

Information relating to the policy for associating the employees with the results of the Vallourec Group in 2014

During its meetings of 26 February and 2 April 2014, the Supervisory Board approved the continuation in 2014 of Vallourec's policy of associating employees with the results of the Group aiming, firstly, to round out the compensation of all employees through systems designed to associate them with the results of the Group over the long term, and secondly, to reinforce the convergence of the interests of the management of Vallourec with those of shareholders on a long-term basis, through the allocation of performance shares and share subscription options, subject to the achievement of certain performance objectives over the course of several fiscal years.

As every year, the French employees of the Group benefit, in addition, from employee profit-sharing mechanisms.

1. Operations benefiting all employees

During its meeting of 2 April 2014, the Supervisory Board decided in favour of the renewal, for the sixth consecutive year, of an international performance share allocation plan aiming to allocate a maximum number of six Vallourec shares to all the employees of the majority of the Group's entities (with the exclusion of the members of the Management Board), subject to the employee's presence in the company, and performance of the Group over three years. This plan, referred to as "2-4-6", concerns a maximum number of approximately 138,000 shares, benefiting approximately 23,000 employees (as of 31 January 2014), representing 0.11% of the share capital of Vallourec on the date of the present announcement. This plan will be covered by existing shares so it will have no dilutive impact on the share capital.

Allocations will take place on 15 April 2014.

Furthermore, all employees of the Vallourec Group will benefit, as each year since 2008, from an international employee share ownership plan referred to as "Value 14".

2. Allocations of performance shares and share subscription options to managers

During its meeting of 26 February 2014, the Supervisory Board also approved the implementation in 2014 of performance shares and share subscription options allocation plans to managers under the following terms:

2014 plans	Performance shares	Options
Maximum number of beneficiaries	1,856	435
Number of long-term incentive instruments ¹	543,000	395,000
Percentage of share capital*	0.42%	0.31%
Potential percentage of dilution*	None	0.31%

*Based on the share capital at 31 March 2014, i.e., Euro 256,319,200.

Allocations will take place on 15 April 2014. They will be implemented as part of the 14th (options) and 19th (performance shares) resolutions adopted by the Shareholders' Meeting of 31 May 2012. The price of the options will be determined with reference to the average opening price of the Vallourec share during the 20 trading days prior to the implementation of the options plan by the Management Board, with no discount applied.

The definitive allocation of these long-term incentive instruments is subject on the one hand to an employee's presence in the company for three years for performance shares and four years for share subscription options, and on the other hand to a performance criteria dependent on the margin rate of the EBITDA for fiscal years 2014 to 2016 for performance shares, and 2014 to 2017 for share subscription options. The performance criteria applicable to members of the Operational Committee shall be identical to those of the members of the Management Board (see announcement dated 4 March 2014 available on the Vallourec website²).

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¹ Based on target coefficient fixed at 1.

² http://www.vallourec.com/en/group/corporate-governance/supervisory-board/Documents/Rémunérations%202013%20et%202014%20du%20Directoire_EN-GB.pdf