



V A L L O U R E C

New pipe mill in Brazil: Sumitomo Metals and Vallourec sign the joint-venture agreement

Boulogne-Billancourt, 19 July 2007 – Vallourec and Sumitomo Metals today signed the joint-venture agreement defining the ownership structure of the joint venture company (“the Company”) that will build and operate the premium seamless pipe plant in Brazil as previously announced on 28 March 2007.

Main terms of the agreement:

- Vallourec has a 56% majority interest in the Company and Sumitomo Metals has a 44% interest. The interest reflects the respective steel and pipe output allocation of the new plant.
- The Company will be named Vallourec & Sumitomo Tubos do Brasil Ltda.
- The Management Committee will be chaired by Otavio Sanabio, with equal representation of Vallourec and Sumitomo
- The total investment is estimated at approximately US\$ 1.6 billion

As is customary in joint venture agreements, each party to the joint venture will have the option to acquire the other party’s interest in the event of a change of control of the latter.

This new state-of-the art integrated steel works and seamless pipe mill to be erected in the State of Minas Gerais will have an annual capacity of 1,000,000 tonnes of steel in the form of round billets, of which approximately 700,000 tonnes will be required to feed the new seamless pipe plant. The balance (i.e. 300,000 tonnes) will be used by Vallourec to reduce its external steel supply.

The pipe plant will have an annual seamless pipe production capacity of 600,000 tonnes. The output will be shared equally between Vallourec and Sumitomo, with each company having a capacity of 300,000 tonnes of seamless pipes per year. Production is expected to begin by mid-2010.

The new tube mill will be primarily dedicated to the production of seamless OCTG (Oil Country Tubular Goods) products. It will produce tubes with diameters ranging from 168.3mm to 406.4mm and will include heat treatment capacity as well as threading lines. When running at full capacity, the joint venture will employ more than 1,000 people.

The new tube mill will increase Vallourec's global seamless pipe capacity by approximately 10%. It will also reinforce Vallourec's self-sufficiency in steel supply, enabling it to reduce its external steel purchases.

Signing of the joint-venture agreement was made possible after the project received approval from the respective boards of Vallourec and Sumitomo Metals and after it was presented to the relevant employee representative bodies as well as to the competent regulatory authorities.

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Sumitomo Metals and Vallourec, world leaders in the manufacture of high quality seamless pipes, have been collaborating for over 30 years in the field of VAM[®] premium connections for Oil & Gas applications. Whilst Sumitomo Metals has been operating a license to produce VAM[®] connections since 1976, cooperation between the two companies was extended in 1984 to include an R&D agreement.

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About Sumitomo Metals Industries Ltd

Sumitomo Metal Industries, Ltd., one of the major integrated steelmakers in Japan, supplies wide variety of high quality steel products including sheets and plates, pipes and tubes, and components for trains. In pipes and tubes, its technology ranks as the best in the world.

About Vallourec

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

Vallourec is listed on the Euronext Paris Eurolist (ISIN code: FR0000120354), is eligible for the deferred settlement system and is included in the following indices: MSCI World Index, Euronext 100, CAC 40 and SBF 120. FTSE classification: engineering and machinery.

Calendar

- Results for the first half of 2007 will be released on 31 July 2007.

For further information, please contact:

Corporate Secretary and External Communications

Henri Redig

Vallourec

Tel: +331 49 09 38 28

E-mail: henri.redig@vallourec.fr

Investor relations

Etienne Bertrand

Vallourec

Tel: +331 49 09 35 58

E-mail: etienne.bertrand@vallourec.fr

Press relations

Fabrice Baron

Gavin Anderson & Company

Tel: +331 53 32 61 27

E-mail: fbaron@gavinanderson.fr

www.vallourec.com