



Jean-Paul Parayre



Philippe Crouzet

“Vallourec’s decision to continue to invest and innovate during this crisis period is a guarantee of its long-term success.”

Jean-Paul Parayre

Dear Shareholder,

Vallourec has shown an exemplary ability to adapt in the face of one of the most severe economic crises of recent decades. All the necessary action has been taken to minimize the consequences of the recession while respecting the Group’s values and ethics. Its flexibility has enabled Vallourec to adapt production levels and reduce costs without losing any of its skill base. At the same time, the Group has continued to invest and innovate to heighten its competitiveness and strengthen its position in up-market products and solutions.

This adaptation has required the mobilization of all concerned. We are aware that it has been difficult and would like to thank all our staff for the efforts they have made on a daily basis, and thank our shareholders for their support and loyalty.

In 2009, Vallourec managed to maintain a high operating margin despite a substantial decline in sales volume. The cash flow generated by its activities enabled it to finance its strategic investments, in particular the construction of the new plant in Brazil, while at the same time strengthening the Group’s financial position.

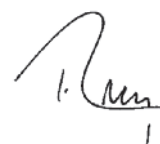
Conditions are likely to remain difficult in 2010 but should mark the low point of the cycle. All the actions taken will enable your Group to cope with this situation and be ready to seize opportunities offered by the economic recovery.

The Annual Shareholders’ Meeting on 31 May will provide an opportunity to exchange ideas and discuss Vallourec’s activities, results and outlook for the future. To help you play an active role, we have enclosed a four-page supplement summarizing the resolutions to be submitted for your approval and describing in detail the practical methods for participating in this Meeting. If you are unable to attend in person, you will find information on how to appoint a proxy to vote on your behalf or to cast a postal vote.

With the markets in which the Group operates showing the first signs of recovery, particularly the North American gas market, we are convinced that the many initiatives taken by the Group will deliver results and strengthen its leadership. We confirm our confidence in the Group’s future and our commitment to creating value for our shareholders.



Jean-Paul Parayre
Chairman of the Supervisory Board



Philippe Crouzet
Chairman of the Management Board

2009 results

Vallourec managed to maintain a high operating margin in 2009 despite a significant reduction in volume linked to the global economic crisis. The record cash flow generated by operations during the year enabled the Group to finance a high level of investment while continuing to strengthen its financial position.

An operating margin of 22% in 2009

Sales contracted by 31% to € 4,465 million in 2009, reflecting a strong decrease in volumes (-46%), which was partly offset by an increase in average selling prices. This resulted from the delivery in 2009 of Premium tube orders taken on favourable terms and conditions in 2008 in the Oil & Gas (rest of world) and Power generation sectors. Sales at the other businesses were severely affected by the drastic slowdown in industrial activity at the end of 2008 and by destocking by customers and distributors. For the year as a whole, the weight of the energy sector (Oil & Gas, Power generation and Petrochemicals) increased to represent 84% of Group sales.

EBITDA amounted to € 981 million, corresponding to an EBITDA/sales ratio of 22%. This high margin was attributable to a better price & mix than in 2008 and to the significant efforts made to adapt costs. Operating costs decreased by 35% in 2009 compared with 2008. The Cap Ten cost-savings plan launched at the beginning of 2008 with the aim of achieving recurring annual cost savings of € 200 million within three years was ahead of target at the end of the second year.

A stronger financial position

Vallourec generated record cash flow of € 1,611 million, resulting from cash flow from operations and the measures taken to reduce working capital requirements, particularly in terms of inventories. This enabled the Group to progress from a situation of net debt at end-2008 to a positive net cash situation of € 407 million at the end of 2009. Thanks to its strong financial position, the Group was able to raise the level of strategic investments to € 677 million, of which half was dedicated to construction of the Vallourec & Sumitomo Tubos do Brasil integrated plant, and pursue its policy of targeted acquisitions.

Proposal to appoint Vivienne Cox and Alexandra Schaapveld to the Supervisory Board

Vivienne Cox

British, a graduate of Oxford University and INSEAD and holder of an honorary doctorate from Hull University, Vivienne Cox spent her entire professional career, from 1981 to 2009, with BP. She is a director of several companies and institutions, including Rio Tinto and INSEAD, and she is the Chairwoman of investment and consulting firm Climate Change Capital.

Alexandra Schaapveld

Dutch, a graduate of Oxford University and with a degree in Development Economics from Erasmus University, Alexandra Schaapveld has spent her entire professional career with ABN AMRO, which she joined in 1984. In particular she held the post of Head of Investment Banking from 2005 to 2007 before becoming European Director of Royal Bank of Scotland /ABN AMRO in 2008. She is presently a member of the Advisory Council of "The Central Planning Office" of the Netherlands (Minister of Finance office).

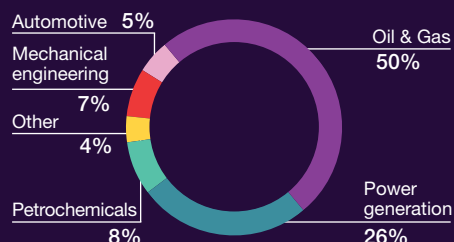
2009

Key figures

Sales (in € million)



Sales breakdown by market



The energy activities (Oil & Gas, Power generation and Petrochemicals) accounted for 84% of Group sales.

EBITDA (in € million)



Net profit attributable to owners of the parent (in € million)



Sustainable development report

Vallourec has been committed to sustainable development for several years and is fully aware of its responsibilities in this area. Numerous successful actions were taken in 2009, such as the Cap Ten Safe plan which considerably improved security performance across the Group's entities. The 2009 Sustainable Development report covers all aspects of the Group's social, civic, environmental and economic responsibilities.

Available documents:

- The registered document, the annual report and the sustainable development report, will be distributed at the Shareholder's Meeting.
- All the documents are available on the Vallourec website.

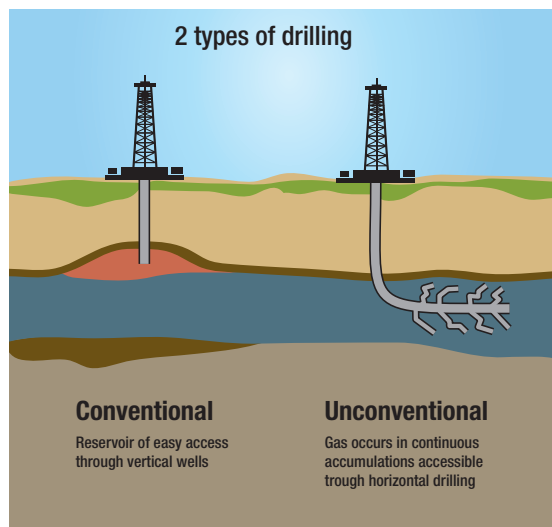
News

A strategic investment in the United States

The exploitation of unconventional gas resources has revolutionized the US energy market. Trapped in deep geological layers, in shale, compact reservoirs and coal deposits, this gas is generally extracted using horizontal drilling and hydraulic sand fracturing techniques. Recent technological developments have reduced extraction costs and multiplied the recoverable reserves.

Many oil companies are taking a growing interest in these unconventional deposits whose extraction requires an increased quantity of small diameter alloy tubes with Premium joints. To meet this demand, the Group has decided to build a new small diameter tube mill in Youngstown (Ohio) in the United States, next to its existing steel plant and medium-diameter tube mill. With a nominal annual capacity of 500,000 tonnes of seamless tubes, the new mill will initially produce 350,000 tonnes a year. It will also comprise heat treatment and threading facilities. The total investment will amount to USD 650 million. The mill is scheduled to start production in the fourth quarter of 2011.

Ideally located close to major shale basins such as Marcellus, these new facilities will complement the range produced by Vallourec in North America and will consolidate the Group's leadership position as a provider of Premium tubular solutions.



Vallourec acquires Serimax

Serimax is a world leader in the provision of integrated welding solutions for offshore line pipes. Based in France, the company achieved sales of €152 million in 2009, employing 800 people. Its welding shops are in the United States, France, the United Kingdom and Malaysia.

Offshore line pipes are used to connect well-heads on the sea bed to production platforms or to the shore. They are made of seamless steel tubes, which are welded together. Premium steel grades and precision welding techniques are essential, due to the extreme mechanical stresses to which such pipes are subjected.

This €150 million acquisition will enable Vallourec and Serimax to combine their expertise in tube manufacturing and welding with a view to optimizing the pipe laying process and offering integrated solutions to their customers.



Investments in progress

Vallourec & Sumitomo Tubos do Brasil

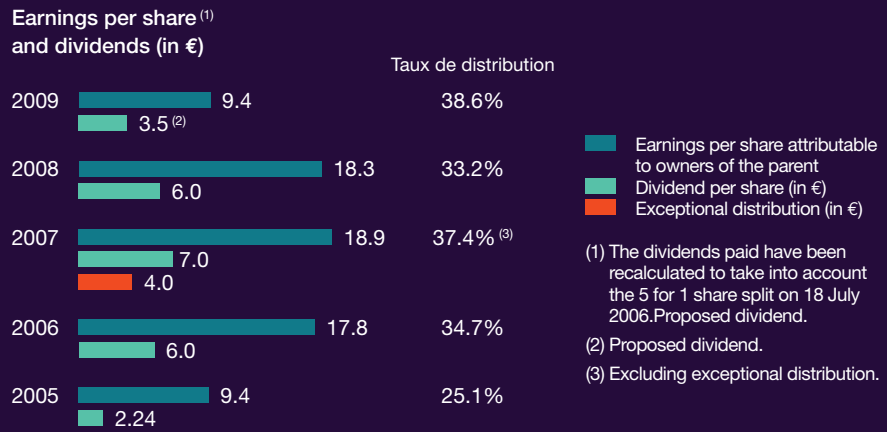
With a view to improving its competitiveness, Vallourec carry on the building of a new integrated plant in Brazil, dedicated mainly to export, which will increase its annual tube production capacity by 300,000 tonnes. This major project has required moving 20 million cubic metres of earth. A metal structure whose weight is four times that of the Eiffel tower has been constructed to house the steel works and tube mill. The project has reached the machinery assembly phase and will produce its first tubes towards the end of the year.

Investment in nuclear energy

Vallourec last year decided to increase capacity to meet growing demand from the nuclear energy sector. The work to extend the capacities of the Valtimet plant at Venarey-Les Laumes (Côte-d'Or) in France and of the Morristown plant in Tennessee, United States has been completed. The construction of the new Valinox Nucléaire workshop at Montbard (Côte-d'Or) in France will be finished in January 2011. This investment will multiply the plant's production capacity by a factor of 2.5, raising it to 4,500 kilometres of tubes per year. Valinox Nucléaire's business is assured through to 2013 and will benefit from the long-term agreements concluded recently with Areva and the Chinese group S.E.N.P.E.C. The Group has already begun to recruit and train the future production staff, notably through voluntary transfers of staff from other Group companies whose business activity has slowed.



Shareholder information



Dividend

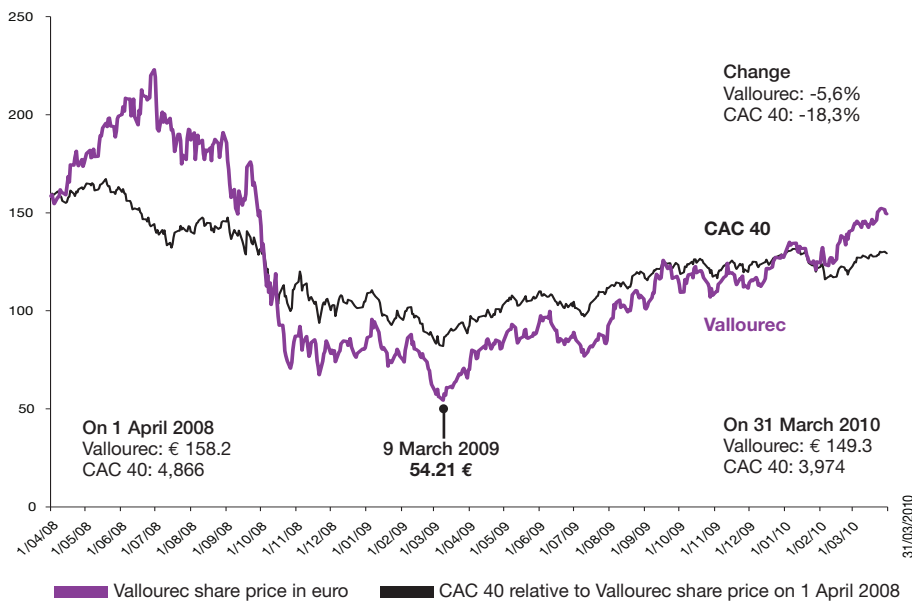
It has been decided to ask the Shareholders' Meeting of 31 May 2010 to approve payment of an ordinary dividend of € 3.5 per share in respect of the financial year 2009, down compared with the dividend of € 6 paid the previous year given the trend in the Group's results. The pay-out ratio corresponds to 38.6% of the net profit, Group share, compared with 33.2% the previous year, in line with the Group's policy which aims for an average pay-out ratio of 33% over the long term.

To receive the €3.5 dividend, shareholders must own their shares on 4 June 2010 ("record date"). The "ex-date" will be on 7 June 2010.

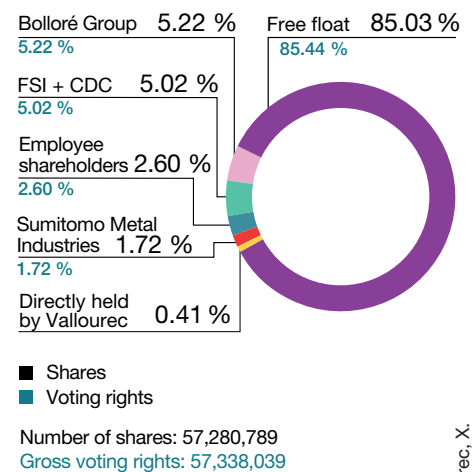
For the second consecutive year, shareholders will be able to choose, during the option period from 7 to 22 June 2010 inclusive, to receive payment of the dividend in cash or in shares with a discount of 10% on the price of the new shares.

The payment of the dividend in cash or delivery of new shares will take place on 30 June 2010.

Share price performance from 1 April 2008 to 31 March 2010



Capital breakdown at 31 March 2010



Vallourec share

- Listed on the Euronext Paris Eurolist (section A)
- Part of the deferred settlement section (SRD)
- ISIN code: FR0000120354
- Indices: Euronext 100, CAC 40 and MSCI World Index
- FTSE classification: engineering and machinery
- Market capitalization: €8.6 billion at 31 March 2010

Shareholder calendar

- 12 May 2010: release of 2010 Q1 results
- 31 May 2010: Shareholders' Meeting
- 28 July 2010: release of 2010 H1 results
- 24 September 2010: Investor Day
- 9 November 2010: release of 2010 Q3 results

Contact

Shareholder relations
 27, avenue du Général Leclerc
 92100 Boulogne-Billancourt
 Tel: +33 (0)1 49 09 39 76
 Email: actionnaires@vallourec.fr

Further information is available on the Group website at:

www.vallourec.com

Resolutions

Agenda

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

Shareholders' Meeting, Monday 31 May at 4 :00 p.m.
in the Grand Auditorium of the Palais Brongniart,
place de la Bourse (entrance rue Vivienne), Paris 75002.

Exercise your voting right:

All shareholders, regardless of the number of shares they hold, are entitled to attend and vote at the Shareholders' Meeting.

TO CONTACT CACEIS

By mail:

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

By phone:

00 33 (0)1 57 78 32 32

By fax:

00 33 (0)1 49 08 05 82

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 "3 – 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.

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).

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**
 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.

B 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**
 au Palais Brongniart à Paris (75002) **ORDINARY AND EXTRAORDINARY GENERAL MEETING**
 grand Auditorium - entrée principale rue Vivienne **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
 Nominatif / Registered
 Porteur / Bearer
 VS / single vote
 VD / double vote
 Nombre de voix / Number of voting rights

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 noircissant comme ceci à la case correspondante et pour lesquels je vote **NON** ou je m'abstiens.
 I vote **FOR** 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 noircissant 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 **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 :** (oui & conjoint ou à 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 (3)) 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-keeper.

Num, 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)

	1	2	3	4	5	6	7	8	9	Oui/Yes	Non/No Abst/Abs	Oui/Yes	Non/No Abst/Abs
A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	F	<input type="checkbox"/>
B	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	G	<input type="checkbox"/>
C	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	H	<input type="checkbox"/>
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E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	K	<input type="checkbox"/>

Si des amendements ou des résolutions nouvelles établis sont présentés en assemblée / In case amendments or new resolutions are proposed during the meeting
 - Je donne pouvoir au Président de l'AG de voter en mon nom / I appoint the Chairman of the meeting to vote on my behalf
 - Je m'abstiens (l'abstention équivaut à un vote contre) / I abstain from voting (is equivalent to vote against)
 - Je donne procuration (cf. au verso renvoi 3) à M, Mme ou Mlle pour voter en mon nom / I appoint (see reverse (3)) Mr, Mrs or Miss to vote on my behalf

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^{ère} convocation / on 1st notification
 sur 2^{ème} convocation / on 2d notification

à la société / to the company
 à la Banque / to the bank
 26/05/2010

Date & signature

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

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.

Special supplement

Ordinary and Extraordinary
Shareholders' Meeting of 31 May 2010

Request for documents and information

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

VALLOUREC

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
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).

Signature:

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.