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HOW DRESSER-RAND HELPS CLIENTS REMAIN COMPETITIVE: AN EXCLUSIVE INTERVIEW WITH VINCE VOLPE

Editor's Note: *We recently met with Vincent R. Volpe Jr., president and CEO of Dresser-Rand, to review company goals and his views on how Dresser-Rand is helping clients remain competitive during the current up-cycle and the high activity in the upstream, midstream, and downstream segments of the oil and gas market.*

insights: *The midstream oil and gas market is a rapidly growing segment, with demand continuing to increase for pipeline compression and storage equipment. Many are familiar with Dresser-Rand's large projects in the upstream and downstream markets, but does the company have a stake in the midstream oil and gas market?*

Volpe: Absolutely. We have a strong history and experience in this market including a large installed base of gas engines, centrifugal and reciprocating compressors, control systems, and gas turbines. We've dedicated technical and manufacturing resources – including people – to provide gas transmission and storage solutions for our clients.

In fact, two years ago we overcame a well-established competitor and landed our first DATUM C compressor order at a pipeline/storage service facility in New York. This client already had three competitor units on site, but we offered an unmatched combination of efficiency, technology, and service. The unit shipped out of our Olean, NY facility earlier this year.

insights: *Many are familiar with the DATUM compressor, but can you explain the significance of the DATUM model C compressor?*

Volpe: The DATUM C inline, motor-driven compressor is at the heart of the new integrated compression system and subsea compression systems. It draws on our DATUM compressor technology to provide a highly efficient, compact compression package.

The DATUM C compressor requires less space and weighs less than a conventional DATUM compressor. It can be installed indoors or outdoors. The system is completely enclosed, so it's very quiet and there are no on-site emissions. Magnetic bearings eliminate the need for an oil lubrication system, so it's more reliable, easier to install, and environmentally friendly. These features offer excellent life cycle value and reduce infrastructure costs for new installations and retrofits.

insights: *When Dresser-Rand booked its first integrated compression system, or ICS, contract last year, you referred to it as "game-changing technology." What did you mean?*

Volpe: For years, an industry goal has been to create smaller, lighter compression modules that will perform the same amount of work as traditional systems. We've been able to achieve this objective by eliminating traditional auxiliary systems such as lubrication systems for bearings, gear sets, and sealing systems that are required to support unit operation. Our DATUM I compressor meets that goal with its close-coupled, oil- and seal-free design.

We integrated our separation technology to separate liquid and gas, and packaged it with process coolers, piping, and valves to create the ICS. Our 'one device' concept reduces the total footprint required by traditional modules by as much as 65 percent. And it cuts the weight nearly in half. We're able to keep the compressor dry, running reliably at full performance, while our competitors are still trying to figure out how wet the compressor can get before performance and reliability are compromised. That's what we call game-changing technology.

Beyond technology, we're pleased with our speed to market. Our competitors are in the testing phase and we've already secured our first production unit. It'll be delivered later this year and used to boost the gas-lift capacity of a semi-submersible platform off the coast of Brazil.

insights: *Dresser-Rand was awarded its largest applied technology contract last year for upgrading three non-Dresser-Rand steam turbines at a nuclear power plant. Has Dresser-Rand always serviced other OEM equipment, or is "applied technology" a new strategy for the company?*

Volpe: As an OEM, we have significant expertise in the design and manufacture of high speed rotating equipment. And because we're an OEM, we continue to invest in research, design, and manufacturing technology for our

new equipment. This also benefits clients who require service for non-Dresser-Rand equipment.

Our development work has yielded many technically advanced upgrades and product improvements. About five years ago we recognized that many of these developments would enhance equipment performance and improve reliability and availability for our clients even when applied to other manufacturers' equipment. Since then, our service and support organization has successfully demonstrated that we can provide reliable service for all rotating equipment that's critical to their operations – equipment that directly affects their bottom line when it's operating as well as when it's not operating. During the past three years, this initiative has really taken hold as bookings have increased four-fold since 2004 and are expected to exceed $100 million this year. This demonstrates our ability to expertly service competitors' equipment.

insights: *Dresser-Rand opened a facility in Houston earlier this year specifically to manufacture Gimpel valves. Why a dedicated facility for this product line?*

Volpe: We acquired the Gimpel product line last year from Tyco International to augment our trip and throttle valve product range. Gimpel is considered the premier manufacturer of these valves. Now we're able to offer clients valves with larger volumes and higher ratings.

Earlier this year, we unveiled a modern facility in Houston dedicated to manufacturing and servicing Gimpel valves to reduce cycle times (which mean more on-time deliveries to our clients), make the order fulfillment process more efficient, and maximize product quality.

insights: *Clients keep a close watch on total recordable injury rates (TRIR) and demand safe behavior from their suppliers. What is D-R doing to address safety?*

Volpe: Safety has always been a top priority for Dresser-Rand. We're committed to achieving an ongoing process of consistent, year-over-year reductions in injuries with a mindset that all accidents are, by nature, avoidable. We want our men and women, as well as those of our subcontractors and our client's employees, to return from work each day the same way they start each shift. We want to be the supplier of choice among our clients, not just because we have excellent product technology and people, but also because of our commitment to working safely. Our employees have worked very hard over the years to improve the company's safety record and to create a culture of safety awareness throughout all operations – field installations, plants, offices, and even off-site meeting locations.

During the past year, we made a significant step in our safety program with a year-end TRIR of 0.98. This is an enviable record – 300 percent better than the average TRIR for the engine, turbine, and power transmission equipment manufacturing industry. It's the first year in our history where we've managed safety to a "best in class" number below 1.0. But we have more work ahead. We've set an even more aggressive TRIR goal for 2008 [ed: see 'Goal Of Zero' Not As Easy As It Sounds" on page 4].

insights: *Dresser-Rand is now entering its third full year as a public company. What does the future hold?*

Volpe: This is a great time to be part of the energy industry. During the past three years, we've made tremendous progress, and others think so, too. We recently won the Frost & Sullivan 2008 North American Compressed Gas Solutions Company of the Year award for our technological innovations, one-stop solutions, responsiveness, and client satisfaction. And we continue to improve our overall financial performance as global demand for energy increases.

We have exciting prospects that will provide environmentally friendly solutions for oil and gas production and processing. Coal-related activities show great promise right now, and we're well positioned to meet equipment needs for coal-to-liquids, coal-to-gas, and CO_2 sequestration.

We remain committed to innovations in products and processes. And our investments in technology and improvements in our global supply chain will continue to help reduce production costs and increase equipment efficiency and reliability.

Most importantly, we'll continue to provide maximum value for our clients without sacrificing the high levels of product and service quality, safety, and business integrity they've come to expect from us. ■