

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

UNITED STATES OF AMERICA	:	NO: CR H-07-005 (LNH)
	:	
v.	:	PLEA AGREEMENT
	:	
AIBEL GROUP LIMITED,	:	
	:	
Defendant.	:	
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Pursuant to Rule 11(c)(1)(C) of the Federal Rules of Criminal Procedure, the United States of America, by and through Steve A. Tyrrell, Chief of the Fraud Section, United States Department of Justice, Criminal Division (“Department of Justice” or the “Department”) and the defendant, AIBEL GROUP LIMITED (“Aibel Group” or “Defendant”),¹ a United Kingdom corporation, by its undersigned attorneys, and pursuant to authority granted by its Board of Directors, hereby submit this Plea Agreement (“Agreement”), which shall apply to Aibel Group and its subsidiaries and affiliates. The terms and conditions of this Agreement are as follows:

The Defendant’s Agreement

1. Defendant agrees to waive indictment and plead guilty to a two-count information filed in the Southern District of Texas charging a conspiracy to violate the Foreign Corrupt Practices Act of 1977 (“FCPA”), as amended, 15 U.S.C. § 78dd-3, in violation of 18 U.S.C. § 371 (Count 1), and a violation of the FCPA, 15 U.S.C. § 78dd-3 (Counts 2). Defendant further agrees to persist in that plea through sentencing and, as set forth below, to fully cooperate with the Department.

¹ Aibel Group Limited consists of the principal subsidiaries: Aibel Holding Limited, Aibel International AS (Aibel Group Limited’s primary operating company), and Drilling Controls Inc.

2. Defendant understands and agrees that this Agreement is between the Department and Defendant and does not bind any other division or section of the Department of Justice or any other federal, state, or local prosecuting, administrative, or regulatory authority. Nevertheless, the Department will bring this Agreement and the cooperation of Defendant, its direct or indirect affiliates, subsidiaries, and parent corporations, to the attention of other prosecuting authorities or other agencies, if requested.

3. Defendant agrees that this Agreement will be executed by an authorized corporate representative. Defendant further agrees that a Resolution duly adopted by the Board of Directors of Aibel Group in the form attached to this Agreement as Exhibit 1, or in a substantially similar form, represents that the signature on this Agreement by Aibel Group and its counsel are authorized by the Board of Directors of Aibel Group.

4. Defendant agrees and represents that it has the full legal right, power and authority to enter into and perform all of its obligations under this Agreement.

5. Defendant agrees that any fine or restitution imposed by the Court will be due and payable within five (5) business days from the date of sentencing, and defendant will not attempt to avoid or delay payments. Defendant further agrees to pay the Clerk of the Court for the United States District Court for the Southern District of Texas the mandatory special assessment of \$400 per count within five (5) business days from the date of sentencing.

6. Defendant agrees that if the company issues a press release in connection with this Agreement, Defendant shall first consult the Department to determine whether the text of the release is acceptable, and shall only issue a press release that has been deemed acceptable to the Department.

7. Defendant agrees to abide by all terms and obligations of this Agreement as

described herein, including but not limited to the following:

- a. To plead guilty as set forth in this Agreement;
- b. To abide by all sentencing stipulations contained in this Agreement;
- c. To: (i) appear, through its duly appointed representatives, as ordered for all Court appearances; and, (ii) obey any other ongoing Court order in this matter;
- d. To commit no further crimes;
- e. To be truthful at all times with the Court;
- f. To pay the applicable fine and special assessment;
- g. To place \$4,200,000, the agreed-upon fine, in an escrow account or letter of credit held or issued by, as the case may be, a mutually agreeable escrow agent or bank within five (5) business days of execution of this Agreement;
- h. Assuming the Court accepts this Agreement, including the agreed-upon fine, to pay the Clerk of the Court for the United States District Court for the Southern District of Texas within (5) business days of sentencing the \$4,200,000 it has placed in escrow.

8. Defendant further agrees to cooperate with the Department as directed and with any other federal, state, or local or foreign law enforcement agency. This cooperation requires that Defendant:

- a. Provide and/or ensure that the Department is given access to all Aibel Group officers, directors, employees, agents, and consultants for interviews and testimony in the United States relating to such the illegal payments described in the attached Statement of Facts ;
and
- b. Provide access to copies of original documents and records relating to such payments if requested to do so.

9. Defendant agrees that it shall submit a written report to the Court, if required, and the Department from its Norwegian counsel and U.S. counsel to the Department twelve (12) months and twenty-four (24) months after the execution of this Agreement describing the efforts it has undertaken to put in place controls and systems to comply with Norwegian and any other applicable anti-bribery laws. Additionally, if Defendant determines there is a reasonable basis to believe that it or any of its subsidiaries, affiliates, directors, officers or employees have committed violations of Norwegian criminal law, based upon either the findings of Compliance Counsel in any of his reports or as otherwise identified Defendant, Defendant agrees to report such violations to the appropriate Norwegian law enforcement authorities. It is the intent of this Agreement, that the reporting obligation will attach to the successor-in-interest to Aibel Group's primary operating company as provided by paragraph 10 of this Agreement.

10. Defendant agrees that in the event it sells, merges or transfers its primary operating company as it exists as of the date of this Agreement, whether such sale(s) is/are structured as a stock or asset sale, merger, or transfer, Defendant shall include in any contract for sale, merger or transfer a provision fully binding the purchaser(s) or any successor(s) in interest thereto to the obligations described in this Agreement.

The United States' Agreement

11. In exchange for the corporate guilty plea of Defendant and the complete fulfillment of all of its obligations under this Agreement, the Department agrees that it will not file additional criminal charges against Defendant or any of its subsidiaries based on the conduct described in the Statement of Facts attached hereto and incorporated herein as Exhibit 2. This Agreement will not close or preclude the investigation or prosecution of any natural persons, including any officers, directors, employees, agents or consultants of Defendant who may have

been involved in any of the matters set forth in the Superseding Information, Statement of Facts or in any other matters.

12. The Department agrees that immediately after imposition of sentence upon Defendant, the Department will ask that the Court terminate the previously executed Deferred Prosecution Agreement (“DPA”) and the Defendant will have no further obligations under the DPA.

Factual Basis

13. Defendant is pleading guilty because it is guilty of the charges contained in Counts 1 and 2 of the Superseding Information. Defendant agrees and stipulates that the factual allegations set forth in the Superseding Information are true and correct and accurately reflect its criminal conduct. The parties further stipulate and agree to the Statement of Facts attached hereto and incorporated herein as Exhibit 2.

Defendant’s Waiver of Rights, Including Right to Appeal

14. Defendant represents to the Court that it is satisfied that its undersigned attorneys have rendered effective assistance. Defendant understands that by entering into this Agreement, it surrenders certain rights as provided in this Agreement. The Defendant understands that the rights of a defendant include the following:

a. If Defendant persisted in a plea of not guilty to the charges, Defendant would have the right to a speedy jury trial with the assistance of counsel. The trial may be conducted by a judge sitting without a jury if Defendant, the United States, and the court all agree.

b. At a trial, the United States would be required to present witnesses and other evidence against Defendant. Defendant would have the opportunity to confront those

witnesses and its attorney would be allowed to cross-examine them. In turn, Defendant could, but would not be required to, present witnesses and other evidence on his own behalf. If the witnesses for Defendant would not appear voluntarily, it could require their attendance through the subpoena power of the court.

c. At a trial, no inference of guilt could be drawn from Defendant's refusal to present evidence. However, if Defendant desired to do so, it could present evidence on its behalf.

15. Defendant knowingly, intelligently, and voluntarily waives its right to appeal the conviction in this case. Defendant similarly knowingly, intelligently, and voluntarily waives the right to appeal the sentence imposed by the court. In addition, Defendant knowingly, intelligently, and voluntarily waives the right to bring a collateral challenge pursuant to 28 U.S.C. § 2255, challenging either the conviction, or the sentence imposed in this case, except for a claim of ineffective assistance of counsel. Defendant waives all defenses based on the statute of limitations and venue with respect to any prosecution that is not time-barred on the date that this Agreement is signed in the event that: (a) the conviction is later vacated for any reason; (b) Defendant violates this Agreement; or (c) the plea is later withdrawn. The Department is free to take any position on appeal or any other post-judgment matter.

Punishment Range

16. The statutory maximum sentence that the Court can impose for a violation of Title 18, United States Code, Section 371 is a fine of \$500,000 or twice the gross gain or gross loss resulting from the offense, whichever is greatest, 18 U.S.C. §§ 3571(c)(3) and (d); five years' probation, 18 U.S.C. § 3561(c)(1); and a mandatory special assessment of \$400, 18 U.S.C. § 3013(a)(2)(B). The statutory maximum sentence that the Court can impose for a violation of

Title 15, United States Code, Section 78dd-3 is a fine of \$2,000,000 or twice the gross gain or gross loss resulting from the offense, whichever is greatest, 15 U.S.C. §78dd-3(e)(1)(A)), 18 U.S.C. § 3571(d); five years' probation, 18 U.S.C. § 3561(c)(1); and a mandatory special assessment of \$400, 18 U.S.C. § 3013(a)(2)(B). The statutory maximum sentences for multiple counts can be aggregated and run consecutively.

Sentencing Factors

17. The parties agree that pursuant to United States v. Booker, 543 U.S. 220 (2005), the Court must determine an advisory sentencing guideline range pursuant to the United States Sentencing Guidelines. The Court will then determine a reasonable sentence within the statutory range after considering the advisory sentencing guideline range and the factors listed in 18 U.S.C. § 3553(a). The parties' agreement herein to any guideline sentencing factors constitutes proof of those factors sufficient to satisfy the applicable burden of proof.

18. The Department and the defendant agree that a faithful application of the United States Sentencing Guidelines ("USSG") to determine the applicable fine range yields the following analysis:

a. The 2006 USSG Manual sets forth the appropriate guidelines to be used in this matter.

b. Base Offense. Based upon USSG § 2C1.1, the offense level is 30, summarized as follows:

(a)(2) Base Offense Level	12
(b)(1) Specific Offense Characteristic	
(More than one bribe)	2
(b)(2) Specific Offense Characteristic	

(More than \$1,000,000)	16
	<hr/>
TOTAL	30

c. Base Fine. Based upon USSG §§ 8C2.4(a)(1), the base fine is \$10,500,000 (fine corresponding to the Base Offense level as provided in Offense Level Table).

d. Culpability Score. Based upon USSG § 8C2.5, the culpability score is *X. IUPM* *3* *1000* *2*
summarized as follows:

(a) Base Culpability Score	5
(b)(4) If the organization had 10 or more employees and an individual within substantial authority personnel participated in, condoned, or was willfully ignorant of the offense.	1
(g) The organization (A) prior to an imminent threat of disclosure or government investigation; and (B) within a reasonable amount of time after becoming aware of the offense, reported the offense, fully cooperated, and clearly demonstrated recognition and affirmative acceptance of responsibility for its criminal conduct	<u>-5</u>
TOTAL	1

e. Calculation of Fine Range.

Base Fine	\$10,500,000
Multipliers	0.20 / 0.40
Fine Range	\$2,100,000 / \$4,200,000

Sentencing Recommendation

19. Pursuant to Rule 11(c)(1)(C) of the Federal Rules of Criminal Procedure, the Department and defendant agree that the following represents the appropriate disposition of the case:

a. Fine. \$4,200,000

b. Organizational Probation. The parties agree that a two-year term of organizational probation is appropriate in this case and shall include, the following conditions:

(i) Defendant shall not commit another federal, state or local crime during the term of probation (USSG § 8D1.3(a);

(ii) Defendant shall submit a written report to the Court, if required, and the Department from its Norwegian counsel and U.S. counsel to the Department twelve (12) months and twenty-four (24) months after the execution of this Agreement describing the efforts it has undertaken to put in place controls and systems to comply with Norwegian and any other applicable anti-bribery laws.

c. Mandatory Special Assessment. Defendant shall pay to the Clerk of the Court for the United States District Court for the Southern District of Texas within (5) business days of the time of sentencing the mandatory special assessment of \$400 per count.

20. The parties have agreed that the disposition described herein represents an appropriate disposition of the case based upon the following factors:

a. Defendant entered into a DPA with the Department on January 3, 2007. The DPA contains provisions that required, among other things, that Defendant: (1) establish a Compliance Committee of its Board of Directors; (2) engage outside compliance counsel to monitor its duties and obligations under the DPA; and, (3) 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. Since that time, Defendant has committed substantial time, personnel, and resources to meeting the obligations of the DPA. Despite that fact, Defendant has failed to meet its obligations.

b. Based upon its failure to meet its obligations under the DPA, Defendant has voluntarily agreed to the entry of a guilty plea. By entering into and fulfilling its obligations under this Agreement, Defendant has demonstrated recognition and affirmative acceptance of responsibility for its criminal conduct and its failure to meet the obligations of the DPA;

c. The plea underlying this Agreement is a result of the voluntary disclosure made by Defendant's predecessor entity, Vetco Limited, through its counsel, to the Department beginning in May 2005 and the disclosure of the extensive investigation its attorneys subsequently conducted;

d. At the time of the initial disclosure, the conduct was unknown to the Department; and

e. Affiliated entities, Vetco Gray Controls Inc, Vetco Gray Controls Limited, and Vetco Gray Control Inc., Vetco Gray UK, in three separate plea agreements, previously agreed to plead guilty to charges in a separate, but related criminal informations, and to pay fines

totaling \$26,000,000, collectively.

21. Defendant understands that, if the Court rejects this Agreement, the Court must: (i) inform the parties that the Court rejects the Agreement, (ii) advise Defendant's counsel that the Court is not required to follow the Agreement and afford Defendant the opportunity to withdraw its plea, and (iii) advise Defendant that if the plea is not withdrawn, the Court may dispose of the case less favorably toward Defendant than the Agreement contemplated.

Consolidation of Plea and Sentencing (and Waiver of Presentence Investigation)

22. The parties agree, subject to the Court's approval, to waive the requirement for a presentence report, pursuant to Federal Rule of Criminal Procedure 32(c)(1)(A), based on a finding by the Court that the record contains information sufficient to enable the Court to meaningfully exercise its sentencing power. However, the parties agree that in the event the Court orders the preparation of a presentence report prior to sentencing, such order will not affect the agreement set forth herein. Additionally, if the Court directs the preparation of a presentence report, the Department will fully inform the preparer of the presentence report and the Court of the facts and law related to Defendant's case.

23.. The parties further agree to request that the Court's combine the entry of the plea and sentencing into one proceeding. However, the parties agree that in the event the Court orders that the entry of the guilty plea and sentencing hearing(s) occur at separate proceedings, such an order will not affect the agreement set forth herein.

Breach of Agreement

24. If Defendant breaches the terms of this Agreement, or commits any new criminal offense between signing this Agreement and sentencing, the Department is relieved of its obligations under this Agreement, but Defendant may not withdraw its guilty plea. Whether

Defendant has breached any provision of this Agreement shall be determined solely by the Department.

25. In the event of a breach of this Agreement by Defendant, should the Department elect to pursue criminal charges, or any civil or administrative action that was not filed as a result of this Agreement, then:


a. Defendant agrees that any applicable statute of limitations is tolled between the date of Defendant's signing of this Agreement and the discovery by the Department of any breach by Defendant; and

b. Defendant waives all defenses based on the statute of limitations, any claim of preindictment delay, or any speedy trial claim with respect to any such prosecution or action, except to the extent that such defenses existed as of the date of the signing of this Agreement.

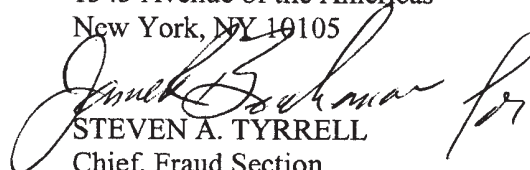
Complete Agreement

26. This letter states the full extent of the agreement between the parties. There are no other promises or agreements, express or implied. Any modification of this Agreement shall be valid only if set forth in writing in a supplemental or revised plea agreement signed by all parties.

FOR AIBEL GROUP LIMITED:


LAWRENCE BYRNE
LINKLATERS LLP
1345 Avenue of the Americas
New York, NY 10105

FOR THE DEPARTMENT:


STEVEN A. TYRRELL
Chief, Fraud Section
Criminal Division

Filed at Houston, Texas, on November 7, 2008.

CERTIFICATE OF COUNSEL

I am counsel for 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 representatives of Aibel Group. 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 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 Aibel Group. 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, Aibel Group’s decision to enter into this Agreement is an informed and voluntary one.

Date: 11/7/08



LAWRENCE BYRNE
LINKLATERS LLP
1345 Avenue of the Americas
New York, NY 10105
Counsel for AIBEL GROUP LIMITED

EXHIBIT 1

CERTIFICATE OF CORPORATE RESOLUTIONS

A copy of the executed Certificate of Corporate Resolutions is annexed hereto as
“Exhibit 1.”

AIBEL GROUP LIMITED CERTIFICATE OF CORPORATE RESOLUTIONS

I, Carine Smith, do hereby certify that I am the Secretary of Aibel Group Limited, 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 Aibel Group Limited at a meeting held by teleconference on November 7, 2008 at which a quorum was present:

WHEREAS, the Board of Directors of Aibel Group Limited, a U.K. company ("Aibel Group") has been informed by Larry Byrne, Esq. of a proposed settlement with the United States Department of Justice ("Department") in relation to certain matters which have been under investigation by Department (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 that:

- a. Aibel Group will plead guilty to certain crimes pursuant to a plea agreement with the Department (the "Plea Agreement");
- b. the Department and Aibel Group will recommend to the Court that a fine of \$4,200,000 as appropriate under the circumstances;
- c. the Department and Aibel Group will agree that if the Court does not accept the proposed Plea Agreement, then the parties do not have to proceed, the Plea Agreement is considered void, and the parties are returned to their respective positions as of the date immediately prior to the execution of the Plea Agreement;

d. Aibel Group will agree to include in any sale or merger agreement of the primary operating company of Aibel Group the requirement that the successor or purchaser company abide by the commitments set out in the Plea Agreement.

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 Gary Wilson, Chief Executive Officer of the Company and ~~Executive Chairman of Aibel Group~~, is authorized and directed to execute and deliver the Plea Agreement and such other documents, to take such other and further actions as may be necessary 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 Plea Agreement 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 November 7, 2008.

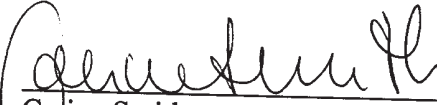

Carine Smith
Secretary
Aibel Group Limited

EXHIBIT 2

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

3. The Vetco Gray division included 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 included 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.² 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. 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

² 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. In July 2007, Aibel Group Limited was purchased by Bidco AS.

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-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. was a corporation organized under the laws of Texas with its headquarters in Houston, Texas. Vetco Gray Controls Inc. had 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 was incorporated under the laws of the United Kingdom, with its principal place of business in Aberdeen, Scotland. Vetco Gray UK had general responsibility within the Vetco Gray division for business in the “Eastern Region,” which included, among other countries, Nigeria. In that regard, Vetco Gray UK managed 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 manufactured 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 was responsible for assessing and collecting applicable duties and tariffs on goods imported into Nigeria, and did 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-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 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 Bribery Scheme.

22. From at least in or about September 2002, until at least in or about April 2005, Aibel Group Limited and its co-conspirators, known and unknown, participated in a scheme to authorize corrupt payments to NCS officials in Nigeria to induce those officials to provide preferential treatment in the customs clearance process and thereby secure an improper advantage with respect to the importation of goods and equipment into Nigeria. On at least 61 occasions, corrupt payments of approximately \$2.1 million were made to NCS officials in Nigeria on behalf of Aibel Group Limited and certain other co-conspirators. The total estimated value of the benefit received by Aibel Group Limited and certain other co-conspirators as a result of the illegal conduct was \$10,500,000.

23. Aibel Group Limited and its co-conspirators used Agent A to assist in the clearance of goods and equipment through, or to avoid, Nigerian customs. Agent A provided services in Nigeria that were neither listed on its published tariff rate sheet for Nigeria nor openly advertised, including an express air courier service, “interventions” and “evacuations.” Aibel Group Limited and its co-conspirators used these services when: (a) goods and equipment were improperly or illegally imported into Nigeria; (b) documentation for imported goods were not in order; (c) there were delays in clearing goods and equipment 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, Aibel Group Limited and/or its co-conspirators.

24. Employees of the Aibel Group Limited and certain of its co-conspirators who worked on the Bonga Contract knew that, in connection with Agent A’s unlisted services, Agent A made corrupt payments to NCS officials to induce these officials to disregard their official duties and responsibilities and to provide preferential treatment regarding the customs clearance process for Aibel Group Limited and its co-conspirators and thereby secure an improper advantage with respect to the importation of goods and equipment into Nigeria. The conduct of Aibel Group Limited and its co-conspirators was “knowing” as that term is used in the Foreign Corrupt Practices Act, 15 U.S.C. § 78dd-3(f)(3).

IV. Details of the Violations.

25. As detailed herein, 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.

26. 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 secure an improper advantage regarding the customs clearance process for the Vetco International entities.

27. 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.

28. 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.

29. 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.

30. 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.

31. 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.’”

32. 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.”

33. 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.”

34. 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.

35. As set out herein, 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.

36. 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."

37. 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."

38. 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.”

39. 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.

40. 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.”

41. 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.

42. 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.

43. 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.”

44. 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.

45. 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.

46. 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.

47. 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.

48. 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."

49. 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.

50. 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, including Aibel Group Limited, 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.

51. 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.

52. 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.