

Corporate Governance Guidelines

Introduction

The following Corporate Governance Guidelines have been adopted by the Board of Directors (the “Board”) of Dresser-Rand Group Inc. (the “Company”) to assist the Board in the exercise of its responsibilities to the Company and its shareholders. These Guidelines should be interpreted in the context of all applicable laws and the Company’s Certificate of Incorporation, By-laws and other corporate governance documents, and are intended to serve as a flexible framework within which the Board may conduct its business and not as a set of legally binding obligations. These Guidelines are subject to modification and the Board shall be able, in the exercise of its discretion, to deviate from these Guidelines from time to time, as the Board may deem appropriate or as required by applicable laws and regulations.

I. The Board of Directors

1. Director Selection and Board Composition

In selecting new Directors of the Company, consideration is given to each individual Director’s personal qualities and abilities, the collective Board members’ skills and aptitudes for conducting oversight of the Company and its management, and duties imposed by law and regulation. Important factors include:

- Each Director must, as determined by the Board, be qualified to perform duties of a Director in accordance with the Delaware General Corporation Law as evidenced by the Director's experience, accomplishments, skills and integrity;
- Directors must be persons possessing the highest personal values and integrity;
- Directors must be able to perform their duties in the best interests of the Company and its stockholders, without conflicts of interest;
- The Company will comply fully with all legal and regulatory requirements concerning the independence and composition of the Audit, Nominating and Governance, Compensation and any other committees of the Board;
- Collectively, Board members will bring to the Company a broad range of complementary skills, expertise, industry and regulatory knowledge, and diversity of perspectives to build a capable, responsive, and effective Board; and
- Directors will have experience in policy-making levels of business and must have an aptitude for evaluating business matters and making practical and mature judgments.

2. Determination of Directors Independence

The Board will satisfy any independence requirements of the Listing Standards of the New York Stock Exchange (“NYSE”). The Nominating and Governance Committee is responsible for reviewing with the Board, on an annual basis, the requisite skills and

characteristics that the Board seeks in Board members as well as the composition of the Board as a whole, including an annual evaluation of whether members qualify as independent under applicable standards. During the course of a year, directors are expected to inform the Board of any material changes in their circumstances or relationships that may impact their designation by the Board as independent.

3. Director Resignation Policy

The Company's By-laws provide for majority voting in the uncontested election of Directors and plurality voting in contested elections. In uncontested elections, Director nominees are elected by a majority of the votes cast, which means that the number of shares voted "for" a Director nominee must exceed the number of shares voted "against" that Director nominee. An incumbent Director who is not re-elected by a majority of the votes cast shall promptly tender to the Board his or her offer to resign (if such director has not previously tendered his or her irrevocable, conditional offer to resign).

The Nominating and Governance Committee will make a recommendation to the Board on whether to accept or reject the offer to resign, and whether other action should be taken. In determining its recommendation, the Nominating and Governance Committee shall be entitled to consider all factors believed relevant by such committee's members. If a majority of the members of the Nominating and Governance Committee were required to tender their resignation offers as provided above, the independent Directors of the Board who were not required to tender their resignation offers will act as a committee to consider the resignation offers and to make a recommendation to the Board.

The Board will act on the recommendation of the Nominating and Governance Committee (or the alternative committee of independent Directors as provided above) within ninety (90) days following certification of the election results. If all independent Directors were required to tender their resignation offers as provided above, the full Board will consider the resignation offers directly without such offers being reviewed by a committee. In deciding whether to accept or reject each resignation offer, the Board will consider the factors considered by the committee making the recommendation, if applicable, and any additional information and factors that the Board believes to be relevant.

If the Board accepts a Director's resignation offer pursuant to this process, the Nominating and Governance Committee will recommend to the Board, and the Board will thereafter determine, whether to fill such vacancy or reduce the size of the Board. Any Director who tenders his or her resignation pursuant to this provision will not participate in the proceedings of either the Nominating and Governance Committee (or the alternative committee of independent Directors as provided above) or the Board with respect to his or her own resignation offer.

II. Meetings of the Board

The Board will convene at least four meetings per year, with further meetings to occur at the discretion of the Board. The agenda for each meeting will be prepared by the Chairperson and distributed to Board members in advance, whenever possible. Board members will make every effort to prepare for and attend all Board meetings.

The Non-management Directors also will meet in regularly scheduled executive sessions without management participation.

To foster open discussions, the proceedings and deliberations of the Board are confidential. Each Director shall maintain the confidentiality of information received in connection with his or her service as a Director of the Company.

III. Committees of the Board

The Board shall appoint at least those committees required by the Listing Standards of the NYSE, including the Audit Committee, in addition to other committees which the Board may determine are necessary or convenient to the conduct of its responsibilities. Independent Directors are generally expected to serve on one or more committees of the Board and to prepare for and attend meetings of the Committees upon which they serve.

Directors serving on certain Board committees may also be required to have other qualifications as specified in the relevant committee charter. The Audit Committee shall be composed of at least three members who are all independent directors.

Each committee of the Board will conduct an annual self-evaluation and report the results to the full Board. Among other things, a committee's evaluation will compare the performance of the committee with the requirements of its written charter, if any. Each committee chairperson will give a periodic report of the committee's activities to the Board.

IV. Director Duties, Responsibilities and Resources

1. Duties and Responsibilities

The Board is elected by the stockholders, and its primary responsibility is to oversee the management of the Company by directing that the interests of the Company and its shareholders are served. Directors will provide guidance to management and exercise their business judgment in what they believe to be the best interests of the Company and its shareholders. Directors will perform their duties in good faith and with that degree of care which an ordinary prudent person in a like position would use under similar circumstances.

Directors must comply with the Code of Conduct of the Company.

Director's duties and responsibilities include, through their oversight and direction of management of the Company:

- Reviewing the Company's business strategies and financial performance;
- Selecting, evaluating, and determining the compensation of the Chief Executive Officer, reviewing management succession plans and the selection, evaluation, compensation, and development of other key managers;
- Reviewing and approving major transactions, such as the offering of securities of the Company, investments, and major acquisitions and divestments;
- Reviewing the adequacy of processes for;
 - (a) Promoting integrity in the conduct of management and other employees;
 - (b) Mandating integrity in financial reporting;
 - (c) Compliance with all applicable laws and regulations; and
 - (d) Protecting the assets of the Company, including its property and reputation.

Prior to any change of a director's employment during his or her tenure as a director, that director shall offer to tender his or her resignation for consideration by the Board of Directors. After proper evaluation, the Board shall advise the Director of its decision whether to accept the offer.

Directors shall advise the Board of any company on whose board the director is newly joining; provided, however, this requirement shall not apply with respect to joining a board of a not-for-profit company or a board of any affiliate controlled by any entity for which the Director previously disclosed the director's relationship to the Company, unless such affiliate is in competition with the Company or unless any equity securities of such affiliate are publicly-traded.

2. Resources

In performing their duties, Directors are entitled to rely upon such information and reports as is permitted by applicable law including, without limitation, information, opinions, reports, financial statements, and other documents prepared by:

- Officers or employees of the Company or a subsidiary whom the Director believes to be reliable and competent in the matters presented;
- Committees of the Board on which the Director does not serve; and
- any other person as to matters the Director reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company.

V. Director Access to Management and Independent Advisors

Directors will meet regularly with management and may consult with other employees and independent advisors, such as independent auditors and outside counsel, as the Board or its committees deem appropriate.

VI. Director Compensation

Non-employee Directors will be paid compensation for their services, which may include (i) annual retainers in cash, (ii) Company shares or options, (iii) meeting fees, and (iv) fees for serving as a board or committee chairperson. Non-employee Directors will also be reimbursed for reasonable out-of-pocket expenses incurred in connection with serving as a Director. The Nominating and Governance Committee will periodically review and approve Director compensation and benefits and make appropriate reports to the Board. Director compensation should be consistent with market practices and align Directors' interests with those of shareholders while not calling into question Directors' objectivity.

VII. Director Orientation and Continuing Education

Each newly-elected Director will participate in an appropriate orientation program. All Directors will receive presentations from time-to-time, which will include a review of the Company's financial condition and business practices, audit program, Code of Conduct and business plan as presented collectively by the appropriate officers of the Company.

The Directors will receive additional information about these subjects through their regular meetings, meeting materials, periodic presentations, and copies of corporate organizational documents, periodic filings, and significant presentations made to investors.

VIII. Management Succession

The Board is responsible for ensuring that necessary management succession planning is in place (including a plan regarding Chief Executive Officer succession in the event of an unexpected departure). Management will provide periodic reviews of management succession plans to the Board and to relevant committees of the Board.

IX. Annual Performance Evaluation of the Board

The Board will review its performance annually taking into consideration the Board's duties and responsibilities and the matters covered under the charters of its committees. The Chairperson of the Nominating and Governance Committee will take the lead in the preparation of the evaluation.

X. Website Access to Information

The Company will publish its Corporate Governance Guidelines, Code of Conduct, and the charter of its Audit Committee, Nominating and Governance Committee, and Compensation Committee on the Company's website, and will make these documents available in writing, upon request.

