



€ 650,000,000 4.25 per cent. Notes due 14 February 2017

Issue Price: 99.379 per cent.

The € 650,000,000 4.25 per cent. notes of VALLOUREC (the "Issuer") maturing on 14 February 2017 (the "Notes") will be issued on 14 December 2011 (the "Issue Date").

Interest on the Notes will accrue from, and including, the Issue Date at the rate of 4.25 per cent. *per annum*, payable annually in arrear on 14 February in each year, except that the first payment of interest will be made on 14 February 2013 for the period from, and including, the Issue Date to, but excluding, 14 February 2013, as further described in "Terms and Conditions of the Notes – Interest" of this prospectus (the "Prospectus").

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at par on 14 February 2017. The Notes may, and in certain circumstances shall, be redeemed before this date, in whole only but not in part, at their principal amount, together with, any accrued interest, notably in the event that certain French taxes are imposed (see "Terms and Conditions of the Notes - Taxation"). In addition, Noteholders (as defined in "Terms and Conditions of the Notes") will be entitled, in the event of a Change of Control of the Issuer, to request the Issuer to redeem or procure the purchase of their Notes at their principal amount together with any accrued interest, all as defined, and in accordance with the provisions set out in "Terms and Conditions of the Notes – Redemption at the option of the Noteholders following a Change of Control".

The Notes will be issued in dematerialised bearer form in the denomination of € 100,000 each. Title to the Notes will be evidenced in accordance with Articles L.211-3 *et seq.* and R.211-1 *et seq.* of the French *Code monétaire et financier* by book entries. No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes.

The Notes will, upon issue, be inscribed in the books of Euroclear France which shall credit the accounts of the Account Holders. "Account Holder" shall mean any intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France, Clearstream Banking, *société anonyme* and Euroclear Bank S.A./N.V.

This Prospectus constitutes a prospectus for the purposes of Article 5.3 of Directive 2003/71/EC of the European Parliament and of the Council dated 4 November 2003 as amended (which includes the amendments made by Directive 2010/73/EU of the European Parliament and of the Council dated 24 November 2010 to the extent that such amendments have been implemented in a Member State of the European Economic Area) (the "Prospectus Directive").

Application has been made to list and admit to trading the Notes on Euronext Paris. Euronext Paris is a regulated market within the meaning of the Directive 2004/39/EC of the European Parliament and of the Council dated 21 April 2004.

The Notes have been rated BBB+ by Standard & Poor's Rating Services. As of the date of this Prospectus, Standard & Poor's Rating Services is established in the European Union and registered under Regulation (EC) No. 1060/2009 as amended. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency without notice. This Prospectus and all the documents incorporated by reference in this Prospectus are available on the websites of the AMF ([www.amf-france.org](http://www.amf-france.org)) and of the Issuer ([www.vallourec.com](http://www.vallourec.com)).

See the "Risk Factors" section for a description of certain factors which should be considered by potential investors in connection with any investment in the Notes.



In accordance with Articles L. 412-1 and L. 621-8 of the French *Code monétaire et financier* and its General Regulations (*Règlement général*), in particular Articles 211-1 to 216-1, the *Autorité des marchés financiers* ("AMF") has granted to this Prospectus the visa n°11-565 on 12 December 2011. This Prospectus has been prepared by the Issuer and its signatories assume responsibility for it. In accordance with Article L. 621-8-1-1 of the French *Code monétaire et financier*, the visa has been granted following an examination by the AMF of "whether the document is complete and comprehensible, and whether the information in it is coherent". It does not imply that the AMF has verified the accounting and financial data set out in it and the appropriateness of the issue of the Notes.

### Joint Lead Managers

BNP PARIBAS

CRÉDIT AGRICOLE CIB

J.P. MORGAN

NATIXIS

SOCIETE GENERALE CORPORATE & INVESTMENT BANKING

*This Prospectus has been prepared for the purpose of giving information with respect to the Issuer and the Issuer and its subsidiaries taken as a whole (the "Group") as well as the Notes which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position and profit and losses of the Issuer.*

*The Joint Lead Managers (as defined in "Subscription and Sale" below) have not separately verified the information contained in this Prospectus. The Joint Lead Managers do not make any representation, express or implied, or accept any responsibility, with respect to the accuracy or completeness of any of the information contained or incorporated by reference in this Prospectus. Neither this Prospectus nor any other information supplied in connection with the offering of the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by, or on behalf of, any of the Issuer or the Joint Lead Managers that any recipient of this Prospectus or any other financial statements should purchase the Notes.*

*No person is authorised to give any information or to make any representation related to the issue, offering or sale of the Notes not contained in this Prospectus. Any information or representation not so contained herein must not be relied upon as having been authorised by, or on behalf of, the Issuer or the Joint Lead Managers. The delivery of this Prospectus or any offering or sale of Notes at any time does not imply (i) that there has been no change with respect to the Issuer or the Group, since the date hereof and (ii) that the information contained or incorporated by reference in it is correct as at any time subsequent to its date.*

*The Prospectus and any other information relating to the Issuer or the Notes should not be considered as an offer, an invitation, a recommendation by any of the Issuer or the Joint Lead Managers to subscribe or purchase the Notes. Each prospective investor of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Joint Lead Managers undertakes to review the financial or general condition of the Issuer during the life of the arrangements contemplated by this Prospectus nor to advise any investor or prospective investor in the Notes of any information coming to its attention. Investors should review, inter alia, the documents incorporated by reference into this Prospectus when deciding whether or not to subscribe for or to purchase the Notes. Investors should in particular conduct their own analysis and evaluation of risks relating to the Issuer, the Group, their business, their financial condition and the issued Notes and consult their own financial or legal advisers about risks associated with investment Notes and the suitability of investing in the Notes in light of their particular circumstances. Potential investors should read carefully the section entitled "Risk Factors" set out in this Prospectus before making a decision to invest in the Notes.*

*The distribution of this Prospectus and the offering or the sale of the Notes in certain jurisdictions may be restricted by law or regulation. The Issuer and the Joint Lead Managers do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered or sold, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution, offering or sale. In particular, no action has been taken by the Issuer or any of the Joint Lead Managers which is intended to permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Note may be offered or sold, directly or indirectly, and neither this Prospectus nor any offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. For a further description of certain restrictions on offers and sales of Notes and distribution of this Prospectus and of any other offering material relating to the Notes, see "Subscription and Sale" below.*

*The Notes have not been and will not be registered under the U.S. Securities Act of 1933 as amended (the "Securities Act"). In accordance with U.S. laws, and subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S")).*

*In this Prospectus, references to "€", "EURO", "EUR" or to "euro" are to the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992) and as amended by the Treaty of Amsterdam (signed in Amsterdam on 2 October 1997).*

#### **FORWARD LOOKING STATEMENTS**

*This Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding the Issuer's financial position, business strategy, plans and objectives of management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Issuer's present and future business strategies and the environment in which the Issuer will operate in the future. The Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's expectations with regard thereto or any*

*change in events, conditions or circumstances on which any such statement is based.*

***In connection with the issue of the Notes, BNP Paribas (the "Stabilising Manager") (or any person acting on behalf of the Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or any person acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of thirty (30) days after the Issue Date of the Notes and sixty (60) days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager (or person acting on behalf of any Stabilising Manager) in accordance with all applicable laws and rules.***

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**PERSON RESPONSIBLE  
FOR THE INFORMATION CONTAINED IN THE  
PROSPECTUS**

Mr. Philippe Crouzet, Chairman of the Management Board of Vallourec

After having taken all reasonable measures in this regard, I hereby certify that the information contained in this Prospectus is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

**VALLOUREC**

27, avenue du Général Leclerc  
92100 Boulogne Billancourt  
France

Duly represented by:

Mr. Philippe Crouzet

Chairman of the Management Board of Vallourec

dated 12 December 2011

## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following sections identified in the cross-reference table below of the following documents (the "**Documents Incorporated by Reference**"), which have been previously published and have been filed with the *Autorité des marchés financiers* ("AMF"). Such sections shall be incorporated in, and shall be deemed to form part of, this Prospectus:

- (i) the sections identified in the cross-reference table below of the 2009 *Document de Référence* in the French language relating to the Issuer filed with the AMF on 19 April 2010 under no. D.10-0285, including the statutory audited consolidated financial statements of the Issuer as at, and for the year ended, 31 December 2009 and the related notes thereto (the "**2009 Reference Document**") save that the third paragraph of the "*Attestation du responsable du Document de référence*" by Mr. Philippe Crouzet, Chairman of the Management Board of the Issuer, referring, inter alia, to the *lettre de fin de travaux* of the statutory auditors of the Issuer on page 6 of such 2009 Reference Document and any reference thereto shall not be deemed incorporated herein;
- (ii) the sections identified in the cross-reference table below of the 2010 *Document de Référence* in the French language relating to the Issuer filed with the AMF on 19 April 2011 under no. D.11-0332, including the statutory audited consolidated financial statements of the Issuer as at, and for the year ended, 31 December 2010 and the related notes thereto (the "**2010 Reference Document**") save that the third paragraph of the "*Attestation du responsable du Document de référence*" by Mr. Philippe Crouzet, Chairman of the Management Board of the Issuer, referring, inter alia, to the *lettre de fin de travaux* of the statutory auditors of the Issuer on page 6 of such 2010 Reference Document and any reference thereto shall not be deemed incorporated herein; and
- (iii) the sections identified in the cross-reference table below of the 2011 *Rapport Financier Semestriel* in the French language relating to the Issuer filed with the AMF on 29 July 2011 including the unaudited consolidated financial statements of the Issuer as at, and for the half-year ended, 30 June 2011 and the related notes thereto (the "**2011 Half-Year Financial Report**").

Free translations in the English language of the 2009 Reference Document, the 2010 Reference Document and the 2011 Half-Year Financial Report are available on the Issuer's website ([www.vallourec.com](http://www.vallourec.com)). These documents are available for information purposes only and are not incorporated by reference in this Prospectus. The only binding versions are the French language versions.

Any statement contained in a Document Incorporated by Reference shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise); any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Copies of the Documents Incorporated by Reference in this Prospectus may be obtained, without charge on request, at the principal office of the Issuer or of the Fiscal Agent during normal business

hours so long as any of the Notes are outstanding. Such documents will also be published on the website of the AMF ([www.amf-france.org](http://www.amf-france.org)) and on the website of the Issuer ([www.vallourec.com](http://www.vallourec.com)).

The following table cross-references the pages of the Documents Incorporated by Reference with the main heading required under Annex IX of the Commission Regulation no. 809/2004 implementing the Prospectus Directive. Any information not listed in the cross-reference list shall not be deemed to form part of this Prospectus.

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## RISK FACTORS

*The following are certain risk factors relating to the Issuer and the Notes of which prospective investors should be aware. Prior to making an investment decision, prospective investors should consider carefully all the information set out and incorporated by reference in this Prospectus, including in particular the risk factors detailed below, and consult with their own financial and legal advisors as to the risks entailed by an investment in the Notes. The following statements are not exhaustive. In addition, investors should be aware that the risks described may be combined and thus interrelated with one another. Prospective investors should make their own independent evaluations of all investment considerations and should also read the detailed information set out elsewhere in this Prospectus. Terms defined in "Terms and Conditions of the Notes" below shall have the same meaning where used below.*

### **1. Risks relating to the Issuer**

The risk factors relating to the Issuer and its activity are set out in particular in pages 50 to 59 of the 2010 Reference Document of the Issuer for the year ended 31 December 2010 incorporated by reference into this Prospectus, as set out in the section "Documents Incorporated by Reference" of this Prospectus and include the following:

- legal risks;
- industrial and environmental risks;
- operational risks including (i) risks linked to the cyclical nature of the tubes market, (ii) risks linked to competition, (iii) risks linked to an industry that consumes raw materials and energy, (iv) risks linked to activities in emerging countries, (v) risks linked to maintaining high technology on key products, (vi) risks linked to defective or faulty production, (vii) risks linked to failures of the Group's equipment and (viii) risks linked to restrictive regulations regarding Iran;
- other specific risks including (i) risks linked to Human Resources, (ii) risks linked to occupational safety and health, (iii) risks linked to protection of intellectual property, (iv) risks linked to the development of partnerships and acquisitions and disposals of companies, (v) risks linked to new production facilities and (vi) call options in relation to certain industrial collaboration agreements with Sumitomo Metal Industries (SMI) and Sumitomo Corporation;
- market risks, including (i) interest rate risks, (ii) exchange rate risks and (iii) credit and share price risks; and
- liquidity risk.

## **2. Risks linked to the Notes**

### **(a) Investors**

Each potential investor in the Notes must determine the suitability of that investment in light of such investor's own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the relevant risks.

Some potential investors are subject to restricting investment regulations. These potential investors should consult their legal counsel in order to determine whether investment in the Notes is authorised by law, whether such investment is compatible with their other borrowings and whether other selling restrictions are applicable to them. Financial institutions should consult their legal counsel or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

### **(b) Risks related to the Notes generally**

*The Notes may be redeemed prior to maturity*

In the event that the Issuer would be obliged to pay additional amounts in respect of any Notes due to any withholding as provided in "Terms and Conditions of the Notes - Taxation", the Issuer may and, in certain circumstances shall, redeem all of the Notes then outstanding in accordance with such Condition.

### *Change of Control - put option*

In the event of a Change of Control of the Issuer (as more fully described in "Terms and Conditions of the Notes - Redemption at the option of the Noteholders following a Change of Control"), each Noteholder will have the right to request the Issuer to redeem or procure the purchase of all or part of its Notes at their principal amount together with any accrued interest. In such case, any trading market in respect of those Notes in respect of which such redemption right is not exercised may become illiquid. In addition, investors may not be able to reinvest the moneys they receive upon such early redemption in securities with the same yield as the redeemed Notes.

### *Modification of the Terms and Conditions of the Notes*

Noteholders will be grouped automatically for the defence of their common interests in a *Masse*, as defined in "Terms and Conditions of the Notes - Representation of the Noteholders", and a general meeting of Noteholders can be held. The Terms and Conditions of the Notes permit in certain cases defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant general meeting and Noteholders who voted in a manner contrary to the majority.

The general meeting of Noteholders may, subject to the provisions set out in "Terms and Conditions of the Notes - Representation of the Noteholders", deliberate on any proposal relating to the modification of the Terms and Conditions of the Notes, notably on any proposal, whether for arbitration or settlement, relating to rights in controversy or which were subject of judicial decisions.

### *Credit Risk of the Issuer*

The price of the Notes will also depend on the credit worthiness of the Issuer. If the credit worthiness of the Issuer deteriorates the value of the Notes may decrease and investors may lose all or part of their investment.

### *Rating*

The Notes have been rated BBB+ by Standard & Poor's Rating Services. The rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the relevant rating agency. A revision, suspension, reduction or withdrawal of a rating may adversely affect the market price of the Notes.

As of the date of this Prospectus, Standard & Poor's Rating Services is established in the European Union and registered under Regulation (EC) No. 1060/2009 as amended.

### *French Insolvency Law*

Noteholders will be grouped automatically for the defence of their common interests in a *Masse*, as defined in "Terms and Conditions of the Notes - Representations of the Noteholders". However, under French insolvency law as amended by ordinance no. 2008-1345 dated 18 December 2008 which came into force on 15 February 2009 and related order no. 2009-160 dated 12 February 2009, and law no. 2010-1249 dated 22 October 2010 which came into force on 1 March 2011 and related order no. 2011-236 dated 3 March 2011, holders of debt securities are automatically grouped into a single assembly of holders (the "**Assembly**") if a safeguard procedure (*procédure de sauvegarde*), accelerated financial safeguard procedure (*procédure de sauvegarde financière accélérée*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) is opened in France with respect to the Issuer.

The Assembly comprises holders of all debt securities issued by the Issuer (including the Notes), whether or not under a debt issuance programme and regardless of their governing law.

The Assembly deliberates on the proposed safeguard plan (*projet de plan de sauvegarde*), accelerated financial safeguard plan (*projet de plan de sauvegarde financière accélérée*) or judicial reorganisation plan (*projet de plan de redressement*) applicable to the Issuer and may further agree to:

- increase the liabilities (charges) of holders of debt securities (including the Noteholders) by rescheduling payments and/or partially or totally writing-off debts;
- establish an unequal treatment between holders of debt securities (including the Noteholders) as appropriate under the circumstances; and/or
- decide to convert debt securities (including the Notes) into securities that give or may give right to share capital.

Decisions of the Assembly will be taken by a two-third (2/3) majority (calculated as a proportion of the amount of debt securities held by the holders which have cast a vote at such Assembly). No quorum is required to hold the Assembly.

For the avoidance of doubt, the provisions relating to the representation of the Noteholders described in the Terms and Conditions of the Notes set out in this Prospectus will not be applicable with respect to the Assembly to the extent they conflict with compulsory insolvency law provisions that apply in these circumstances.

#### *Change of law*

The Terms and Conditions of the Notes are based on French law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial or administrative decision or change to French law or administrative practice after the date of this Prospectus.

#### *Restricted covenants*

The Notes do not restrict the Issuer or its Subsidiaries (as defined in the Terms and Conditions of the Notes) from incurring additional debt. The Terms and Conditions of the Notes contain a negative pledge that prohibits the Issuer and its Principal Subsidiaries (as defined in the Terms and Conditions of the Notes) in certain circumstances from creating security over assets, but only to the extent that such is used to secure other bonds or similar listed or quoted debt instruments, and there are certain exceptions to the negative pledge. The Terms and Conditions of the Notes do not contain any other covenants restricting the operations of the Issuer. The Issuer's Subsidiaries are not bound by obligations of the Issuer under the Notes and are not guarantors of the Notes.

#### **(c) Risks related to the market generally**

##### *Market value of the Notes*

The market value of the Notes will be affected by the creditworthiness of the Issuer and a number of additional factors, including market interest and yield rates.

The value of the Notes depends on a number of interrelated factors, including economic, financial and political events in France or elsewhere, including factors affecting capital markets generally and the stock exchange on which the Notes are traded. The price at which a Noteholder will be able to sell the

Notes may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser.

*No active secondary market for the Notes*

An investment in the Notes should be considered primarily with a view to holding them until their maturity (i.e. 14 February 2017). Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have an adverse effect on the market value of Notes.

*Exchange rate risks and exchange controls*

The Issuer will pay principal and interest on the Notes in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

*Interest rate risks*

The Notes bearing interest at a fixed rate, investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

## TERMS AND CONDITIONS OF THE NOTES

*The terms and conditions of the Notes (the "Conditions"), subject to completion and amendment, will be as follows:*

The issue outside France of the € 650,000,000 4.25 per cent. Notes due 14 February 2017 (the "Notes") by VALLOUREC (the "Issuer") was decided by Olivier Mallet, Member of the Management Board (*Membre du Directoire*) of the Issuer on 07 December 2011, acting pursuant to a resolution of the Management Board (*Directoire*) of the Issuer dated 14 November 2011. The Notes are issued subject to, and with the benefit of, a fiscal agency agreement to be dated 14 December 2011 (the "Fiscal Agency Agreement") between the Issuer and BNP Paribas Securities Services as fiscal agent, paying agent and put agent (the "Fiscal Agent", the "Paying Agent" and the "Put Agent" which expressions shall, where the context so admits, include any successor for the time being as fiscal agent, paying agent or put agent). Copies of the Fiscal Agency Agreement are available, without charge, for inspection, during normal business hours at the specified offices of the Fiscal Agent. References below to "Conditions" are, unless the context otherwise requires, to the numbered paragraphs below. In these Conditions, "holder of Notes", "holder of any Note" or "Noteholder" means the person whose name appears in the account of the relevant Account Holder (as defined below) as being entitled to such Notes.

### 1. Form, Denomination and Title

The Notes are issued in dematerialised bearer form (*au porteur*) in the denomination of €100,000 each. Title to the Notes will be evidenced in accordance with Articles L.211-3 *et seq.* and R.211-1 *et seq.* of the French *Code monétaire et financier* by book entries (*inscription en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes.

The Notes will, upon issue, be inscribed in book entry form in the books of Euroclear France ("Euroclear France"), which shall credit the accounts of the Account Holders. For the purpose of these Conditions, "Account Holders" shall mean any intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France, Clearstream Banking, *société anonyme* ("Clearstream, Luxembourg") and Euroclear Bank S.A./N.V. ("Euroclear").

Title to the Notes shall be evidenced by entries in the books of Account Holders and will pass upon, and transfer of Notes may only be effected through, registration of the transfer in such books, and only in the denomination of €100,000.

### 2. Status

The principal and interest in respect of the Notes constitute direct, unconditional, unsubordinated and (subject to Condition 3 "Negative Pledge" below) unsecured obligations of the Issuer and rank and will at all times rank *pari passu* and without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with all other present or future unsecured and unsubordinated obligations of the Issuer.

### 3. Negative Pledge

So long as any of the Notes remains outstanding (as defined below), the Issuer will not, and will ensure that none of its Principal Subsidiaries (as defined below) will, create or permit to subsist any mortgage, lien, charge, pledge or other form of security interest (*sûreté réelle*) ("**Security**") upon any of their respective assets, revenues or rights, present or future, to secure (i) any Relevant Debt (as defined below) incurred by the Issuer or any of its Principal Subsidiaries, or (ii) or any guarantee or indemnity in respect of any Relevant Debt (whether before or after the issue of the Notes) unless, at the same time or prior thereto, the Issuer's obligations under the Notes are (a) equally and rateably secured therewith or (b) have the benefit of such other security or other arrangement as shall be approved by the *Masse* (as defined in Condition 10) pursuant to Condition 10.

For the purposes of these Conditions:

"**outstanding**" means in relation to the Notes, all the Notes issued other than (i) those which have been redeemed on their due date or otherwise in accordance with the Conditions, (ii) those in respect of which claims have been prescribed under Condition 9 and (iii) those which have been purchased and cancelled in accordance as provided in Condition 5(b), (c) and (e).

"**Principal Subsidiary**" means at any relevant time a Subsidiary of the Issuer (a) the annual turnover (excluding intra-group turnover) of which, on the basis of the latest annual consolidated financial statements of the Issuer, is greater than ten per cent. (10%) of the consolidated annual turnover of the Issuer or (ii) whose total assets on a consolidated basis have a book value representing ten per cent. (10%) or more of the consolidated assets of the Issuer as reported in the then most recent annual or semi-annual consolidated balance sheet of the Issuer.

"**Relevant Debt**" means any present or future indebtedness for borrowed money in the form of, or represented by, bonds (*obligations*), notes or other securities which are for the time being, are to be, or are capable of being, quoted, admitted to trading, listed or ordinarily dealt in on any stock exchange, multilateral trading facility, over-the-counter market or other securities market.

"**Subsidiary**" means, in relation to any person or entity at any time, any other person or entity controlled directly or indirectly by such person or entity within the meaning of Article L.233-3-I of the French *Code de commerce*.

### 4. Rate of interest

#### (a) Interest Payment Dates

The Notes bear interest from, and including, 14 December 2011 (the "**Interest Commencement Date**") to, but excluding, 14 February 2017 (the "**Maturity Date**") at the rate of 4.25 per cent. *per annum* payable annually in arrear on 14 February in each year (each an "**Interest Payment Date**"), except that the first payment of interest will be made on 14 February 2013 for the period from, and including, the Interest Commencement Date to, but excluding, 14 February 2013 and shall amount to € 4,971.92 per € 100,000 principal amount of Notes.

#### (b) Interest Payments

Each Note will cease to bear interest from the due date for redemption, unless payment of principal is improperly withheld or refused on such date. In such event, interest on such Note shall continue to

accrue at the rate of 4.25 per cent. *per annum* (both before and after judgment) until the day (included) on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder.

If interest is required to be calculated for a period of less than one year, it will be calculated on an Actual/Actual (ICMA) basis for each period, that is to say the actual number of days elapsed during the relevant period divided by 365 (or by 366 if a February 29 is included in such period), the result being rounded to the nearest cent (half a cent being rounded upwards).

## **5. Redemption and Purchase**

The Notes may not be redeemed otherwise than in accordance with this Condition 5 or Condition 8.

### **(a) Final Redemption**

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed by the Issuer in full at their principal amount on the Maturity Date.

### **(b) Redemption for Taxation Reasons**

- (i) If, by reason of a change in French law or regulation, or any change in the official application or interpretation of such law, becoming effective after the Issue Date, the Issuer would, on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay additional amounts (whether in respect of some of, or all, the Notes) as specified in Condition 7, the Issuer may at its sole discretion, on any Interest Payment Date, subject to having given not more than 45 nor less than 30 days' prior notice to the Noteholders in accordance with Condition 11 (which notice shall be irrevocable), redeem all, but not some only, of the Notes outstanding at their principal amount, together with all interest accrued to the date fixed for redemption, provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable Interest Payment Date on which the Issuer could make payment of principal or interest without withholding for French taxes.
- (ii) If the Issuer would on the occasion of the next payment of principal or interest in respect of the Notes be prevented by French law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 7, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall, subject to having given not less than seven days' prior notice to the Noteholders in accordance with Condition 11 (which notice shall be irrevocable), redeem all, but not some only, of the Notes at their principal amount, together with all interest accrued to the date fixed for redemption of which notice hereunder may be given, provided that the due date for redemption shall be no earlier than the latest practicable date on which the Issuer could make payment of the full amount of principal or interest payable in respect of the Notes or, if such date has passed, as soon as practicable thereafter.

### **(c) Redemption at the option of Noteholders following a Change of Control**

If at any time while any Note remains outstanding, there occurs (i) a Change of Control and (ii) within the Change of Control Period, a Rating Downgrade occurs or has occurred as a result of a Change of Control or Potential Change of Control (a "**Put Event**"), the holder of such Note will have the option (the "**Put Option**") (unless, prior to the giving of the Put Event Notice, the Issuer gives notice of its intention to redeem the Notes for taxation reasons under Condition 5 (b)) to require the Issuer to

redeem or, at the Issuer's option, to procure the purchase of that Note, on the Optional Redemption Date at its principal amount together with (or where purchased, together with an amount equal to) interest accrued to, but excluding, the Optional Redemption Date.

A "**Change of Control**" shall be deemed to have occurred each time that any person or persons acting in concert (as defined below) come(s) to own or acquire(s) directly or indirectly (i) more than 50 per cent. of the issued share capital of the Issuer or (ii) such number of shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights exercisable at a general meeting of the Issuer.

"**acting in concert**" has the meaning given in Article L.233-10 of the French *Code de commerce*.

"**Change of Control Period**" means the period commencing on the date that is the earlier of (i) the date of the first public announcement of the result (*avis de résultat*) by the *Autorité des marchés financiers* ("**AMF**") of the relevant Change of Control and (ii) the date of the Potential Change of Control, (the "**Relevant Announcement Date**") and ending on (i) the date which is 120 days (inclusive) after the date of the first public announcement of the result of the relevant Change of Control, or (ii) such longer period for which the Notes or the senior unsecured long-term debt of the Issuer are under consideration (provided that such consideration has been announced publicly within the period ending 90 days after the occurrence of the relevant Change of Control) for rating review or, as the case may be, rating by, a Rating Agency, such period not to exceed 60 days after the public announcement of such consideration.

A "**Rating Downgrade**" shall be deemed to have occurred in respect of a Change of Control or in respect of a Potential Change of Control (a) if within the Change of Control Period, the credit rating previously assigned to the Issuer or the Notes by any Rating Agency (as defined below) is (i) withdrawn or (ii) changed from an investment grade rating (BBB-, or its equivalent for the time being, or better) to a non-investment grade rating (BB+, or its equivalent for the time being, or worse) or (iii) if the credit rating previously assigned to the Issuer or the Notes by any Rating Agency was below an investment grade rating (as described above), lowered by at least one full rating notch (for example, from BB+ to BB; or their respective equivalents) or (b) if, on the Relevant Announcement Date, no credit rating is assigned to the Issuer or the Notes and, within the Change of Control Period, no Rating Agency assigns an investment grade rating to the Issuer or the Notes (the "**Non Investment Grade Rating**") or (c) if, on the Relevant Announcement Date, no credit rating is assigned to the Issuer or the Notes and, within the Change of Control Period, no Rating Agency assigns a rating to the Issuer or the Notes, provided that, with respect to (a) and (b) above, (i) a Rating Downgrade shall be deemed not to have occurred in respect of a particular Change of Control or Potential Change of Control, as the case may be, if the Rating Agency making the change in rating or assigning the Non Investment Grade Rating does not publicly announce or publicly confirm that the Non Investment Grade Rating or the reduction or withdrawal was the result, in whole or in part, of the Change of Control or the Potential Change of Control, as the case may be, and (ii) any Rating Downgrade must have been confirmed in a letter or other form of written communication, sent to the Issuer and publicly disclosed. If the Issuer or the Notes are rated by more than one Rating Agency, the rating to be taken into account to determine whether a Rating Downgrade has occurred shall be the lower rating assigned by any such Rating Agency.

"**Potential Change of Control**" means any public announcement or statement by the Issuer, any actual or potential bidder relating to any potential Change of Control of the Issuer.

"**Rating Agency**" means Standard & Poor's Rating Services or its successors or any other rating agency of equivalent international standing established in the European Union and registered under

Regulation (EC) No. 1060/2009 as amended, requested by the Issuer to grant a credit rating to the Issuer or the Notes.

Immediately upon becoming aware that a Put Event has occurred, the Issuer shall give notice (a "**Put Event Notice**") to the Noteholders in accordance with Condition 11 specifying the nature of the Put Event, the circumstances giving rise to it and the procedure for exercising the Put Option contained in this Condition 5.

To exercise the Put Option a Noteholder must transfer (or cause to be transferred by its Account Holder) its Notes to be so redeemed or purchased to the account of the Put Agent (details of which are specified in the Put Event Notice) for the account of the Issuer within the period of 45 days after the Put Event Notice is given (the "**Put Period**"), together with a duly signed and completed notice of exercise in the then current form obtainable from the specified office of any Paying Agent (a "**Put Option Notice**") and in which the holder may specify an account denominated in euro to which payment is to be made under this Condition 5 (c).

A Put Option Notice once given shall be irrevocable.

The Issuer shall redeem or, at its option, procure the purchase of the Notes in respect of which the Put Option has been validly exercised as provided above, and subject to the transfer of such Notes to the account of the Put Agent for the account of the Issuer as described above, on the date which is the fifth Business Day following the end of the Put Period (the "**Optional Redemption Date**"). Payment in respect of such Notes will be made on the Optional Redemption Date by transfer to the account specified in the relevant Put Option Notice and otherwise subject to the provisions of Condition 6.

For the avoidance of doubt, the Issuer shall have no responsibility for any cost or loss of whatever kind (including breakage costs) which the Noteholder may incur as a result of or in connection with such Noteholder's exercise or purported exercise of, or otherwise in connection with, any Put Option (whether as a result of any purchase or redemption arising therefrom or otherwise).

**(d) Purchases**

The Issuer may at any time purchase Notes (together with rights to interest relating thereto) in the open market or otherwise (including by way of tender or exchange offer) at any price and on any condition, subject to compliance with any applicable laws. Notes so purchased by the Issuer may be held and resold in accordance with Articles L.213-1-A of the French *Code monétaire et financier* for the purpose of enhancing the liquidity of the Notes.

**(e) Cancellation**

All Notes which are redeemed or purchased for cancellation by the Issuer pursuant to this Condition 5 will forthwith be cancelled (together with rights to interest relating thereto) by transfer to an account in accordance with the rules and procedures of Euroclear France.

Any Notes so cancelled may not be resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

**6. Payments**

**(a) Method of Payment**

Payments of principal, interest and other amounts in respect of the Notes will be made in euro, by credit or transfer to an account denominated in euro (or any other account to which euro may be

credited or transferred) specified by the payee with a bank in a city in which banks use the TARGET System (as defined in Condition 6 (b) below). Such payments shall be made for the benefit of the Noteholders to the Account Holders and all payments made to such Account Holders in favour of Noteholders will be an effective discharge of the Issuer and the Fiscal Agent, as the case may be, in respect of such payment.

Payments of principal, interest and other amounts in respect of the Notes will be made subject to any fiscal or other laws and regulations applicable thereto, but without prejudice to the provisions described in Condition 7. No commission or expenses shall be charged to the Noteholders in respect of such payments.

**(b) Payments on Business Days**

If any due date for payment of principal, interest or any other amount in respect of any Note is not a Business Day (as defined below), then the Noteholder shall not be entitled to payment of the amount due until the next following day which is a Business Day and the Noteholder shall not be entitled to any interest or other additional sums in respect of such postponed payment.

For the purposes of these Conditions, "**Business Day**" means any day, not being a Saturday or a Sunday, (i) on which foreign exchange markets and commercial banks are open for business in Paris (ii) on which Euroclear France is operating and (iii) on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) system (the "**TARGET System**") or any successor thereto is operating.

**(c) Fiscal Agent, Paying Agent and Put Agent**

The name and specified office of the initial Fiscal Agent, initial Paying Agent and initial Put Agent are as follows:

**Fiscal Agent, Put Agent and Paying Agent**

BNP Paribas Securities Services  
(Euroclear Affiliate number 29106)  
Les Grands Moulins de Pantin  
Attention: Corporate Trust Services  
9, rue du Débarcadère  
93500 Pantin  
France

For any operational notifications (payment of principal, interest, redemption...):

BNP Paribas Securities Services, Luxembourg Branch  
Corporate Trust Services  
33 rue de Gasperich, Howald - Hesperange  
L – 2085 Luxembourg  
Telephone : +352 26 96 20 00  
Telecopy : +352 26 96 97 57  
Attention: Lux Emetteurs / Lux GCT  
Email: Lux.emetteurs@bnpparibas.com  
Lux.GCT@bnpparibas.com

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, the Paying Agent or Put Agent and/or appoint a substitute Fiscal Agent or Put Agent and additional or other Paying Agents or approve any change in the office through which the Fiscal Agent, Put Agent or

Paying Agent acts, provided that, so long as any Note is outstanding, there will at all times be (i) a Fiscal Agent having a specified office in a major European city and (ii) so long as the Notes are listed on Euronext Paris and the rules of that exchange so require, a Paying Agent ensuring financial services in France (which may be the Fiscal Agent). Any termination or appointment shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not more than 45 nor less than 30 calendar days' notice thereof shall have been given to the Noteholders by the Issuer in accordance with Condition 11.

## **7. Taxation**

### **(a) Withholding Tax Exemption**

All payments of principal, interest and other revenues by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed ("**Taxes**"), levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

### **(b) Additional Amounts**

If, pursuant to French laws or regulations, payments of principal or interest in respect of any Note become subject to deduction or withholding in respect of any present or future Taxes imposed by or on behalf of France or any authority therein or thereof having power to tax, the Issuer shall, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the holder of each Note, after such deduction or withholding, will receive the full amount then due and payable thereon in the absence of such withholding; provided, however, that the Issuer shall not be liable to pay any such additional amounts in respect of any Note:

- (i) to, or to a third party on behalf of a Noteholder who is liable to such Taxes in respect of such Note by reason of his having some connection with France other than the mere holding of such Note; or
- (ii) where such deduction or withholding is imposed on a payment to an individual or to a residual entity as set out in Article 4(2) of European Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and is required to be made pursuant to such Directive or any other European Union Directive implementing the conclusion of the ECOFIN Council meeting of 26-27 November 2000 or any subsequent meeting of the ECOFIN Council on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such Directive or Directives.

Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition 7.

## **8. Events of Default**

Any Noteholder may, upon written notice to the Issuer (copy to the Fiscal Agent), cause all, but not some only, of the Notes held by such Noteholder to become immediately due and payable, at their principal amount together with any accrued interest thereon until their actual redemption date if any of the following events (each an "**Event of Default**") shall have occurred and be continuing:

- (i) if any amount of principal or interest in respect of any Note is not paid on the due date thereof and such default is not remedied within a period of 7 business days in Paris from such due date; or
- (ii) default by the Issuer in the due performance of any provision of the Notes other than as referred in (a) above, if such default shall not have been cured within 20 business days in Paris after receipt by the Issuer of written notice of such default; or
- (iii) (a) any other present or future indebtedness of the Issuer or any of its Principal Subsidiaries for borrowed monies in excess of Euro 35,000,000 (or its equivalent in any other currency), whether individually or in the aggregate, are declared, following, where applicable, the expiry of any originally applicable grace period, due and payable prior to its stated maturity as a result of an event of default, or (b) any such indebtedness shall not be paid when due or, as the case may be, within any originally applicable grace period therefor; or
- (iv) the Issuer or any of its Principal Subsidiaries, (a) makes any proposal for a general moratorium in relation to its debt or applies for the appointment of an ad hoc representative (*mandataire ad hoc*), or (b) applies to enter into a conciliation procedure (*procédure de conciliation*) with its principal creditors or (c) a judgment is issued for the judicial liquidation (*liquidation judiciaire*) or for a judicial transfer of the whole of the business (*cession totale de l'entreprise*) of the Issuer, or (d) any of its Principal Subsidiaries or, to the extent permitted by law, the Issuer or any of its Principal Subsidiaries is subject to any other insolvency or bankruptcy proceedings under any applicable laws, or (e) the Issuer or any of its Principal Subsidiaries makes any conveyance, assignment or other arrangement for the benefit of its creditors or enters into a composition with its creditors.

## 9. Prescription

Claims against the Issuer for the payment of principal and interest in respect of the Notes shall become prescribed 10 years (in the case of principal) and 5 years (in the case of interest) from the due date for payment thereof.

## 10. Representation of the Noteholders

The Noteholders will be grouped automatically for the defence of their common interests in a *masse* (hereinafter referred to as the "**Masse**").

The *Masse* will be governed in accordance with Article L.228-90 of the French *Code de commerce* by the provisions of the French *Code de commerce* applicable to the *Masse* (with the exception of the provisions of Articles L.228-48, L.228-59, L.228-71, R.228-63, R.228-67, R.228-69 and R.228-72 thereof) subject to the provisions set out below:

### (a) Legal Personality

The *Masse* will be a separate legal entity, by virtue of Article L.228-46 of the French *Code de commerce*, acting in part through a representative (the "**Representative**") and in part through a general meeting of the Noteholders (the "**General Meeting**").

The *Masse* alone, to the exclusion of all individual Noteholders, shall exercise the common rights, actions and benefits which now or in the future may accrue with respect to the Notes.

**(b) Representative**

The office of Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representative:

- (i) the Issuer, the members of its Management Board (*Directoire*), its general managers (*directeurs généraux*), its statutory auditors, its employees and their ascendants, descendants and spouses;
- (ii) companies guaranteeing all or part of the obligations of the Issuer, their respective managers (*gérants*), general managers (*directeurs généraux*), members of their board of directors,
- (iii) executive board or supervisory board, their statutory auditors, employees and their ascendants, descendants and spouses;
- (iv) companies of which the Issuer possesses at least 10 per cent. of the share capital or companies possessing at least 10 per cent. of the share capital of the Issuer; or
- (v) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing a business in whatever capacity.

The Representative shall be Sylvain Thomazo, domiciled at 20 rue Victor Bart, 78000 Versailles, France.

The alternative representative (the "**Alternative Representative**") shall be Christian Hochtrasser domiciled at 2 rue du Général de Gaulle, 54870 Cons-la-Grandville, France.

In the event of death, incompatibility, resignation or revocation of the Representative, such Representative will be replaced by the Alternative Representative. The Alternative Representative shall have the same powers as the Representative.

In the event of death, incompatibility, resignation or revocation of the Alternative Representative, a replacement will be elected by a meeting of the general assembly of the Noteholders.

The Issuer shall pay to the appointed Representative an amount of 600 € *per annum*, payable on 14 February of each year from 2013 to 2017 provided that the Notes remains outstanding at each such dates.

The appointment of the Representative shall terminate automatically on the date of final redemption in full of the Notes. Such appointment shall, if applicable, be automatically extended until the final resolution of any proceedings in which the Representative may be involved and the enforcement of any judgements or settlements relating thereto.

All interested parties will have the right to obtain the names and addresses of the Representative and Alternative Representative at the head office of the Issuer and at the offices of any of the Paying Agents.

**(c) Powers of the Representative**

The Representative shall, in the absence of any decision to the contrary of the general assembly of the Noteholders, have the power to take all acts of management to defend the common interests of the Noteholders.

All legal proceedings against the Noteholders or initiated by them, in order to be valid, must be brought against the Representative or by it.

The Representative may not interfere in the management of the affairs of the Issuer.

**(d) General Meetings**

General Meetings may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth of the outstanding principal amount of the Notes may address to the Issuer and the Representative a request for convocation of the General Meeting; if such General Meeting has not been convened within two months from such demand, such Noteholders may commission one of themselves to petition the competent court in Paris to appoint an agent (*mandataire*) who will call the meeting.

Notice of the date, hour, place, agenda and quorum requirements of any General Meeting will be published as provided under Condition 11 not less than fifteen calendar days prior to the date of the General Meeting on first convocation and not less than six calendar days prior to the date of the General Meeting on second convocation.

Each Noteholder has the right to participate in General Meetings in person or by proxy. Each Note carries the right to one vote.

**(e) Powers of General Meetings**

The General Meeting is empowered to deliberate on the fixing of the remuneration, dismissal or replacement of the Representative and the Alternative Representative and may also act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Notes, including authorising the Representative to act at law as plaintiff or defendant.

The General Meeting may further deliberate on any proposal relating to the modification of the Conditions of the Notes including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that a general assembly may not increase amounts payable by Noteholders, nor establish any unequal treatment between the Noteholders, nor decide to convert the Notes into shares.

General Meetings may deliberate validly on first convocation only if Noteholders present or represented hold at least one fifth of the principal amount of the Notes then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a two-thirds majority of votes cast by the Noteholders attending such meeting or represented thereat.

In accordance with Article R.228-71 of the French *Code de commerce*, the right of each Noteholder to participate in General Meetings will be evidenced by the entries in the books of the relevant Account Holder of the name of such Noteholder as of 0:00, Paris time, on the third business day in Paris preceding the date set for the meeting of the relevant General Meeting.

**(f) Notice of decisions to the Noteholders**

Decisions of the General Meeting must be published in accordance with the provisions set out in Condition 11 not more than 90 calendar days from the date thereof.

**(g) Information to the Noteholders**

Each Noteholder or representative thereof will have the right, during the fifteen calendar day period preceding the holding of each meeting of a general assembly, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the meeting, which will be available for inspection at the principal office of the Issuer, at the offices of the Paying Agents and at any other place specified in the notice of the General Meeting.

**(h) Expenses**

The Issuer will pay all reasonable expenses incurred in the operation of the *Masse*, including expenses relating to the calling and holding of General Meetings, and more generally all administrative expenses resolved upon by the General Meetings, it being expressly stipulated that no expenses may be imputed against interest payable on the Notes.

## **11. Notices**

Any notice to the Noteholders will be duly given if delivered to Euroclear France or published, so long as the Notes are listed on Euronext Paris and the rules of that stock exchange so require, in a leading daily newspaper having general circulation in France (which is expected to be the *La Tribune* or *Les Echos* or such other newspaper as the Fiscal Agent shall deem necessary to give fair and reasonable notice to the Noteholders).

Any notice to the Noteholders shall be deemed to have been given on the date of such publication or if published on different dates, on the date of the first publication.

## **12. Further Issues and Assimilation**

The Issuer may from time to time without the consent of the Noteholders issue further notes to be assimilated (*assimilables*) with the Notes as regards their financial service, provided that such further notes and the Notes shall carry rights identical in all respects (or in all respects save for the issue price and the first payment of interest thereon) and that the terms of such further notes shall provide for such assimilation.

In the event of such an assimilation, the Noteholders and the holders of such further notes will be grouped together in a single *masse* for the defence of their common interests. References in these Conditions to the Notes include any other notes issued pursuant to this Condition and assimilated with the Notes.

## **13. Governing Law and Jurisdiction**

The Notes are governed by, and shall be construed in accordance with, the laws of France.

For the benefit of the Noteholders, the Issuer submits to jurisdiction of the competent courts in Paris. This submission shall not limit the right of any Noteholder to take proceedings in any other court of competent jurisdiction.

## **USE OF PROCEEDS**

The net proceeds of the issue of the Notes, estimated to approximately € 643,688,500 will be used for general corporate purposes.

## DESCRIPTION OF THE ISSUER

The description of the Issuer is set out in the 2010 Reference Document and the 2011 Half-Year Financial Report of the Issuer incorporated by reference into this Prospectus, as set out in the section "Documents Incorporated by Reference" of this Prospectus

The Ordinary and Extraordinary Shareholders' Meeting of the Issuer held on 7 June 2011 appointed Mrs. Anne-Marie Idrac as member of the Supervisory Board and renewed the terms of offices of Mrs. Pascale Chargrassé, Mr. Jean-Paul Parayre and Mr. Patrick Boissier. Following the Shareholders' Meeting, the Supervisory Board reconfirmed Mr. Jean Paul Parayre and Mr. Patrick Boissier in their respective functions of Chairman and Vice-Chairman of the Supervisory Board.

Mrs. Anne-Marie Idrac is "free of interest" within the meaning of the AFEP-MEDEF Corporate Governance code, which will bring to eight the number of independent members of the Supervisory Board, out of a total eleven members. She will furthermore be the fourth woman to join Vallourec's Supervisory Board.

A graduate of the Ecole Nationale d'Administration, the Institut d'Etudes Politiques (Sciences Po) and the University of Paris II, Mrs. Anne-Marie Idrac held a number of administrative roles in the areas of the environment, housing, town planning and transport from 1974 onwards. She was appointed Minister of Transport in 1995 and elected to the French National Assembly in 1997. She became Chairman and Chief Executive Officer of the RATP in 2002, then Chairman of the SNCF in 2006. Appointed Minister for Foreign Trade in 2008, she held the position until 2010. Mrs. Anne-Marie Idrac is also a Board member of several companies and institutions, including the Fondation Robert Schuman.

In addition, the Issuer announced on 4 August 2011 that, at the proposal of the FSI (*Fonds Stratégique d'Investissement* – French Strategic Investment Fund), as agreed by the Issuer's Supervisory Board, Mr. Michel de Fabiani, who has been a member of the Issuer's Supervisory Board since 10 June 2004, will from then on sit on the Issuer's Supervisory Board on behalf of the FSI.

The Supervisory Board held on 9 November 2011 appointed M. José Carlos Grubisich as a *Censeur* of the Supervisory Board (non voting Board member) to replace M. Luiz-Olavo Baptista who had resigned, for the remainder of his predecessor's term of office i.e. until the close of the Ordinary Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2011.

Brazilian national, chemical engineer graduated with an "Advanced Management Program" from INSEAD, M. José Carlos Grubisich spent the early part of his career at the Rhône-Poulenc and Rhodia Group where he held many senior positions, including Chairman and CEO of Rhône-Poulenc Group in Brazil, CEO of Rhodia for Brazil and Latin America, President of Rhodia Fine Organics Worldwide (Paris) and Vice-President and member of the executive Board of Rhodia Group Worldwide (Paris). In 2002, M. Grubisich was appointed President and CEO of Braskem where he led the process of consolidation of the petrochemical sector in Brazil and built-up Braskem as a world-class Brazilian petrochemical company with a turnover exceeding USD 12 billion. Since July 2008, M. Grubisich has been President and CEO of ETH Bioenergia, an Odebrecht Group company, which focused on the integrated production of ethanol and electricity from biomass. M. José Carlos Grubisich is also a Board member of several institutions.

As a result of these appointments and renewals, the Issuer's Supervisory Board is composed as follows:

	<b>Year of birth</b>	<b>Date of first appointment</b>	<b>Date appointment most recently renewed</b>	<b>Date on which appointment ceases</b>
<b><i>Chairman</i></b>				
Jean-Paul Parayre	1937	13/06/1989	Ordinary Shareholders' Meeting ("OSM") 7/06/2011	2013 OSM to approve financial statements for year ended 31/12/2012
<b><i>Vice-Chairman</i></b>				
Patrick Boissier	1950	15/06/2000	OSM 7/06/2011	2015 OSM to approve financial statements for year ended 31/12/2014
<b><i>Members</i></b>				
Pascale Chargrassse	1960	13/12/2010	OSM 7/06/2011	2015 OSM to approve financial statements for year ended 31/12/2014
Jean-François Cirelli	1958	13/05/2009	-	2012 OSM to approve financial statements for year ended 31/12/2011
Vivienne Cox	1959	31/05/2010	-	2014 OSM to approve financial statements for year ended 31/12/2013
Michel de Fabiani	1945	10/06/2004	OSM 31/05/2010	2014 OSM to approve financial statements for year ended 31/12/2013
Anne-Marie Idrac	1951	07/06/2011	-	2015 OSM to approve financial statements for year ended 31/12/2014

Edward G. Krubasik	1944	06/03/2007	OSM 4/06/2008	2012 OSM to approve financial statements for year ended 31/12/2011
Alexandra Schaapveld	1958	31/05/2010	-	2014 OSM to approve financial statements for year ended 31/12/2013
Jean-Claude Verdière	1938	01/07/2001	OSM 31/05/2010	2012 OSM to approve financial statements for year ended 31/12/2011
Société Bolloré	N/A	13/11/2008	OSM 31/05/2010	2014 OSM to approve financial statements for year ended 31/12/2013
represented by Cédric de Bailliencourt	1969	01/01/2011	-	2014 OSM to approve financial statements for year ended 31/12/2013
<b><i>Censeurs (non-voting members)</i></b>				
José Carlos Grubisich	1957	09/11/2011	-	OSM 2012 to approve financial statements for year ended 31/12/2011
François Henrot	1949	13/12/2010	OSM 7/06/2011	OSM 2015 to approve financial statements for year ended 31/12/2014

**Issuer's shareholders**

As at 31 October 2011, the breakdown of share capital was as follows:

<b>Shareholders</b>	<b>Number of shares</b>	<b>% of shares</b>	<b>Number of voting rights (gross)</b>	<b>% of voting rights (gross)</b>
FSI+CDC	8,271,078	6.95%	8,271,078	6.93%
Capital Research	5,736,382	4.82%	5,736,382	4.80%
Bolloré	2,046,361	1.72%	2,046,361	1.71%
SMI	1,973,134	1.66%	1,973,134	1.65%
Free float	96,082,646	80.68%	97,296,139	81.47%
Group employees	3,920,720	3.29%	4,099,487	3.43%
Own shares held directly by Vallourec	1,054,099	0.89%	0	0.00%
<b>TOTAL</b>	<b>119,084,420</b>	<b>100%</b>	<b>119,422,581</b>	<b>100%</b>

## RECENT DEVELOPMENTS

### **23 May 2011 Press Release**

*Vallourec strengthens its local presence in Saudi Arabia with the acquisition of Zamil Pipes*

Vallourec world leader in premium tubular solutions, today announced that it has reached an agreement to acquire Saudi Seamless Pipes Factory Company Limited "Zamil Pipes", the first processing company of seamless OCTG<sup>1</sup> in Saudi Arabia.

Located in Dammam, Zamil Pipes is close to Vallourec's new VAM threading plant which is currently under construction and due to be commissioned in H2 2011. In complement to this project, the acquisition of Zamil Pipes will provide Vallourec with ready-to-run heat treatment capacity and threading facilities of up to 100 kt of pipe per year. With these two operations, Vallourec will reinforce its local presence in the Kingdom, through additional finishing capacities and reduced lead-times to serve the premium OCTG market in Saudi Arabia.

The Kingdom of Saudi Arabia, through its national oil company Saudi Aramco, is the world's largest oil producer and is one of Vallourec's main customers with growing requirements for premium OCTG.

Philippe Crouzet, Chairman of Vallourec's Management Board stated: *"With local heat treatment and premium threading facilities, Vallourec and Zamil Pipes will enjoy an unmatched competitive position. The combination of Vallourec's expertise in VAM premium OCTG technology and Zamil Pipes processing facilities will strengthen the local offer to serve Saudi Aramco and other customers in the Middle East."*

Khalid Al Zamil, Chairman of Zamil Pipes and Executive Director of Zamil Group said: *"We are proud to contribute to the local establishment of a world class premium OCTG supplier for the oil and gas industry in Saudi Arabia and wish Vallourec the best of success. This transaction sets the grounds for future developments to contribute to the national welfare of the Kingdom."*

The transaction amounts to US \$135 million, is subject to regulatory approvals and is expected to be finalized in Q2 2011.

### About Zamil Pipes

Saudi Seamless Pipes Factory Company Limited "Zamil Pipes", member of the Zamil Group Holding Company, was founded in November 2007 to address the needs of the drilling industry by developing the Saudi's first processing and end-finishing processor of Oil Countries Tubular Goods "OCTG".

### **Extract of the 30 June 2011 Press Release**

*Vallourec pursues its employee shareholding policy*

Vallourec announced today that it has reached an agreement on the principle of the implementation of a new employee share ownership offering.

This offering, called "Value 11", concerns a maximum of 2,350,000 newly-issued shares representing close to 2% of the company's share capital on the date of this press release<sup>2</sup>. Following the successful implementation of the "Value 08", "Value 09" and "Value 10" plans, Group employees held more than 3.4% of Vallourec's share capital at 31 December 2010. Vallourec has decided to renew its

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<sup>1</sup> OCTG = Oil Country Tubular Goods.

<sup>2</sup> The dividend in respect of the 2010 results will be paid, in cash or in shares, on 7 July 2011. Details of the number of new shares issued will be released on that date.

employee share ownership offering with the aim of continuing to involve its employees in the Group's activities and results by offering them the opportunity to invest once again in Vallourec shares (directly or through one or more FCPE<sup>3</sup> sub-funds).

As a supplement to this operation, Vallourec has decided to implement for the third consecutive year, a performance share allocation plan aimed at awarding up to six shares to all eligible employees.

### **7 July 2011 Press Release**

*56% of shareholders opted to receive the dividend payment in shares*

In accordance with the resolution approved by the Ordinary and Extraordinary Shareholders' Meeting on 7 June 2011, shareholders were invited for the third consecutive year, to choose to receive the dividend payment in cash or in new shares. The dividend in respect of the financial year 2010 was set at € 1.30 per share.

The payment of the dividend in shares generated strong interest once again amongst shareholders. The subscription rate for this option was 56%, which attests to shareholders' confidence in the strategy and development outlook of the Group.

This operation resulted in the creation of 1,140,338 new shares issued at a price of € 75.92 per share (i.e. a capital increase of 0.97%) delivered and listed on NYSE Euronext Paris on 7 July 2011.

The new shares will be issued with all rights attached as of 1 January 2011 and will be completely assimilated with existing shares. Following this operation, the share capital of the company will comprise 119,084,420 shares.

The payment of the dividend in cash, for an amount of € 67.6 million also took place today.

### **27 July 2011 Press Release**

*Vallourec reports Q2 and Half Year 2011 results*

Vallourec, world leader in premium tubular solutions, today announced its results for the second quarter and first half of 2011. The consolidated financial statements were presented by Vallourec's Management Board to its Supervisory Board.

#### Key Figures

##### Q2 2011

- Volume and sales up 12% versus Q1 2011
- EBITDA up 25% to €254 million representing 19.7% of sales
- Net income, Group share up 37% at €112 million

##### H1 2011

- Volume up 28% year on year to 1,062 thousand tonnes
- Sales up 22% to €2,438 million
- EBITDA up 11% to €458 million representing 18.8% of sales
- Net income, Group share up 4% at €194 million

#### Highlights

- Successful start-up of new capacity at Valinox Nucléaire, France
- Acquisition of 19.5% of Tianda Oil Pipe, China
- Project to acquire Zamil Pipes and construct new threading facility, Saudi Arabia

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<sup>3</sup> FCPE = Fonds commun de placement d'entreprise or company mutual fund.

Commenting these results, Philippe Crouzet, Chairman of the Management Board, stated:

*“As anticipated, the activity of the Group during the first half of 2011 was broadly in line with that of the second half of 2010, with a second quarter better than the first. Our results reflect, however, the strong increase in raw material costs which we are progressively recovering in our sales prices.*

*The markets remain well oriented and our mills are operating at high utilisation rates. Our activity is going to progress in the second half. We should, nevertheless, continue to operate in a context marked by the volatility and high level of raw material costs as well as the strengthening of the euro against the dollar. The costs associated with the construction and start up of our new facilities will also continue to impact our margins.*

*In this transition year several strategic projects are in progress to respond to growth. The new mill VSB in Brazil is in the process of obtaining its certifications and the first orders have been taken for delivery in the fourth quarter. In the USA, the construction of our new tube mill is progressing well. Other projects underway will enable us to strengthen our local presence in regions of strong development such as China through our partnership with Tianda Oil Pipe and the construction of two new mills to serve the power generation market as well as in the Middle East with the acquisition of Zamil Pipes and the construction of a new finishing line.”*

#### Summary of results for second quarter (Q2) and first half (H1) 2011

Comparison of Q2 2011 with Q1 2011 and Q2 2010; H1 2011 with H1 2010

<i>In € million</i>	Q2 2011	Q1 2011	Change QoQ	Q2 2010	Change YoY	H1 2011	H1 2010	Change YoY
<b>Sales Volume (k tonnes)</b>	<b>561</b>	501	+12%	484	+16%	<b>1,062</b>	828	+28%
<b>Sales</b>	<b>1,290</b>	1,148	+12%	1,122	+15%	<b>2,438</b>	1,999	+22%
<b>EBITDA</b>	<b>254</b>	203	+25%	264	-4%	<b>458</b>	413	+11%
As % of sales	<b>19.7%</b>	17.7%		23.6%		<b>18.8%</b>	20.6%	
<b>Total net income</b>	<b>126</b>	93	+36%	136	-7%	<b>219</b>	203	+8%
<b>Net income, Group share</b>	<b>112</b>	82	+37%	126	-11%	<b>194</b>	187	+4%

#### MARKET ENVIRONMENT

##### *Energy markets*

##### Oil & Gas

Crude oil prices fluctuated at high levels during Q2 2011 averaging \$102/bbl<sup>4</sup>, to be compared to an average of \$79/bbl in 2010. Oil prices are expected to remain at high levels and international E&P (exploration and production) spending continues to grow strongly. Forecast expenditure has been revised upwards to \$529 billion in 2011, an annual increase of 16% versus 11% in the previous forecast<sup>5</sup>. Whilst world oil demand remains strong, at over 89mb/d, the global estimate for 2011 has been revised moderately downward by the EIA as persistent high prices may weaken economic activity.

In the USA, the rig count continued to increase during the second quarter, up 11% since the start of the year, reaching 1,886 active rigs on 1 July. The rising oil prices and ongoing low natural gas prices continue to drive the shift towards drilling for oil rather than gas. As a result, 1,006 rigs were drilling for oil, up 31% year to date, whereas rigs drilling for gas were down 5%. Approximately two-thirds of all drilling activity in the USA is taking place in shale plays, and 57% of rigs now operate horizontal

<sup>4</sup> WTI.

<sup>5</sup> Barclays Capital Global E&P Capital Spending Update – June 2011.

drilling. OCTG prices rose moderately during the second quarter. Demand for OCTG is expected to remain at a high level, while distributor inventories were at 4.4 months of consumption<sup>6</sup> at the end of June.

In the Gulf of Mexico, despite the lifting of the deepwater offshore drilling moratorium, the return to offshore drilling activity is progressing slowly, with 33 rigs in activity compared to 24 at the end of 2010.

In the rest of the world, the international rig count has remained at a high level, above 1,100 rigs. National oil companies, international majors and independents are still very active and there are numerous tenders ongoing. Virtually all of the largest global E&P spenders are expected to increase capex during 2011.

#### Power Generation

New projects for conventional coal-fired power plants remain concentrated in China and India, where local competition is intense. Following the Fukushima accident, different governments have reviewed their policies concerning nuclear power. France, the UK and China, among others, remain committed to developing nuclear power generation. Nevertheless its overall contribution to the long-term global energy mix is likely to be lower than previously estimated, while gas-fired power generation will probably increase.

#### Petrochemicals

Higher E&P capital budgets are benefiting the process market with related spending for several large LNG projects. In the USA, numerous investments have been announced to take advantage of the shale gas resources, with an increasing focus on gas-to-liquids (GTL) for transportation fuel. Major investments in refining and gas processing are underway in China, India, Australia, Indonesia and the Middle East. The Gulf region is planning to significantly increase petrochemical production.

#### *Non-Energy markets*

Demand across non-energy markets has been robust throughout the first half of the year, supported by world industrial production growth. However, the rate of growth is expected to moderate during the second half of the year due to a combination of government policies driving lower consumption in OECD countries, and rising inflation leading to high interest rates in non-OECD countries. Mechanical engineering remains robust, driven by German equipment manufacturing for export.

#### *Raw materials*

Raw material prices remained at high levels throughout the first half of 2011, significantly higher than in 2010, and close to the peak levels of 2008, driven by record levels of steel production. Prices are expected to fluctuate around the current high levels during the coming months.

#### *Currency*

The Euro strengthened 8% against the US dollar during the first half of the year, reaching \$1.45 at the end of June 2011 versus \$1.34 at the end of December 2010. The Brazilian real also continued to strengthen versus the US dollar, up 7% since the start of the year.

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<sup>6</sup> Preston Pipe Report

## SALES BY MARKET

Comparison of Q2 2011 with Q1 2011 and Q2 2010; H1 2011 with H1 2010

<i>In € million</i>	Q2 2011	Q1 2011	Change QoQ	Q2 2010	Change YoY	H1 2011	H1 2010	Change YoY
Oil & Gas	650	630	+3%	553	+18%	1,280	1,000	28%
Power Generation	180	135	+33%	222	-19%	315	413	-24%
Petrochemicals	100	80	+25%	89	+13%	180	159	+13%
<b>Total Energy</b>	<b>930</b>	<b>845</b>	<b>+10%</b>	<b>864</b>	<b>+8%</b>	<b>1,775</b>	<b>1,572</b>	<b>+13%</b>
% of total sales	<b>72%</b>	74%		77%		<b>73%</b>	79%	
Mechanical	169	142	+19%	105	+61%	311	181	+72%
Automotive	98	82	+20%	79	+24%	180	144	+25%
Construction & Other	93	79	+17%	74	+25%	172	102	+69%
<b>Total non-Energy</b>	<b>360</b>	<b>303</b>	<b>+19%</b>	<b>258</b>	<b>+40%</b>	<b>663</b>	<b>427</b>	<b>+55%</b>
% of total sales	<b>28%</b>	26%		23%		<b>27%</b>	21%	
<b>Total</b>	<b>1,290</b>	<b>1,148</b>	<b>+12%</b>	<b>1,122</b>	<b>+15%</b>	<b>2,438</b>	<b>1,999</b>	<b>+22%</b>

### Energy

Total Energy sales increased by 10% sequentially to reach €930 million in Q2 2011, 72% of total sales. For H1 2011, Energy sales amounted to €1,775 million, up 13% year on year, representing 73% of total Group sales versus 79% of sales in H1 2010.

**Oil & Gas** second quarter sales increased by 3% sequentially to €650 million, bringing sales for H1 2011 to €1,280 million, up 28% year on year.

In the USA, sales increased during the second quarter, driven by the high drilling activity in the shale plays. Moderate price increases were implemented to start compensating the rise in raw material costs. Vallourec's new VAM SG "shale gas" connection and finished goods offer (combined pipe and VAM premium connection) have met with commercial success. Vallourec's mills operated at full capacity, supported by imports of small diameter tubes from its European plants, to meet customer demand. High oil prices should continue to encourage drilling in new shale plays like Utica (Ohio) in the US.

In the rest of the world, sales were lower than anticipated in Brazil as delivery of certain contracts for offshore line pipe projects were deferred to the second half of the year. However, booking activity was dynamic in most areas and the order book lengthened with sales for the coming quarters. Offshore line pipe project activity in Brazil and West Africa should bring additional volumes in the second part of the year.

In **Power Generation**, sales amounted to €180 million during Q2 2011, up 33% sequentially. As anticipated, sales for coal-fired power plants benefited from a better mix effect during the quarter. Nevertheless, for H1 2011, sales remain significantly below prior year level, down 24%, as local competition in the major active markets is maintaining pressure on prices and volumes.

Sales for nuclear power plants grew strongly during the quarter. With the start-up of the new capacities for steam generator tubes in France, sales will increase further in the second half of the year, supported by re-tubing projects in France and the ongoing construction of new nuclear power plants in China.

**Petrochemicals** sales amounted to €100 million during Q2 2011, up 25% sequentially. They represented €180 million in H1 2011, up 13% compared to H1 2010. Sales included deliveries for a gas compression facility in Abu Dhabi and a steam-assisted gravity drainage (SAGD) facility in the Canadian oil sands. Orders increased for deliveries in the second half of the year.

### Non-Energy

In Non-Energy markets (**Mechanical, Automotive, Construction and other**) sales increased 19% sequentially with strong growth across all segments, to reach €360 million during the quarter. For H1 2011, sales amounted to €663 million, up 55% year on year, representing 27% of total sales versus 21% in H1 2010. Mechanical Engineering sales continue to be driven by in the high activity of the German machine building industry. Sales to European and North American distributors also increased during the first half of the year. Automotive sales still benefited from robust demand in Brazil, particularly for heavy vehicles. In the second half of the year, sales will be principally supported by the dynamism of German exports.

## RESULTS

### Summary consolidated income statement

Comparison of Q2 2011 with Q1 2011 and Q2 2010; H1 2011 with H1 2010

<i>In € million</i>	Q2 2011	Q1 2011	Change QoQ	Q2 2010	Change YoY	H1 2011	H1 2010	Change YoY
<b>Sales Volume (k tonnes)</b>	<b>561</b>	501	+12%	484	+16%	<b>1,062</b>	828	+28%
<b>Sales</b>	<b>1,290</b>	1,148	+12%	1,122	+15%	<b>2,438</b>	1,999	+22%
Cost of sales <sup>7</sup> (as % of sales)	<b>68.4%</b>	69.2%		64.2%		<b>68.8%</b>	66.7%	
SG&A costs <sup>1</sup> (as % of sales)	<b>11.1%</b>	12.7%		11.3%		<b>11.8%</b>	11.8%	
<b>EBITDA</b>	<b>254</b>	203	+25%	264	-4%	<b>458</b>	413	+11%
As % of sales	<b>19.7%</b>	17.7%		23.6%		<b>18.8%</b>	20.6%	
<b>Net income, Group share</b>	<b>112</b>	82	+37%	126	-11%	<b>194</b>	187	+4%

During Q2 2011, all of Vallourec's mills operated at high levels of activity. Sales volume of 561 thousand tonnes was up 12% versus Q1 2011. For H1 2011, sales volume increased by 28% year on year to 1,062 thousand tonnes.

Consolidated sales in Q2 2011 increased by 12% sequentially to €1,290 million. In addition to volume growth (+12%), sales benefited from a positive combined price/mix effect (+2%) with sales price increases partially offset by strong growth of lower priced non-energy sales. The currency translation effect was negative (-2%). For H1 2011, sales increased by 22% year on year to €2,438 million. The higher sales volume (+28%) and scope (+4%) was partly offset by a negative combined price/mix effect (-11%), whilst the currency translation effect was negligible.

EBITDA for Q2 2011 amounted to €254 million, representing 19.7% of sales, up 25% compared to Q1 2011. While the strong increase in raw material costs which occurred at the start of the year impacted the second quarter, higher volumes allowed for better absorption of fixed costs. Consequently, the cost of sales was slightly below that of Q1 2011, at 68% of sales. The sales, general and administrative costs (SG&A) which include all costs relating to new projects, were broadly stable quarter on quarter in value terms and therefore lower as a percentage of sales.

EBITDA in H1 2011 increased by 11% year on year to €458 million, representing 18.8% of sales. The cost of sales at 69% of sales, increased slightly versus H1 2010 (67%), reflecting the shift in product mix together with higher raw material costs. SG&A costs were stable as a percentage of sales.

<sup>7</sup> Before depreciation and amortization

Depreciation of industrial assets amounted to €47 million in Q2 2011, and €101 million for H1 2011, an increase of €17 million versus H1 2010.

Financial charges amounted to €24 million in H1 2011, compared to the €9 million charges in H1 2010.

The effective tax rate was 29.1% for H1 2011.

Total net income, Group share amounted to €112 million in Q2 2011, up 37% compared Q1 2011. For H1 2011, net income Group share amounted to €194 million, up 4% year on year.

#### *Cash flow*

Gross cash flow amounted to €193 million in Q2 2011 compared to €74 million in Q1 2011. Working capital requirement increased by €59 million as inventories increased in advance of the summer stoppages in Europe.

Gross capital expenditure amounted to €194 million during the quarter, in line with the previous quarter. For H1 2011, gross capital expenditure amounted to €389 million, of which €271 million related to strategic projects, essentially VSB in Brazil and the new pipe mill in the USA.

Financial investments of €75 million related to the acquisition of 19.5% of the share capital of Tianda Oil Pipe Company Limited on 1 April 2011.

Total cash outflow amounted to €155 million during the quarter, increasing the net debt to €879 million at 30 June 2011, compared to €381 million at 31 December 2010, representing 18.5% of equity (€4,745 million).

At 30 June 2011, the Group's overdrafts and short term borrowings exceeded cash and cash equivalents by €329 million. Of the €1,446 million of bank loans and other borrowings, 38% has a maturity in excess of 1 year. Vallourec maintains its undrawn confirmed credit lines of around €1.3 billion which includes a revolving credit facility of €1 billion which matures in February 2016<sup>8</sup>.

#### *Dividend payment*

The dividend in respect of 2010 of €1.30 per share was paid on 7 July 2011 with the creation of 1,140,338 new shares and cash payment of €67.6 million.

## OUTLOOK

With a business environment which remains positive across most of its markets, Vallourec forecasts an increase in sales volumes in H2 2011 compared to H1 2011. Despite the progressive implementation of price increases to compensate higher raw material costs, overall sales should progress at a lower pace than volumes due to the impact of a weaker dollar and a different mix.

EBITDA in H2 is expected to be slightly above the H1 2011 level. Vallourec will benefit from the higher activity and the ongoing price increases. Their additional contribution however will be offset to a large extent by the increased start up costs related to its projects, notably in Brazil and the USA, by seasonal expenses (maintenance, employee shareholding) and by the dollar weakness.

During this transition year, Vallourec is investing in important projects to increase its industrial and commercial presence in the regions of the world where the Group's local customer demand is strong and growing. These investments are transforming the Group and will contribute to Vallourec's future successes.

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<sup>8</sup> In addition to the information disclosed in this press release, it is specified that the long and mid-term financings drawn by Vallourec Sumitomo do Brazil amount to Euro 191 million as of 30 June 2011 and Euro 229 million as of 9 December 2011.

## 1 September 2011 Press Release

*Vallourec inaugurates its new Brazilian plant in the presence of Dilma Rousseff, President of Brazil*

Vallourec, world leader in premium tubular solutions, today announced the inauguration of its new Brazilian steel and tube plant at a ceremony attended by Dilma Rousseff, President of Brazil and Antonio Anastasia, Governor of the State of Minas Gerais. This major project, launched in 2007, is totally in line with the strategy of international growth, supported by Jean-Paul Parayre, Chairman of the Supervisory Board since 2000. Since this time, Brazil has held a predominant role in the strategy of the Group.

Created under a joint venture agreement with Sumitomo Metals of Japan, Vallourec & Sumitomo Tubos do Brasil (VSB) is 56% owned by Vallourec and 44% owned by Sumitomo Metals and Sumitomo Corporation. The construction of the new plant, which began in 2008, is now complete, and production is in the start-up phase.

VSB is located in Jeceaba, in the state of Minas Gerais, close to Vallourec's other Brazilian entities. It is an integrated plant, producing steel billets and seamless steel tubes, which benefits from direct access to raw materials provided by two Vallourec subsidiaries, one specializing in iron ore extraction, and the other in charcoal production. This unique manufacturing complex has been built on a site of 250 hectares and uses state-of-the-art technology. It will have two blast furnaces and an electric furnace, a premium tube-making facility and heat treatment, threading and finishing lines. It will employ a workforce of 1,600 and will have an annual production capacity of one million metric tonnes of steel (of which 300,000 tonnes for Vallourec's own, non-VSB requirements), and 600,000 metric tonnes of tubes, of which 300,000 tonnes for Vallourec. The plant will boost the Group's tube production capacity by over 10% and will serve international oil and gas markets, notably in West Africa.

Philippe Crouzet, Chairman of the Vallourec Management Board, said: *"Present since 1952 in the state of Minas Gerais via its V & M do BRASIL subsidiary, Vallourec chose to pursue its development here with this new plant, as it benefits locally from the full range of competitive factors, not only in terms of natural resources – iron ore and charcoal – but also in terms of infrastructure and skilled labour. This plant marks a new stage in Vallourec's strategic growth. It will enable the Group to support the ambitions of its international customers, and serve their requirements for premium tubular solutions for oil and gas applications."*

From the outset, the VSB plant has been designed to minimize its environmental impact, both in terms of its carbon footprint and the protection and preservation of flora, fauna and natural resources.

Special efforts have been undertaken to ensure that the new plant integrates harmoniously into the local economic, environmental and social fabric, in line with the Group's existing presence in Brazil over the past six decades.

## 7 October 2011 Press Release

*Vallourec Investor Day 2011*

### Highlights

- A new global and competitive model to efficiently address local needs
- A deep transformation generating additional profitable growth
- An optimised industrial organisation in the United States
- Further innovative products and initiatives in Brazil
- Outlook

Vallourec, world leader in premium tubular solutions, hosted yesterday its Investor Day in Belo Horizonte, Brazil. The management of the Group held presentations illustrating the theme "Towards a new Vallourec".

Philippe Crouzet, Chairman of the Management Board, said: “*Expecting the fundamentals of the energy markets to remain strongly supportive, we pursue our strategy of investing where the growth is. As our new projects are progressively coming on stream, we are strengthening our industrial and commercial positions to benefit from the growing oil & gas markets and to efficiently address our customers’ needs, through more local presence and more premium capacity. Implementing this transformation, we are building a new Vallourec, structurally more competitive, thanks to higher premium volumes, a lower cost base, and increased flexibility.*”

After the successful start-up of the new integrated plant in Brazil in 2011, and the commissioning of the new rolling mill in the United States mid-2012, both operations will complete their technical ramp-up in 2012 and will be fully available in 2013. These state-of-the-art mills will complement recently added or currently under construction new finishing capacities in Europe, China, Indonesia, the Middle East and Nigeria, allowing the Group to capture market growth and optimize its industrial footprint. With greater specialisation of its European mills, Vallourec will be in a position to ensure better allocation of its production and commercial resources.

Vallourec is engaged in a thorough transformation, evolving from a Europe-centric export company to a global leader with excellent local positions, supported by reinforced local content offer, differentiated service and greater customer proximity to further develop market penetration. Vallourec’s success continues to be backed by a strong technological leadership built upon experience and innovation. In the oil & gas market, Vallourec also benefits from the broadening scope of solutions it provides to its customers beyond OCTG, such as drill pipes, offshore line pipes and local services.

\* \* \* \* \*

During the presentations held at the Investor Day, the management announced some new initiatives aimed at consolidating the Group’s position in two of its main regions of growth - the United States and Brazil.

*United States: optimised industrial organisation*

In order to further integrate the new small-diameter rolling mill under construction, “V & M Two”, with the adjacent existing V & M Star mill located in Youngstown (Ohio), the two companies will merge in 2012. As V & M Two was 100% owned by Vallourec, whilst V & M Star is 80.53% owned by Vallourec and 19.47% by Sumitomo Corporation, Sumitomo Corporation has purchased 19.47% of V & M Two from Vallourec. The operation, that will strengthen industrial synergies between the two pipe mills, was concluded on 29 September 2011. At the time of the transaction Vallourec cashed in \$100 million relating to Sumitomo Corporation’s contribution to the financing of V & M Two’s investment to date.

*Brazil: new offer in alloy line pipe and new Research Centre in Rio*

In Brazil, Vallourec’s subsidiary V & M do Brasil, has signed a Collaboration Agreement with German manufacturer Butting, in order to produce high quality carbon steel line pipes internally lined with special corrosion resistant alloys. These pipes are designed to withstand the most aggressive environments, and therefore will be particularly suitable for the development of the Brazilian pre-salt fields. Joining their technologies, the companies will be able to produce and market a high-end product “Made in Brazil”.

Already working closely with Petrobras on the development of tubular solutions for pre-salt offshore exploration from its R&D centre in Belo Horizonte, Vallourec is taking a step further in this collaboration by setting up a new research centre in Rio – Vallourec Research Rio de Janeiro. It will be located in the Technological Park of Rio, close to Petrobras’ research centre, CENPES. Essentially focused on pre-salt topics, it will cover all related Vallourec activities including drill pipes, umbilicals, accessories. In addition, the Center will benefit from synergies with UFRJ (Universidade Federal do

Rio de Janeiro) in development areas such as the environment, robotics and energy consumption. The opening is scheduled for beginning of 2013.

\* \* \* \* \*

### Outlook

The current business environment remains positive in energy markets, and Vallourec forecasts an increase in volumes and sales in the second half of 2011 compared to the first half. Costs associated with new projects – essentially VSB in Brazil and the new rolling mill V & M Two in Youngstown – are confirmed at a level of approximately € 110 million over the full year 2011, including € 60-70 million over the second half of the year. Taking into account the cautious attitude of the distributors in non-energy markets as a consequence of economic uncertainties, as well as the negative translation effect resulting from the recent evolution of the Brazilian real against the euro, the EBITDA of the second half of 2011 is expected to be at a similar level as the one of the first half of 2011.

Looking at 2012, the prospects for the oil & gas markets remain favourable, despite the uncertainties of the macro-economic environment. The impact of the new projects on the full year EBITDA is expected to be reduced to an estimated negative € 60-80 million in 2012, mainly reflecting the start-up costs of V & M Two in the first half of the year and the impact of VSB's not yet fully optimised load and mix during its ramp-up phase. Entering into 2012, Vallourec will benefit from selling price increases implemented in 2011.

### **9 November 2011 Press Release**

#### *Vallourec reports Q3 2011 results*

Vallourec, world leader in premium tubular solutions, today announced its results for the third quarter of 2011. The consolidated financial statements were presented by Vallourec's Management Board to its Supervisory Board.

### Key Figures

- Sales volume of 601 thousand tonnes; up 7 % versus Q2 2011; up 19 % versus Q3 2010
- Sales of € 1,306 million; up 1 % versus Q2 2011; up 10 % versus Q3 2010
- EBITDA of € 228 million representing 17.4 % of sales
- Net income, Group share of € 91 million

### Summary of results for third quarter (Q3) and first nine months (9M) 2011

Comparison of Q3 2011 with Q2 2011 and Q3 2010; 9M 2011 with 9M 2010

<i>In € million</i>	<b>Q3</b>	<b>Q2</b>	<i>Change</i>	<b>Q3</b>	<i>Change</i>	<b>9M</b>	<b>9M</b>	<i>Change</i>
	<b>2011</b>	<b>2011</b>	<i>QoQ</i>	<b>2010</b>	<i>YoY</i>	<b>2011</b>	<b>2010</b>	<i>YoY</i>
<b>Sales Volume (k tonnes)</b>	<b>601</b>	<b>561</b>	+7%	507	+19%	<b>1,663</b>	1,335	+25%
<b>Sales</b>	<b>1,306</b>	<b>1,290</b>	+1%	1,189	+10%	<b>3,743</b>	3,188	+17%
<b>EBITDA</b>	<b>228</b>	<b>254</b>	-11%	251	-9%	<b>685</b>	664	+3%
As % of sales	<b>17.4%</b>	<b>19.7%</b>		21.1%		<b>18.3%</b>	20.8%	
<b>Total net income</b>	<b>105</b>	<b>126</b>	-17%	130	-20%	<b>324</b>	333	-3%
<b>Net income, Group share</b>	<b>91</b>	<b>112</b>	-19%	115	-21%	<b>285</b>	302	-6%

Commenting these results, Philippe Crouzet, Chairman of the Management Board, stated:

*“Volumes and sales increased during the third quarter and results were in line with our expectations. The business environment in energy markets remains positive for Vallourec, while in non-energy markets, distributors have started to show signs of caution in view of macro-economic uncertainties.*

*With our new projects progressively coming on stream, we are strengthening our industrial and commercial positions to benefit from the growing oil & gas markets and to efficiently address our customers’ needs, through more local presence and more premium capacity.”*

## MARKET ENVIRONMENT

### *Energy markets*

#### Oil & Gas

Crude oil prices declined during Q3 2011, but remained at high levels, averaging \$90/bbl<sup>9</sup> versus \$102/bbl during Q2. World oil demand continues to be strong, at over 89mb/d. However, estimates for demand growth in 2011 and 2012 have been revised moderately downwards by the EIA in response to slower economic growth.

In the USA, the rig count increased during the third quarter, up 6% from Q2, up 17% since the start of the year, to reach 1,990 active rigs<sup>10</sup> on 30 September, it remained above 2,000 rigs throughout October. Oil drilling continued to increase, notably in the shale oil fields. Approximately two-thirds of all drilling activity in the USA is taking place in shale plays, and 57% of rigs operate horizontal drilling. OCTG prices continued to progress moderately during the third quarter, while distributor inventories were at 4.2 months of consumption<sup>11</sup> at the end of September. An increase in drilling permits suggests that the rig count should continue to increase over the next quarter and OCTG demand is expected to remain at a high level entering into 2012.

In the Gulf of Mexico, the return to offshore drilling activity is progressing slowly, with the number of rigs in activity unchanged during the quarter at 33, compared to 24 at the end of 2010.

The international rig count<sup>12</sup> continued at a high level, averaging 1,170 active rigs during Q3 2011, up 2% versus Q2. The market is well oriented as international majors and independents are still very active.

#### Power Generation

Numerous projects for conventional coal-fired power plants are underway in China and India, with a large number of projects scheduled over the next 5 years. However, local competition for the supply of pipe is intense.

For nuclear power, France and China, among others, remain committed to developing their approved projects, and currently 65 plants are under construction in 16 countries<sup>13</sup>. In China, 25 plants are under construction, and while the approval process for new projects is on hold pending a security and technology review, it is expected to restart in the coming months.

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<sup>9</sup> WTI

<sup>10</sup> Baker Hughes

<sup>11</sup> Preston Pipe Report

<sup>12</sup> Baker Hughes

<sup>13</sup> Euronuclear.org

## Petrochemicals

The petrochemicals and process market continues to be active in the Middle East and Asia. Major investments in refining and gas processing are underway in China, India, Australia, Indonesia and the Middle East. The Gulf region, notably Qatar, is planning to significantly increase its petrochemical and LNG capacity. In the USA, a number of projects have been announced.

## Non-Energy markets

Economic uncertainties regarding demand in non-Energy markets, notably in the European mechanical segment, has lead distributors to adopt a cautious attitude, maintaining inventories at lower than normal levels. In Brazil, imports of low price non-energy products have been increasing, attracted by the market growth and the strength of the Brazilian real.

## Raw materials

Raw material prices persisted at high levels throughout the third quarter. Although iron ore spot prices fell during October, they remain volatile as economic uncertainty increases.

## Currency

Currencies were very volatile with the Euro and the Brazilian real weakening against the US dollar during the third quarter and strengthening during October.

## SALES BY MARKET

Comparison of Q3 2011 with Q2 2011 and Q3 2010; 9M 2011 with 9M 2010

<i>In € million</i>	Q3 2011	Q2 2011	Change QoQ	Q3 2010	Change YoY	9M 2011	9M 2010	Change YoY
Oil & Gas	681	650	+5%	634	+7%	1,961	1,634	+20%
Power Generation	173	180	-4%	163	+6%	488	576	-15%
Petrochemicals	100	100	-	93	+8%	280	252	+11%
<b>Total Energy</b>	<b>954</b>	<b>930</b>	<b>+3%</b>	<b>890</b>	<b>+7%</b>	<b>2,729</b>	<b>2,462</b>	<b>+11%</b>
% of total sales	73%	72%		75%		73%	77%	
Mechanical	161	169	-5%	116	+39%	471	298	+58%
Automotive	96	98	-2%	88	+9%	276	231	+19%
Construction & Other	95	93	+2%	95	-	267	197	+36%
<b>Total non-Energy</b>	<b>352</b>	<b>360</b>	<b>-2%</b>	<b>299</b>	<b>+18%</b>	<b>1,014</b>	<b>726</b>	<b>+40%</b>
% of total sales	27%	28%		25%		27%	23%	
<b>Total</b>	<b>1,306</b>	<b>1,290</b>	<b>+1%</b>	<b>1,189</b>	<b>+10%</b>	<b>3,743</b>	<b>3,188</b>	<b>+17%</b>

## Energy

Total Energy sales increased by 3% sequentially to reach € 954 million in Q3 2011, 73% of total sales.

**Oil & Gas** third quarter sales increased by 5% sequentially to € 681 million, bringing sales for the first nine months 2011 to € 1,961 million, up 20% year on year.

In the USA, activity continued to be strong during the third quarter, with high drilling activity in the shale plays. Price increases announced beginning Q2 and Q3 were implemented, compensating for the rise in raw material costs. Vallourec's mills operated at full capacity, supported by imports of small diameter tubes mainly from its European plants, to meet customer demand. OCTG sales are likely to remain at a high level during Q4 and entering into 2012.

In the rest of the world, sales benefited from a good level of activity, notably in Brazil. The markets remain very active, with growing demand for premium products.

In **Power Generation**, sales amounted to € 173 million during Q3 2011, down 4% sequentially. Sales for coal-fired power plants increased due to higher volumes during the quarter which are expected to continue in Q4. Sales for nuclear power plants were down sequentially during Q3 and will increase in Q4.

**Petrochemicals** sales amounted to € 100 million during Q3 2011, in line with Q2. Sales included deliveries for the Shaiba gas project in Saudi Arabia. Distributors in Europe have shown signs of caution due to lack of visibility for 2012, maintaining inventory at low levels. Sales are expected to remain at a similar level in Q4.

#### *Non-Energy*

In Non-Energy markets (**Mechanical, Automotive, Construction and other**), sales decreased by 2% sequentially, primarily due to the seasonal vacation period in Europe to reach €352 million during the quarter. For the first nine months 2011, sales amounted to €1,014 million, significantly ahead of prior year (+40%). Distributors in non-Energy markets reduced stocks below normal levels, which resulted in lower than expected bookings for mechanicals during the quarter.

## RESULTS

### *Summary consolidated income statement*

Comparison of Q3 2011 with Q2 2011 and Q3 2010; 9M 2011 with 9M 2010

<i>In € million</i>	<b>Q3 2011</b>	<b>Q2 2011</b>	<i>Change QoQ</i>	<b>Q3 2010</b>	<i>Change YoY</i>	<b>9M 2011</b>	<b>9M 2010</b>	<i>Change YoY</i>
<b>Sales</b>	<b>1,306</b>	1,290	+1%	1,189	+10%	<b>3,743</b>	3,188	+17%
Cost of sales <sup>14</sup> (as % of sales)	<b>71.5%</b>	68.4%		67.7%		<b>69.7%</b>	67.1%	
SG&A costs <sup>13</sup> (as % of sales)	<b>10.7%</b>	11.1%		10.8%		<b>11.4%</b>	11.4%	
<b>EBITDA</b>	<b>228</b>	254	-11%	251	-9%	<b>685</b>	664	+3%
As % of sales	<b>17.4%</b>	19.7%		21.1%		<b>18.3%</b>	20.8%	

During Q3 2011, Vallourec's mills operated at high levels of activity. Sales volume of 601 thousand tonnes was up 7% versus Q2 2011. Consolidated sales in Q3 2011 amounted to € 1,306 million, up 1% sequentially, primarily due to a negative currency effect and lower sales of tubes for nuclear power (for which volume is measured in kilometres, not tonnes).

<sup>14</sup> Before depreciation and amortization

EBITDA for Q3 2011 amounted to € 228 million, representing 17.4% of sales versus € 254 million in Q2 2011. The cost of sales in Q3 2011 was 71.5% of sales, above that of Q2 2011 (68.4%) whilst the sales, general and administrative costs (SG&A) were 10.7% of sales in Q3 2011 versus 11.1% in Q2 2011.

Depreciation of industrial assets amounted to € 48 million in Q3 2011, in line with the previous quarter (€ 47 million).

Financial charges amounted to € 12 million in Q3 2011, compared to the € 18 million charges in Q2 2011.

The effective tax rate was 31.5% for Q3 2011.

Total net income, Group share amounted to € 91 million in Q3 2011, down 19% compared Q2 2011.

### *Cash flow*

Gross cash flow amounted to € 206 million in Q3 2011 compared to € 193 million in Q2 2011. The increase in working capital requirement of € 173 million was linked to an increase in activity.

Gross capital expenditure amounted to € 227 million during the quarter. For 9M 2011, gross capital expenditure amounted to € 616 million, of which € 417 million related to strategic projects, essentially VSB in Brazil and VM2, the new pipe mill under construction in Youngstown, in the USA.

Dividends paid amounted to € 84.0 million, of which € 67.6 million related to the cash portion of the dividend paid to Vallourec shareholders in respect of 2010.

Asset disposals and other elements include the cash payment of € 70 million (\$ 100m) received on 29 September 2011 from Sumitomo Corporation for its 19.47% share of the investment in VM2 at that date.

Total cash outflow amounted to € 259 million during the quarter, increasing the net debt to € 1,139 million at 30 September 2011, representing 23.6% of equity (€ 4,820 million), versus € 381 million at 31 December 2010 (7.9% of equity).

At 30 September 2011, the Group's overdrafts and short term borrowings exceeded cash and cash equivalents by € 579 million. Vallourec maintains its undrawn confirmed credit lines of around € 1.3 billion which includes a revolving credit facility of € 1 billion which matures in February 2016.

### OUTLOOK

Vallourec's outlook for the remainder of 2011 remains unchanged from the update provided during its Investor Day in Brazil on 7 October.

The current business environment remains positive in energy markets, and Vallourec forecasts an increase in volumes and sales in the second half of 2011 compared to the first half. Taking into account the cautious attitude of distributors in non-energy markets as a consequence of economic uncertainties, as well as the negative translation effect resulting from the recent evolution of the Brazilian real against the euro, the EBITDA for the second half of 2011 is expected to be similar to the first half of 2011.

Looking at 2012, the prospects for the oil & gas markets remain favourable, despite the uncertainties of the macro-economic environment. Entering 2012, Vallourec will benefit from selling price increases implemented in 2011.

## APPENDICES

Documents accompanying this release:

- Data on sales volume (metric tonnes)
- Breakdown of sales by product destination
- Summary consolidated income statement
- Summary consolidated balance sheet
- Summary cash flow statement

### Sales volume

Sales volume corresponds to the volume in metric tonnes of hot-rolled tubes produced and delivered by Vallourec's rolling mills.

<i>In thousands of tonnes</i>	2011	2010	2011 / 2010
<b>Q1</b>	<b>500.7</b>	<b>344.0</b>	<b>+45.6%</b>
<b>Q2</b>	<b>561.2</b>	<b>484.2</b>	<b>+15.9%</b>
<b>Q3</b>	<b>600.8</b>	<b>507.2</b>	<b>+18.5%</b>
<b>Q4</b>		<b>553.0</b>	
<b>Total</b>		<b>1,888.4</b>	

### Breakdown of sales by product destination

<i>In € million</i>	Q3 2011	Q2 2011	Q3 2010	9M 2011	9M 2010	<i>Change 9M/9M</i>
France	41	60	32	152	126	+21%
Germany	192	178	152	515	481	+7%
Other E.U.27	108	124	82	339	247	+37%
North America	348	324	373	971	844	+15%
South America	290	271	305	830	789	+5%
Asia and the Middle-East	247	263	165	709	453	+57%
Rest of the World	80	70	80	227	248	-8%
<b>Total</b>	<b>1,306</b>	<b>1,290</b>	<b>1,189</b>	<b>3,743</b>	<b>3,188</b>	<b>+17%</b>
Europe as % of sales	26%	28%	22%	27%	27%	
Non-Europe as % of sales	74%	72%	78%	73%	73%	

Summary consolidated income statement

VALLOUREC (in € million)	Q3 2011	Q2 2011	Q3 2010	Change Q3'11 / Q2'11	Change Q3'11 / Q3'10
Sales	1,305.5	1,290.1	1,189.2	+1.2%	+9.8%
Cost of sales <sup>15</sup>	-933.1	-882.3	-805.6	+5.8%	+15.8%
Selling, general and administrative costs <sup>14</sup>	-139.3	-142.6	-128.0	-2.3%	+8.8%
Other income (expense), net <sup>14</sup>	-5.4	-10.9	-4.6		
<b>EBITDA</b>	<b>227.7</b>	<b>254.3</b>	<b>251.0</b>	<b>-10.5%</b>	<b>-9.3%</b>
<i>EBITDA as % of sales</i>	<i>17.4%</i>	<i>19.7%</i>	<i>21.1%</i>		
Depreciation of industrial assets	-48.4	-47.3	-47.5	+2.3%	+1.9%
Other (amortization, impairment & restructuring)	-13.9	-17.5	-19.9		
<b>OPERATING INCOME</b>	<b>165.4</b>	<b>189.5</b>	<b>183.6</b>	<b>-12.7%</b>	<b>-9.9%</b>
<b>FINANCIAL INCOME</b>	<b>-12.0</b>	<b>-17.7</b>	<b>-5.6</b>		
<b>INCOME BEFORE TAX</b>	<b>153.4</b>	<b>171.8</b>	<b>178.0</b>	<b>-10.7%</b>	<b>-13.8%</b>
Income tax	-48.3	-45.3	-48.3		
Net income of equity affiliates	-0.6	-0.2	0.2		
<b>CONSOLIDATED NET INCOME</b>	<b>104.5</b>	<b>126.3</b>	<b>129.9</b>	<b>-17.3%</b>	<b>-19.6%</b>
<b>NET INCOME, GROUP SHARE</b>	<b>90.5</b>	<b>112.1</b>	<b>115.2</b>	<b>-19.3%</b>	<b>-21.4%</b>

<sup>15</sup> Before depreciation and amortization

Summary consolidated income statement

<b>VALLOUREC</b> <b>(in € million)</b>	<b>9M 2011</b>	<i>as a % of sales</i>	<b>9M 2010</b>	<i>as a % of sales</i>	<b>2011 / 2010</b>
<b>Sales</b>	<b>3,743.4</b>		3,188.4		+17.4%
<b>Cost of sales</b>	<b>-2,609.9</b>	<i>69.7%</i>	-2,139.6	<i>67.1%</i>	+22.0%
<b>Selling, general and administrative costs<sup>16</sup></b>	<b>-427.8</b>	<i>11.4%</i>	-363.4	<i>11.4%</i>	+17.7%
<b>Other income (expense), net<sup>15</sup></b>	<b>-20.3</b>	<i>0.5%</i>	-21.6	<i>0.7%</i>	
<b>EBITDA</b>	<b>685.4</b>	<i>18.3%</i>	663.8	<i>20.8%</i>	+3.3%
Depreciation of industrial assets	<b>-149.3</b>	<i>4.0%</i>	-131.4	<i>4.1%</i>	+13.6%
Other (amortization, impairment & restructuring)	<b>-39.3</b>		-41.7		
<b>OPERATING INCOME</b>	<b>496.8</b>	<i>13.3%</i>	490.7	<i>15.4%</i>	+1.2%
<b>FINANCIAL INCOME</b>	<b>-36.4</b>		-15.1		
<b>INCOME BEFORE TAX</b>	<b>460.4</b>	<i>12.3%</i>	475.6	<i>14.9%</i>	-3.2%
Income tax	<b>-137.7</b>		-149.0		
Net income of equity affiliates	<b>0.8</b>		6.3		
<b>CONSOLIDATED NET INCOME</b>	<b>323.5</b>	<i>8.6%</i>	332.9	<i>10.4%</i>	-2.8%
<b>NET INCOME, GROUP SHARE</b>	<b>284.5</b>		301.9		-5.8%

<sup>16</sup> Before depreciation and amortization

Summary consolidated balance sheet

**VALLOUREC**

(in € million)

	30/09/11	31/12/10		30/09/11	31/12/10
Intangible assets, net	239.1	266.5	Shareholders' equity <sup>(1)</sup>	4,479.1	4,556.4
Goodwill	501.9	506.4	Minority interests	340.5	267.2
Property, plant and equipment, net	3,762.8	3,484.4	<b>Total equity</b>	<b>4,819.6</b>	<b>4,823.6</b>
Investments in equity affiliates	171.8	64.6			
Other non-current assets	216.2	235.2	Bank loans and other borrowings	560.1	813.7
Deferred tax assets	66.0	59.8	Employee benefits	117.7	122.3
<b>Total non-current assets</b>	<b>4,957.8</b>	<b>4,616.9</b>	Deferred tax liabilities	149.8	136.6
			Other long-term liabilities	46.3	59.5
			<b>Total non-current liabilities</b>	<b>873.9</b>	<b>1,132.1</b>
Inventories and work-in-progress	1,423.3	1,190.3	Provisions	130.0	148.2
Trade and other receivables	1,052.2	863.6	Overdrafts and other short-term bank borrowings	1,236.3	220.7
Derivatives - assets	22.9	35.7	Trade payables	653.3	647.4
Other current assets	209.7	188.3	Derivatives-liabilities	59.0	29.7
Cash and cash equivalents	657.7	653.8	Other current liabilities	551.5	546.9
<b>Total current assets</b>	<b>3,365.8</b>	<b>2,931.7</b>	<b>Total current liabilities</b>	<b>2,630.1</b>	<b>1,592.9</b>
<b>TOTAL ASSETS</b>	<b>8,323.6</b>	<b>7,548.6</b>	<b>TOTAL LIABILITIES</b>	<b>8,323.6</b>	<b>7,548.6</b>
Net debt	1,138.7	380.6	<sup>(1)</sup> Net income, Group share	284.5	409.6

### Summary consolidated cash flow statement

(in € million)	Q3'11	Q2'11	Q3'10	9M'11	9M'10
<b>Gross cash flow from operations</b>	<b>205.7</b>	192.7	213.7	<b>472.1</b>	537.3
Change in gross WCR [+ decrease, - increase]	<b>-173.4</b>	-59.2	-108.0	<b>-472.8</b>	-293.9
<b>Operating cash flows</b>	<b>32.3</b>	133.5	105.7	<b>-0.7</b>	243.4
Gross capital expenditure	<b>-227.5</b>	-193.9	-226.8	<b>-616.1</b>	-530.2
Financial Investments		-75.3		<b>-75.3</b>	-161.1
Dividends paid	<b>-84.0</b>	-10.7	-9.1	<b>-101.8</b>	-92.0
Asset disposals & other elements	<b>19.8</b>	-8.7	5.4	<b>35.8</b>	-6.1
<b>Change in net debt</b> [+decrease, -increase]	<b>-259.4</b>	-155.1	-124.8	<b>-758.1</b>	-546.0

### 14 November 2011 Press Release

*Vallourec announces the subscription price within the framework of its 2011 employee share offering (Value 11)*

Vallourec announces that the share subscription price within the framework of the Value 11 employee share offering has been fixed today by the Management Board.

The unit price of the shares is based on the reference price equal to the average opening Vallourec share price over a period of twenty trading days from 17 October to 11 November, 2011 included, discounted by 20 % and rounded up to the immediately higher euro cent (the "Discounted Subscription Price").

The average of the opening Vallourec share price during this period was € 44.87 and the Discounted Subscription Price has been fixed at € 35.90.

The reservation period took place from 19 September to 7 October, 2011 included. The subscription/revocation period of the capital increase, open to the beneficiaries of the Value 11 offer, will take place from 16 to 18 November, 2011 included.

The implementation of the plan may result in the issuance of a maximum number of 2,350,000 new shares and the grant of existing free shares up to a maximum of 20,000 free shares as a substitution of the employer contribution.

If the total demand for shares exceeds the maximum limit of 2,350,000 new shares, all subscriptions for an amount equal to or below the average allocation by country will be fully respected whilst demands above this average will be reduced to ensure that the limit of the operation is not exceeded.

The capital increase will take place on 15 December 2011.

On 30 June 2011, Vallourec announced the launch of an international employee share offering, Value 11, aimed at offering employees throughout the world the possibility to become shareholders of the Group or to increase their interest. The main features of the Value 11 offer are described in Vallourec's press release dated 30 June 2011. To take into account legal restrictions in China, the offer in China will take the form of a cash deposit by employees, to be combined with the attribution of stock appreciation rights by the employer.

### 30 November 2011 Press Release

*Vallourec strengthens its premium positioning in growing OCTG markets:*

- *In North America: Adding VAM threading facility in Youngstown, Ohio*
- *In Saudi Arabia: Closing of Zamil Pipes acquisition*

Vallourec, world leader in premium tubular solutions, today announced the advancement of two projects to strengthen its premium positioning to serve the OCTG<sup>17</sup> markets of North America and the Middle East.

In North America, Vallourec will construct a new premium threading facility in Youngstown, Ohio, through its subsidiary VAM USA LLC. This decision is supported by the development of unconventional Oil & Gas drilling of shale resources, driving increased demand for premium connections. The new VAM facility will be located next to Vallourec's existing and soon to be commissioned pipe mills and close to customers operating in both the Marcellus and Utica shale areas. It will complement the VAM USA manufacturing facilities in Houston, Texas and enable the Group to expand its finished goods offer combining pipe and premium connections. Representing an investment of US\$ 57 million (€ 42 million), the new production facility will ramp-up in phases, starting with one manufacturing line operating in mid-2012, and multiple lines operating by the end of 2013.

In Saudi Arabia, Vallourec completed the acquisition of Zamil Pipes on 25 November 2011, for a total consideration of € 97 million. This acquisition provides Vallourec with ready-to-run heat treatment capacity and threading facilities of up to 100 kt of pipe per year which will be combined with the existing project to build a VAM threading facility, on the same site. These operations reinforce Vallourec's local presence with end-finishing facilities to serve the premium OCTG market in Saudi Arabia and the Middle East.

Philippe Crouzet, Chairman of Vallourec's Management Board stated: *"Increasingly complex and challenging drilling conditions and important safety and environmental considerations are driving demand for premium OCTG and VAM® connections – the leading premium connections in the world. These investments are fully in line with our strategy to strengthen our local presence and provide more premium solutions both in North America, where we are a leading domestic supplier of OCTG; and in Saudi Arabia, in response to growing demand from the world's largest oil producer, Saudi Aramco, and other customers in the Middle East."*

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Established in 1984, VAM USA LLC is a joint venture between Vallourec (51%) and Sumitomo (Sumitomo Metal Industries (34%) and Sumitomo Corporation (15%)), which manufactures and distributes VAM® premium connections in the USA. Located in Houston, Texas, VAM USA also offers extensive field service and technical sales support.

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<sup>17</sup> OCTG = Oil Country Tubular Goods

VAM® is a registered trademark of the Vallourec Group

## TAXATION

The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in France or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

### **EU Savings Directive**

On 3 June 2003, the European Council of Economics and Finance Ministers adopted Directive 2003/48/EC on the taxation of savings income (the **Savings Directive**). Pursuant to the Savings Directive, Member States are required, since 1 July 2005, to provide to the tax authorities of another Member State, inter alia, details of payments of interest within the meaning of the Savings Directive (interest, premium or other debt income) made by a paying agent located within its jurisdiction to, or for the benefit of, an individual resident in that other Member State or to certain limited types of entities established in that other Member State (the **Disclosure of Information Method**).

For these purposes, the term "paying agent" is defined widely and includes in particular any economic operator who is responsible for making interest payments, within the meaning of the Savings Directive, for the immediate benefit of individuals or certain entities.

However, throughout a transitional period, certain Member States (the Grand-Duchy of Luxembourg and Austria), instead of using the Disclosure of Information Method used by other Member States, unless the relevant beneficial owner elects for the Disclosure of Information Method, withhold an amount on interest payments. The rate of such withholding tax is currently 35%.

Such transitional period will end at the end of the first full fiscal year following the later of (i) the date of entry into force of an agreement between the European Community, following a unanimous decision of the European Council, and the last of Switzerland, Liechtenstein, San Marino, Monaco and Andorra, providing for the exchange of information upon request as defined in the OECD Model Agreement on Exchange of Information on Tax Matters released on 18 April 2002 (the **OECD Model Agreement**) with respect to interest payments within the meaning of the Savings Directive, in addition to the simultaneous application by those same countries of a withholding tax on such payments at the rate applicable for the corresponding periods mentioned above and (ii) the date on which the European Council unanimously agrees that the United States of America is committed to exchange of information upon request as defined in the OECD Model Agreement with respect to interest payments within the meaning of the Savings Directive.

A number of non-EU countries and dependent or associated territories have agreed to adopt similar measures (transitional withholding or exchange of information) with effect since 1 July 2005.

On 13 November 2008, the European Commission published a detailed proposal for amendments to the Savings Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of the proposed changes are made in relation to the Savings Directive, they may amend or broaden the scope of the requirements described above.

### **France**

#### *Withholding Tax*

The following is a summary of certain withholding tax considerations that may be relevant to holders of notes who (i) are non-French residents, (ii) do not hold their notes in connection with a business or profession conducted in France, as a permanent establishment or with a fixed base in France, and (iii) do not currently hold shares of the Issuer.

Pursuant to Article 125 A III of the French *Code general des impôts*, payments of interest and other revenues made by the Issuer with respect to the Notes are not subject to the withholding tax unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French *Code général des impôts* (a **Non-Cooperative State**), in which case, a 50% withholding tax is applicable (subject to certain exceptions and to the more favourable provisions of an applicable double tax treaty). The 50% withholding tax is applicable irrespective of the tax residence of the holder of the Notes. The list of Non-Cooperative States is published by a ministerial executive order, which is updated on a yearly basis.

Furthermore, in application of Article 238 A of the French *Code général des impôts*, interest and other revenues on such Notes will not be deductible from the Issuer's taxable income, as from the fiscal years starting on or after 1 January 2011, if they are paid or accrued to persons established or domiciled in a Non-Cooperative State or paid to a bank account opened in a financial institution located in a Non-Cooperative State (the **Deductibility Exclusion**). Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Articles 109 *et seq.* of the French *Code général des impôts*, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* 2 of the French *Code général des impôts*, at a rate of 25% or 50% (subject to more favourable provisions of any applicable double tax treaty).

Notwithstanding the foregoing, the law provides that neither the 50% withholding tax set out under Article 125 A III of the French *Code général des impôts*, the Deductibility Exclusion to the extent the relevant interest and other revenues relate to genuine transactions and are not in an abnormal or exaggerated amount, nor the withholding tax set out under Article 119 *bis* 2 of the French *Code général des impôts* that may be levied as a result of such Deductibility Exclusion will apply in respect of the Notes if the Issuer can prove that the principal purpose and effect of the issue of the Notes was not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the **Exception**). Pursuant to the ruling (*rescrit*) n°2010/11 (*FP et FE*) of the French tax authorities dated 22 February 2010, the Notes will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of the issue of the Notes, if the Notes are, inter alia:

- (i) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or
- (ii) admitted, at the time of their issue, to the clearing operations of a central depository or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the French Code monétaire et financier, or of one or more similar foreign depositories or operators provided that such depository or operator is not located in a Non-Cooperative State.

Consequently, payments of interest and other revenues made by the Issuer under the Notes are not subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts*.

#### *EU Savings Directive*

The Savings Directive has been implemented into French law under Article 242 *ter* of the French *Code général des impôts*, which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

All prospective investors should seek independent advice as to their tax positions.

## SUBSCRIPTION AND SALE

### Subscription Agreement

Pursuant to a subscription agreement dated 12 December 2011 entered into between BNP Paribas, Crédit Agricole Corporate and Investment Bank, J.P. Morgan Securities Ltd., Natixis and Société Générale (together, the "**Joint Lead Managers**") and the Issuer (the "**Subscription Agreement**"), the Joint Lead Managers have agreed with the Issuer, subject to satisfaction of certain conditions, to jointly and severally subscribe and pay for the Notes at an issue price equal to 99.379 per cent. of their principal amount less the commissions agreed between the Issuer and the Joint Lead Managers. The Subscription Agreement entitles, in certain circumstances, the Joint Lead Managers to terminate it prior to payment being made to the Issuer. The Issuer has agreed to indemnify the Managers against certain liabilities in connection with the offer and sale of the Notes.

### Selling Restrictions

#### United States

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, within the United States, or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from the registration requirements of the Securities Act and in compliance with any applicable state securities laws. Terms used in this paragraph and not otherwise defined in the Prospectus have the meanings given to them by Regulation S under the Securities Act (**Regulation S**).

Each Joint Lead Manager has agreed that it has not offered or sold, and will not offer or sell, the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of the Notes as determined, and certified to the Issuer by the Joint Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each distributor or dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

The Notes are being offered and sold only outside the United States to non-U.S. persons in compliance with Regulation S and U.S. tax law.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

#### United Kingdom

Each Joint Lead Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the FSMA)) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

**France**

Each of the Joint Lead Managers has represented and agreed that (in connection with the initial distribution of the Notes only) it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Prospectus or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*), other than individuals, acting for their own account, as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier*.

**General**

No action has been taken in any jurisdiction that would permit an offer to the public of any of the Notes. Neither the Issuer nor any of the Joint Lead Managers represents that Notes may at any time lawfully be resold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such resale.

Each Joint Lead Manager has agreed that it will (to the best of its knowledge and belief) comply with all relevant securities laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Prospectus or any other offering material relating to the Notes and obtain any consent, approval or permission required for the purchase, offer or sale of the Notes under the laws and regulations in force in any jurisdiction in which it makes such purchase, offer or sale and none of the Issuer or any other Joint Lead Manager shall have responsibility therefor.

## GENERAL INFORMATION

1. The Notes have been accepted for clearance through Clearstream, Luxembourg (42 avenue JF Kennedy, 1855 Luxembourg, Luxembourg), Euroclear (boulevard du Roi Albert II, 1210 Bruxelles, Belgium) and Euroclear France (115 rue Réaumur, 75081 Paris cedex 02, France) with the common code 071970264. The International Securities Identification Number (ISIN) code for the Notes is FR0011149947.
2. The issue of the Notes was decided by Olivier Mallet, Member of the Management Board (*Membre du Directoire*) of the Issuer on 07 December 2011, acting pursuant to a resolution of the Management Board (*Directoire*) of the Issuer dated 14 November 2011.
3. For the sole purposes of the admission to trading of the Notes on Euronext Paris, and pursuant to Articles L.412-1 and L.621-8 of the French *Code monétaire et financier*, this Prospectus has been submitted to the *Autorités des marchés financiers* and received visa no. 11-565 dated 12 December 2011.
4. The total expenses related to the admission to trading of the Notes are estimated to € 11,000.
5. The members of the Management Board (*Directoire*) of the Issuer have their business addresses at the registered office of the Issuer.
6. The statutory auditors of the Issuer for the period covered by the historical financial information are Deloitte & Associés (185, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine) and KPMG Audit, a department of KPMG S.A. (1, cours Valmy, 92923 Paris La Défense Cedex, France). They have audited and rendered unqualified audit reports on the financial statements of the Issuer for each of the financial years ended 31 December 2009 and 31 December 2010. Deloitte & Associés and KPMG Audit, a department of KPMG S.A., belong to the *Compagnie Régionale des Commissaires aux Comptes de Versailles*.
7. The yield of the Notes is 4.383 per cent. *per annum*, as calculated at the Issue Date on the basis of the issue price of the Notes. It is not an indication of future yield.
8. Save for any fees payable to the Joint Lead Managers, as far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the issue of the Notes.
9. Save as disclosed in this Prospectus, there has been no significant change in the financial or trading position of the Issuer or the Group since 30 June 2011.
10. Save as disclosed in this Prospectus, there has been no material adverse change in the prospects of the Issuer since 31 December 2010.
11. Save as disclosed in this Prospectus, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the period of twelve (12) months prior to the date of this Prospectus which may have, or have had in the recent past, significant effects on the Issuer and/or Group's financial position or profitability.
12. To the Issuer's knowledge, there are no potential conflicts of interest between the private interests and/or other duties of members of the Management Board (*Directoire*) or of the

Supervisory Board (*Conseil de Surveillance*) of the Issuer and the duties they owe to the Issuer.

13. So long as any of the Notes remain outstanding, copies of this Prospectus, the documents incorporated by reference in this Prospectus, the Fiscal Agency Agreement and the *statuts* (by-laws) of the Issuer will be available for inspection and copies of the most recent annual financial statements of the Issuer will be obtainable, free of charge, at the specified offices for the time being of the Paying Agents during normal business hours. This Prospectus and all the documents incorporated by reference in this Prospectus are also available on the websites of the AMF ([www.amf-france.org](http://www.amf-france.org)) and of the Issuer ([www.vallourec.com](http://www.vallourec.com)).

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