

PRESS RELEASE



Salzgitter AG and Vallourec reach a preliminary agreement regarding the possible acquisition of Vallourec's precision tubes activities

Boulogne-Billancourt, 13 December 2006 - Salzgitter AG and Vallourec have reached a preliminary agreement regarding the intended acquisition of Vallourec Précision Etirage (VPE), France, a 100% subsidiary of Vallourec.

VPE is specialised in the manufacture of cold drawn precision tubes. The expected sales for 2006 will reach approximately € 220 million, two thirds being dedicated to the automotive industry and one third to other specific industrial applications. The VPE operations include five production plants in France and employ 1,230 people.

VPE's cold finishing operations would complement Salzgitter's existing precision tubes activities operated by its German subsidiary MHP Mannesmann Präzisrohr (MHP) and its Dutch subsidiary, Mannesmann Robur (ROB).

As part of the project, Salzgitter also intends to acquire the German hot-rolling tube mill in Zeithain (Saxony) from Vallourec, thus enabling the envisaged combined business of MHP, ROB and VPE to be largely autonomous regarding its supply of seamless tubes hollows as feed stock. Zeithain, which employs 350 people, already supplies the three entities with hollows. It's yearly output of 170,000 tons might exceed 200,000 tons in the mid term.

Both companies are convinced of the need for consolidation in the European precision tube market, which is mainly driven by the necessity to meet the increasingly demanding requirements of the relevant customer sectors. The envisaged integration of VPE into Salzgitter's existing precision tubes activities would expand the future potential for the combined entities.

Whilst MHP has a strong German client base, VPE enjoys an excellent market position in France. Additionally, the contemplated transaction shall generate considerable industrial and R&D synergies.

The project will be subject to the approval of the Salzgitter AG and Vallourec respective supervisory boards. It will be presented to the relevant employee representative bodies both in France and Germany. Completion of the transaction is conditional upon a clearance decision by the competent competition authorities.

Calendar

- Consolidated sales for the fourth quarter of 2006 will be released on 1 February 2007.
- Results for the year ended 31 December 2006 will be released on 7 March 2007.

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 Next 20 and SBF 120. FTSE classification: engineering and machinery.

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