



Société anonyme with a Management Board and a Supervisory Board  
with a share capital of €233 096 936  
Registered office: 27 avenue du Général Leclerc – 92100 Boulogne-Billancourt  
Nanterre Register of Companies 552 142 200

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Boulogne, July 30, 2010

## **Further information relating to the policy aiming to align by means of stock options the compensation of Vallourec employees and members of the Management Board with the results of the Vallourec group in 2010**

During its meeting on July 28, 2010, Vallourec's Supervisory Board approved the implementation of a new stock option plan to follow on from the policy, put in place by the Management Board in 2009, aiming to align the compensation of Vallourec employees with the results of the Group. The Supervisory Board also approved the allocation of stock options to the members of the Management Board.

The information herein has been made public in accordance with the AFEP-MEDEF Code and is provided as a complement to the information published on Vallourec's website on March 2, 2010, concerning the compensation of the members of the Management Board and the policy aiming to align the compensation of Vallourec employees with the results of the Vallourec group.

These latest allocations are part of a Vallourec policy first put in place in 2009, aiming, firstly, to round-out the compensation of its staff through plans designed to financially interest it in the results of the Group on a medium to a long-term basis; and, secondly, to reinforce the convergence between the interests of Vallourec's management and the interests of its shareholders on a long-term basis, through the annual allocation of performance shares and/or stock options, subject to the achievement of certain presence and performance objectives over the course of several fiscal years.

The implementation of a stock option allocation plan in two steps, concerning 942 employees with respect to 2010, was therefore approved (March 15, and July 31, 2010) (*see public announcement dated March 2, 2010*).

Furthermore, all of the Group's staff will benefit in 2010, for the third year in a row, from an employee shareholding plan called "Value 10" and, for the second year in a row, the employees eligible under "Value 10" will also benefit from the allocation of up to six free preexisting shares, subject to certain conditions of presence and performance; this is in addition to the incentive and participation schemes accorded to the French employees of the Group (*see public announcements dated March 2, and July 9, 2010*).

## **A – STOCK OPTIONS FOR THE MANAGEMENT AND THE OFFICERS OF THE GROUP:**

Vallourec's Supervisory Board has approved putting in place a stock option plan to allocate, subject to certain conditions, shares in favor of 346 beneficiaries in 2010, compared to 321 in 2009, excluding the members of the Management Board. The maximum number of stock options likely to be allocated is 469 500, excluding those allocated to the Management Board. The stock options are allocated without a discount. The exercise price will be determined by reference to the average opening price over the twenty trading days leading up to the Management Board's formal decision, due September 1, 2010.

Exercise of the stock options is subject to certain conditions of presence and performance. With the customary exceptions, the condition of presence is set at a minimum of four years. The condition of performance is determined by reference to the average of the Group's operating results for the 2010, 2011, 2012 and 2013 fiscal years. The exercise period is six years, beginning after a four-year vesting period that starts on the date the plan is implemented, planned for September 1, 2010.

The allocated stock options (excluding the Management Board) will represent no more than 0.40% of Vallourec's share capital (0.45% in 2009).

This allocation will be implemented in accordance with the twenty-first resolution of the General Shareholders' Meeting of June 4, 2009.

## **B – ALLOCATIONS OF STOCK OPTIONS TO THE MANAGEMENT BOARD:**

The Supervisory Board decided to allocate stock options to the current members of the Management Board for the following amounts, pursuant to the 2010 plan referred to in Section A above, subject to the entry into force of the plan:

	<b>Number of stock options <sup>(1)</sup></b>	<b>Expressed as a percentage of all stock options</b>
M. Philippe Crouzet, <i>President of the Management Board</i>	33 000	7 %
M. Jean-Pierre Michel, <i>COO</i>	15 000	3.2 %
M. Olivier Mallet, <i>CFO</i>	12 000	2.6 %

*(1) This allocation takes into account the division by two of the shares' nominal value on July 9, 2010. Please note that the allocations granted in 2010 to the members of the Management Board are 25% below allocations granted in 2009.*

The condition of performance, exercise price and vesting and exercise periods applicable to the stock options allocated to the members of the Management Board are similar to those applicable to the executives receiving stock options in 2010. Furthermore, in accordance with applicable laws and regulations, the recommendations of the AFEP-MEDEF Code and the Supervisory Board's decision of July 31, 2007, the members of the Management Board are required to hold, until they leave the Group, the Vallourec share equivalent of one quarter of the gross capital gain realized upon sale of shares acquired by exercising their stock options. Finally, the members of the Management Board undertake not to use hedging instruments in relation to the exercise of their stock options or to the sale of shares acquired through exercising stock options.

The portion of stock options reserved to the members of the Board under this stock option plan represents 12.8% of the total allocated stock options pursuant to the 2010 plan, which is below the 20% upper limit imposed by the twenty-first resolution (at point 7) approved by the General Shareholders' Meeting of June 4, 2009.

The stock option allocation to the members of the Management Board is a complement to the allocation of performance shares approved by the Supervisory Board on February 23, 2010 (see public announcement dated March 2, 2010).

The table below sets forth, for each member of the Management Board as of July 28, 2010, the maximum number of performance shares and stock options allocated for 2010, the exercise price of those stock options, as well as their relative proportion with respect to the total number of shares and stock options allocated to all of the Group's employees:

Allocation with respect to the 2010 fiscal year	Number of performance shares <sup>(2)</sup>	Expressed as a percentage of all performance shares	Number of stock options <sup>(2)</sup>	Exercise price (euros)	Expressed as a percentage of all allocated stock options
M. Philippe Crouzet <i>President of the Management Board</i>	9 000	2.8 %	33 000	(1)	7 %
M. Jean-Pierre Michel <i>COO</i>	4 400	1.4 %	15 000	(1)	3.2 %
M. Olivier Mallet <i>CFO</i>	3 600	1.1 %	12 000	(1)	2.6 %
<b>TOTAL</b>	<b>17 000</b>	<b>5.3 %</b>	<b>60 000</b>		<b>12.8 %</b>

(1) The exercise price will be determined by reference to the average opening price over the twenty trading days leading up to the Management Board's formal decision, due September 1, 2010. The stock options will be allocated without a discount.

(2) This allocation takes into account the division by two of the shares' nominal value on July 9, 2010.

The 2009 Registered Document filed with the AMF on April 19, 2010, and available on Vallourec's website: [http://www.vallourec.fr/fr/actionnaires/information\\_reglementee.asp](http://www.vallourec.fr/fr/actionnaires/information_reglementee.asp) contains more detailed information on the compensation of the members of the Management Board (please see section 6.2 "Compensation and benefits" as well as the Report of the Chairman of the Supervisory Board, pages 218 to 227).

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This information is available on Vallourec's website:  
<http://www.vallourec.fr/fr/news/publications.asp>