

PROPOSED CHARGING LETTER

REGISTERED MAIL - RETURN RECEIPT REQUESTED

Dresser Instruments S.A. de C.V.
Henry Ford no. 114
Esq. Fulton Fraccionamiento
Industrial San Nicolas
Tlalnepantla 54030
Mexico

*Attn: Javier Mendieta Porras
Regional Manager*

Dear Mr. Porras:

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has reason to believe that Dresser Instruments S.A. de C.V. of Tlalnepantla, Mexico (“Dresser Mexico”) has committed four violations of the Export Administration Regulations (the “Regulations”),¹ which are issued under the authority of the Export Administration Act of 1979, as amended (the “Act”).² Specifically, BIS charges that Dresser Mexico committed the following violations:

Charges 1-4 15 C.F.R. § 764.2(b) – Aiding and Abetting an Unlicensed Reexport of Pressure Gauges and Other Items to Cuba

As described in greater detail in the attached Schedule of Violations, which is incorporated herein by reference, on four occasions, between on or about March 28, 2004 and on or about May 31, 2004, Dresser Mexico aided and abetted conduct prohibited by the Regulations by

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2006). The charged violations occurred during 2004. The Regulations governing the violations at issue are found in the 2004 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2004)). The 2006 Regulations establish the procedures that apply to this matter.

² 50 U.S.C. app. §§ 2401- 2420 (2000). Since August 21, 2001, the Act has been in lapse, and the President, through Executive Order 13,222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 2, 2005 (70 Fed. Reg. 45,273, Aug. 5, 2005), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)). The Act and the Regulations are available on the Government Printing Office website at: <http://www.access.gpo.gov/bis/>.

procuring pressure gauges and other items, classified under the Regulations as EAR99,³ from a U.S. company for sale to a company in Mexico with knowledge or reason to know that the items would be reexported to Cuba without the Department of Commerce authorization required by Section 746.2 of the Regulations. In engaging in this activity, Dresser Mexico committed four violations of Section 764.2(a) of the Regulations.

* * * * *

Accordingly, Dresser Mexico is hereby notified that an administrative proceeding is instituted against it pursuant to Section 13(c) of the Act and Part 766 of the Regulations for the purpose of obtaining an order imposing administrative sanctions, including any or all of the following:

- The maximum civil penalty allowed by law of \$11,000 per violation;⁴
- Denial of export privileges; and/or
- Exclusion from practice before BIS.

If Dresser Mexico fails to answer the charges contained in this letter within 30 days after being served with notice of issuance of this letter, that failure will be treated as a default. *See* 15 C.F.R. §§ 766.6 and 766.7. If Dresser Mexico defaults, the Administrative Law Judge may find the charges alleged in this letter are true without a hearing or further notice to Dresser Mexico. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty on each of the charges in this letter.

Dresser Mexico is further notified that it is entitled to an agency hearing on the record if it files a written demand for one with its answer. *See* 15 C.F.R. § 766.6. Dresser Mexico is also entitled to be represented by counsel or other authorized representative who has power of attorney to represent it. *See* 15 C.F.R. §§ 766.3(a) and 766.4.

The Regulations provide for settlement without a hearing. *See* 15 C.F.R. § 766.18. Should Dresser Mexico have a proposal to settle this case, Dresser Mexico or its representative should transmit it to the attorney representing BIS named below.

The U.S. Coast Guard is providing administrative law judge services in connection with the matters set forth in this letter. Accordingly, Dresser Mexico's answer must be filed in accordance with the instructions in Section 766.5(a) of the Regulations with:

U.S. Coast Guard ALJ Docketing Center

³ EAR99 is a designation for items subject to the Regulations but not listed on the Commerce Control List. 15 C.F.R. § 734.3(c) (2004).

⁴ *See* 15 C.F.R. § 6.4(a)(4).

Dresser Instruments S.A. de C.V.
Proposed Charging Letter
Page 3 of 3

40 S. Gay Street
Baltimore, Maryland 21202-4022

In addition, a copy of Dresser Mexico's answer must be served on BIS at the following address:

Chief Counsel for Industry and Security
Attention: Thea D. R. Kendler, Esq.
Room H-3839
United States Department of Commerce
14th Street and Constitution Avenue, N.W.
Washington, D.C. 20230

Thea D. R. Kendler is the attorney representing BIS in this case; any communications that Dresser Mexico may wish to have concerning this matter should occur through her. Ms. Kendler may be contacted by telephone at (202) 482-5301.

Sincerely,

Michael D. Turner
Director
Office of Export Enforcement

Charge No.	Items Shipped	Commodity Classification	Destination	Purchase Order Date	Purchase Order No.	Value
1	Pressure Gauges	EAR99	Cuba	29-Mar-04	GG-029-FEB/2004	\$1,992.30
2	Pressure Gauges	EAR99	Cuba	12-May-04	GG-044-ABR-2004	\$853.24
3	Pressure Gauges, Thermowell, Thermometer	EAR99	Cuba	27-May-04	GG-051A-MAY/2004	\$2,684.97
4	Pressure Gauges, Industrial Gauge, Thermometer	EAR99	Cuba	31-May-04	GG-053-MAY/2004	\$10,862.49

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF INDUSTRY AND SECURITY
WASHINGTON, D.C. 20230

In the Matter of:)
)
Dresser Instruments S.A. de C.V.)
Henry Ford no. 114)
Esq. Fulton Fraccionamiento)
Industrial San Nicolas)
Tlalnepantla 54030)
Mexico)
)
Respondent)

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Dresser Instruments S.A. de C.V. (“Dresser Mexico”), and the Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) (collectively, the “Parties”), pursuant to Section 766.18(a) of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2006)) (the “Regulations”),¹ issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (the “Act”),²

¹ The charged violations occurred during 2004. The Regulations governing the violations at issue are found in the 2004 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2004)). The 2006 Regulations establish the procedures that apply to this matter.

² From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)) (“IEEPA”). On November 13, 2000, the Act was reauthorized and it remained in effect through August 20, 2001. Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), as

WHEREAS, Dresser Mexico, through its parent company, Dresser, Inc., filed a voluntary self-disclosure with BIS's Office of Export Enforcement in accordance with Section 764.5 of the Regulations concerning the transactions at issue herein;

WHEREAS, BIS has notified Dresser Mexico of its intention to initiate an administrative proceeding against Dresser Mexico, pursuant to the Act and the Regulations;

WHEREAS, BIS has issued a proposed charging letter to Dresser Mexico that alleged that Dresser Mexico committed four violations of the Regulations, specifically:

1. *Four Violations of 15 C.F.R. § 764.2(b) – Aiding and Abetting an Unlicensed Reexport of Pressure Gauges and Other Items to Cuba:* On four occasions, between on or about March 28, 2004 and on or about May 31, 2004, Dresser Mexico aided and abetted conduct prohibited by the Regulations by procuring pressure gauges and other items, classified under the Regulations as EAR99,³ from a U.S. company for sale to a company in Mexico with knowledge or reason to know that the items would be reexported to Cuba without the Department of Commerce authorization required by Section 746.2 of the Regulations.

WHEREAS, Dresser Mexico has reviewed the proposed charging letter and is aware of the allegations made against it and the administrative sanctions which could be imposed against it if the allegations are found to be true;

extended by the Notice of August 2, 2005 (70 Fed. Reg. 45,273 (Aug. 5, 2005)), has continued the Regulations in effect under IEEPA.

³ EAR99 is a designation for items subject to the Regulations but not listed on the Commerce Control List. 15 C.F.R. § 734.3(c) (2004).

WHEREAS, Dresser Mexico fully understands the terms of this Agreement and the Order (“Order”) that the Assistant Secretary of Commerce for Export Enforcement will issue if he approves this Agreement as the final resolution of this matter;

WHEREAS, Dresser Mexico enters into this Agreement voluntarily and with full knowledge of its rights;

WHEREAS, Dresser Mexico states that no promises or representations have been made to it other than the agreements and considerations herein expressed;

WHEREAS, Dresser Mexico neither admits nor denies the allegations contained in the proposed charging letter;

WHEREAS, Dresser Mexico wishes to settle and dispose of all matters alleged in the proposed charging letter by entering into this Agreement; and

WHEREAS, Dresser Mexico agrees to be bound by the Order, if entered;

NOW THEREFORE, the Parties hereby agree as follows:

1. BIS has jurisdiction over Dresser Mexico, under the Regulations, in connection with the matters alleged in the proposed charging letter.

2. The following sanction shall be imposed against Dresser Mexico in complete settlement of the alleged violations of the Regulations relating to the transactions specifically detailed in the proposed charging letter and voluntary self-disclosure:

a. Dresser Mexico shall be assessed a civil penalty in the amount of \$12,000, which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of the Order.

b. The timely payment of the civil penalty agreed to in paragraph 2.a is hereby made a condition to the granting, restoration, or continuing validity of any export license, permission, or privilege granted, or to be granted, to Dresser Mexico. Failure to make timely payment of the civil penalty set forth above may result in the denial of all of Dresser Mexico's export privileges under the Regulations for a period of one year from the date of imposition of the penalty.

3. Subject to the approval of this Agreement pursuant to paragraph 8 hereof, Dresser Mexico hereby waives all rights to further procedural steps in this matter (except with respect to any alleged violations of this Agreement or the Order, if entered), including, without limitation, any right to: (a) an administrative hearing regarding the allegations in any charging letter; (b) request a refund of any civil penalty paid pursuant to this Agreement and the Order, if entered; (c) request any relief from the Order, if entered, including without limitation relief from the terms of a denial order under 15 C.F.R. § 764.3(a)(2); and (d) seek judicial review or otherwise contest the validity of this Agreement or the Order, if entered.

4. Upon entry of the Order and timely payment of the \$12,000 civil penalty, BIS will not initiate any further administrative proceeding against Dresser Mexico in connection with any violation of the Act or the Regulations arising out of the transactions identified in the proposed charging letter and the voluntary self-disclosure.

5. BIS will make the proposed charging letter, this Agreement, and the Order, if entered, available to the public.

6. This Agreement is for settlement purposes only. Therefore, if this Agreement is not accepted and the Order is not issued by the Assistant Secretary of

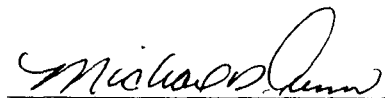
Commerce for Export Enforcement pursuant to Section 766.18(a) of the Regulations, no Party may use this Agreement in any administrative or judicial proceeding and the Parties shall not be bound by the terms contained in this Agreement in any subsequent administrative or judicial proceeding.

7. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, if entered, nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the U.S. Government with respect to the facts and circumstances addressed herein.

8. This Agreement shall become binding on the Parties only if the Assistant Secretary of Commerce for Export Enforcement approves it by entering the Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

9. Each signatory affirms that he has authority to enter into this Settlement Agreement and to bind his respective party to the terms and conditions set forth herein.

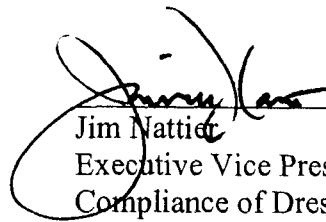
BUREAU OF INDUSTRY AND SECURITY
U.S. DEPARTMENT OF COMMERCE



Michael D. Turner
Director
Office of Export Enforcement

Date: 5/18/06

DRESSER INSTRUMENTS S.A. de C.V.



Jim Nattier
Executive Vice President of Ethics and
Compliance of Dresser, Inc.

Date: 16 May 2006



UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF INDUSTRY AND SECURITY
WASHINGTON, D.C. 20230

In the Matter of:)
)
Dresser Instruments S.A. de C.V.)
Henry Ford no. 114)
Esq. Fulton Fraccionamiento)
Industrial San Nicolas)
Tlalnepantla 54030)
Mexico)
)
)
Respondent)

ORDER RELATING TO DRESSER INSTRUMENTS S.A. de C.V.

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) has notified Dresser Instruments S.A. de C.V. (“Dresser Mexico”), of its intention to initiate an administrative proceeding against Dresser Mexico pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2006)) (the “Regulations”),¹ and Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (the “Act”),² through the issuance of a

¹ The charged violations occurred during 2004. The Regulations governing the violations at issue are found in the 2004 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2004)). The 2006 Regulations establish the procedures that apply to this matter.

² From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)) (“IEEPA”). On November 13, 2000, the Act was reauthorized and it remained in effect through August 20, 2001. Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), as extended by the Notice of August 2, 2005 (70 Fed. Reg. 45,273 (Aug. 5, 2005)), has continued the Regulations in effect under IEEPA.

proposed charging letter to Dresser Mexico that alleged that Dresser Mexico committed four violations of the Regulations. Specifically, the charges are:

1. *Four Violations of 15 C.F.R. § 764.2(b) – Aiding and Abetting an Unlicensed Reexport of Pressure Gauges and Other Items to Cuba:* On four occasions, between on or about March 28, 2004 and on or about May 31, 2004, Dresser Mexico aided and abetted conduct prohibited by the Regulations by procuring pressure gauges and other items, classified under the Regulations as EAR99,³ from a U.S. company for sale to a company in Mexico with knowledge or reason to know that the items would be reexported to Cuba without the Department of Commerce authorization required by Section 746.2 of the Regulations.

WHEREAS, BIS and Dresser Mexico have entered into a Settlement Agreement pursuant to Section 766.18(a) of the Regulations whereby they agreed to settle this matter in accordance with the terms and conditions set forth therein, and

WHEREAS, I have approved of the terms of such Settlement Agreement;

IT IS THEREFORE ORDERED:

FIRST, that a civil penalty of \$12,000 is assessed against Dresser Mexico, which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of this Order. Payment shall be made in the manner specified in the attached instructions.

SECOND, that, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (2000)), the civil penalty owed under this Order accrues interest as more fully described in the attached Notice, and, if payment is not made by the due

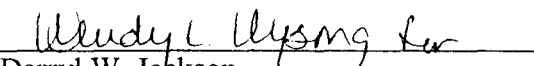
³ EAR99 is a designation for items subject to the Regulations but not listed on the Commerce Control List. 15 C.F.R. § 734.3(c) (2004).

date specified herein, Dresser Mexico will be assessed, in addition to the full amount of the civil penalty and interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.

THIRD, that the timely payment of the civil penalty set forth above is hereby made a condition to the granting, restoration, or continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to Dresser Mexico. Accordingly, if Dresser Mexico should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of Dresser Mexico's export privileges under the Regulations for a period of one year from the date of entry of this Order.

FOURTH, that the proposed charging letter, the Settlement Agreement, and this Order shall be made available to the public.

This Order, which constitutes the final agency action in this matter, is effective immediately.


Darryl W. Jackson
Assistant Secretary of Commerce
for Export Enforcement

Entered this 23rd day of May, 2006.