

PRESS RELEASE



Boulogne-Billancourt, 18 April 2003 – Vallourec's Supervisory Board met on Thursday, 17 April 2003 to approve the agenda for the Annual General Meeting to be held on 11 June 2003 at 4:00 p.m.

At this meeting the Supervisory Board, amongst other matters:

- set the internal rules of the Supervisory Board and its committees (the Finance Committee and the Appointments and Remuneration Committee).
- examined the dividend distribution policy. It has been agreed to target an average long-term distribution ratio of about 33%. In this respect, a dividend distribution of € 2.10 per share, plus tax credit, will be proposed at the next General Meeting.

It should be recalled that the Annual General Meeting will be followed by an Ordinary and Extraordinary General Meeting at which proposals will be made to delegate to the Executive Board the authority, should the need arise, to issue marketable securities, whether or not such marketable securities give access immediately or later to Vallourec's capital. These authorizations would replace the identical authorizations granted by the Ordinary and Extraordinary General Meeting of 12 June 2001.

It should also be recalled that on 19 March 1997 Vallourec concluded an agreement with the German company Mannesmannröhren-Werke AG (MRW) that led to the creation of a joint-venture operating in the field of hot-rolled seamless steel tubes and threaded tubes for the oil and gas industry. The subsidiary is known as VALLOUREC & MANNESMANN TUBES (V & M TUBES) and the agreement governs certain aspects of its management.

The market was informed of the agreement in a press release dated 22 May 1997 announcing that a General Meeting would be held on 10 June 1997 in order to discuss the proposed merging, the details of which had been set out in the annual report (document de référence) for the financial year 1996.

The French stock exchange regulatory authority (Commission des Opérations de Bourse / COB) which, in the event of a takeover bid for Vallourec's shares, would be responsible for assessing the compatibility of the agreement concluded between Vallourec and MRW with the principle of open competition in bids and overbids, has requested that the main conditions of the agreement be set out below:

- The two shareholders, Vallourec and MRW, undertook to keep their respective participating interests in V & M TUBES – unless the parties agreed otherwise – for a period of 20 years, i.e. until 18 March 2017
- Vallourec is the majority shareholder of V & M TUBES, owning 55% of the capital, and MRW owns 45%
- Vallourec and MRW undertook not to compete with V & M TUBES while they remained shareholders of the company, and for a further period of 10 years in the event that one of them ceased to own shares in the company while the other continues to hold them
- The Board of Directors of V & M TUBES, a French limited liability company (Société Anonyme), is composed of six members, three of which are appointed by Vallourec and three by MRW



- The Chairman of the Board of Directors of V & M TUBES is unanimously appointed from the Board members representing Vallourec. He has a deciding vote except in the case of decisions concerning “reserved matters”, which have to be taken by a two-thirds majority
- Questions arising from “reserved matters” principally concern the following:
 - Long-term strategic plan. Steps to modify and restructure the company
 - Investment budget
 - Recourse to outside financing other than short-term financing
 - Appointment and dismissal of main executive managers
 - Acquisition or sale of businesses; creation or disposal of subsidiaries
 - Approval of the annual financial statements
 - Annual dividend proposal
- In the event of a third party acting alone or in concert taking majority control in terms of Vallourec voting rights, MRW may demand – entirely at its discretion – either that Vallourec transfers to MRW 6% of the capital of V & M TUBES, or that Vallourec buys MRW’s 45% participating interest. The transfer price of the shares involved would be fixed by an independent expert taking into account a control premium for the first case. The option could also be exercised under the same conditions in the event that, following a decision by a General Meeting of Vallourec shareholders, MRW no longer had two representatives on Vallourec’s Supervisory Board.

On 3 June 1997 the European Commission in Brussels authorized the formation of V & M TUBES by the merging of Vallourec’s and MRW’s hot-rolled seamless steel tube businesses and threaded tubes for oil and gas businesses.

On 10 June 1997 the General Meeting of Vallourec shareholders approved the creation of V & M TUBES (6th resolution), with 5,218,590 votes for and 12,466 votes against.

On 22 July 1997 MRW acquired 21% of Vallourec’s capital, sold by Usinor. It should be noted that there is no undertaking between Vallourec and MRW concerning the direct participating interest of MRW in Vallourec’s capital.

V & M TUBES was created on 1 October 1997 and has been consolidated since that date in Vallourec’s accounts. As initially specified in the agreement, on 23 March 2000 V & M TUBES acquired the 76% participating interest owned by MRW in its Brazilian subsidiary, which was listed on the Sao Paulo stock exchange and which produces seamless steel tubes.

Agenda

- 2003 1st quarter sales: 7 May 2003
- Annual General Meetings: 11 June 2003

About Vallourec

Vallourec is a world leader in the production of seamless steel tubes and specific tubular products for industrial applications (oil and gas, power generation, chemicals and petrochemicals, automotive and mechanical engineering industries).

Vallourec is listed on the Euronext Paris Premier Marché (code: 12035).

Vallourec is included in the SBF 120, NEXT 150 and MID CAC indices, as well as being part of the Euronext segment Next Prime. FTSE classification: engineering and industrial capital goods.

Information also available on www.vallourec.fr

For further information, please contact :

Investor relations

Henri Redig
 Tel: (33 1) 49 09 38 28
 Email: henri.redig@vallourec.fr