



French limited liability company (société anonyme) with a Management Board and a Supervisory Board with share capital of € 215,154,864
Registered office: 27 av du Gal Leclerc à 92100 Boulogne-Billancourt
Registered on the Nanterre Trade and Companies Register under no. 552 142 200

Boulogne-Billancourt, 9 April 2009

Corporate governance Implementation of AFEP-MEDEF recommendations

At its meeting on 6 April 2009, the Supervisory Board verified that the rules concerning remuneration and pensions applied by the Company to Management Board members comply with the AFEP-MEDEF code. It approved the terms of the contract appointing Philippe Crouzet as Chairman of the Management Board and ensured their compliance with the AFEP-MEDEF code.

I-Executive remuneration:

The monetary remuneration of Management Board members is composed of a fixed portion and a variable portion. Their remuneration is compared each year to a reference sample made up of listed French industrial groups, Vallourec's policy being to maintain the fixed and variable portions at or below the respective medians of this sample.

In order to enable them to obtain an interest in the Group's capital, Management Board members may be granted share subscription or share purchase options and bonus shares under the conditions drawn up by the Supervisory Board, upon the recommendations of the Appointments and Remuneration Committee. Since 2006, all allocations of bonus shares have been subject to the Group achieving a target EBITDA/sales ratio. The same applies to a significant portion of the share subscription options granted to Management Board members in 2008. As from 2009, all options granted to Management Board members will be subject to the achievement of performance targets.

As regards pension provision, Management Board members, like all the Group's senior management, are covered by a supplementary pension scheme that complies with the AFEP-MEDEF code of corporate governance for listed companies. The terms and conditions applicable to this supplementary pension scheme are detailed in the section of the management report dealing with regulated agreements. Moreover, beneficiaries may retain their benefits under the scheme if they are dismissed and if, after their 55th birthday, they are unable to find alternative employment.

This scheme, which does not give any specific benefits to Management Board members over and above those applicable generally to the Group's senior management, appears reasonable since the additional pension is capped at 20% of the average base salary, excluding the variable portion, for the last three years and limited to four times the annual social security ceiling.

At its meeting on 6 April 2009, the Supervisory Board approved the following elements of the monetary remuneration to be paid to the Group's corporate officers:

YEAR ENDED 31 DECEMBER 2008

On the basis of the financial statements drawn up for the year ended 31 December 2008, the Supervisory Board approved the amount of the variable portion of the monetary remuneration of Management Board members in respect of the financial year 2008, after taking into account the criteria defined by the Supervisory Board. The variable remuneration payable in respect of the financial year 2008 is therefore as shown in the following table:

In € (rounded figures):	<u>Pierre Verluca</u>	<u>Jean-Pierre Michel</u>	<u>Olivier Mallet</u>
Variable portion	€ 409,500	€ 227,500	€ 227,500*
% of the fixed portion of the remuneration	78%	65%	65%

Two-thirds of the variable portion is based on the Group's global performance measured by its consolidated net profit and one-third is based on the achievement of individual targets set by the Supervisory Board. The variable portion may not exceed 90% of the fixed portion in the case of the Chairman of the Management Board and 75% in the case of other Management Board members. The basis for calculating the Group's global performance is verified by the Statutory Auditors.

** prorata temporis as from its appointment as a Management Board member*

YEAR ENDED 31 DECEMBER 2009

The Supervisory Board has determined the fixed portion of the annual monetary remuneration of Management Board members for 2009. It has also confirmed that, in order to determine the variable portion of their remuneration for 2009, the same rules as those used previously will apply. Finally, it has extended the application of the requirement to achieve certain performance targets to all new allocations of share subscription and share purchase options to Management Board members.

In €	<u>Philippe Crouzet</u>	<u>Jean-Pierre Michel</u>	<u>Olivier Mallet</u>
Fixed portion	€ 760,000*	€ 430,000	€ 375,000

** i.e. € 570,000 for 9 months as Chairman of the Management Board*

Pierre Verluca's fixed portion for the first quarter of 2009 was maintained at € 43,750 per month and the variable portion was set on a monthly basis at € 28,875, i.e. 66% of the fixed portion.

II-Appointment of the Chairman of the Management Board

The Supervisory Board has approved, as a regulated agreement, the terms of the contract appointing Philippe Crouzet as Chairman of the Management Board as from 1 April 2009. He does not have any employment contract with the Group. He is not entitled to any specific retirement benefits. He will receive termination payments in the event that his departure is imposed on him and, in particular, in the event of a significant change in the Group's capital structure, a merger or a change of strategy initiated by the Supervisory Board or the Company's shareholders. In accordance with Article L. 225-90-1 of the French Code de Commerce and the AFEP/MEDEF code of corporate governance for listed companies, the receipt of such payments would be conditional upon performance requirements. The amount of such payments may not exceed twice the gross annual monetary remuneration. Were he to leave the Company under the same circumstances and before exercising the share subscription options granted to him, Philippe Crouzet would still be entitled to them, subject to the performance conditions.