

PRESS RELEASE



Vallourec Announces a Strategic Investment in the United States with the Purchase of the Tubular Division of North Star Steel Company

Boulogne-Billancourt, 27 May 2002 - Vallourec announces that its subsidiary VALLOUREC & MANNESMANN TUBES ("V & M TUBES") has entered into a definitive agreement to purchase the seamless tubular steel division of North Star Steel Company ("North Star Tubular Division"), a subsidiary of Cargill, Incorporated.

This acquisition strengthens Vallourec's overall presence in the fast growing oil and gas markets with a significant position in the North American market, the reference market for Oil Country Tubular Goods ("OCTG").

North Star Tubular Division is a leading North American integrated manufacturer of seamless tube products designed for oil and gas applications. With approximately 560 employees, North Star Tubular Division operations are based in two primary locations: a mini-mill steel recycling facility and associated processing and finishing facility located in Youngstown, Ohio, and a heat treatment and finishing facility in Houston, Texas. North Star Tubular Division manufactures approximately 550,000 net tons a year of finished products with 80% of its production allocated to OCTG. For the calendar year ended December 31, 2001, North Star Tubular Division generated approximately \$328 million in revenue and approximately \$81 million in EBITDA.

The acquisition of North Star Tubular Division will strengthen Vallourec Group's international presence by increasing its seamless steel tubes production capacity by approximately 20% and contributing significant capabilities including:

- One of the lowest-cost OCTG producers in the United States
- Highly complementary product mix with Vallourec's current North American deliveries
- Superior long term relationships with virtually all of the major US distributors and oil and gas operators

Vallourec expects substantial synergies from the combination, including:

- Enlarged possibilities offer to the large international customers for their global sourcing
- Further development of the patented VAM[®] OCTG range in the US market
- Sharing of expertise and technical know-how among the North American, Latin American and European production units

The acquisition is estimated to have a positive financial impact on Vallourec's EBITDA and net income group share as early as fiscal year 2002. On a pro forma basis excluding synergies, the group would have generated an EBITDA margin in excess of 15% in calendar year 2001, to be compared with the 14% margin actually achieved by Vallourec in 2001.



The acquisition, which will be effected in the form of an asset purchase for an amount of \$380 million, will be financed jointly:

- For 80% by V & M TUBES (a joint venture between Vallourec -55%- and Mannesmannröhren Werke -45%)
- For 20% by Sumitomo, with whom Vallourec enjoys a 25-year old technical cooperation in OCTG

V & M TUBES will finance its portion of the acquisition through a \$135 million cash injection from its shareholders, an \$80 million acquisition bank loan and cash available on its balance sheet. The consummation of the acquisition is subject to securing regulatory approvals.

Commenting on the acquisition, Jean-Claude Cabre, Chairman and Chief Executive Officer of Vallourec stated : "*The addition of North Star Tubular Division reinforces our position in the energy related markets and extends our activities in the North American market where we will enjoy first-class production capabilities. The acquisition will reinforce our cooperation with Sumitomo. We are delighted to welcome into the Vallourec Group the management team and employees of North Star Tubular Division and look forward to sharing with them our ambition to further develop the group.*"

Vallourec was advised in this transaction by SG Investment Banking.

About Vallourec

Vallourec is a world leader in the production of seamless steel tubes and specific tube products for industrial applications (oil and gas, power generation, chemical and petrochemical, automotive and mechanical industries).

Vallourec is listed on the Euronext Paris Premier Marché (code: 12035).

Vallourec is included in the SBF 120, NEXT 150 and MID CAC indices, and is part of Next Prime, the new segment of Euronext. FTSE classification: engineering and industrial capital goods.

About North Star Steel

North Star Steel is the second-largest U.S. mini-mill steel recycler and is the seventh-largest among all of the nation's steel producers. It has additional steel-making or finishing facilities in Beaumont, Texas ; Calvert City, KY. ; Duluth and St. Paul, Minn. ; Kingman, Ariz. ; Monroe, Mich. ; and Wilton, Iowa ; plus a joint venture with BHP Billiton Steel – North Star BHP Steel LLC in Delta, Ohio. Cargill is an international marketer, processor and distributor of agricultural food, financial and industrial products and services with 90,000 employees in 57 countries. The company provides distinctive customer solutions in supply chain management, food applications and health and nutrition.

For further information, please contact:

Corporate Communications

Henri REDIG
Tel: +33 (0)1 49 09 38 28
Email: henri.redig@vallourec.fr

groupe Vallourec
130 rue de Silly
92100 Boulogne-Billancourt, France

Further information is available on www.vallourec.fr