

UN-SEALED PER 2/6/07

UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

Sealed
Public and unofficial staff access
to this instrument are
prohibited by court order.

UNITED STATES OF AMERICA : NO: CR _____ UNDER SEAL
: :
v. : DEFERRED PROSECUTION
: : AGREEMENT
AIBEL GROUP LIMITED, :
: :
Defendant. :
: :
_____ :

H - 07 - 005

Defendant AIBEL GROUP LIMITED (“Aibel Group”),¹ a United Kingdom corporation, by its undersigned attorneys, pursuant to authority granted by its Board of Directors, and the United States Department of Justice, Criminal Division, Fraud Section (“Department of Justice” or the “Department”) enter into this Deferred Prosecution Agreement (“Agreement”) which shall apply to Aibel Group, its subsidiaries, including Vetco Aibel AS, Vetco Aibel Holding Limited and Drilling Controls Inc., (all three hereinafter referred to as “Principal Subsidiaries”) and all affiliates and subsidiaries thereof (hereinafter jointly referred to as the “Vetco Aibel Entities”).

The terms and conditions of this Agreement are as follows:

1. Aibel Group accepts and acknowledges that the United States will file a criminal Information in the United States District Court for the Southern District of Texas charging Aibel Group with violating the Foreign Corrupt Practices Act (“FCPA”), 15 United States Code Section 78dd-3(a), *et seq.* In so doing, Aibel Group knowingly waives its right to indictment on these charges, as well as all rights to a speedy trial pursuant to the Sixth Amendment to the United States Constitution, Title 18, United States Code Section 3161, Federal Rule of Criminal Procedure 48(b), and all applicable

¹ Aibel Group Limited is a corporation previously known as Vetco Limited.

Local Rules of the United States District Court for the Southern District of Texas for the period during which this Agreement is in effect.

2. Aibel Group accepts and acknowledges that it is responsible for the acts of its officers and employees as set forth in the Statement of Facts annexed hereto as "Attachment A." Should the Department, pursuant to Paragraphs 22 and 23 of this Agreement, initiate the prosecution that is deferred by this Agreement, Aibel Group agrees that it will neither contest the admissibility of, nor contradict, in any such proceeding, the facts contained in the Statement of Facts. Aibel Group does not endorse, ratify or condone criminal conduct and, as set forth below, has taken and commits to continue to take significant steps to prevent such conduct from occurring in the future.
3. This Agreement is agreed to by the Department based upon the fact that Aibel Group had voluntarily disclosed the misconduct referenced in the Statement of Facts; conducted a thorough investigation of that misconduct; regularly reported all its findings to the Department; cooperated in the Department's subsequent investigation of this matter; agreed to implement remedial measures to ensure that this conduct will not recur and to continue to cooperate with the Department in its ongoing investigation of the conduct of Aibel Group, the Vetco Aibel Entities, and the officers, directors and employees thereof; and, proposed and agreed to the compliance structure set forth at Paragraph 7 herein, including the duties and obligations of the Executive Chairperson, Compliance Committee and Compliance Counsel as more fully set out herein.
4. During the three (3) year term of this Agreement, Aibel Group agrees to cooperate fully with the Department, and any other authority or agency, domestic or foreign, designated by the Department investigating Aibel Group and the Vetco Aibel Entities, or any of its

present and former directors, officers, employees, agents, consultants, contractors and subcontractors, or any other party, in any and all matters relating to corrupt payments in connection with its operations. Aibel Group agrees that its cooperation shall include, but is not limited to, the following:

- a. Aibel Group and the Vetco Aibel Entities shall continue to cooperate fully with the Department, and with all other authorities and agencies designated by the Department, and shall truthfully disclose all information with respect to the activities of Aibel Group and the Vetco Aibel Entities and its present and former subsidiaries and affiliates, and the directors, officers, employees, agents, consultants, contractors and subcontractors thereof, concerning all matters relating to corrupt payments in connection with their operations, related false books and records, and inadequate internal controls about which Aibel Group and the Vetco Aibel Entities has any knowledge or about which the Department shall require. This obligation of truthful disclosure includes the obligation of Aibel Group and the Vetco Aibel Entities to provide to the Department, upon request, any document, record, or other tangible evidence relating to such corrupt payments, books and records, and internal controls about which the Department shall inquire of Aibel Group and the Vetco Aibel Entities. If specifically requested by the Department, this obligation of truthful disclosure also includes an obligation to provide access to the information, documents, records, facilities and employees of Aibel Group and the Vetco Aibel Entities that may be subject to the attorney-client and/or work product privileges. The parties also agree that the disclosure of information to the Compliance Counsel retained by Aibel Group and the Vetco

Aibel Entities and the Compliance Committee, referenced below, concerning corrupt payments and related books and records, shall not relieve Aibel Group or the Vetco Aibel Entities of its obligation to truthfully disclose such matters to the Department.

- b. Upon request of the Department, with respect to any issue relevant to its investigation of corrupt payments in connection with the operations of Aibel Group and the Vetco Aibel Entities, or any of their former subsidiaries or affiliates, related books and records, and inadequate internal controls, these entities shall designate knowledgeable employees, agents, or attorneys to provide to the Department the information and materials described in Paragraph 4a above, on behalf of Aibel Group and the Vetco Aibel Entities. It is further understood that Aibel Group and the Vetco Aibel Entities must at all times provide complete, truthful, and accurate information.
- c. With respect to any issue relevant to the Department's investigation of corrupt payments in connection with the operations of Aibel Group and the Vetco Aibel Entities, or any of their former subsidiaries or affiliates, these entities shall use their best efforts to make their directors, officers, employees, agents and consultants available to provide information and testimony as requested by the Department, including sworn testimony before a federal grand jury or in federal trials, as well as interviews with federal law enforcement authorities. Cooperation under this Paragraph will include identification of witnesses who, to the knowledge of Aibel Group and the Vetco Aibel Entities, may have material information regarding the matters under investigation.

- d. With respect to any issue relevant to the Department's investigation of corrupt payments in connection with the operations of Aibel Group and the Vetco Aibel Entities, or any of their former subsidiaries or affiliates, these entities shall use their best efforts to make available, for interviews or for testimony, such present and former Aibel Group and Vetco Aibel Entities officers, directors, agents, consultants, and employees, and the officers, directors, employees, agents and consultants of contractors and sub-contractors, as may be requested by the Department.
 - e. With respect to any information, testimony, document, record, or other tangible evidence provided to the Department pursuant to this Agreement, Aibel Group and the Vetco Aibel Entities consent to any and all disclosures to other Government agencies, whether agencies of the United States or a foreign government, of such materials as the Department, in its sole discretion, shall deem appropriate.
5. In return for the full and truthful cooperation of Aibel Group and the Vetco Aibel Entities, and compliance with all the terms and conditions of this Agreement, the Department agrees not to use any information related to the conduct described in the attached Statement of Facts against Aibel Group or the Vetco Aibel Entities in any criminal or civil case, except in a prosecution for perjury or obstruction of justice; in a prosecution for making a false statement after the date of this Agreement; in a prosecution or other proceeding relating to any crime of violence; or in a prosecution or other proceeding relating to a violation of any provision of Title 26 of the United States Code. In addition, the Department agrees, except as provided herein, that it will not bring

any criminal or civil case against Aibel Group or the Vetco Aibel Entities related to the conduct of present and former employees of these entities as described in the attached Statement of Facts. This Paragraph does not provide any protection against prosecution for any corrupt payments, if any, made in the future by Aibel Group or the Vetco Aibel Entities, or any of their officers, directors, employees, agents or consultants, whether or not disclosed by Aibel Group or the Vetco Aibel Entities, pursuant to the terms of this Agreement, nor does it apply to any such payments, made in the past, which are not described in the attached Statement of Facts. In addition, this Paragraph does not provide any protection against criminal prosecution of any present or former officer, employee, director, shareholder, agent or consultant of Aibel Group or the Vetco Aibel Entities for any violations committed by them.

6. Aibel Group and the Vetco Aibel Entities represent that they have implemented a compliance and ethics program designed to detect and prevent violations of the FCPA, U.S. commercial bribery laws and all applicable foreign bribery laws throughout their operations, including those of their subsidiaries, affiliates, joint ventures, and those of their contractors and subcontractors, with responsibilities that include interactions with foreign officials. Implementation of these policies and procedures shall not be construed in any future enforcement proceeding as providing immunity or amnesty for any crimes not disclosed to the Department as of the date of the execution of this Agreement for which Aibel Group and the Vetco Aibel Entities would otherwise be responsible.
7. Aibel Group has offered and the Department has agreed to implement the following compliance and governance structure:

- a. The appointment of an Executive Chairperson of Aibel Group's Board of Directors who is not affiliated with the lead shareholders, and of the Boards of Directors of its parent, Aibel Limited, and its Principal Subsidiaries, and their successors.
- b. The establishment of a Compliance Committee of Aibel Group's Board of Directors, as well as of the Boards of Directors of its parent, Aibel Limited, and its Principal Subsidiaries, and their successors. Such Compliance Committee shall consist of no less than three members and at all times a majority of the members may not be affiliated with the lead shareholders, one of whom shall chair the Committee.
- c. The engagement of outside Compliance Counsel to Aibel Group and the Vetco Aibel Entities, their Boards of Directors and Compliance Committees, with the authority and monitoring duties and obligations as set forth in this Agreement.
- d. The Executive Chairperson, the Compliance Committee and Compliance Counsel shall have full authority to ensure that Aibel Group and the Vetco Aibel Entities:
 - (a) comply fully with the terms of this Deferred Prosecution Agreement;
 - (b) establish and effectively implement a compliance program with respect to the FCPA, U.S. commercial bribery laws, and all applicable foreign bribery and anti-corruption laws; and
 - (c) monitor the implementation of the said compliance program, all for a period of three (3) years from the execution of this Agreement.
- e. The appointment of the Executive Chairperson, the majority members of the Compliance Committee, including its chairperson, and Compliance Counsel shall require the prior approval of the Department. In the event Aibel Group, the

Principal Subsidiaries, or their successors increase the membership of the Compliance Committee to more than three members, a majority of the members of the Committee must be approved by the Department.

- f. The Aibel Group Board of Directors or its parent shall adopt and submit to the Department a resolution proposing for the consideration and approval of the Department the names of the Executive Chairperson, the Compliance Committee chairperson, a majority of the Compliance Committee members, and Compliance Counsel.
- g. Aibel Group, the Vetco Aibel Entities, their shareholders, officers, directors, and successors shall not have the authority to remove either the Department-approved Executive Chairperson, the members of the Compliance Committee, including its chairperson, and the Compliance Counsel without the prior approval of the Department. In addition, Aibel Group, the Vetco Aibel Entities, their shareholders, officers, directors, and successors shall not interfere with the Executive Chairperson, the Department-approved members of the Compliance Committee, including its chairperson, or Compliance Counsel in the execution of their duties and obligations as set out herein.
- h. If the Department-approved Executive Chairperson, the members of the Compliance Committee, or the Compliance Counsel resign, or are otherwise unable to fulfill their obligations as set out herein, Aibel Group, on behalf of itself, its parent and the Vetco Aibel Entities, or their successors, shall within thirty (30) calendar days nominate a proposed replacement to the Department for approval.

- i. The compensation and expenses of the Executive Chairperson, the Compliance Committee, and Compliance Counsel, including any persons hired by Compliance Counsel pursuant to its authority under this Deferred Prosecution Agreement, shall be paid by Aibel Group or its successor.
8. Aibel Group shall within seven (7) days after the entry of this Agreement provide to the Department the names of its designees for the positions of Executive Chairperson, Compliance Committee members, and Compliance Counsel as described in Paragraph 7. The Department shall within seven (7) days thereafter advise Aibel Group as to their acceptability. In the event the parties are unable to agree on an acceptable Executive Chairperson, Compliance Committee members, and Compliance Counsel within seven (7) days, the Department shall have the sole right to select each.
9. Aibel Group agrees to the engagement of Compliance Counsel for a period of three (3) years from the execution of this Agreement, to: (a) represent Aibel Group and the Vetco Aibel Entities and their Compliance Committee; (b) evaluate the effectiveness of internal accounting and compliance controls and record-keeping procedures of Aibel Group and the Vetco Aibel Entities as they relate to these entities' compliance with the books and records, internal accounting controls, and anti-bribery provisions of the FCPA, U.S. commercial bribery laws, and all applicable foreign bribery laws; (c) monitor, together with the Compliance Committee, the implementation of the compliance program by Aibel Group and the Vetco Aibel Entities with respect to the FCPA, U.S. commercial bribery laws, and all applicable foreign bribery laws, subject to the provisions of Paragraphs 13 and 18; (d) recommend to the Compliance Committee and Aibel Group and the Vetco Aibel Entities, and if necessary direct, that internal investigations be

conducted and that voluntary disclosures be made to the Department and other law enforcement agencies; and (e) conduct such investigations and make such voluntary disclosures to the Department.

10. Aibel Group and the Vetco Aibel Entities also represent that they have undertaken, and agree that they will undertake, the following steps, as previously committed by their owners and reflected in the Department's FCPA Opinion Procedure Release No. 04-02, (July 12, 2004) as follows:

- a. Continue to cooperate with the Department and the SEC in their respective investigations of pre-July 2004 payments and to cooperate with other interested U.S. government agencies, as well as foreign law enforcement authorities, as may be applicable;
- b. Ensure that any employee or officer of the businesses acquired on July 12, 2004 who continues to be employed by Aibel Group and the Vetco Aibel Entities who is found to have made or authorized unlawful or questionable payments to foreign officials is appropriately disciplined;
- c. Disclose to the Department any additional pre-July 12, 2004 payments to foreign officials relating to the said acquired businesses and assets that it discovers after that date;
- d. Ensure that Aibel Group and the Vetco Aibel Entities adopt a system of internal accounting controls and a system designed to ensure the making and keeping of accurate books, records, and accounts; and
- e. Cause Aibel Group and the Vetco Aibel Entities to adopt a rigorous anti-corruption compliance code ("Compliance Code"), as described further below,

that is designed to detect and deter violations of the FCPA, U.S. commercial bribery laws and foreign bribery laws. The anti-bribery Compliance Code of Aibel Group and the Vetco Aibel Entities will consist of the following elements, at a minimum:

- i. A clearly articulated corporate policy against violations of the FCPA, U.S. commercial bribery laws and foreign bribery laws, and the establishment of compliance standards and procedures to be followed by all directors, officers, employees, and all business partners, including, but not limited to, agents, consultants, representatives, and business partners, including joint venture partners and teaming partners, involved in business transactions, representation, or business development or retention in a foreign jurisdiction (respectively, “Agents”; and “Business Partners”) that are reasonably capable of reducing the prospect that the FCPA, U.S. commercial bribery laws or any applicable foreign bribery law or the Compliance Code of Aibel Group and the Vetco Aibel Entities will be violated;
- ii. The assignment to one or more independent senior corporate officials of Aibel Group and the Vetco Aibel Entities, who shall report directly to the Compliance Committee of the Board of Directors, of responsibility for the implementation and oversight of compliance with policies, standards, and procedures established in accordance with the Compliance Code of Aibel Group and the Vetco Aibel Entities;

- iii. The effective communication to all directors, officers, employees, agents and similarly situated parties, and business partners of corporate and compliance policies, standards, and procedures regarding the FCPA, U.S. commercial bribery laws and applicable foreign bribery laws, by requiring: (A) regular training concerning the requirements of the FCPA, U.S. commercial bribery laws and applicable foreign bribery laws on a periodic basis to all directors, officers, employees, agents, and business partners; and (B) annual certifications by all directors, officers, employees, including the head of each Aibel Group and Vetco Aibel Entities business or division, agents, and business partners certifying compliance therewith;
- iv. A reporting system, including a “Helpline”, for directors, officers, employees, agents, and business partners to report suspected violations of the Compliance Code or suspected criminal conduct;
- v. Appropriate disciplinary procedures to address matters involving violations or suspected violations of the FCPA, U.S. commercial bribery laws foreign bribery laws, or the Compliance Code;
- vi. Clearly articulated corporate procedures designed to ensure that all necessary and prudent precautions are taken to cause Aibel Group and the Vetco Aibel Entities to form business relationships with reputable and qualified business partners;
- vii. Extensive pre-retention due diligence requirements pertaining to, as well as post-retention oversight of, all agents and business partners, including

- the maintenance of complete due diligence records at Aibel Group and the Vetco Aibel Entities;
- viii. Clearly articulated corporate procedures designed to ensure that Aibel Group and the Vetco Aibel Entities exercise due care to assure that substantial discretionary authority is not delegated to individuals whom Aibel Group and the Vetco Aibel Entities know, or should know through the exercise of due diligence, have a propensity to engage in illegal or improper activities;
 - ix. A committee consisting of senior Aibel Group and Principal Subsidiaries officials to review and to record, in writing, actions relating to: (A) the retention of any agent or subagents thereof; and (B) all contracts and payments related thereto;
 - x. The inclusion in all agreements, contracts, and renewals thereof with all agents and business partners provisions: (A) setting forth anti-corruption representations and undertakings; (B) relating to compliance with the FCPA, U.S. commercial bribery laws, foreign bribery laws and other relevant laws; (C) allowing for internal and independent audits of the books and records of the agent or business partner to ensure compliance with the foregoing; and (D) providing for termination of the agent or business partner as a result of any breach of applicable anti-corruption laws and regulations or representations and undertakings related thereto;

- xi. Financial and accounting procedures designed to ensure that Aibel Group and the Vetco Aibel Entities maintain a system of internal accounting controls and makes and keeps accurate books, records, and accounts; and
 - xii. Independent audits by outside counsel and auditors, at no longer than three-year intervals beginning after the completion of the term of Compliance Counsel, to ensure that the Compliance Code, including its anti-corruption provisions, are implemented in an effective manner.
11. In addition, Aibel Group and the Vetco Aibel Entities agree to undertake, carry out, or complete the following additional commitments it or its owners made to the Department as follows:
- a. Complete a compliance review of “Second Tier Countries”² in which Aibel Group and the Vetco Aibel Entities conduct business;
 - b. Complete a compliance review of certain “Secondary Acquisitions”³ made by Aibel Group and the Vetco Aibel Entities on or after July 12, 2004;
 - c. Complete a compliance review of all existing or proposed joint venture partners;
 - d. Voluntarily disclose to the Department and investigate any newly discovered illegal or improper corrupt conduct;

² The “Second Tier Countries” include: Bolivia, Equatorial Guinea, Kuwait, Papua New Guinea, Singapore, Trinidad and Tobago, Turkey, Japan, Oman, Thailand, Tunisia, Turkmenistan, Vietnam, Algeria, Brunei, Cameroon, Colombia, Libya, Mauritania, Pakistan, South Korea, Taiwan, Ukraine, Bahamas, Bangladesh, Costa Rica, Ecuador, Iraq, Peru, Philippines, and Uzbekistan.

³ The “Secondary Acquisitions” include: Shares of ABB Oleo e Gas, Manutencao e Modificacao Ltda. (Brazil); Shares of Egyptian Maintenance Company; OGP Assets of ABB Limited Thailand; OGP Assets of ABB Australia Pty Ltd.; Assets of ABB Ltd. Kazakhstan; Assets of ABB Process Solutions & Services SPA (Italy/Congo); Shares of Empresa Angolana de Metalomecanicas S.A.R.L. (Angola); Shares of ABB Lummus Global Nigeria Ltd.; Assets of ABB Lummus Global BV that are used in the operation of ABB Lummus Global Nigeria Ltd.; and Shares of EPT (PNG) Ltd. (Papua New Guinea).

- e. Complete the first year audit of the implementation of the Compliance Program and inform the Department of the findings; and
 - f. Complete within a reasonable time period all investigations and reviews in progress at the time that this Deferred Prosecution Agreement is entered into, report to the Department regularly on the progress of such investigations and reviews and submit a final report with relevant supporting documents to the Department, and thereafter respond to all Department inquiries on these matters.
12. Aibel Group and the Vetco Aibel Entities shall cooperate fully with Compliance Counsel and the Compliance Committee, and Compliance Counsel and the Compliance Committee shall have the authority to take such reasonable steps, in its view, as may be necessary to be fully informed about the operations of Aibel Group and the Vetco Aibel Entities within the scope of their responsibilities under this Agreement. To that end, Aibel Group and the Vetco Aibel Entities shall provide Compliance Counsel and the Compliance Committee with access to all files, books, records, and personnel that fall within the scope of responsibilities of Compliance Counsel and the Compliance Committee under this Agreement. Except insofar as Aibel Group and the Vetco Aibel Entities retain the attorney-client privilege or work product doctrine described in Paragraph 4 of this Agreement, Aibel Group and the Vetco Aibel Entities and its Compliance Committee shall not withhold from the Department, and the Compliance Committee and Compliance Counsel agree not to withhold from the Department, any documents or information on the basis of any privilege or work product claims.
13. Aibel Group and the Vetco Aibel Entities agree that Compliance Counsel shall assess whether these entities' policies and procedures are reasonably designed to detect and

prevent violations of the FCPA, all applicable U.S. commercial bribery laws, and all applicable foreign bribery laws, and, during the three-year period, shall conduct an initial review and prepare an initial report, followed by two (2) follow-up reviews and follow-up reports as described below. With respect to each of the three (3) reviews, after initial consultations with the Compliance Committee and the Department, Compliance Counsel shall prepare a written work plan for each of the reviews, which shall be submitted in advance to Aibel Group and the Vetco Aibel Entities, the Compliance Committee and the Department for comment. In order to conduct an effective initial review and to fully understand any existing deficiencies in controls, policies and procedures related to the FCPA, U.S. commercial bribery laws, and all applicable foreign bribery laws, Compliance Counsel's initial work plan shall include such steps as are necessary to develop an understanding of the facts and circumstances surrounding any violation that may have occurred. Any disputes between Aibel Group and the Vetco Aibel Entities and the Compliance Committee and/or Compliance Counsel with respect to the work plan shall be decided by the Department in its sole discretion.

14. In connection with the initial review, Compliance Counsel shall issue a written report within one hundred twenty (120) calendar days of the completion of the first year audit referenced in Paragraph 11(e) herein, provided that such first year audit shall not be completed later than March 1, 2007, setting forth Compliance Counsel's assessment and making recommendations reasonably designed to improve the policies of Aibel Group and the Vetco Aibel Entities and procedures for ensuring compliance with the FCPA, U.S. commercial bribery laws, and all applicable foreign bribery laws. Compliance Counsel shall provide the report to the Board of Directors of Aibel Group and the Vetco

Aibel Entities and the Compliance Committee and contemporaneously transmit copies to Mark F. Mendelsohn, (or his successor), Deputy Chief, Fraud Section, Criminal Division, U.S. Department of Justice, 10th and Constitution Ave., N.W. (Bond), Washington, D.C. 20530. Compliance Counsel may extend the time period for issuance of the report with prior written approval of the Department.

15. Within sixty (60) calendar days after receiving Compliance Counsel's report, Aibel Group and the Vetco Aibel Entities shall adopt all recommendations in the report; provided, however, that within sixty (60) calendar days after receiving the report, Aibel Group and the Vetco Aibel Entities shall advise Compliance Counsel, the Compliance Committee, and the Department in writing of any recommendations that they consider to be unduly burdensome, impractical, or costly. With respect to any recommendation that Aibel Group and the Vetco Aibel Entities consider unduly burdensome, impractical, or costly, Aibel Group and the Vetco Aibel Entities need not adopt that recommendation within that time but shall propose in writing an alternative policy, procedure or system designed to achieve the same objective or purpose. As to any recommendation on which Aibel Group and the Vetco Aibel Entities and Compliance Counsel do not agree, such parties shall attempt in good faith to reach an agreement within thirty (30) calendar days after Aibel Group or the Vetco Aibel Entities serve the written advice. In the event Aibel Group or the Vetco Aibel Entities and Compliance Counsel are unable to agree on an alternative proposal, Aibel Group and the Vetco Aibel Entities shall abide by the determinations of Compliance Counsel. With respect to any recommendation that Compliance Counsel determines cannot reasonably be implemented within sixty (60)

calendar days after receiving the report, Compliance Counsel may extend the time period for implementation with prior written approval of the Department.

16. Compliance Counsel shall undertake two (2) follow-up reviews to further monitor and assess whether the policies and procedures of Aibel Group and the Vetco Aibel Entities are reasonably designed to detect and prevent violations of the FCPA, U.S. commercial bribery laws, and all applicable foreign bribery laws. Within one hundred twenty (120) calendar days of initiating each follow-up review, Compliance Counsel: (a) shall complete the review; (b) certify whether the anti-bribery compliance program of Aibel Group and the Vetco Aibel Entities, including their policies and procedures, are appropriately designed and implemented to ensure compliance with the FCPA, U.S. commercial bribery laws, and all applicable foreign bribery laws; and (c) report on Compliance Counsel's findings in the same fashion as set forth in Paragraph 14 with respect to the initial review. The first follow-up review shall commence one year after appointment of Compliance Counsel under this Agreement. The second follow-up review shall commence at least one year after completion of the first review. Compliance Counsel may extend the time period for these follow-up reviews with prior written approval of the Department.
17. In undertaking the assessment and reviews described in Paragraphs 13 through 16 of this Agreement, Compliance Counsel shall formulate conclusions based on, among other things: (a) inspection of documents, including all the policies and procedures relating to the anti-bribery compliance program of Aibel Group and the Vetco Aibel Entities; (b) onsite observation of the systems and procedures of Aibel Group and the Vetco Aibel Entities, including the internal controls of Aibel Group and the Vetco Aibel Entities,

recordkeeping and internal audit procedures; (c) meetings with and interviews of employees, officers, and directors of Aibel Group and the Vetco Aibel Entities, and any other relevant persons; and, (d) analyses, studies and testing of the anti-bribery compliance program of Aibel Group and the Vetco Aibel Entities.

18. The Compliance Committee will oversee the implementation of the recommendations of Compliance Counsel as provided for in Paragraphs 14 and 15.
19. The charge of Compliance Counsel and the Compliance Committee, as further described in Paragraphs 12 through 18 above, is to review the controls, policies and procedures of Aibel Group and the Vetco Aibel Entities related to compliance with the FCPA, U.S. commercial bribery laws and all other applicable foreign bribery laws. Should Compliance Counsel during the course of its engagement and/or the Compliance Committee, discover that questionable or corrupt payments or questionable or corrupt transfers of property or interests may have been offered, promised, paid, or authorized by any Aibel Group or the Vetco Aibel Entities entity or person, or any entity or person working directly or indirectly for Aibel Group and the Vetco Aibel Entities, Compliance Counsel shall promptly report such payments to the Compliance Committee of Aibel Group and the Vetco Aibel Entities for further investigation, unless Compliance Counsel believes, in the exercise of its discretion, that such disclosure should be made directly to the Department. If Compliance Counsel refers the matter only to the Compliance Committee of Aibel Group and the Vetco Aibel Entities, the Compliance Committee shall promptly report the same to the Department. If Aibel Group, the Vetco Aibel Entities or the Compliance Committee fail to make such disclosure within ten (10) calendar days of the report of such payments to Aibel Group, the Vetco Aibel Entities or

the Compliance Committee, Compliance Counsel shall independently disclose its findings to the Department at the address listed above in Paragraph 14. Further, in the event that Aibel Group or the Vetco Aibel Entities, or any entity or person working directly or indirectly for Aibel Group or the Vetco Aibel Entities, refuses to provide information necessary for the performance of Compliance Counsel's responsibilities, Compliance Counsel shall disclose that fact to the Department. Aibel Group, the Vetco Aibel Entities and their shareholders shall not take any action to retaliate against Compliance Counsel or the Compliance Committee for any such disclosures. The Compliance Counsel or the Compliance Committee may report other criminal or regulatory violations discovered in the course of performing its duties, in the same manner as described above.

20. In consideration of the action of Aibel Group in voluntarily disclosing and conducting an investigation conducted by outside legal counsel regarding the matter set out in the attached Statement of Facts, and the cooperation of Aibel Group with the investigation conducted by the Department; and the willingness of Aibel Group to: (a) acknowledge responsibility for its behavior and that of its subsidiaries and affiliates; (b) continue its cooperation with the Department; (c) adopt and maintain remedial measures and independently review and audit such measures; and (d) propose and agree to appoint an Executive Chairperson of the Board who is not affiliated with the lead shareholders, establish a Compliance Committee with a majority of members who are not affiliated with the lead shareholders and who are approved by the Department, and to engage Compliance Counsel in, among others, the capacity and role set out herein, the Department agrees that any prosecution of Aibel Group or any member of the Vetco

Aibel Entities be and hereby is deferred for a period of three (3) years from the date of this Agreement.

21. The Department further agrees that if Aibel Group and the Vetco Aibel Entities are in full compliance with all of their obligations under this Agreement, including their obligation to adopt the recommendations of Compliance Counsel and/or the Compliance Committee in accordance with the terms of Paragraph 15, the Department will not continue a criminal prosecution against Aibel Group pursuant to Paragraph 1, and this Agreement shall expire.
22. If the Department determines, in its sole discretion, that Aibel Group or the Vetco Aibel Entities, at any time between the execution of this Agreement and completion of their obligations as set forth in this Agreement, have provided deliberately false, incomplete, or misleading information under this Agreement or have committed any federal crimes subsequent to the date of this Agreement or have otherwise violated any provision of this Agreement, Aibel Group and/or the Vetco Aibel Entities shall, in the Department's sole discretion, thereafter be subject to prosecution for any federal criminal violation of which the Department has knowledge. Any such prosecutions may be premised on information provided by Aibel Group or the Vetco Aibel Entities. Moreover, Aibel Group and the Vetco Aibel Entities agree that any such prosecution that is not time-barred by the applicable statute of limitations on the date of this Agreement may be commenced against Aibel Group and/or the Vetco Aibel Entities in accordance with this Agreement, notwithstanding the expiration of the statute of limitations between the signing of this Agreement and the termination of this Agreement. By this Agreement, Aibel Group and the Vetco Aibel Entities expressly intend to and do waive any rights in this respect.

23. It is further agreed that in the event that the Department, in its sole discretion, determines that Aibel Group or the Vetco Aibel Entities have violated any provision of this Agreement: (a) all statements made by or on behalf of Aibel Group or the Vetco Aibel Entities to the Department, and any testimony given by Aibel Group or the Vetco Aibel Entities before a grand jury or any tribunal, at any legislative hearings, or to the Securities and Exchange Commission (“SEC”), whether prior or subsequent to this Agreement, or any leads derived from such statements or testimony, shall be admissible in evidence in any and all criminal proceedings brought by the Department against Aibel Group or the Vetco Aibel Entities; and (b) Aibel Group and the Vetco Aibel Entities shall not assert any claim under the United States Constitution, Rule 11(f) of the Federal Rules of Criminal Procedure, Rule 410 of the Federal Rules of Evidence, or any other federal rule, that statements made by or on behalf of Aibel Group or the Vetco Aibel Entities prior to or subsequent to this Agreement, or any leads therefrom, should be suppressed. The decision whether conduct or statements of any individual will be imputed to Aibel Group or the Vetco Aibel Entities for the purpose of determining whether Aibel Group or the Vetco Aibel Entities have violated any provision of this Agreement shall be in the sole discretion of the Department.
24. Aibel Group and the Vetco Aibel Entities acknowledge that the Department has made no representations, assurances, or promises concerning what sentence may be imposed by the Court should Aibel Group or the Vetco Aibel Entities, breach this Agreement and this matter proceed to judgment. Aibel Group and the Vetco Aibel Entities, further acknowledge that any such sentence is solely within the discretion of the Court and that nothing in this Agreement binds or restricts the Court in the exercise of such discretion.

25. Aibel Group and the Vetco Aibel Entities agree that in the event they sell, merge, or transfer all or substantially all of their business operations as they exist as of the date of this Agreement, whether such sale(s) is/are structured as a stock or asset sale, merger, or transfer, they shall include in any contract for sale, merger or transfer a provision binding the purchaser(s) or any successor(s) in interest thereto to the obligations described in this Agreement.
26. Aibel Group further agrees that during the three (3) year period of this Agreement, the company will refrain from entering into any contract or agreement that divests Aibel Group of its authority as the primary operating company with the main policy-making board of directors for the Vetco Aibel Entities.⁴
27. Aibel Group and the Vetco Aibel Entities expressly agree that they shall not, through their present or future attorneys, Board of Directors, officers, or any other person authorized to speak for Aibel Group or the Vetco Aibel Entities, make any public statement, in litigation or otherwise, contradicting the acceptance of responsibility by Aibel Group and the Vetco Aibel Entities set forth above or the factual statements set forth in the Statement of Facts. Any such contradictory statement shall, subject to cure rights below by Aibel Group and the Vetco Aibel Entities, constitute a breach of this Agreement and Aibel Group and the Vetco Aibel Entities thereafter shall be subject to prosecution as set forth in Paragraphs 22 and 23 of this Agreement. The decision whether any public statement by any such person contradicting a fact contained in the Statement of Facts will be imputed to Aibel Group and the Vetco Aibel Entities for the

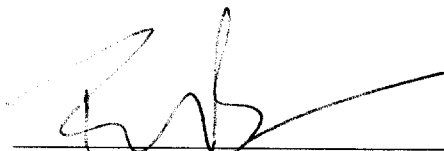
⁴ Aibel Group Limited is presently the main operating company for all Vetco Aibel Entities and its Board of Directors is the main policy-making board for all such entities.

purpose of determining whether they have breached this Agreement shall be at the sole discretion of the Department. Should the Department determine that a public statement by any such person contradicts in whole or in part a statement contained in the Statement of Facts, the Department shall so notify Aibel Group or the Vetco Aibel Entities and Aibel Group or the Vetco Aibel Entities may avoid a breach of this Agreement by publicly repudiating such statement within two (2) business days after notification. Consistent with the obligations of Aibel Group and the Vetco Aibel Entities as set forth above, Aibel Group and the Vetco Aibel Entities shall be permitted to raise defenses and to assert affirmative claims in civil and regulatory proceedings relating to the matters set forth in the Statement of Facts. This Paragraph is not intended to apply to any statement made by any employee of Aibel Group or the Vetco Aibel Entities in the course of any criminal, regulatory, or civil case initiated against such individual, unless such individual is speaking on behalf of Aibel Group or the Vetco Aibel Entities.

28. In connection with this Agreement, should Aibel Group or the Vetco Aibel Entities issue a press release, Aibel Group or the Vetco Aibel Entities shall first determine whether the text of the release is acceptable to the Department.
29. It is understood that this Agreement is binding on Aibel Group and the Vetco Aibel Entities and the Department but specifically does not bind any other federal agencies, or any state or local law enforcement or regulatory agencies, although the Department will bring the cooperation of Aibel Group and the Vetco Aibel Entities and their compliance with their other obligations under this Agreement to the attention of such agencies and authorities if requested to do so by Aibel Group or the Vetco Aibel Entities and their attorneys.

30. This Agreement sets forth all the terms of the Deferred Prosecution Agreement between Aibel Group and the Vetco Aibel Entities and the Department. No modifications or additions to this Agreement shall be valid unless they are in writing and signed by the Department, the attorneys for Aibel Group and the Vetco Aibel Entities, and a duly authorized representative of Aibel Group and the Vetco Aibel Entities.
31. Any notice to Aibel Group or the Vetco Aibel Entities under this Agreement shall be given by personal delivery, overnight delivery by a recognized delivery service or registered or certified mail, in each case addressed to Aibel Group Limited, Attn: President and Chief Executive Officer, 90 Long Acre, London WC2E 9RA, England, with a copy by the same means to Aibel Group Limited, Attn: General Counsel, Carine Smith, 90 Long Acre, London WC2E 9RA, England. Notice shall be effective upon actual receipt by Aibel Group.

FOR AIBEL GROUP LIMITED:



Raymond Banoun
Cadwalader, Wickersham & Taft LLP
1201 F Street, N.W. (Suite 1100)
Washington, DC 20004

Counsel for AIBEL GROUP LIMITED

FOR THE GOVERNMENT:

STEVEN A. TYRRELL
Acting Chief, Fraud Section

By: 

MARK F. MENDELSON
Deputy Chief, Fraud Section

By: Stacey K. Luck
STACEY K. LUCK
Trial Attorney, Fraud Section

Fraud Section, Criminal Division
United States Department of Justice
10th & Constitution Avenue, NW
Washington, D.C. 20530
(202) 514-0819

Filed at Houston, Texas, on Jan. 04, 2007.

OFFICER'S CERTIFICATE


I have read this Agreement and carefully reviewed every part of it with counsel for Aibel Group Limited ("Aibel Group") and its current parent Vetco International Limited ("Vetco International"). I understand the terms of this Agreement and voluntarily agree, on behalf of Aibel Group, to each of its terms. Before signing this Agreement, I consulted with the attorney for Aibel Group. The attorney fully advised me of Aibel Group's rights, of possible defenses, of the Sentencing Guidelines' provisions, and of the consequences of entering into this Agreement.

I have carefully reviewed this Agreement with the Board of Directors of Vetco International. I have fully advised that Board of Aibel Group's rights, of possible defenses, of the Sentencing Guidelines' provisions, and of the consequences of entering into the Agreement.

No promises or inducements have been made other than those contained in this Agreement. Furthermore, no one has threatened or forced me, or to my knowledge any person authorizing this Agreement on behalf of Aibel Group, in any way to enter into this Agreement. I am also satisfied with the attorney's representation in this matter. I certify that I am an officer of Vetco International and that I have been duly authorized by Vetco International to execute this Agreement on behalf of Aibel Group.

Date: 12-28-06

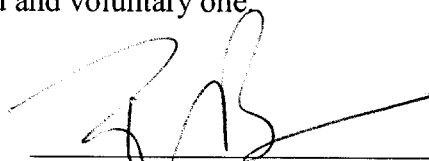
VETCO INTERNATIONAL LIMITED
for and on behalf of AIBEL GROUP LIMITED


By: Peter Goode
Chief Executive Officer
Vetco International Limited

CERTIFICATE OF COUNSEL

I am counsel for Vetco International Limited (“Vetco International”) and its current subsidiary, Aibel Group Limited (“Aibel Group”), in the matter covered by this Agreement. In connection with such representation, I have examined relevant Aibel Group documents and have discussed this Agreement with the Board of Directors and authorized representative of Vetco International. Based on my review of the foregoing materials and discussions, I am of the opinion that: Aibel Group’s representative has been duly authorized to enter into this Agreement on behalf of Vetco International and Aibel Group. This Agreement has been duly and validly authorized, executed, and delivered on behalf of Aibel Group and is a valid and binding obligation of Aibel Group. Further, I have carefully reviewed every part of this Agreement with the Board of Directors and General Counsel of Vetco International. I have fully advised them of Aibel Group’s rights, of possible defenses, of the Sentencing Guidelines’ provisions, and of the consequences of entering into this Agreement. To my knowledge, Vetco International’s decision to enter into this Agreement is an informed and voluntary one.

Date: January 3, 2007



Raymond Banoun
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Washington, DC 20004
(202) 862-2426

Counsel for VETCO INTERNATIONAL LIMITED
and AIBEL GROUP LIMITED

ATTACHMENT A
STATEMENT OF FACTS

Should this matter proceed to trial, the United States will prove beyond a reasonable doubt, by admissible evidence, the facts alleged in the Information. This evidence will establish the following:

I. The Applicability of the Foreign Corrupt Practices Act to Aibel Group Limited.

1. On or about July 12, 2004, a group of private equity entities acquired the upstream oil and gas businesses and assets of ABB Handels-und Verwaltungen AG (“ABB”), a holding company incorporated and with its headquarters in Zurich, Switzerland. The new company, Vetco International Limited (“Vetco International”), acquired, among others, ABB Vetco Gray UK Ltd., ABB Offshore Systems Inc., ABB Offshore Systems Ltd., ABB Offshore Systems AS, and ABB Vetco Gray Inc.

2. Vetco International includes numerous entities under its corporate umbrella and conducts its business through business divisions whose activities are frequently conducted outside the formal corporate structure. These divisions organizationally correspond to particular business areas. The relevant divisions are: (a) Vetco Gray; and (b) Vetco Aibel. The entities and assets of Vetco International that relate to the manufacture of subsea, surface and drilling equipment for oil field operators are organized into the Vetco Gray division, which also manages Engineering, Procurement and Construction (“EPC”) project execution and business development for subsea projects. The entities and assets of Vetco International that relate to maintenance and modification operations, including its Floating Production Systems Operations, are organized into the Vetco Aibel division.

3. The Vetco Gray division includes the historical Vetco Gray businesses as they existed prior to July 12, 2004. Those entities included, among others, ABB Vetco Gray UK Ltd., ABB Offshore Systems Inc., and ABB Offshore Systems Ltd. Since July 12, 2004, these entities were renamed Vetco Gray UK Limited, Vetco Gray Controls Inc., and Vetco Gray Controls Limited, respectively. The Vetco Gray division also includes certain units of the former ABB Offshore Systems AS later renamed Vetco Aibel AS.

4. Since July 12, 2004, Vetco Limited (later renamed and hereinafter referred to as "Aibel Group Limited"), a subsidiary of Vetco International incorporated in the United Kingdom, has been the direct parent of, among others, three principal subsidiaries -- Vetco Aibel AS, Vetco Aibel Holding Limited and Drilling Controls Inc.⁵ Vetco Aibel AS was the new name given to the portions of ABB Offshore Systems AS in Norway that operated principally within Norway and its immediate offshore areas. During 2005, some of the personnel of Aibel Group Limited and certain business units of Vetco Aibel AS were transferred to Vetco Aibel Controls Inc. in the United States. Vetco Aibel Holding Limited, a United Kingdom company, was established in July 2004 as the holding company for the ABB Offshore Systems entities established in countries outside Norway, including those in Africa, Asia and Latin America. Drilling Controls Inc., a Delaware corporation based in Houston, Texas, was established on December 7, 2006, and includes operations and personnel transferred from Vetco Gray Controls Inc.

⁵ On or about December 7, 2006, Vetco Limited was renamed Aibel Group Limited. A new holding company, Aibel Limited, was incorporated in the United Kingdom to hold Aibel Group Limited and its subsidiaries and affiliates. That holding company will not have any operations and its main operating subsidiary will be Aibel Group Limited which will have the main policy-making board of directors for all Aibel entities.

5. Aibel Group Limited is a “person” within the meaning of the Foreign Corrupt Practices Act, 15 U.S.C. § 78dd-3(f)(1). As more fully described herein, as a result of its wholly owned subsidiaries, Vetco Aibel AS and Vetco Aibel Holding Limited, having frequently used their affiliated U.S. entities and their personnel for the benefit of Aibel Group Limited and its subsidiaries and affiliates in connection with their joint performance of subsea projects, Aibel Group Limited, while in the territory of the United States, made use of and caused the use of the mails and means and instrumentalities of interstate commerce within the meaning of the Foreign Corrupt Practices Act, 15 U.S.C. § 78dd-2(a) and 78dd-3(a).

6. Between in or about September 2002 and in or about April 2005, Aibel Group Limited and its principal subsidiary Vetco Aibel AS frequently used the services of ABB Offshore Systems Inc. in the United States, as well as its successor entity, Vetco Gray Controls Inc. (collectively referred to as “Vetco Gray Controls Inc.”) and its employees. Vetco Gray Controls Inc. is a corporation organized under the laws of Texas with its headquarters in Houston, Texas. Vetco Gray Controls Inc. has general responsibility within the Vetco Gray division for both manufacturing subsea equipment as well as managing the technical, commercial and administrative coordination of subsea EPC projects. Vetco Gray Controls Inc. is a “domestic concern” within the meaning of the Foreign Corrupt Practices Act, 15 U.S.C. § 78dd-2(h)(1)(B).

7. Between in or about September 2002 and in or about April 2005, Aibel Group Limited and its principal subsidiary, Vetco Aibel AS, frequently used the services of ABB Vetco Gray UK Ltd., as well as its successor entity, Vetco Gray UK Limited (collectively referred to as “Vetco Gray UK”) and its employees. Vetco Gray UK is incorporated under the laws of the United Kingdom, with its principal place of business in Aberdeen, Scotland. Vetco Gray UK has

general responsibility within the Vetco Gray division for business in the “Eastern Region,” which includes, among other countries, Nigeria. In that regard, Vetco Gray UK manages a base in the Onne Oil and Gas Free Zone (the “Free Zone”) that was established by the Nigerian government in Onne Port, Nigeria. Vetco Gray UK also manufactures subsea equipment. Vetco Gray UK is a “person” within the meaning of the Foreign Corrupt Practices Act, 15 U.S.C. §78dd-3(f)(1). As more fully described herein, as a result of it having frequently used its affiliated U.S. entities and their personnel for the benefit of Aibel Group Limited and its subsidiaries and affiliates in connection with their joint performance of subsea projects, Vetco Gray UK, while in the territory of the United States, made use of and caused the use of the mails and means and instrumentalities of interstate commerce within the meaning of the Foreign Corrupt Practices Act, 15 U.S.C. § 78dd-3.

8. The Ministry of Finance of the Federal Republic of Nigeria is responsible for assessing and collecting applicable duties and tariffs on goods imported into Nigeria, and does so through a government agency called the Nigeria Customs Service (“NCS”). Employees of “NCS” are “foreign officials” within the meaning of the Foreign Corrupt Practices Act, 15 U.S.C. § 78dd-2(h)(2)(A) and 78dd-3(f)(2)(A).

9. An international freight forwarding and customs clearing agent (hereinafter “Agent A”) provided services to Aibel Group Limited, through its principal subsidiary Vetco Aibel AS, as well as to Vetco Gray Controls Inc., and Vetco Gray UK, in several countries, including Nigeria. Agent A is a large, global provider of freight forwarding and logistics services, specializing in intercontinental air and ocean freight shipping and associated supply chain management solutions, including express door-to-door courier freight forwarding. Between at least in or about September 2002 and in or about April 2005, Agent A was frequently

used by Aibel Group Limited to coordinate and interact with employees of NCS on behalf of Vetco Aibel AS, Vetco Gray Controls Inc., and Vetco Gray UK, for the benefit of Aibel Group Limited, in connection with subsea projects they performed jointly in Nigeria.

II. The Bonga Contract.

10. In or about February 2001, Vetco Gray UK was awarded a contract to engineer, procure and construct all subsea equipment for drilling in connection with Nigeria's first deepwater oil project, the Bonga Project (hereinafter referred to as "the Bonga Contract"). The Bonga Contract was awarded by a joint venture entity established between a private oil company and the Nigerian government (hereinafter referred to as "the customer").

11. As part of the Bonga Contract, the Vetco Gray division, which included components of Aibel Group Limited, supplied subsea equipment and associated hardware and software to facilitate oil production, including manifolds, trees, wellheads, connection systems, controls, modules, intervention equipment, integration testing, and installation support.

12. In order to fulfill its obligations under the terms of the Bonga Contract, and in part for the benefit of Aibel Group Limited, Vetco Gray UK performed certain portions of the Bonga Contract itself and delegated or subcontracted other work to several of its other corporate affiliates. For example, Vetco Gray UK built the subsea "Christmas" trees and associated hardware in Scotland, and also manufactured certain top-sides material. Aibel Group Limited, through its principal subsidiary Vetco Aibel AS, designed manifolds and supplied a portion of the subsea equipment, including umbilicals, from its facilities in Norway. Vetco Gray Controls Inc. manufactured certain of the subsea control modules and associated hardware in Houston, Texas.

13. Vetco Gray UK delegated responsibility for managing the Bonga Contract to Vetco Gray Controls Inc. It also made Vetco Gray Controls Inc. responsible for the technical, commercial and administrative coordination of the project to ensure the appropriate allocation of management and resources. Vetco Gray Controls Inc. was generally responsible for not only the overall management of the Bonga Contract, but also for transporting equipment to Nigeria and arranging for its clearance through Nigerian customs.

14. Vetco Gray Controls Inc. assigned the management of the Bonga Contract to an in-house EPC group, located in Houston, Texas (the "EPC Group"), whose primary role was to interface with the customer and with the material and service suppliers. The EPC Group also issued variation orders, approved invoices and coordinated internal efforts to recoup costs incurred in connection with the Bonga Contract. The EPC Group also monitored the Vetco International affiliates to ensure that costs incurred in connection with the Bonga Contract were allocated to the appropriate Vetco International affiliate.

15. Employee A, a Norwegian national, was an employee of AIBEL GROUP LIMITED, and its subsidiary, Vetco Aibel AS, who was seconded to Vetco Gray Controls Inc. to work in the EPC Group. From in or about March 2003 through at least in or about April 2005, Employee A was the Project Manager for the Bonga Contract. Employee A was located in Houston, Texas.

16. Employee B, a United States citizen, was an employee of Vetco Gray Controls Inc.'s EPC Group. From in or about September 2002 until in or about April 2005, Employee B was the Logistics Coordinator for the Bonga Contract and was located in Houston, Texas.

17. Each of the Vetco International affiliates that supplied products for the Bonga Contract appointed their own deputy project manager for Bonga. Because Aibel Group Limited,

through its principal subsidiary, Vetco Aibel AS, manufactured manifolds and supplied a portion of the subsea equipment for the Bonga Contract, it had a deputy project manager. From in or about December 2002 until in or about April 2005, Employee C was the AIBEL GROUP LIMITED's Deputy Project Manager. Employee C, a Norwegian national, was an employee of AIBEL GROUP LIMITED's principal subsidiary, Vetco Aibel AS. Employee C was located in Norway. Employee C and other deputy project managers reported to Employee A in Houston and frequently communicated with Employee B regarding shipment of equipment and goods to Nigeria.

18. Employee A and Employee B, in connection with coordinating and managing shipments for the Bonga Contract, also often communicated with the Vetco Gray UK Onne Base Manager in Nigeria (hereinafter "Employee D"). From in or about September 2002 to in or about February 2003, Employee D, a Norwegian national, was an AIBEL GROUP LIMITED employee that served as an "in country" EPC representative. From in or about February 2003 to in or about June 2005, Employee D was seconded to Vetco Gray UK to serve as an Onne Base Manager.

19. The Vetco International affiliates that supplied products for the Bonga Contract typically relied upon the EPC Group in Houston, and in particular Employee B, to make transportation and customs clearance arrangements for goods which had to be imported into Nigeria. Moreover, Vetco Gray Controls Inc. was responsible for paying for the transportation and customs clearance costs for equipment sent to Nigeria pursuant to the Bonga Contract. Vetco Gray Controls Inc., via the EPC Group, typically sought to recover such costs from its customer on the Bonga Contract. However, in instances where the EPC Group determined that a Vetco International affiliate should instead bear the costs, the EPC Group either sought to

recover such charges from the Vetco International affiliate, or requested that the Vetco International affiliate pay the associated costs in the first instance.

20. The EPC Group used Agent A for logistics services on the Bonga Contract, and as such, Agent A was to handle all aspects of the freight and customs clearance process in Nigeria on behalf of the Vetco International entities. With regard to customs clearance, Agent A made arrangements to clear equipment and goods through Nigerian customs and assisted in both the processing of required documents and in obtaining all required approvals from NCS officials. Agent A also conducted weekly reviews of the status of shipments going through the clearing process, and informed Vetco International employees regarding any official payments that needed to be made. Before goods were cleared for shipment to, or use by, the customer on its offshore rigs, Vetco International would either arrange to make such payments, including any customs duties, or request the customer do so. Agent A did not typically have a role in the payment of duties. However, at the request of Vetco International employees, Agent A often became involved to resolve problems or disputes that arose in connection with the customs clearing process.

21. Agent A typically invoiced Vetco Gray Controls Inc. for its work in Nigeria related to the Bonga Contract. The EPC Group would then determine if another Vetco International affiliate involved in the Bonga Contract was responsible for paying for the services of Agent A.

III. Overview of the Violation.

22. In or about November 2003, Aibel Group Limited, through its principal subsidiary, Vetco Aibel AS, and Employee C, the Deputy Project Manager for Aibel Group Limited, authorized a corrupt payment by Agent A to NCS officials in Nigeria to induce those

officials to provide Aibel Group Limited preferential treatment in the customs clearance process and to secure an improper advantage with respect to the importation of equipment and goods into Nigeria.

23. The corrupt payment was negotiated between Employee D, an Aibel Group Limited employee and Onne Base Manager, and a representative of Agent A, and discussed with and approved by Employee A, the Bonga Project Manager, and Employee C. In total, a corrupt payment of six million Naira, or approximately USD \$45,454 (at the time), was paid to NCS officials in Nigeria. In or about December 2004, after Agent A sought reimbursement from Employee D for the corrupt payment, Aibel Group Limited, through Employee C, agreed with Employee A, Employee B, and Employee D, to instruct Agent A to issue a false invoice, concealing the corrupt payment, and to forward it to Vetco Gray Controls Inc. for payment. Aibel Group Limited and Employees A, B, C, and D then instructed Vetco Gray Controls Inc. to pay the invoice.

IV. Details of the Violation.

24. As detailed in paragraph 9, beginning in or about September 2002 through in or about April 2005, Agent A was used by the Vetco International entities involved in the Bonga Contract to assist in the clearance of equipment and goods through, or to avoid, Nigerian customs. Although Agent A published a tariff rate sheet that listed its services in Nigeria, it also provided “other services” in that country that were neither listed nor openly advertised, including an “express courier service,” “interventions” and “evacuations”. These “unlisted services” could be used by Vetco International entities when: (a) equipment and goods were improperly or illegally imported into Nigeria; (b) documentation for imported goods was not in order; (c) there were delays in clearing equipment and goods through the lawful customs process due to the

failure to post bonds with sufficient funds to cover duties and tariffs; or (d) infractions of Nigerian customs laws were committed by, or on behalf of, the above-mentioned Vetco International entities.

A. Aibel Group Limited's Knowledge of Agent A's Unlawful Services.

25. Vetco International employees who were responsible for the performance of the Bonga Contract, including Employees A, B, C and D, knew that in connection with its unlisted services Agent A made corrupt payments to NCS officials to induce those officials to disregard their official duties and responsibilities and to provide preferential treatment and otherwise obtain improper advantages regarding the customs clearance process for the Vetco International entities.

26. As early as in or about September 2002, when delays in the clearance of equipment and goods through Nigerian customs jeopardized the Bonga Contract first oil and production schedule, representatives of Agent A offered their company's "unlisted" services to employees of Vetco Gray Controls Inc. and Aibel Group Limited, in order to expedite the customs clearance process. During a telephone conversation with, among others, Employee B, the EPC Group Logistics Coordinator located in the United States, representatives of Agent A explained that goods could be delivered in Nigeria "customs cleared." The Agent A representatives further explained that for this service two invoices would be rendered: one purporting to be based upon the weight of the shipment and another for a "local processing fee" or a similar term. The representatives of Agent A advised that this express courier service would result in a significant reduction of any customs duty obligation. The Agent A representatives were emphatic that Agent A would not provide any receipt evidencing any payment of Nigerian customs duties when those "unlisted" services were used.

27. Subsequent to that call, in or about 2002 and 2003, Employee B learned from another representative of Agent A that the express courier service operated pursuant to an “on the side,” “internal” agreement between Agent A and NCS officials. When Employee B inquired about the agreement, the representative of Agent A stated that “it was none of [Employee B’s] business how [Agent A would] get it done,” and that Employee B did not want to know what Agent A did in connection with its unlisted express courier service.

28. Based on the information provided by Agent A’s representatives, Employee B understood that in addition to freight costs, a corrupt payment to NCS officials would be made in order to clear the goods through customs. Further, Employee B, and employees of Aibel Group Limited and the other Vetco International entities understood that the second invoice submitted by Agent A to Vetco International entities would include a “local processing fee,” later revised to “administrative/transport fee,” that would never be substantiated by any official, government-issued receipt.

29. Despite this knowledge, Employee B, for the benefit of Aibel Group Limited and its affiliated companies responsible for completion of the Bonga Contract, on numerous occasions between in or about 2002 and in or about 2004, arranged for equipment and goods manufactured by Aibel Group Limited to be shipped to Nigeria using Agent A’s “unlisted” express courier service.

30. Employee D also knew that Agent A made corrupt payments in connection with its services performed for Aibel Group Limited and its affiliated companies in Nigeria and in or about February 2004, Employee D advised personnel at Vetco Gray Controls Inc., including Employees A and B that “[a]s we all know, [Agent A’s courier service] is a movement into the country when customs are paid to ‘close their eyes.’”

31. Further, in or about January 2005, Employees A and B learned from a representative of Agent A that the “local processing fees” did not include any customs duty payment because the unlisted express courier service “always includes the transportation only, but never duties/taxes.”

32. Other services offered by Agent A, identified as “interventions” and “evacuations,” also involved the making of corrupt payments to NCS officials. In or about January 2005, a representative of Agent A described an “intervention” as a form of negotiation with a Nigerian government official pursuant to which Agent A “intervened” to settle a problem discovered by the official, typically involving a customs or immigration matter. Agent A’s representative explained that the cost of the intervention depended on the size of the “favor” needed to resolve the problem and, therefore, the Nigerian government official receiving the payment would not provide any receipt. On or about January 2004, “evacuations” were similarly described by representatives of Agent A as a “negotiated” fee paid “in case of discrepancies on documentation.”

33. Although employees of Aibel Group Limited, Vetco Gray Controls Inc. and Vetco Gray UK knew that the unlisted, un-receipted services of Agent A involved the making of corrupt payments to NCS officials, these employees nevertheless continued to authorize Agent A to perform interventions or to otherwise assist in resolving disputes with Nigerian customs officials to assist Aibel Group Limited and its affiliated companies in the performance of the Bonga Contract. One such dispute arose in or about June 2003 regarding material and parts for manifolds that had been imported into Nigeria for the Bonga Contract during the fall of 2002.

B. Aibel Group Limited's Unlawful Manifold Customs Payment.

34. As set out in paragraph 12, Aibel Group Limited was responsible for designing and supplying manifolds for the Bonga Contract. In or around the fall of 2002, under the direction of Employee C, Aibel Group Limited imported raw materials for the production of manifolds into Nigeria. An agent other than Agent A was used in the fall of 2002 to arrange for clearance of the materials through customs. Despite the fact that customs duties had not been paid on the materials when they had been imported, the materials were transported from the Customs Free Zone to a fabrication facility known as Ascot, near Port Harcourt, Nigeria. After the fabrication of the manifolds was complete, Employee B arranged for Agent A to return the completed manifolds to the Free Zone whereupon the manifolds were shipped to an offshore oil rig.

35. On or about June 4, 2003, Employee D and other Vetco Gray UK employees in Nigeria learned that an NCS official determined that the removal of the equipment by Agent A from Ascot and from the Free Zone was an "attempt to deprive the [Nigerian] Federal Government of its revenue." Vetco Gray UK employees were given "up to the weekend to sort things out" or the official would "apply the full weight of the law."

36. On or about June 4, 2003, Employee D alerted Employee C that the matter "could come up in 10M Nairas since it seems the paper work isn't in complete order." Employee D further told Employee C that he would discuss the matter with Agent A and "hopefully we can get this issue resolved."

37. On or about June 9, 2003, Employee D learned that the NCS official had again warned that the unauthorized removal of the manifolds "without customs clearance" was "a serious offense under the customs law that attract serious penalties, financially and otherwise."

38. On or about October 31, 2003, Employee D informed Employee A, the Vetco Gray Controls Inc. Bonga Project Manager in Houston, that Employee C insisted that the EPC Group in Houston needed to resolve the problem. Employee D explained that the materials originally sent to Nigeria by Aibel Group Limited had “a real [customs] duty of 9.8 M[illion] Naira (72,000 USD) that should have been paid but wasn’t properly coordinated when the materials, in the meantime were removed from the Onne Free Zone in autumn 2002. Likewise the necessary information wasn’t given before the transport back to Onne, this resulted in paperwork that didn’t properly reference ‘the books’ and will result in punishment.” Employee D assured Employee A that Agent A “can now solve this” and that Agent A had “reduced” the amount owed to 5 million Naira. Employee D emphasized that quick approval of the payment was necessary and that the payment could be referred to as an “‘evacuation cost’ . . . or a direct custom/handling cost.” Employee D advised Employee A that the payment was the responsibility of Employee C at Aibel Group Limited.

39. On or about October 31, 2003, Employee A informed Employee C that the matter was Employee C’s responsibility and that Employee C needed to “sort this out asap” because Aibel Group Limited had created this “mess.”

40. On or about November 3, 2003, Agent A informed Employee D that the “customs [official] was insisting on six million Naira [approximately \$45,454]” because “more people of customs are involved due to the long time it took to find an agreement.” Agent A told Employee D that it had tried to convince the customs officials to accept the “previous intervention” figure of five million Naira that he had requested but that Agent A was not successful. Employee D authorized Agent A to “do this,” but requested that Agent A “at the same time give it a go for the 5M again.” Later that day, Agent A advised Employee D that after lengthy discussions, it had

failed to convince the customs official to take the lesser sum and that the “intervention” payment was still six million Naira.

41. On or about November 4, 2003, Employee C informed Employee D that the proposed “evacuation cost sounds fine” since it resulted in a savings of money for Vetco International. Employee C further requested that Employee D have Agent A “spread the cost” on its invoice on typical charges to the customer, rather than invoice Aibel Group Limited directly. Employee A agreed with Employee C’s instructions.

42. Having received the authorization of Employees A and C, on or about November 4, 2003, Employee D confirmed to Agent A that “we agree to pay the 6M Naira to close the related customs issue.” Employee D told Agent A that it would be instructed later on “the format and information to be included on your invoice.”

43. Although Agent A confirmed that it made the corrupt payment to NCS officials in or about November 2003, as of in or about October 2004, Vetco International had not paid Agent A for its “intervention” or “evacuation” service. On or about October 6, 2004, a representative of Agent A met with Employee D in Nigeria to discuss the “outstanding” payment. Employee D thereafter notified Employees A and B of the pressure Agent A had exerted for payment.

44. On or about November 29, 2004, a representative of Agent A sent an email to Employee B in Houston regarding “Manifold Foundations from Ascot Yard – PHC-NGN 6 Mio Customs Duty,” and noted that Agent A had been advised to invoice Vetco Gray Controls Inc. “in Houston for these charges.” Employee B understood that Agent A was to be paid for that service by Aibel Group Limited and not Vetco Gray Controls Inc. Therefore, Employee B referred a representative of Agent A to Employee C.

45. On or about December 15, 2004, Employee C in an email informed Employee B that Agent A's charges were not the responsibility of the manifold group in Norway, but rather of the EPC Group in Houston. Subsequently, Employees A, B, C and D, among others, decided during a telephone conference between Norway and the United States that Agent A would send an invoice to the EPC Group in Houston for the manifolds incident that involved Aibel Group Limited. Employee B was instructed to so inform Agent A and ask it for a customs receipt to back up the cost.

46. On or about December 15, 2004, Employee B instructed Agent A in writing that the invoice should be sent to his attention in Houston and that the invoice should state as the reason for the six million Naira payment "Manifold Foundation Customs Clearance Cost." Employee B asked Agent A's representative for a receipt that the amount was paid to "Nigeria customs" and confirmation that the "issue is closed" and that there would be no further invoices from Agent A on the matter. When Vetco Gray Controls Inc. made this request, it knew that its customer under the Bonga Contract already had refused to reimburse Vetco Gray Controls Inc. for charges incurred by Agent A unless Vetco Gray Controls Inc. was able to produce official, government-issued receipts for any payment made to Nigerian customs.

47. By on or about April 4, 2005, a representative of Agent A had sent Employee B the requested invoice. However, it did not append any official receipt evidencing the payment of customs duties. In another attempt to obtain an official receipt, Employee B wrote Agent A, "There must be something you can send me to support this cost?" On or about April 8, 2005, a representative of Agent A replied to Employee B that the "reason for the costs [payment] were the blockage of Vetco through customs and the necessity to have the cargo moved. There are no further vouchers available."

48. On or about April 11, 2005, after Employee B again requested “something” to show that the amount was “paid to Nigeria customs,” a representative of Agent A replied: “We discussed this now on several occasions. We issued now the invoice as requested by yourself. You know exactly what was done and how all this came together.” Agent A, in accordance with the warning it gave in 2002 when it described its express courier service to Vetco International employees, did not provide any official government receipt to Aibel Group Limited or Vetco Gray Controls Inc. for the above-mentioned corrupt payment Agent A made on their behalf to NCS officials.

V. Systemic Failure of Compliance Procedures and Internal Controls.

49. The conduct described above, part of a much larger pattern of improper payments to Nigerian customs officials, was facilitated in significant part by the systemic failure of the Vetco International entities to effectively institute and implement a compliance system, internal controls, training and other procedures, as required by the Department of Justice’s FCPA Opinion Release No. 2004-02, sufficient to have deterred and detected violations of the FCPA which continued unabated from the period prior to the acquisition of the Vetco International entities by its current owners on or about July 12, 2004 until at least the middle of 2005.

50. This conduct continued notwithstanding the commitments made to the Department of Justice in connection with the request for FCPA Opinion Release 2004-02 at the time of the acquisition of the Vetco International entities, that the Vetco International entities would, among other things: (a) adopt a rigorous anti-corruption compliance code designed to detect and deter violations of the FCPA and of foreign anti-corruption laws; (b) provide regular training on the requirements of the FCPA and of applicable foreign anti-corruption laws on a periodic basis to all shareholders, directors, officers, employees, agents and business partners; (c)

require annual certifications regarding compliance; (d) establish extensive pre-retention due diligence requirements pertaining to, as well as post-retention oversight of, all agents and business partners, including the maintenance of complete due diligence records at Vetco; (e) institute procedures to ensure that all necessary and prudent precautions were taken to form business relationships with reputable and qualified parties; and (f) adopt financial and accounting procedures designed to ensure that the newly-acquired entities maintain a system of internal accounting controls and make and keep accurate books, records and accounts.

VI. Conclusion.

51. As a result of the facts as set forth above, Aibel Group Limited, admits that it is a “person” within the meaning of the Foreign Corrupt Practices Act, 15 U.S.C. § 78dd-3(f)(1) and that entities and its personnel, while in the territory of the United States, made use of and caused the use of the mails and means and instrumentalities of interstate commerce to pay a sum of money to a NCS official, a foreign government official, for the purpose of influencing the NCS official to use his official capacity to secure an improper advantage for Aibel Group Limited.

CERTIFICATE OF CORPORATE RESOLUTION

A copy of the executed Certificate of Corporate Resolutions is annexed hereto as “Attachment B.”

**VETCO INTERNATIONAL LIMITED
CERTIFICATE OF CORPORATE RESOLUTIONS**

I, James L. Gunderson, do hereby certify that I am the Secretary of Vetco International Limited (“Vetco”), a company incorporated in England and Wales, and that the following is an accurate excerpt of certain resolutions unanimously adopted by the Board of Directors of Vetco at a meeting held by teleconference on November 21, 2006 at which a quorum was present:

WHEREAS, the Board of Directors of Vetco International Limited, a U.K. company (the “Company”) has been informed by Mr. Gunderson of a proposed settlement with the United States Department of Justice (“DoJ”) in relation to certain matters which have been under investigation by DoJ (the “Proposed Settlement”), and the key terms of the Proposed Settlement have been distributed to the members of the Board as Annex 1 to the Proposed Settlement Resolutions;

WHEREAS, the Proposed Settlement contemplates

Vetco Limited (to be renamed “Aibel Group Limited”):

(1) entering into a Deferred Prosecution Agreement with the United States (the “DPA”) which sets out the obligations (including those in the Opinion Release of July 2004 and subsequent undertakings) to be undertaken by Vetco Limited, its parent and its subsidiaries and affiliates;

(2) agreeing to (A) the appointment to the Board of Vetco Limited, its parent (if and when established) and its three principal subsidiaries, of an Executive Chairman who is not affiliated with the principal shareholders; (B) the establishment of a Compliance Committee to each of the above Boards, with a majority of members and Chairperson who is similarly not affiliated with the principal shareholders; and (C) the engagement of a Compliance Counsel with the duties and obligations set out in the DPA; all to be pre-approved by the Department of Justice and to serve under the terms set out in the DPA for a period of three years; and

(3) Vetco Limited agreeing to include in any sale or merger agreement the requirement that the successor or purchaser company abide by the commitments set out in the DPA.

NOW, THEREFORE, BE IT:


RESOLVED, that the key terms of the Proposed Settlement that have been distributed to the members of the Board as Annex 1 to the Proposed Settlement Resolutions are hereby approved and the Proposed Settlement is hereby agreed to in principle by the Company;

RESOLVED, that Peter Goode, Chief Executive Officer of the Company and Executive Chairman of Vetco Limited (to be renamed Aibel Group Limited),

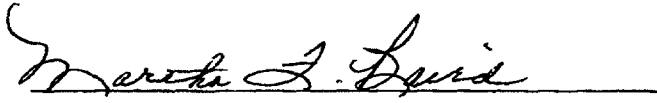
is authorized and directed to execute and deliver the Plea Agreement on behalf of Vetco Gray UK Limited, Vetco Gray Controls Inc. and Vetco Gray Controls Limited, and the Deferred Prosecution Agreement on behalf of Aibel Group Limited and such other documents, to take such other and further actions as may be approved by the Compliance Committee or subcommittee thereof, as applicable, to consummate the Proposed Settlement and the resolution of the investigation of past payments and practices referenced above, including appearing before the United States District Court for the Southern District of Texas, Houston Division, to agree to the DPA, enter pleas of guilty on behalf of the three Vetco Gray entities and accept the sentencing of the Court.

I further certify that the aforesaid resolutions have not been amended or revoked in any respect and remain in full force and effect on the date of this certification.

IN WITNESS WHEREOF, I have executed this Certificate on December 7, 2006.

By: 
James L. Gunderson, Secretary
Vetco International Limited

Signed before me this 7th day of December, 2006.


Martha F. Baird
Notary Public in and for the State of Texas

