

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

U. S. DISTRICT COURT
 SOUTHERN DISTRICT OF TEXAS
 FILED
 10-6-04
 MICHAEL N. MILBY, CLERK
 BY DEPUTY

UNITED STATES OF AMERICA,) No. CR H-04-279
)
 Plaintiff,) PLEA AGREEMENT
)
 v.) FOR DEFENDANT ABB VETCO GRAY
) INC.
 ABB VETCO GRAY INC.,)
)
 Defendant.)

The United States of America, by and through Michael T. Shelby, United States Attorney for the Southern District of Texas, and Philip Urofsky, Special Counsel for International Litigation, U.S. Department of Justice, Criminal Division, Fraud Section, and the defendant, ABB VETCO GRAY INC., and the defendant's counsel, Danforth Newcomb and Stephen Fishbein of Shearman & Sterling LLP and Philip H. Hilder of Philip H. Hilder & Assocs. P.C., pursuant to Rules 11(c)(1)(A) and (C) of the Federal Rules of Criminal Procedure, state that they have entered into an agreement, the terms and conditions of which are as follows:

THE DEFENDANT'S AGREEMENT

1. Defendant agrees to waive its right to indictment by a grand jury and agrees to ~~plead guilty to a two-count Information charging ABB VETCO GRAY INC~~ and ABB Vetco Gray (UK) Ltd. with violating the Foreign Corrupt Practices

Act of 1977, as amended, 15 U.S.C. §§ 78dd-2, 78dd-3. The defendant further agrees, subject to paragraph two hereof, to persist in that plea through sentencing and, as set forth below, to fully cooperate with the United States.

2. This Agreement is entered pursuant to Rule 11(c)(1)(C) of the Federal Rules of Criminal Procedure. If the Court does not accept this Agreement pursuant to Rules 11(c)(1)(C) and 11(c)(5), then neither party will be bound by this Agreement, the defendant will be permitted to withdraw its plea, and this Agreement will be deemed null and void. Defendant acknowledges that should the Court refuse to accept this Agreement, the Fraud Section and the United States Attorney's Office will be free to continue their investigation and to initiate whatever prosecution actions they deem appropriate. If such a prosecution action is brought against the defendant, defendant shall be free to assert any applicable substantive and procedural defenses to any such investigation and prosecution.

3. This Agreement is limited to the Fraud Section and the United States Attorney's Office, and cannot bind any other federal, state, or local prosecuting, administrative, or regulatory authorities. This Agreement does not bind any other Division of the Department of Justice, including the Tax Division. However, the Fraud Section and the United States Attorney's Office

will bring this Agreement and the cooperation of ABB VETCO GRAY INC., its direct or indirect affiliates, subsidiaries, and parent corporations to the attention of other prosecuting authorities or other agencies, if requested.

4. 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 ABB VETCO GRAY INC., in the form attached to this agreement as Exhibit 1, or in a substantially similar form, represents that the signatures on this Agreement by ABB VETCO GRAY INC. and its counsel are authorized by ABB VETCO GRAY INC.'s Board of Directors.
5. Defendant agrees that the statute of limitations with respect to the criminal charges described in this Agreement and the Information will be tolled during the time period from the execution of this Agreement until the sentencing of defendant.
6. Defendant agrees that any fine or restitution imposed by the Court will be due and payable immediately, and defendant will not attempt to avoid or delay payment. Defendant further agrees to pay the Clerk of the Court for the United States District Court for the Southern District of Texas within five (5) business days of the time of sentencing the mandatory special assessment.

7. Defendant agrees to make complete financial disclosure by truthfully executing a sworn financial statement prior to sentencing if it is required to do so.

THE UNITED STATES' AGREEMENT

8. In exchange for the corporate guilty plea of ABB VETCO GRAY INC. and the complete fulfillment of all its obligations under this Agreement, the Fraud Section and the United States Attorney's Office agree not to file additional criminal charges against ABB VETCO GRAY INC. and those companies transferred by the Purchase & Sale Agreement dated January 16, 2004 for any payments or the accounting thereof disclosed to the Fraud Section or the United States Attorney's Office as of the date of this Agreement but specifically excluding any such conduct not disclosed to the Fraud Section or United States Attorney's Office as of that date or any conduct occurring after that date.¹ This Agreement will not close or preclude the investigation or prosecution of any natural persons, including any officers, directors, employees, stockholders, agents, or consultants of ABB VETCO GRAY INC., its direct or indirect affiliates, subsidiaries, or parent corporations who may

¹The defendant and its parent, ABB Ltd., together with the purchasers under the Purchase & Sale Agreement, through their respective attorneys, Shearman & Sterling LLP and Cadwalader Wickersham & Taft LLP, have conducted an extensive internal investigation concerning potentially ~~improper payments by ABB entities in a number of countries. This agreement is limited to the~~ conduct described in the country summaries and interview reports provided by Shearman & Sterling LLP and Cadwalader Wickersham & Taft LLP as of the date of this agreement.

may have been involved in any of the matters set forth in the Information or in any other matters.

NATURE OF THE OFFENSE

9. In order for defendant to be guilty of violating Title 15, United States Code, Section 78dd-3, as charged in Counts One and Two of the Information, the following must be true:

One: That the defendant is a corporation organized under the laws of a foreign country;

Two: That the defendant acted corruptly;

Three: That the defendant made use of the mails or any means or instrumentality of interstate commerce or took any other act within the United States in furtherance of an unlawful act under this statute;

Four: That the defendant offered, paid, promised to pay, or authorized the payment of any money or of anything of value;

Five: That the payment was to a foreign public official;

Six: That the payment was for one of four purposes:

— to influence any act or decision of the foreign public official;

- to induce the foreign public official to do or omit to do any act in violation of that official's lawful duty;
- to obtain an improper advantage; or
- to induce that foreign public official to use his or her influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality; and

Seven: That the payment was made to assist the defendant in obtaining or retaining business for or with, or directing business to, any person.

FACTUAL BASIS

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

WAIVER OF CONSTITUTIONAL RIGHTS

11. By pleading guilty, defendant gives up the following rights:

- a. The right to persist in a plea of not guilty.
 - b. The right to a speedy and public trial by jury.
 - c. The right to the assistance of counsel at trial.
 - d. The right to be presumed innocent and to have the burden of proof placed on the government to prove defendant guilty beyond a reasonable doubt.
 - e. The right to confront and cross-examine witnesses against defendant.
 - f. The right, if defendant wished, to offer testimony on its own behalf and present evidence in opposition to the charges, including the right to call witnesses and to subpoena those witnesses to testify.
12. By pleading guilty, defendant also gives up any and all rights to pursue any affirmative defenses, Fourth Amendment or Fifth Amendment claims, and other pretrial motions that have been filed or could be filed.

PUNISHMENT RANGE

13. The statutory maximum sentence that the Court can impose for each 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), 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).

SENTENCING RECOMMENDATION

14. The parties have agreed that the fine and Sentencing Guidelines calculations set forth below represent an appropriate disposition of the case. Should the Court reject these recommendations, the defendant shall have the right, pursuant to Rule 11(c)(5), to withdraw its plea.
15. Fine: The parties agree, based upon the stipulations set forth below, that defendant ABB VETCO GRAY INC. should be sentenced to pay a fine of \$5,250,000, within five (5) business days of the time of sentencing. The payment will be by cashier's check or money order payable to the Clerk of the United States District Court, c/o District Court's Office, P.O. Box 62010, Houston, Texas 77208, Attention: Finance. Interest on the fine is waived provided that the fine is paid within five (5) business days of the sentencing.
16. The parties agree not to seek any adjustments to, or departures from, the agreed upon payment of \$5,250,000 as set forth herein.
17. Organizational Probation: The parties agree that organizational probation need not be ordered in this case.

18. Community Service: The parties agree that community service need not be ordered in this case.
19. Forfeiture: The parties agree that forfeiture need not be ordered in this case.
20. Special Assessment: Defendant agrees to pay the Clerk within five (5) business days of the time of sentencing the mandatory assessment of \$400 per count of conviction.
21. Waiver of Presentence Report: The parties further agree, with the permission of the Court, to waive the requirement for a presentence report pursuant to Federal Rule of Criminal Procedure 32(b)(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 agreements set forth herein.
22. Entry of Guilty Pleas and Sentencing: The parties further agree to ask the Court's permission to combine the entry of the pleas and sentencing into one hearing. However, the parties agree that in the event the Court orders that the entry of the guilty pleas and sentencing hearing occur at separate hearings, such an order will not affect the agreements set forth herein.

CALCULATION OF FINE

23. The parties stipulate that the **2000 Guidelines Manual** applies to this matter and to the factual predicates set forth below and further agree that the following is the proper application of the sentencing guidelines to the Information:

a. Calculation of Offense Level :

Base Offense Level (U.S.S.G. § 2B4.1(a)):	8
Benefit received or to be received of approximately \$5,945,562 (U.S.S.G. §§ 8C2.4, 2B4.1(b)(1), 2F1.1(b)(1))	<u>+15</u>
TOTAL OFFENSE LEVEL:	23

b. Calculation of Culpability Score:

Base Score (U.S.S.G. § 8C2.5(a))	5
Involvement in or tolerance of criminal activity in an organization of 200 or more employees and an individual within high level personnel of the organization participated in, condoned, or was willfully ignorant of the offense (U.S.S.G. § 8C.2.5(b)(3))	+ 3
Self-reporting, cooperation, acceptance of responsibility (U.S.S.G. § 8C2.5(g))	<u>- 5</u>
TOTAL CULPABILITY SCORE:	3

c. Calculation of Fine Range:

Base Fine (U.S.S.G. § 8C2.4):	<u>\$5,945,562</u>
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Multipliers (U.S.S.G. § 8C2.6): 0.60 / 1.20

Fine Range (U.S.S.G. § 8C2.7): \$3,567,337.20 - \$7,134,674.40

d. The parties agree that an appropriate disposition of the case is a fine of \$5,250,000 for defendant ABB VETCO GRAY INC. based upon the following factors:

- i. By entering and fulfilling the obligations under this Agreement, defendant ABB VETCO GRAY INC. demonstrates recognition and affirmative acceptance of responsibility for its criminal conduct.
- ii. The plea underlying this Agreement is a result of the voluntary disclosure of the relevant conduct made by the indirect parent of ABB VETCO GRAY INC., ABB Ltd., to the Fraud Section in November 2003 and subsequent extraordinary disclosure and coordination of the joint investigation its attorneys subsequently conducted with the attorneys for the purchasers under the Purchase & Sale Agreement into the worldwide operations of the ABB Vetco Gray and ABB Offshore entities.
- iii. At the time of the disclosure, the conduct was unknown to the Fraud Section and the United States Attorney's Office.

- iv. By implementing an effective compliance program in connection with the Purchase and Sale Agreement, the company will implement additional policies and remedy past procedures in order to detect and prevent any further similar illegal conduct.

DEFENDANT'S OBLIGATIONS

- 24. Defendant agrees:
 - a. To plead guilty as set forth in this Agreement;
 - b. To not knowingly and willfully fail to abide by all sentencing stipulations contained in this Agreement;
 - c. To not knowingly and willfully fail 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 not commit any crime;
 - e. To not knowingly and willfully fail to be truthful at all times with the Court; and
 - f. To pay the applicable fine and special assessment.
- 25. Defendant further agrees to cooperate fully with the Fraud Section and the United States Attorney's Office and, as directed by the Fraud Section and the

United States Attorney's Office, with any other federal, state, or local or foreign law enforcement agency. This cooperation requires defendant to:

- a. Provide full disclosure of all information known to defendant or its outside counsel as of the date of this Agreement of foreign payments and the accounting thereof;
- b. Produce voluntarily all documents, records, or other tangible evidence relating to such payments about which the Fraud Section or the United States Attorney's Office, or their designee, inquires;
- c. Recommend orally and in writing that all ABB VETCO GRAY INC. officers, directors, employees, agents, and consultants cooperate fully with any investigation or prosecution conducted by the Fraud Section or the United States Attorney's Office relating to such payments, including appearing for interviews and testimony in the United States;
- d. Provide access to copies of original documents and records relating to such payments;
- e. Provide access to defendant's outside accounting consultants as well as the records, reports, and documents of those outside accounting consultants relating to such payments disclosed to the Fraud Section or the United States Attorney's Office as of the date of this Agreement; and

- f. Provide all memoranda of interviews compiled and prepared by ABB VETCO GRAY INC.'s counsel, outside counsel, consultants, accountants or other agents of interviews with individuals relating to such payments disclosed to the Fraud Section or the United States Attorney's Office as of the date of this Agreement.

BREACH OF AGREEMENT

26. If defendant, at anytime between the execution of this Agreement and the completion of defendant's cooperation pursuant to this Agreement, knowingly and willfully violates or fails to perform any of defendant's obligations under this Agreement, the Fraud Section or the United States Attorney's Office may declare this Agreement breached. Whether the defendant has breached any provision of this plea agreement shall be determined solely by the United States through the Fraud Section or the United States Attorney's Office, whose judgement in that regard is final.
27. If the Fraud Section or the United States Attorney's Office declares the Agreement breached, defendant will not be able to withdraw defendant's guilty plea, and the Fraud Section and the United States Attorney's Office will be relieved of all its obligations under this Agreement. In particular:

- a. The Fraud Section and the United States Attorney's Office will no longer be bound by any agreements concerning sentencing and will be free to seek any sentence up to the statutory maximum for the crime to which defendant has pleaded guilty;
- b. The Fraud Section and the United States Attorney's Office will no longer be bound by any agreements regarding criminal prosecution and will be free to prosecute defendant for any crime, including charges that the Fraud Section or the United States Attorney's Office would otherwise have been obligated not to prosecute pursuant to this Agreement;
- c. The Fraud Section and the United States Attorney's Office will be free to prosecute defendant for false statement, obstruction of justice, and perjury based on any knowingly false or misleading statement by defendant; and
- d. The Fraud Section and the United States Attorney's Office will no longer be bound by any agreement regarding the use of statements, tangible evidence, or information provided by defendant and will be free to use any of those in any way in any investigation, prosecution, or civil or administrative action. Defendant will not be able to assert either any

claim under the United States Constitution, any statute, 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, tangible evidence, or information provided by defendant before or after the signing of this Agreement, or any leads derived therefrom, should be inadmissible.

28. Following a knowing and willful breach of this Agreement by defendant, should the Fraud Section or the United States Attorney's Office elect to pursue any criminal charge 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 Fraud Section or the United States Attorney's Office of any knowing and willful breach by defendant; and
 - b. Defendant gives up 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 defendant's signing of this Agreement.

WAIVER OF APPEAL AND COLLATERAL ATTACK

29. Defendant is aware that Title 18 U.S.C. § 3742 affords a defendant the right to appeal the sentence imposed. The defendant waives the right to appeal the sentence imposed or the manner in which it was determined unless the Court imposes a sentence different from that provided in paragraph fifteen above. Additionally, defendant is aware that Title 28, U.S.C. § 2255, affords the right to contest or “collaterally attack” a conviction or sentence after the conviction or sentence has become final. Defendant waives the right to contest its conviction or sentence by means of any post-conviction proceeding unless the Court imposes a sentence different from that provided in paragraph fifteen above.
30. In agreeing to this waiver, defendant is aware that a sentence has not yet been determined by the Court. The defendant is aware that the parties’ agreement as what they deem an appropriate disposition under the Sentencing Guidelines is not binding upon the Court or the Probation Office, unless the Court chooses to accept and be bound by that agreement pursuant to Rule 11(c)(3)(A). The defendant acknowledges that apart from its agreement to recommend a specific sentence under Rule 11(c)(1)(C), neither the Fraud Section nor the United States Attorney’s Office has made any promise or representation as to whether

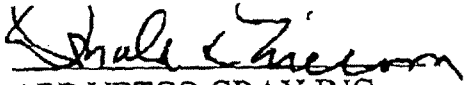
the Court will accept that agreement, nor has it made any promise or representation as to what steps it will take if the Court rejects this agreement.

31. Defendant ABB VETCO GRAY INC. agrees that if, at or before the time of sentencing, defendant ABB VETCO GRAY INC. believes that the Fraud Section or the United States Attorney's Office has acted in violation of this Agreement in any way, defendant ABB VETCO GRAY INC. will make that claim at or before the time of sentencing. If defendant does not object at or before the time of sentencing, defendant ABB VETCO GRAY INC. gives up any right to later make that claim in challenging the conviction or sentence on appeal or collateral attack, except in a collateral attack raising a claim of ineffective assistance of counsel.

NO ADDITIONAL AGREEMENTS

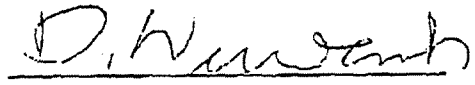
32. Except as set forth herein, there are no promises, understandings or agreements between the Fraud Section and the United States Attorney's Office and defendant with respect to the subject matter hereof. Nor may any additional agreement, understanding or condition be entered into unless in a writing signed by all parties or on the record in court.

Filed at Houston, Texas, on July 6, 2004, 2004.


ABB VETCO GRAY INC.

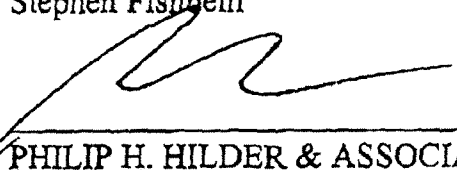
~~June 14, 2004~~

July 6, 2004


SHEARMAN & STERLING LLP
Danforth Newcomb
Stephen Fishbein

~~June 14, 2004~~

July 6 2004

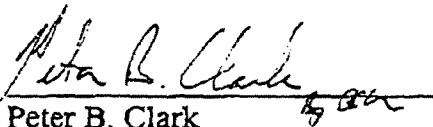

PHILIP H. HILDER & ASSOCIATES, L.P.
Philip H. Hilder

Attorneys for Defendant ABB VETCO GRAY INC.

AGREED AND ACCEPTED

MICHAEL T. SHELBY
UNITED STATES ATTORNEY
FOR THE SOUTHERN DISTRICT OF TEXAS

JOSHUA R. HOCHBERG
CHIEF, FRAUD SECTION
CRIMINAL DIVISION
UNITED STATES DEPARTMENT OF JUSTICE


Peter B. Clark
Deputy Chief, Fraud Section

Date

6 July 2004

Philip Urofsky
Philip Urofsky
Special Counsel for
International Litigation
Fraud Section

6 July 2004
Date

Malinda Lawrence
Malinda Lawrence *by pdr*
Trial Attorney
Fraud Section

6 July 2004
Date

United States Department of Justice
Criminal Division, Fraud Section
10th & Constitution Ave. NW (Bond 4th fl.)
Washington, D.C. 20530
(202) 514-7023

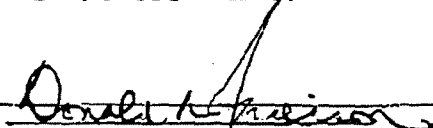
Subscribed and sworn to before me on July 6, 2004
Michael N. McSherry, Clerk
U.S. District Clerk

By: B. L. Mares
Deputy U.S. District Clerk

EXHIBIT 1
CERTIFICATIONS AND RESOLUTIONS

DIRECTOR'S CERTIFICATE

I have read this agreement and carefully reviewed every part of it with counsel for ABB VETCO GRAY INC. I understand the terms of this Agreement and voluntarily agree, on behalf of ABB VETCO GRAY INC., to each of the terms. Before signing this Agreement, I consulted with the attorneys for ABB VETCO GRAY INC. The attorneys fully advised me of ABB VETCO GRAY INC.'s rights, of possible defenses, of the Sentencing Guidelines' provisions, and of the consequences of entering into this Agreement. No promises or inducements have been made to ABB VETCO GRAY INC. 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 ABB VETCO GRAY INC., in any way to enter into this Agreement. I am also satisfied with the attorneys' representation in this matter. I certify that I am a director of ABB VETCO GRAY INC., and that I have been duly authorized by ABB VETCO GRAY INC. and its ultimate parent company, ABB Ltd., to execute this plea agreement on behalf of ABB VETCO GRAY INC.


DONALD GRIERSON
ABB VETCO GRAY INC.

June 14, 2004

CERTIFICATE OF COUNSEL

We are counsel for ABB VETCO GRAY INC. In connection with such representation, we have examined relevant ABB VETCO GRAY INC. documents, and have discussed this Agreement with the authorized representative of ABB VETCO GRAY INC. Based on our review of the foregoing materials and discussions, we are of the opinion that:

1. Donald Grierson is duly authorized to enter into this Agreement on behalf of ABB VETCO GRAY INC.

2. This Agreement has been duly and validly authorized, executed and delivered on behalf of ABB VETCO GRAY INC., and is a valid and binding obligation of ABB VETCO GRAY INC.

Further, we have carefully reviewed every part of this Agreement with directors of ABB VETCO GRAY INC. and the management of ABB Ltd., its ultimate parent company, through its general counsel. We have fully advised these directors of the company's rights, of possible defenses, of the Sentencing Guidelines' provisions, and of the consequences of entering into this Agreement. To our knowledge, ABB ~~VETCO GRAY INC.'s decision to enter into this Agreement is an informed and~~ voluntary one.

D Newcomb

DANFORTH NEWCOMB
SHEARMAN & STERLING LLP

June 14, 2004

S Fishbein 

STEPHEN FISHBEIN
SHEARMAN & STERLING LLP
Attorneys for Defendant
ABB VETCO GRAY INC.

CERTIFIED COPY OF RESOLUTION

Upon motion duly made, seconded, and unanimously carried by the affirmative vote of all the Directors present, the following resolutions were adopted:

RESOLVED, that ABB VETCO GRAY INC., which has been the subject of an investigation by the United States Department of Justice in connection with commissions and referral payments made to officials in Nigeria and elsewhere, consents to a settlement of the investigation and will, in the Southern District of Texas, enter a plea of guilty to a two-count Information charging ABB VETCO GRAY INC. with violating the Foreign Corrupt Practices Act, Title 15, United States Code, Section 78dd-2; and


RESOLVED FURTHER, that Donald Grierson, a Director of this Corporation be, and hereby is, authorized to waive indictment and enter a plea of guilty to the Information substantially in such form as reviewed by this Board of Directors at this meeting; and

RESOLVED FURTHER, that Donald Grierson, a Director of this Corporation be, and hereby is, authorized to execute the Plea Agreement on behalf of the Corporation substantially in such form as reviewed by this Board of Directors at this meeting.

CERTIFICATION

I, Janice Breese, hereby certify that I am the duly elected Secretary of ABB VETCO GRAY INC.; that the foregoing is a full, true and correct copy of resolutions duly adopted by the Board of Directors of said Corporation, at a meeting thereof duly held at the office of Shearman & Sterling LLP, in London, and have not been rescinded or revoked; and that the foregoing resolutions are not contrary to any provisions in the Articles of Incorporation or By-Laws of ABB VETCO GRAY INC.

IN WITNESS WHEREOF, I have hereunto signed my name as Secretary and affixed the Seal of said Corporation this 14th day of June 2004



Janice Breese
Secretary

EXHIBIT 2
STIPULATED STATEMENT OF FACTS

UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS

UNITED STATES OF AMERICA)
)
 v.)
)
 ABB VETCO GRAY, INC.)
 and)
 ABB VETCO GRAY UK LTD.)
)
 Defendants.)
 _____)

CRIMINAL NO.

STATEMENT OF FACTS

Should this matter have proceeded to trial, the United States would have proven beyond a reasonable doubt, by admissible evidence, the facts alleged in the Information. This evidence would have established the following:

1. ABB Group is a group of over 500 companies owned, directly and indirectly, and in whole or in part, by ABB Ltd., a holding company incorporated and with its headquarters in Zurich, Switzerland. ABB Group does business through several operating divisions, including the Oil, Gas, & Petrochemicals Division. This Division, which is headquartered in Houston, Texas, Norway, and Connecticut, is itself made up of three groups of companies - Vetco Gray, Offshore Systems, and Lummus Global-- and is responsible for the development of onshore and offshore exploration technologies and the design

and supply of production facilities, refineries, and petrochemicals plants. ABB Oil, Gas, & Petrochemicals Division serves a range of customers, including both state-owned and private oil companies, drilling contractors, engineering contractors, independent exploration and production companies, and petrochemical companies.

2. Defendant ABB Vetco Gray Inc. ("Vetco Gray US") was a business incorporated under the laws of the State of Delaware and having its principal place of business in Houston, Texas. Vetco Gray US had general responsibility within the Vetco Gray group for business in the "Western Region." Vetco Gray US is a "domestic concern" within the meaning of the Foreign Corrupt Practices Act, 15 U.S.C. § 78dd-2(h)(1)(B).
3. Defendant ABB Vetco Gray UK Ltd. ("Vetco Gray UK") was a business incorporated under the laws of the England and having its principal place of business in Aberdeen, Scotland. Vetco Gray UK had general responsibility within the Vetco Gray group for business in the "Eastern Region," which included, among other countries, Nigeria. Vetco Gray UK is a "person" within the meaning of the Foreign Corrupt Practices Act, 15 U.S.C. § 78dd-3(f)(1).
4. The government of Nigeria oversaw its investment in petroleum exploration and production through a governmental entity called the National Petroleum

Investment Management Services (NAPIMS). NAPIMS evaluated and approved potential bidders for contract work on oil exploration projects in Nigeria that were undertaken as joint ventures with foreign oil exploration companies. NAPIMS is a government instrumentality and its employees are foreign government officials within the meaning of the Foreign Corrupt Practices Act, 15 U.S.C. § 78dd-2(h)(2)(A).

5. Nigerian Agent had a consultancy agreement with Vetco Gray UK under which he was responsible for providing marketing and goodwill services. In addition, Nigerian Agent was the owner of various companies that served as a conduit for payments by Vetco Gray companies to public officials.
6. Beginning in or about 1998 and continuing to in or about 2001, defendants Vetco Gray US and Vetco Gray UK, through their officers and employees, paid bribes and authorized the payment of bribes to officials of NAPIMS. The bribes were intended to (1) induce NAPIMS officials to provide confidential and proprietary information regarding its evaluations of competing bids and thereby provide a competitive advantage to the defendants in bidding for projects; and (2) to secure favorable consideration on Vetco Gray bids from NAPIMS, whose approval was required to receive contract awards. The bribes

were paid both directly to certain NAPIMS officials and indirectly through the Nigerian Agent.

Shell Bonga Wellhead Equipment bid:

7. Beginning in 1998, Vetco Gray began preparing a bid on a contract to provide wellhead equipment for a Nigerian oil exploration project known as the Bonga project, operated by Shell Nigeria Exploration and Production Company. Vetco Gray was awarded the Bonga wellhead contract in or about May 2000. As of March 31, 2004, Vetco Gray anticipated gross revenues from this contract of approximately US\$2,700,000.
8. In or about September 1998, Nigerian Official B contacted a Vetco Gray employee and requested payments and gifts in exchange for directing contracts to the Vetco Gray companies. Thereafter, Vetco Gray provided Nigerian Official B with an automobile valued at approximately US\$20,000 and an ABB electric generator valued at approximately US\$6,700. In addition, in or about November 1998, Vetco Gray paid for a shopping excursion by Nigerian Official B in New Orleans, Louisiana, during which it paid for approximately US\$1,500 of merchandise.

9. In or about November 1998, Nigerian Official B provided Vetco Gray with confidential information concerning its competitors for the Bonga wellhead contract.
10. Vetco Gray has realized gross revenues of approximately US\$2,700,000 and profits of approximately US\$400,000 from the Bonga wellhead contract.

Second Shell Bonga bid (Bonga Subsea Systems):

11. Beginning in or about 1998, Vetco Gray began preparing a bid for a contract relating to subsea systems work on the Shell Bonga project. Vetco Gray was awarded the Bonga subsea systems contract in or about January 2001. At the time of the contract, Vetco Gray anticipated obtaining gross revenues from this contract of US\$167,000,000 with an anticipated profit of approximately US\$6,785,000.
12. Between mid-1999 and early 2001, Vetco Gray made payments to Nigerian officials, including:
 - a. providing country club membership and limousine service, paying household maintenance expenses and cell phone bills, and making cash payments to Nigerian Official B;
 - b. paying for a shopping excursion in New Orleans, Louisiana, for Nigerian ~~Official B;~~

- c. making a payment to Nigerian Officials A and C, Nigerian Official B's superiors;
 - d. paying for housing, expenses, and entertainment for Nigerian Officials A and B in New Orleans, Louisiana, and Houston, Texas;
 - e. making cash payments to six Nigerian officials, using Nigerian Agent's companies as intermediaries, of approximately \$800,000.
13. During the time that Vetco Gray was preparing its bid and while that bid was being evaluated by NAPIMS, Nigerian Official B provided Vetco Gray with confidential information relating to the bid evaluation process, thereby enabling Vetco Gray to gain a competitive advantage. This information was provided to Vetco Gray employees in Scotland and sometimes forwarded to Vetco Gray employees in Houston, Texas.
14. Although Vetco Gray anticipated obtaining a substantial profit from the Bonga subsea systems contract, it has realized a net loss, to date, of approximately US\$22,510,000 on gross revenues of approximately \$187,775,000.

Erha Project

15. Beginning in early 2001, Vetco Gray began preparing a bid to obtain two contracts in connection with a Nigerian oil exploration project known as the Erha project, operated by Esso Exploration and Production Nigeria Limited and

Shell Nigeria Exploration and Production Company. The Vetco Gray companies anticipated that these contracts would be "break-even" contracts from which no net profit would be derived. Vetco Gray was ultimately not awarded the main Erha contract.

16. Beginning in or about February 1, 2001, VG Employee E made weekly payments totaling tens of thousands of dollars to Nigerian Official B, during which time Vetco Gray was preparing its bid for the Erha contracts.

Abo Project

17. Beginning in or about 2000, Vetco Gray began preparing a bid to obtain a contract in connection with a Nigerian oil exploration project known as the Abo project, operated by Nigerian Agip Exploration Ltd. Vetco Gray was awarded the contract in approximately December 2001. At the time the contract was awarded, Vetco Gray anticipated obtaining gross revenues from this contract of approximately US\$44,271,728 with a profit of approximately \$3,206,030.
18. During the time that Vetco Gray was preparing its bid for the Abo Project and that bid was being considered by NAPIMS, a Vetco Gray employee promised to pay \$100,000 to three NAPIMS officials, which amount the Nigerian Agent subsequently negotiated down to \$75,000 each. However, after the contract was awarded, senior Vetco Gray officials refused to authorize the payments. -

19. Vetco Gray has realized gross revenues of approximately \$46,000,000 and profits of approximately \$2,600,000 from the Abo Project.

Amenam Project

20. Beginning in or about 1999, Vetco Gray began preparing a bid to obtain a contract in connection with a Nigerian oil exploration project known as the Amenam project, operated by TotalFinaELF. On or about November 30, 2000, Vetco Gray UK was awarded the contract for the Amenam project.
21. During the time that Vetco Gray was preparing its bid for the Amenam Project and that bid was being considered by NAPIMS, Vetco Gray employees promised to pay \$250,000 to a NAPIMS official in exchange for that official's support for Vetco Gray's bid and for providing confidential information on the bid evaluation process. Although the official provided such information, after the contract was awarded senior Vetco Gray officials refused to authorize the payment.
22. Vetco Gray has realized gross revenues of approximately \$9,600,000 and profits of \$900,000 from the Amenam contract.

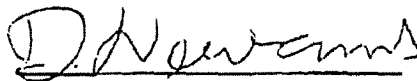
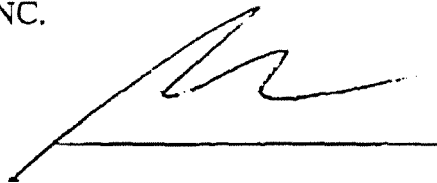
OCTG Contract

23. Beginning in or about 2000, Vetco Gray sought a renewable four-year pipe supply contract for the OCTG, a project operated by ExxonMobil.

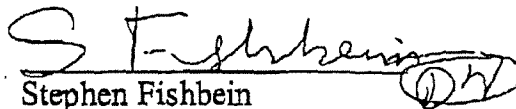
24. In or about 2000, a Vetco Gray employee agreed to pay Nigerian Official A \$75,000 in exchange for his approval of Vetco Gray UK's bid. This payment was to be made through Nigerian Agent. This payment was ultimately not made.
25. In or about February 2002, Vetco Gray received an letter of intent awarding it the OCTG contract. Vetco Gray has realized gross revenues from this project of \$4,800,000 and profits of approximately \$600,000.

Dated this the 14th day of June 2004.

For ABB VETCO GRAY INC.



Danforth Newcomb



Stephen Fishbein
Shearman & Sterling
Counsel for ABB Vetco Gray Inc.

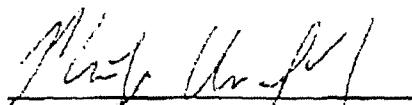
For the UNITED STATES

Michael T. Shelby
United States Attorney for the
~~Southern District of Texas~~

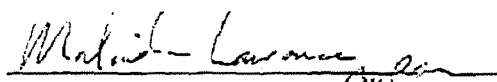
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