

“After a record year in 2006, and given its confidence in the Group outlook, Vallourec has substantially improved the shareholder return and continues to pursue its strategy of selective growth with the decision to build a new state-of-the art pipe mill in Brazil.” ”

Jean-Paul Parayre

Following the second notification, Vallourec Ordinary and Extraordinary General Meetings will be held on Wednesday 6 June 2007 at 5pm in the Grand Auditorium of the Palais Brongniart, Rue Vivienne, 75002, Paris.

Dear Shareholder,

We would like to see all our shareholders play an active role in the operation of the Group. In this respect, the Annual General Meeting, which will be held in a few days' time, constitutes the perfect opportunity. We thus invite you to refer to page 2 for details on how you can participate in the meeting or submit a postal vote.

The Annual General Meeting also enables us to provide an update on the Group situation.

At the end of last year, Vallourec shares were added to the CAC 40 index. Given the share's exceptional stock market performance in the last few years, the recent trend is obviously more modest (see share price performance on page 4).

On the financial front, Vallourec performance remains excellent. Following 2006, a year in which the Group posted new sales records quarter after quarter and boosted its operating margin (EBITDA/sales ratio) to over 30%, further strong growth was achieved in the first quarter of 2007 and operating profitability remained virtually at its highest level (see page 3).

Other than a slowdown in the US market for oil and gas tubes as a result of the inventory drawdowns by distributors, the environment remained buoyant and Vallourec was able to take advantage of this situation thanks to the dynamism displayed by its staff, its quality products and its strong positions worldwide in markets such as tubes for power plants, drill pipes and tubes for mechanical engineering.

Confident in its outlook, the Group has decided to propose to the Annual General Meeting the distribution of an ordinary dividend of € 6 per share for 2006, representing a payout rate of 34.7%, plus an exceptional payment of € 4 per share.

This sharp increase in the shareholder return does not affect the Group long-term industrial objectives. Vallourec further increased its gross capital expenditure by earmarking more than € 280 million for this purpose in 2006, mainly in respect of heat treatment capacity that will enable the Group to further boost the proportion of its products offering a high added value.

Vallourec also recently announced its decision to build a state-of-the-art integrated pipe mill in Brazil together with Sumitomo. By adding another modern and efficient plant that benefits from an advantageous location, Vallourec continues to pave the way for the future. As from mid-2010, this investment will help strengthen the Group competitiveness and flexibility and enable the Group to cater for the growth in demand for premium tubes for oil wells (see page 3).

You may rest assured that Vallourec is determined to enhance its position as world leader in high-end tubes through controlled organic growth and selective external growth with the goal of meeting your expectations.



Jean-Paul Parayre
Chairman of the Supervisory Board



Pierre Verluca
Chairman of the Management Board

How to participate and vote in the General Meetings of 6 June 2007

Attend the General Meeting

- If you hold **bearer shares**, you **must complete a certificate of participation**. You can ask your financial intermediary to send this certificate to CACEIS Corporate Trust, Service Assemblées, 92862 Issy-les-Moulineaux, Cedex 09, submit it by fax to +33 (0)1 57 78 35 04 or send it directly to Vallourec, Service des Assemblées, no later than six working days prior to the Meetings, i.e. **before 3 June 2007**. Upon receipt, you will be sent an admission card. You can also present this certificate of participation in person at the Meeting office (Palais Brongniart).
- If you hold **registered shares**, you simply need to request an admission card by ticking box A in the form sent to you and then return this form, duly dated and signed, **before 3 June**. You can also call us on +33 (0)1 57 78 34 44 or e-mail us at dir.comm@vallourec.fr.

Submit a postal vote or appoint a proxy

You can also **appoint a proxy**, being another shareholder, your spouse or the Chairman, or **submit a postal vote**. The form to be used in all cases (ballot paper/proxy) can be downloaded from the Vallourec website.

- If you hold **bearer shares**, you must return the form, together with the certificate of participation (that you will have already requested from your financial intermediary), such that it is received by CACEIS Corporate Trust no later than 3 June 2007.
- If you hold **registered shares**, you must return the form by mail to CACEIS Corporate Trust or fax it to +33 (0)1 57 78 35 04.

You can also refer to the instructions in "How to participate in the Meetings of 6 June 2007" on the Vallourec website at the following address:
http://www.vallourec.fr/download.asp?url=pub/assemblee_generale_uk/64_A.pdf

The resolutions

Ordinary General Meeting

- 1 – Approval of the related party transactions
- 2 – Approval of the parent company financial statements and the management report of the Management Board
- 3 – Approval of the consolidated financial statements
- 4 – Allocation of net income and dividend distribution
- 5 – Ratification of the appointment of Mr Edward Krubazik as a member of the Supervisory Board
- 6 – Renewal of the term of office of Mr Jean-Claude Verdière as a member of the Supervisory Board
- 7 – Authorisation of share buy-back programme
- 8 – Ratification of the transfer of the Company's registered office

Extraordinary General Meeting

- 1 – Delegation to the Management Board of authority to decide a capital increase, through issuance – with preferred subscription rights maintained – of shares and/or securities which grant access to the capital of the Company and/or securities which give right to the grant of debt securities.
- 2 – Delegation to the Management Board of authority to decide a capital increase through the issuance – without preferred subscription rights – of shares and/or securities which grant access to the capital of the Company and/or securities which give right to the granting of debt securities.

- 3 – Ability to issue shares or securities which grant access to the capital of the Company without preferred subscription rights as payment for contributions in-kind relating to capital securities or securities which grant access to the capital of the Company.
- 4 – Delegation to the Management Board of authority to decide the capital increase by capitalizing premiums, reserves, profits or others.
- 5 – Delegation to the Management Board of authority to increase the number of securities to be issued in the event of a capital increase with or without preferred subscription rights.
- 6 – Delegation to the Management Board of authority to decide the capital increase through issuance of shares or securities which grant access to the share capital reserved for members of a savings plan without preferred subscription rights in favor of the latter.
- 7 – Delegation to the Management Board of its authority to grant stock options.
- 8 – Delegation to the Management Board of its authority to grant, for free, existing or future shares in favor of the group's employees and corporate officers or to some of them.
- 9 – Authorization granted to the Management Board to reduce the share capital through the cancellation of treasury shares.
- 10 – Modification of the by-laws.

News

Vallourec teams up with Sumitomo Metals to build a new state-of-the art integrated pipe mill in Brazil.

Pursuing its growth strategy and in order to enhance its competitiveness, Vallourec is teaming up with Sumitomo Metals, its long-standing partner, to build a plant in Brazil dedicated to the production of seamless OCTG (Oil Country Tubular Goods) tubes. This pipe mill, incorporating a steel mill and a rolling mill, will begin production in mid-2010. The rolling mill will have an annual production capacity of 600,000 tonnes of tubes, to be shared equally between the two partners. It will include heat treatment capacity and threading lines. The steel mill will have an annual capacity of one million tonnes of steel. The excess steel production, i.e. around 300,000 tonnes, will be used to reduce Vallourec external purchases.

This highly advanced production plant will be built in the state of Minas Gerais to take advantage of the transport facilities available as well as the economical raw materials and low manufacturing costs.

Vallourec share of the investment is put at around USD 900 million.

This new pipe mill will increase Vallourec total production capacity for seamless tubes by around 10%.

Vallourec currently has two integrated rolling mills in Brazil, where the Group employs more than 5,000 staff.

Results for the first quarter of 2007

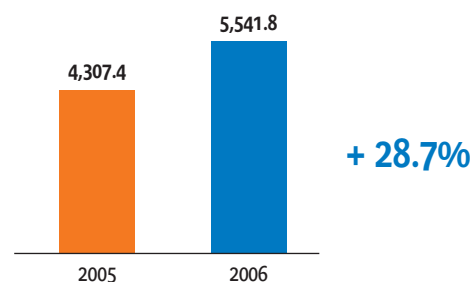
- Vallourec released its results* for the first quarter of 2007 on 3 May 2007.
- During the quarter, consolidated sales increased by 10.3% to reach a record level of € 1,453.9 million. EBITDA increased by 10.2% to € 424.6 million, giving an EBITDA/sales ratio of 29.2%, the same as in the first quarter of 2006. Total net income increased from € 233.6 million to € 249.3 million while net income, Group share, increased by 11.6% to € 237.7 million.
- In oil and gas, demand remained strong, except for the slowdown in sales of OCTG tubes in the United States. Activity also remained very buoyant for premium joints and high added value products such as drill pipes and accessories. In power generation, the market was very robust. The mechanical engineering market was also very healthy and offers favourable prospects. The petrochemicals activity is upbeat even though, compared with 2006, its sales are likely to be impacted by a demanding base effect and a consolidation scope effect linked to the sale of Cerec. Activity in the automotive industry was relatively stable (excluding the consolidation scope effect of the planned disposal of the precision tubes activity).

* unaudited

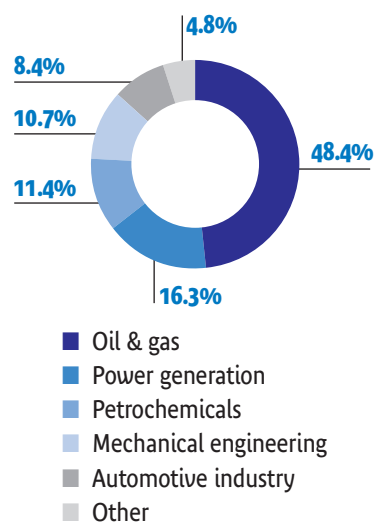
Key figures

In 2006, Vallourec benefited from the rise in the energy markets

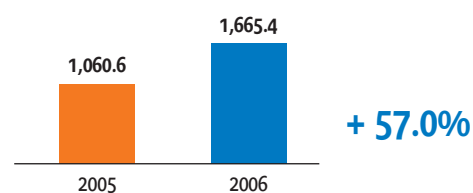
• SALES



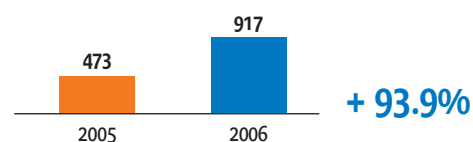
• SALES (BY MARKET)



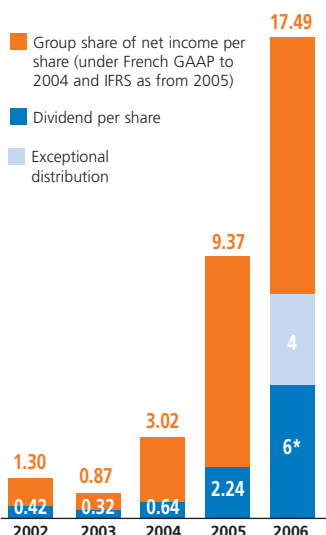
• EBITDA (IN € MILLION)



• NET INCOME, GROUP SHARE



Earnings per share and dividend⁽¹⁾ (in euros)



Pay-out ratio

2002	2003	2004	2005	2006
31.5%	39.2%	23.3%	25.1%	34.7%

Exceptional distribution

23.1%

* Proposed dividend

(1) The dividends have been recalculated to take into account the 5 for 1 share split on 18 July 2006.

> VALLOUREC SHARE

- Listed on the Euronext Paris Eurolist (section A)
- Part of the deferred settlement section (SRD)
- ISIN code: FR0000120354
- Indices: Euronext 100, CAC 40 and MSCI World Index
- FTSE classification: engineering and machinery
- Market capitalization: € 11.3 billion on 27 April 2007

> FINANCIAL CALENDAR

- General Meetings: 6 June 2007, at 5pm at Palais Brongniart, Paris
- Investors' Day: 14 June 2007
- Release of 2007 first-half results: 31 July 2007
- Release of 2007 Q3 results: 15 November 2007

> SHAREHOLDER AND INVESTOR CONTACT

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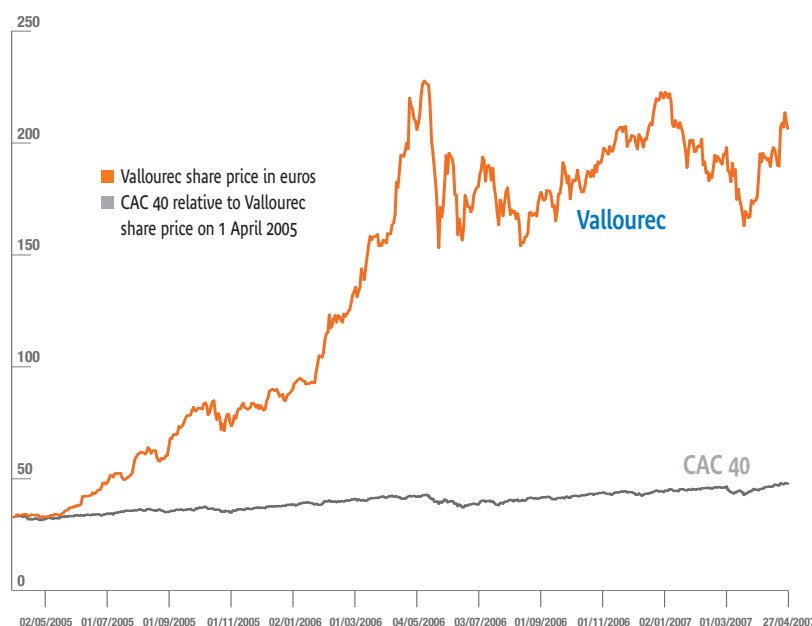
www.vallourec.com

Shareholder information

Dividend

It was decided to submit for the approval of the Annual General Meeting of 6 June 2007 payment of an ordinary dividend of € 6 per share for 2006 (compared with € 2.24 in 2005). Taking into account the interim dividend of € 2 per share paid on 20 October 2006, the final dividend amounts to € 4 per share. It will be paid on 4 July 2007. Given Vallourec excellent financial health and management's confidence in the Group outlook, an exceptional distribution of € 4 per share will also be made on 4 July 2007.

Share price (at 27 April 2007)



At 1 April 2005

Vallourec: € 32,94
Cac 40: 4,080.08

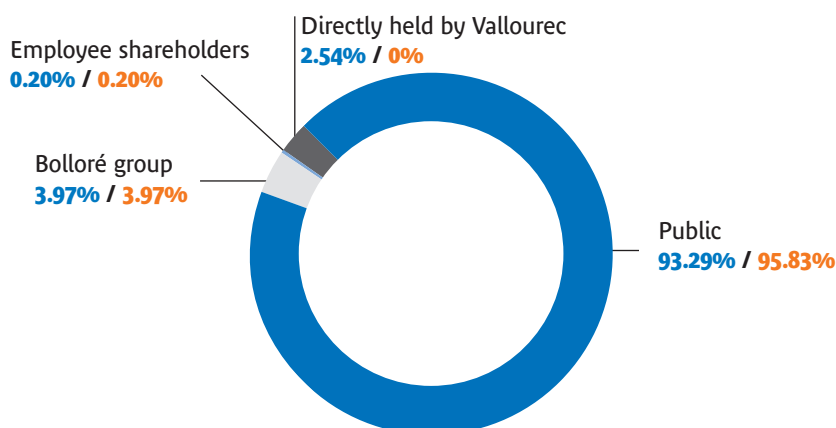
At 27 April 2007

Vallourec: € 206.40
Cac 40: 5,930.77

Change

+ 526.6%
+ 45.3%

Capital breakdown



■ As a % of capital
■ As a % of voting rights

Number of shares at 31 December 2006: 53,011,870

Voting rights at 31 March 2007: 51,686,158

Source: identifiable bearer shares at 30 January 2007, adjusted for the crossing of a share ownership threshold by the Bolloré group on 15 March 2007