



Société anonyme with a Management Board and a Supervisory Board
with a share capital of €229,123,156
Registered office: 27 avenue du Général Leclerc – 92100 Boulogne-Billancourt, France
Nanterre Register of Companies 552 142 200

Boulogne, March 2nd, 2010

Information relating to the policy aiming to associate Vallourec employees with the results of the Vallourec group and to the compensation of the members of the Management Board in 2010

During its meeting on February 23, 2010, the Supervisory Board of Vallourec approved the continuation of the policy aiming to associate Vallourec employees with the results of the Group as implemented by the Management Board since 2009. The Supervisory Board furthermore decided on various aspects of the compensation of the Management Board for 2009 and 2010.

The following information is published in accordance with the AFEP-MEDEF Code.

A – CONTINUATION OF VALLOUREC’S POLICY WITH RESPECT TO COMPENSATION AND ASSOCIATION TO THE RESULTS OF THE GROUP

During its meeting on February 23, 2010, the Supervisory Board of Vallourec approved the continuation of the compensation policy initiated in 2009, aiming, firstly, to complete the compensation of its employees through schemes designed to interest them in the results of the Group on a medium- to long-term basis; and, secondly, to reinforce the convergence between the interest of Vallourec’s management and the interest 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 performance objectives over the course of several fiscal years.

1. Plans benefiting all employees

In 2008 and 2009, all employees of the Vallourec group benefited from employee shareholding plans called “Value”. The renewal of this measure will be addressed at the Supervisory Board meeting on May 12, 2010.

At its meeting on February 23, 2010, for the second year in a row, the Supervisory Board approved the allocation of three free shares to all employees of the Group (excluding the members of the boards), subject to certain conditions of presence within the company and performance, for a total maximum amount of 54,000 shares, representing 0.10% of Vallourec’s share capital.

Furthermore, the French employees of the Group benefit from incentive and participation schemes.

2. Plans benefiting the management and officers of the Group

The allocation of performance shares will hereinafter take place in March in order to coincide with the annual review of performance of eligible executives.

During its meeting on February 23, 2010, Vallourec's Supervisory Board approved the implementation of a plan to allocate performance shares involving 942 beneficiaries with respect to 2010, compared to 369 with respect to 2009.

The shares will be allocated in two instances:

- March 15, 2010: General allocation plan concerning a maximum of 922 executives.
- July 31, 2010: Supplemental allocation for potential new employees.

The maximum number of performance shares that may be allocated is set at 100,000. The final acquisition of these performance shares is subject to a condition of presence within the company (two years for French tax residents and four years for non-French tax residents) and to a condition of performance with respect to the operating results of the Group during the 2010 and 2011 fiscal years.

The allocated shares will represent a maximum of 0.18% of Vallourec's share capital.

This allocation will be implemented in accordance with the sixteenth resolution of the General Shareholders Meeting of June 4, 2008.

3. Allocations to the members of the Management Board

The table below states, for each member of the Management Board as of January 1, 2010, the maximum number (i.e., assuming that the performance-related criteria have been fully met) of stock options and performance shares allocated with respect to the last three fiscal years and not currently vested.

	Allocation with respect to fiscal year	Performance shares	Options	Exercise date of the Options	Exercise price of the Options
Mr. Philippe Crouzet ⁽¹⁾ , <i>President of the Management Board</i>	2009	6,000	22,000	09/01/2013	103.34
Mr. Jean-Pierre Michel, <i>CEO</i>	2009	2,800	10,000	09/01/2013	103.34
	2008	532	12,000	09/01/2012	183.54
	2007	532	11,000	09/03/2011	190.60
Mr. Olivier Mallet ⁽²⁾ , <i>CFO</i>	2009	2,500	8,000	09/01/2013	103.34
	2008	798	23,000	09/01/2012	183.54

(1) Mr. Philippe Crouzet assumed his office on April 1, 2009.

(2) Mr. Olivier Mallet joined the Group on July 15, 2008.

On February 23, 2010, the Supervisory Board decided to allocate performance shares to the members of the Management Board for the following amounts, pursuant to the 2010 scheme referred to in Section A (2) above:

	Number of performance shares	Percentage of total amount of performance shares
Mr. Philippe Crouzet, <i>President of the Management Board</i>	4,500	2.8%
Mr. Jean-Pierre Michel, <i>CEO</i>	2,200	1.4%
Mr. Olivier Mallet, <i>CFO</i>	1,800	1.1%
TOTAL	8,500	5.3%

The attendance and performance criteria applicable to the performance shares allocated to the members of the Management Board are similar to the criteria applicable to the performance shares allocated to executives in 2010. Subject to the fulfillment of these conditions, the total amount of performance shares allocated to members of the Management Board will reach a maximum of 0.015% of Vallourec's share capital.

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, one-fourth of the performance shares allocated to them under each scheme. Furthermore, the members of the Management Board undertake not to use instruments to hedge the sale of their performance shares.

B – COMPENSATION OF THE MEMBERS OF THE MANAGEMENT BOARD

On February 23, 2010, the Supervisory Board set the management's monetary compensation as follows:

2009 FISCAL YEAR

Based on the approved financial statements for the 2009 fiscal year, the Supervisory Board has set the variable part of the monetary compensation of the members of the Management Board for the current fiscal year.

The variable part is based, for two-thirds, on the Group's global performance, as measured by the net income, and for one-third on the achievement of individual performance objectives set by the Supervisory Board. The variable part is limited to a maximum of 90% of the fixed part for the President of the Management Board, and 75% for the other members of the Board. The basis for assessing the Group's global performance is verified by the Auditors.

The variable compensation due for the 2009 fiscal year is set as follows:

In euros (rounded)

	Mr. Philippe Crouzet ⁽¹⁾ , <i>President of the Management Board</i>	Mr. Jean-Pierre Michel, <i>CEO</i>	Mr. Olivier Mallet, <i>CFO</i>
Variable part	410,000	265,000	245,000
% of the fixed part of compensation	72%	62%	65%

⁽¹⁾ *Prorata temporis as from his appointment as President of the Management Board*

2010 FISCAL YEAR

For 2010, the Supervisory Board did not change the fixed parts of the monetary compensations of the members of the Management Board, or the maximum variable parts.

	Mr. Philippe Crouzet, <i>President of the Management Board</i>	Mr. Jean-Pierre Michel, <i>CEO</i>	Mr. Olivier Mallet, <i>CFO</i>
Fixed part* <i>in euros (rounded)</i>	760,000	430,000	375,000
Maximum variable part* <i>in % of the fixed part</i>	90%	75%	75%

**unchanged with respect to 2009*

In 2010, the variable part of the compensations of the members of the Management Board will be based, for one-third on net income, one-third on operating results and one-third on the achievement of performance objectives set by the Supervisory Board which are related to cost reduction and to the execution of the Group's strategic investments. The basis for calculating the first two-thirds will be verified by the Auditors.

This information is available on Vallourec's website:

<http://www.vallourec.fr/fr/news/publications.asp>