rights~~ held, acting singly or jointly, directly or indirectly by means of companies controlled by the shareholder within the meaning of Article L. 233-3 of the French Code de Commerce or as indicated in Article L. 233-9 of the French Code de Commerce. The shareholder must also indicate the date or dates of acquisition or disposal of the shares to which the declaration refers.

The penalties provided for by law in the event of failure to comply with the requirement to declare the crossing of legal thresholds apply also in the event of the failure to fulfil ~~the obligations relating to declaring the crossing~~ of thresholds stipulated by the By-Laws, at the request, recorded in the minutes of the General Meeting, of one or more shareholders holding at least 5% of the Company's shares.

Article 9 MANAGEMENT BOARD

1. Composition of the Management Board

The Company shall be run by a Management Board which shall perform its duties under the control of a Supervisory Board.

The Management Board shall be composed of between two and five members appointed by the Supervisory Board. Members of the Management Board, who must be natural persons, may but need not be shareholders.

Any member of the Management Board may be removed from office either by the Ordinary General Meeting or by the Supervisory Board. If the person involved has entered into an employment contract with the Company, his or her removal from office as a member of the Management Board shall not end this contract.

Members of the Management Board shall be appointed for a maximum term of six years. They shall be eligible for re-election. Any member of the Management Board who passes the age of 65 shall be deemed to have resigned automatically at the close of the Ordinary General Meeting following his 65th birthday. The Supervisory Board may extend this age limit by one year, in which case the Management Board member concerned shall be deemed to have resigned automatically at the close of the mandatory Ordinary General Meeting following his 66th birthday.

2. Organisation and operation of the Management Board

The Supervisory Board shall give one of the members of the Management Board the capacity of chairman. The Management Board shall meet whenever this is required in the Company's interests. Said meeting shall be convened by the chairman or by any other member of the Management Board at the place stated by the person who issued the convening notice. Meetings may be convened by any means, even verbally. It is possible for the agenda only to be drawn up at the time of the meeting. No member may be represented at a Management Board meeting. In the event that the chairman is absent or unable to act, the chief operating officer or, failing this, the oldest member shall act as chairman. The Management Board may appoint a secretary. If said secretary is not a member of the Management Board, he or she shall only attend meetings when he or she is invited to do so.

The Management Board shall only deliberate validly if the majority of its members are present. Decisions shall be taken by the Management Board by a majority of the members present, with each member having only one vote.

The Management Board shall draw up internal regulations in order to specify and complete its methods of operation, in particular as regards minutes of meetings.

3. The Management Board's powers

The Management Board shall be vested with the most extensive powers to act in the Company's name in all circumstances. It shall exercise such powers within the limit of the Company's object and subject to those powers expressly allocated by law to the Supervisory Board and to General Meetings of the shareholders. ~~Any member of the Management Board may be removed from office either by the Ordinary General Meeting or by the Supervisory Board.~~

~~In the context of the internal organisation of the Company, in addition to the legal obligations relating to prior authorisation by the Supervisory Board, In addition to the limits on the Management Board's powers provided for by law, the Management Board may not act as follows—carry out the following operations~~ without the Supervisory Board's prior authorisation:

- ~~decide to make any increasing—increase the—in~~ capital in cash or by capitalising reserves in the context of delegations granted as authorised by a General Meeting of the shareholders,
- ~~decide to make any other issue of~~ issuing any securities that could subsequently give access to the capital in the context of delegations granted as authorised by a General Meeting of the shareholders.

With the authorisation of the Supervisory Board, the members of the Management Board may

divide management tasks between them. However this division of tasks shall under no circumstances have the effect of removing from the Management Board its character as a governing body collectively managing the Company.

4. Representation as regards third parties

The chairman of the Management Board shall represent the Company in its relations with third parties.

In addition, the Supervisory Board may grant the same power of representation to one or several other members of the Management Board who shall then be called chief operating officer(s) (*directeur général*). The chairman of the Management Board and the chief operating officer(s) shall be authorised to appoint any special representatives they shall deem appropriate to replace them as regards some of their powers.

Article 10 SUPERVISORY BOARD

1. Composition

The Supervisory Board shall consist of at least three and no more than 12 members. The term of office of members of the Supervisory Board may not exceed six years. They shall be eligible for re-election.

Each member of the Supervisory Board must hold at least 50 registered shares. Throughout a Supervisory Board member's term of office, these shares shall be registered in a pure registered shares account or an administered shares account.

When a member of the Supervisory Board passes the age of 70, he shall remain a member of the Board until the normal expiry of his term of office. He may then be re-elected once, for a maximum term of two years. The application of these provisions may not however result in the number of members of the Supervisory Board aged over 70 exceeding one-third of the total members of the Supervisory Board (individuals or representatives of corporate bodies).

If the aforementioned one-third quota is exceeded, failing the voluntary resignation of a member of the Supervisory Board who is aged over 70, the oldest member of the Supervisory Board shall be automatically deemed to have resigned.

2. Organisation and operation of the Supervisory Board

Meetings of the Supervisory Board shall be convened and it shall deliberate under the conditions laid down by law.

The Supervisory Board shall meet as often as required in the Company's interests and as required under statutory or regulatory provisions, either at the registered office or at any other place stated in the convening notice. Members shall be invited to meetings by ordinary letter or, in an emergency, verbally or by fax. It is possible for the agenda only to be drawn up at the time of the meeting. An attendance register shall be kept and this register shall be signed by the members of the Supervisory Board attending its meetings.

3. Remit

The Supervisory Board shall have the remit laid down by law and in particular shall permanently control the management of the Management Board.

It may remove members of the Management Board and fix their remuneration.

Article 10 (a)
NON-VOTING CONSULTING DIRECTORS (*CENSEURS*)

The Ordinary General Meeting may appoint Censeurs who may but need not be shareholders of the Company.

The number of Censeurs may not exceed two.

Censeurs shall be appointed for a term that may not exceed six (6) years. They shall be eligible for re-election.

The main role of the Censeurs is to ensure the strict application of the By -Laws. They shall be called to meetings of the Supervisory Board and take part in discussions in an advisory capacity.

Censeurs may receive remuneration from the annual attendance fee budget granted to the Supervisory Board by the Ordinary General Meeting of shareholders

Article 11
STATUTORY AUDITORS

The Ordinary General Meeting of the shareholders shall appoint at least two Statutory Auditors for the term, under the conditions and with the mission laid down by law.

Alternative Auditors shall also be appointed in accordance with the law.

Statutory Auditors and Alternative Auditors shall be eligible for re-election.

Article 12
GENERAL MEETINGS OF THE SHAREHOLDERS

1. Effect of decisions

Duly convened General Meetings of shareholders shall represent all shareholders. Decisions taken by it in accordance with the law and with the By -Laws shall be binding on all shareholders, even those who were absent [from the meeting in question], unable to act or who voted against [the resolution in question].

2. Convening General Meetings

General Meetings of shareholders shall be convened under the conditions laid down by law.

3. Participation

General Meetings of the shareholders shall be made up of all shareholders regardless of the number of shares they own.

~~Any shareholder shall have the right to participate in General Meetings shall be subject to registration of the shareholder in the Company's registers at least five days before the date of the General Meeting. However, the Management Board shall always have the possibility of reducing this time, as a general measure, if it considers it appropriate under the conditions laid down by law.~~

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 General 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 General Meetings, whether they are ordinary, extraordinary or special.

General Meetings may be held at the registered office or at any other place in mainland France.

4. Holding General Meetings

Each member of a General Meeting shall have as many votes as shares he or she owns or represents, in the absence of legal provisions to the contrary.

However, shares that have been paid up in full and which can be shown to have been registered for four years in the name of the same shareholder shall have a voting right that shall be double that granted to other shares.

In the event of an increase in capital by capitalising reserves, profits or share premiums, this double voting right shall be granted to registered shares granted free of charge to a shareholder for existing shares for which he or she had this right, as from the issue of such [new] shares.

Any share converted to a bearer share or transferred shall lose the double voting right. However, transfer following a death, liquidation of a community of assets by spouses or an inter vivos gift to a spouse or relative entitled to inherit shall not entail the loss of the acquired right and shall not interrupt the above-mentioned time period.

Any merger of the Company with another Company shall have no effect on the double voting right which may be exercised within the absorbing company if the By -Laws of said company allow this.

General Meetings shall be chaired by the chairman of the Supervisory Board or, in his or her absence, by the vice-chairman or, failing this, by the oldest member of the Supervisory Board.

In principle, the agenda shall be drawn up by the person who issues the convening notice.

The duties of scrutineers shall be performed by the two members of the General Meeting who are present and who accept these duties who have the largest number of votes.

The officers of the meeting shall appoint the secretary, who may but need not be a shareholder.

An attendance sheet shall be kept, and this shall be duly signed by the participants and certified to be accurate by the officers of the General Meeting.

Deliberations shall be recorded in minutes drawn up in a special register, on numbered and initialled pages held at the registered office, or on loose sheets which shall be numbered and initialled without any discontinuity.

These minutes shall be signed by the officers of the meeting. Copies or excerpts therefrom shall be validly certified by the chairman of the Supervisory Board, the vice-chairman, a member of the Management Board or by the secretary of the General Meeting.

Article 13

ORDINARY GENERAL MEETINGS OF THE SHAREHOLDERS

1. Quorums and majorities

When Ordinary General Meetings of the shareholders are held the first time the General Meeting

is convened, they may only take valid decisions if the shareholders present or represented own at least one-~~quarter~~ fifth of the voting shares.

When such a meeting is convened for the second time, its deliberations shall be valid regardless of the number of shares represented.

Decisions shall be taken by a majority of the votes held by shareholders who are present or represented.

2. Powers

Ordinary General Meetings of the shareholders shall hear the reports of the Management Board and of the Statutory Auditors and shall review the annual financial statements as well as the observations of the Supervisory Board on the Management Board's report and on the financial statements for the financial year.

General Meetings shall discuss, approve, adjust or reject the financial statements and shall fix dividends to be distributed and the amount of the retained earnings to be carried forward.

They shall decide on the creation of any reserve funds. They shall fix the withdrawals to be made therefrom and shall decide on the distribution thereof.

They shall determine the amount of attendance fees.

They may remove members of the Management Board from office.

They shall appoint, replace or re-elect members of the Supervisory Board or remove them from office. They shall ratify provisional appointments of members of the Supervisory Board made by said Supervisory Board.

They shall appoint the Statutory Auditors and shall vote, if applicable, on the special report issued by said Auditors in accordance with the law.

~~They shall authorise all borrowings by means of bonds that may neither be converted nor exchanged and do not have equity warrants and the creation of special guarantees to be granted for them.~~

They shall decide on all proposals which do not need to be decided solely by Extraordinary General Meetings of the shareholders.

Article 14

EXTRAORDINARY GENERAL MEETINGS OF THE SHAREHOLDERS

1. Powers

Extraordinary General Meetings of the shareholders may amend all the provisions of the By - Laws and may also decide to convert the Company into a company in another form.

They may only increase shareholders' commitments or undermine the equality of shareholders' rights by a unanimous vote of the shareholders.

2. Quorums and majorities

- 1) Extraordinary General Meetings may only take valid decisions the first time the General Meeting is convened if the shareholders present or represented own at least one-quarter of the voting shares or, the second time the General Meeting is convened, one-fifth of the voting shares.

Decisions shall be taken by a majority of two thirds of the votes held by the shareholders present or represented.

- 2) If the subject at issue is deciding or authorising the Management Board to increase the share capital by capitalising reserves, profits or share premiums, the quorum required shall be one-~~quarter~~-fifth when the meeting is convened for the first time. Decisions shall be valid when the meeting is convened for the second time regardless of the number of shares represented.

Decisions shall be taken by a majority of the votes held by the shareholders present or represented.

- 3) Where the General Meeting is deliberating on approving a contribution in kind or the granting of a special benefit, the contributor or the beneficiary shall not have a vote and nor shall his or her proxy. His or her shares shall not be taken into account in the calculation of the majority.

Article 15

COMPANY FINANCIAL STATEMENTS

The financial year shall start on 1 January and end on 31 December.

The distributable profit, as defined by law, shall be available to General Meetings of the shareholders. Unless there is an exception due to statutory provisions, General Meetings of the shareholders shall decide on the appropriation of this profit at their discretion.

General Meetings of the shareholders may also decide to grant each shareholder, for all or some of the dividends to be distributed, a choice between payment of the dividend in cash or in shares, in accordance with statutory and regulatory provisions in force.

Article 16

EARLY DISSOLUTION - EXTENSION

Extraordinary General Meetings of the shareholders may at any time decide to dissolve the Company early or decide to extend the Company's life when it ends.

At least one year before the end of the Company's life, the Management Board shall arrange for an Extraordinary General Meeting of the shareholders to take place for the purpose of deciding whether the Company's life should be extended.

Article 17

SHAREHOLDERS' EQUITY LESS THAN HALF THE SHARE CAPITAL

If, due to losses recorded in accounting documents, the Company's shareholders' equity (*capitaux propres*) falls to less than half the share capital, the Management Board must convene an Extraordinary General Meeting of the shareholders within four months following the approval of the financial statements that showed this loss, for the purpose of deciding whether the Company should be dissolved early.

If it is not dissolved, the Company must reduce its capital by an amount at least equal to that of losses which it has not been possible to offset against reserves no later than at the close of the second financial year after the year in which the losses were recorded, and subject to the statutory provisions

relating to the minimum amount of share capital if, within this time, the shareholders' equity has not been rebuilt to an amount at least equal to half the share capital.

In both these cases, the resolution adopted by the Extraordinary General Meeting of the shareholders shall be published in accordance with the law.

Article 18

LIQUIDATION

When the Company's life ends or if it is dissolved early, the General Meeting of the shareholders shall decide on the method of liquidation and shall appoint one or several liquidators whose powers it shall also determine.

The appointment of liquidators shall end the duties of the Management Board.

Throughout the time the Company is being liquidated, the General Meeting of the shareholders shall retain the same powers.

The net proceeds from liquidation after payment of liabilities shall be used first to repay the paid up and unredeemed amount of the shares. The remainder shall be divided between all the shares.

Shareholders shall be invited [to a General Meeting] at the end of liquidation to decide on the final financial statements, the release to be given to the liquidators for their management, release from their mandate and to record the close of liquidation. [These decisions] shall be published in accordance with the law.

Article 19

DISPUTES - CHOICE OF ADDRESS FOR SERVICE

All disputes on the subject of Company matters which may arise during the Company's life or when it is liquidated, either between the Company's shareholders and the Company or between the shareholders themselves, shall be referred to the courts with jurisdiction in the place where the registered office is located.