



A French limited liability company (*Société anonyme*) with Management and Supervisory Boards
and capital of €238,168,840
Registered office: 27, avenue du Général Leclerc – Boulogne-Billancourt (92100), France
RCS Nanterre 552 142 200

Boulogne-Billancourt, 28 July 2011

Additional information on the policy of strengthening employees' and Management Board members' stake in Vallourec Group results in the form of options in 2011

At its 27 July 2011 meeting, Vallourec's Supervisory Board voted to implement a new share subscription option plan, continuing the policy implemented by the Management Board to strengthen employees' stake in the Group's results. It also voted on option allocations to Management Board members.

This information is made public in accordance with the AFEP-MEDEF Code and supplements the information concerning the policy of strengthening employees' stake in Vallourec Group's results and remuneration of Management Board members published on Vallourec's website on 4 April 2011.

These allocations continue Vallourec's policy aiming, first, to enhance all employees' remuneration through schemes to strengthen their stake in the Group's results over the long term; and second, to increase the convergence of management's interests with those of shareholders over the long term by annual allocation of performance shares and/or share options, subject to satisfaction of a condition of continuing employment within the company and achievement of performance target over several financial years.

A – OPTION ALLOCATION TO GROUP MANAGEMENT

On 27 July 2011, the Supervisory Board approved the implementation of a share subscription option plan to benefit 396 managers, not including Management Board members, subject to certain conditions.

The maximum number of options to be allocated is 553,100, representing 0.46% of Vallourec's share capital on the date of issuance of this press release.

The options will be allocated with no discount. The exercise price will be the average opening price of Vallourec's shares during the twenty trading days preceding the Management Board's decision to allocate options, which is expected to be on 1 September 2011.

Exercise of the options shall be subject to satisfaction of a condition of continuing employment within the company and a performance condition. The minimum length of service within the company shall be four years (with allowance made for the customary exceptions). The performance condition will be linked to the Group's

average EBITDA for the 2011, 2012, 2013 and 2014 financial years. The exercise period will be six years, following a four-year lock-up period that will run as from the date of implementation of the plan, which is expected to be on 1 September 2011.

This allocation is included in the Twenty-first Resolution of the 4 June 2009 Shareholders' Meeting.

B – ADDITIONAL OPTION ALLOCATION TO BRAZILIAN MANAGEMENT

To make up for the absence of a performance share allocation to the Brazilian managers within the performance share allocation plan set up in March 2011, the Supervisory Board approved implementation of an additional option plan in Brazil. This plan covers the allocation in September 2011 of a maximum of 174,613 options to eligible managers in Brazil, amounting to 0.15% of Vallourec's share capital on the date of issuance of this press release, within the framework of the Twenty-first Resolution of the 4 June 2009 Shareholders' Meeting.

Total options to be allocated under the conditions set forth in paragraphs A and B above will represent a maximum of 0.61% of Vallourec's share capital on the date of issuance of this press release.

C – OPTION ALLOCATION TO CORPORATE OFFICERS

At its 27 July 2011 meeting, the Supervisory Board also approved the allocation to Management Board members of a maximum of 60,000 share subscription options subject to the following conditions:

| | Options | Percentage of total options |
|---|----------------|------------------------------------|
| Philippe Crouzet <i>Chairman of the Management Board</i> | 33,000 | 4.5 % |
| Jean-Pierre Michel <i>Chief Operating Officer</i> | 15,000 | 2.1 % |
| Olivier Mallet <i>Chief Financial Officer</i> | 12,000 | 1.6 % |

The performance conditions, exercise price and lock-up and exercise periods that apply to the options allocated to Management Board members shall be identical to those applicable to managers who benefited from option allocations in 2011, as described in paragraph A above.

Moreover, in accordance with the legal and regulatory provisions, the recommendations of the AFEP-MEDEF Code and the Supervisory Board's 31 July 2007 decision, Management Board members are required to retain until the end of their terms of office the equivalent in Vallourec shares of one quarter of the gross capital gain realised on the date of the sale of shares acquired through the exercise of options. Management Board members also formally undertake not to use hedging instruments in connection with the exercise of options or the sale of shares resulting from the exercise of options.

The portion reserved for corporate officers under this option plan amounts to 8.2% of the allocations under the 2011 plan, which is below the 20% cap set by the Twenty-first Resolution (item 7) approved by the 4 June 2009 Shareholders' Meeting.

The option allocation to members of the Management Board is in addition to the allocation of performance shares approved by the Supervisory Board at its 28 March 2011 meeting (see press release dated 4 April 2011).

The table below shows, for each member of the Management Board who was in place on 27 July 2011, the maximum number of performance shares and share subscription options allocated in 2011, the exercise price of the options and the proportion of each allocation relative to the total performance shares and options allocated to all Group employees:

| 2011 allocations | Number of performance shares | Percentage of total performance shares | Number of share subscription options | Exercise price (€) | Percentage of total options allocated |
|---|------------------------------|--|--------------------------------------|--------------------|---------------------------------------|
| Philippe Crouzet <i>Chairman of the Management Board</i> | 12,000 | 4.4% | 33,000 | (*) | 4.5% |
| Jean-Pierre Michel <i>Chief Operating Officer</i> | 5,900 | 2.2% | 15,000 | (*) | 2.1% |
| Olivier Mallet <i>Chief Financial Officer</i> | 4,800 | 1.8% | 12,000 | (*) | 1.6% |
| TOTAL | 22,700 | 8.3% | 60,000 | | 8.2% |

(*) The exercise price will be the average opening price of Vallourec's shares during the twenty trading days preceding the Management Board's decision to allocate options, which is expected to be on 1 September 2011. No discount will be applied.

The 2010 Registration Document (*Document de Référence*) which was filed with the *Autorité des Marchés Financiers* ("AMF") on 19 April 2011 and is available on Vallourec's website <http://www.vallourec.fr> contains more information about the remuneration of Management Board members (please refer to section 6.2, "Compensation and benefits" (pages 184 to 191) as well as the Report of the Chairman of the Supervisory Board (pages 249 to 258)).

This information is available on Vallourec's website:

<http://www.vallourec.fr/en/group/corporate-governance/supervisory-board/>