



U.S. Department of Justice

*United States Attorney
District of Massachusetts*

1003 J.W. McCormack Post Office and Courthouse
Boston, Massachusetts 02109
Telephone (617) 223-9400 Fax (617) 223-4827

August 18, 1998

Thomas E. Dwyer, Jr., Esq.
Dwyer & Collora, LLP
600 Atlantic Avenue
Boston, MA 02210-2211

re: United States v. Saybolt Inc.
United States v. Saybolt North America Inc.

Dear Mr. Dwyer:

This letter sets forth the agreement entered into between the United States Attorney for the District of Massachusetts, the United States Attorney for the District of New Jersey, the United States Attorney for the District of Connecticut, and the Fraud Section, Criminal Division, United States Department of Justice (collectively, "the U.S. Attorneys") and your clients, Saybolt Inc. ("Saybolt") and Saybolt North America Inc. (together, the "Defendants"), in the above-captioned matters. The agreement is as follows:

1. Change of Plea

On or before September 18, 1998, or at such date as the Court may determine, Defendants shall waive Indictment and plead guilty to two Informations to be filed in the District of Massachusetts in substantially the form attached, charging them with the following offenses:

a. Information A: Data Falsification (Saybolt Inc.)

Conspiracy to commit offenses against the United States, in violation of Title 18, United States Code, Section 371 (one count); and

Fraud by wire, in violation of Title 18, United States Code, Section 1343 (one count).

b. Information B: Foreign Corrupt Practices Act (Saybolt North America Inc. and Saybolt Inc.)

Conspiracy to commit offenses against the United States, in violation of Title 18, United States Code, Section 371 (one count); and

Using an instrumentality of interstate commerce in furtherance of a payment to a foreign government official in violation of the Foreign Corrupt Practices Act, Title 15, United States Code, Section 78dd-2(a)(3) (one count).

2. Penalties

Defendants understand and agree that the statutory maximum penalties for the counts to which they are pleading guilty are as follows:

a. Information A: Data Falsification (Saybolt Inc.)

Conspiracy (18 U.S.C. §371):

- \$1,970,000 fine (two times Defendant's gross gain from the offenses, pursuant to 18 U.S.C. §3571(d));
- five years probation;
- restitution; and
- \$400 special assessment.

Wire Fraud (18 U.S.C. §1343):

- \$1,970,000 fine (two times Defendant's gross gain from the offenses, pursuant to 18 U.S.C. §3571(d));
- five years probation;
- restitution; and
- \$400 special assessment.

b. Information B: Foreign Corrupt Practices Act (Saybolt North America Inc. and Saybolt Inc.)

Conspiracy (18 U.S.C. §371):

- \$500,000 fine or two times Defendants' gross gain from the offenses;
- five years probation;
- restitution; and
- \$400 special assessment.

Foreign Corrupt Practices Act (15 U.S.C. §78dd-2(a)(3)):

- \$2,000,000 fine;
- five years probation;
- restitution; and
- \$400 special assessment.

3. Sentencing Guidelines

The U.S. Attorneys and Defendants agree and understand that because the crimes charged in the Informations occurred after November 1, 1991, the United States Sentencing Guidelines ("U.S.S.G.") relating to the sentencing of organizations (Chapter Eight of the United States Sentencing Guidelines) shall apply. The parties stipulate to the factual predicates set forth below and further agree that the following is the proper application of the sentencing guidelines to each of the Informations:

a. Information A: Data Falsification (Saybolt Inc.)

§8C2.4 Base Fine

(a)(2) *the pecuniary gain to the organization from the offense is* \$985,000

§8C2.5 Culpability Score

(a) *start with 5 points and apply subsections (b) through (g) below* 5

(b) Involvement in or Tolerance of Criminal Activity

(3)(B) *the unit of the organization within which the offense was committed had 200 or more employees and*

(i) *an individual within high level personnel of the organization participated in, condoned, or was willfully ignorant of the offense; or*

(ii) *tolerance of the offense by substantial authority personnel was pervasive throughout such unit* 3

(c) Obstruction of Justice

A district manager willfully obstructed or impeded, attempted to obstruct or impede, or aided, abetted, or encouraged obstruction of justice during the investigation of the instant offense 3

(g) Self-Reporting, Cooperation, and Acceptance of Responsibility

(2) *the organization fully cooperated in the investigation and clearly demonstrated recognition and affirmative acceptance of responsibility for its criminal conduct* -2

Total 9

§8C2.6 Minimum and Maximum Multipliers

Culpability Score	Minimum Multiplier	Maximum Multiplier
9	1.80	3.60

§8C2.7 Guideline Fine Range - Organizations

- (a) minimum of the guideline fine range (\$985,000 x 1.8) \$1,773,000
- (b) maximum of the guideline fine range (\$985,000 x 3.6) \$3,546,000

§8C2.9 Disgorgement

The court shall add to the fine determined under §8C2.8 (Determining the Fine Within the Range) any gain to the organization from the offense that has not and will not be paid as restitution or by way of other remedial measures \$985,000

- b. Information B: Foreign Corrupt Practices Act (Saybolt North America Inc. and Saybolt Inc.)

§2B4.1 Other Commercial Bribery

- (c) Special Instruction for Fines—Organizations
 - (1) In lieu of the pecuniary loss under subsection (a)(3) of §8C2.4 (Base Fine), use the greatest of: . . . (B) the value of the benefit received or to be received in return for the unlawful payment \$700,000

§8C2.5 Culpability Score

- (a) start with 5 points and apply subsections (b) through (g) below 5
- (b) Involvement in or Tolerance of Criminal Activity
 - (3)(B) the unit of the organization within which the offense was committed had 200 or more employees and
 - (i) an individual within high level personnel of the organization participated in, condoned, or was willfully ignorant of the offense; or
 - (ii) tolerance of the offense by substantial authority personnel was pervasive throughout such unit 3
- (g) Self-Reporting, Cooperation, and Acceptance of Responsibility
 - (3) the organization clearly demonstrated recognition and affirmative acceptance of responsibility for its criminal conduct -1

Total

7

§8C2.6 Minimum and Maximum Multipliers

Culpability Score	Minimum Multiplier	Maximum Multiplier
7	1.40	2.80

§8C2.7 Guideline Fine Range - Organizations

- (a) minimum of the guideline fine range (\$700,000 x 1.4) \$980,000
- (b) maximum of the guideline fine range (\$700,000 x 2.8) \$1,960,000

Nothing herein shall be construed to limit the right of the parties to appeal the sentence on grounds consistent with this agreement, pursuant to 18 U.S.C. §3742.

4. Corporate Authorization

Defendants Saybolt Inc. and Saybolt North America Inc. will provide to the U.S. Attorneys and to the Court written evidence, in the form of notarized resolutions of their Boards of Directors, certifying that Defendants are authorized to waive their right to indictment, to plead guilty to the Informations in this case, and to enter into and comply with all provisions of this agreement. The resolutions shall further certify that the General Counsel of each corporation and his designee are authorized to take these actions and that all corporate formalities, including, but not limited to, approval by Defendants' directors, required for such authorization have been observed.

Defendants Saybolt Inc. and Saybolt North America Inc. agree that Thomas E. Dwyer, Jr., as attorney for Saybolt Inc. and Saybolt North America Inc., and pursuant to duly authorized powers of attorney for both Defendants, will be authorized to appear on their behalf, to enter their guilty pleas and to represent them for imposition of their sentences.

5. Agreed Disposition

The U.S. Attorneys and Defendants agree pursuant to Fed. R. Crim. P. 11(e)(1)(C) that the following is the appropriate disposition of these cases:

a. Information A: Data Falsification (Saybolt Inc.)

- i) \$3,400,000 fine (comprised of \$2,415,000 fine determined within the guideline sentencing range, pursuant to §8C2.8, plus \$985,000 disgorgement, pursuant to §8C2.9) to be paid as specified below;
- ii) a five year term of probation, subject to the following special conditions:
 - A. Saybolt shall institute and follow a compliance program as described in paragraph 8 of this agreement; and

B. Saybolt shall comply with all applicable environmental laws and regulations and shall cooperate fully with all local, state and federal environmental officials, including compliance with any and all reasonable and lawful requests for inspection, verification and monitoring of environmental testing practices;

iii) \$800 special assessment.

b. Information B: Foreign Corrupt Practices Act
(Saybolt North America Inc. and Saybolt Inc.)

i) \$1,500,000 fine, joint and several, (determined within the guideline sentencing range, pursuant to 8C2.8);

ii) a five year term of probation, subject to the following special condition:

A. Defendants Saybolt Inc. and Saybolt North America Inc. and their successors, or any of their affiliated corporate entities operating in the United States or managed or administered by the Defendants or their successors, shall comply with the Foreign Corrupt Practices Act, 15 U.S.C. § 78dd regarding direct or indirect payments to officials of foreign governments and regarding accounting and disclosure of such payments;

iii) \$800 special assessment for each Defendant.

Upon imposition of the sentences, the parties agree that all fines and special assessments, totaling \$4,902,400, be payable forthwith. Defendants agree to convey the entire amount of the fines and special assessments imposed, up to \$4,902,400, by wire transfer to the Clerk of the United States District Court for the District of Massachusetts. Defendants agree to make this payment within two business days following the imposition of the sentences.

6. Conditions Precedent

The participation of the U.S. Attorneys in the joint agreement set forth in paragraph 5 of this agreement is conditional upon Defendants' performance of the following obligations:

- a. Defendants shall provide full and truthful cooperation to the United States as set forth in paragraph 9 of this agreement;
- b. No later than two business days prior to sentencing, as scheduled by the Court, Defendants shall notify the United States that Defendants' counsel, Dwyer and Collora, LLP, is in possession of \$4,902,400 in its client funds account with which to pay Defendants' fines and mandatory special assessments as provided in paragraph 5;
- c. Saybolt shall comply with the remedial measures set forth in paragraph 8 of this agreement; and
- d. Saybolt shall take out a half page display advertisement, prior to sentencing, in each of the following publications: Standardization News; Chemical and Engineering News; Oil & Gas Journal; Oil Express; and Marketer News, which contains the following text (to include bold and capitalized caption):

**SAYBOLT AGREES TO PAY \$3.4 MILLION FINE FOR
FALSIFYING REFORMULATED GASOLINE REPORTS
AND OTHER LAB RESULT FALSIFICATION**

Saybolt Inc. has agreed to plead guilty in Federal Court to criminal charges of conspiracy to violate the Clean Air Act by submitting false reports and wire fraud. The charges arise from Saybolt's falsely certifying results of qualitative tests of reformulated gasoline (RFG), as required under the Clean Air Act, as well as instances of falsified lab results unrelated to the RFG program. The company has cooperated with federal authorities, conducted its own investigation into the allegations, and hired a nationally known environmental consulting firm to develop a corrective action plan. As a result of the internal review, Saybolt has disciplined employees involved, appointed a compliance officer, amended its testing procedures, drafted an Ethics Policy, and required new training and compliance courses for its employees. In addition to these measures, as a result of a pattern of data falsification, our company has agreed to pay a fine of \$3,400,000 and to be placed on probation for five years. We also agreed to publish this advertisement. We have taken extensive steps to ensure that such violations will not occur in the future for we recognize that the oil industry relies on accurate reporting by independent inspection facilities. The conduct that led to these criminal convictions was not consistent with Saybolt's tradition and it will not be tolerated in the future. We have submitted our newly adopted compliance program to the EPA and based on this new extensive program, all of our environmental testing licenses will remain in full force and effect.

Accurate reporting of test results to the EPA is essential to the implementation of the Clean Air Act, the goal of which is to improve the quality of the air we all breathe. Failure to do so will expose you to severe penalties. It is also smart business.

If Defendants fail to comply with these conditions prior to sentencing, the U.S. Attorneys shall be free to recommend any sentence, including fine, they deem appropriate.

7. Mandatory Special Assessment

Defendants agree to pay the mandatory special assessments, totaling \$2,400, to the Clerk of the Court of the United States District Court for the District of Massachusetts within two business days after the date of sentencing, unless affirmatively relieved of this obligation by the District Court.

8. Remedial Measures

As a condition of Saybolt's probation, Saybolt agrees to establish and maintain an effective compliance program regarding the operation of its qualitative inspection and testing services. Saybolt agrees that the compliance program will be submitted to the United States for review, comment and approval by the Environmental Protection Agency no later than sixty days after the date of entering into this plea agreement.

Saybolt further understands and agrees to assume all costs associated with the implementation, maintenance and Court oversight of this condition of probation.

As part of establishing and maintaining an effective compliance program and in order to meet the goal of eradicating the practice of falsifying test data, Saybolt will do the following:

- a. appoint a compliance officer with experience in environmental regulations and compliance, who will be responsible for all federal and state environmental regulatory compliance and who will submit quarterly reports to the Court and the United States regarding the status of the implementation of the program and the recommendations of the independent consultant discussed in the next section;
- b. immediately retain the services of Environmental Business Strategies ("EBS") as an independent consultant, who will supervise the preparation of Saybolt's compliance plan and will monitor its implementation. EBS shall have full access to Saybolt's records bearing on its compliance with laws and regulations administered by EPA, as well as full access to Saybolt employees.
- c. develop and implement a program to ensure compliance with all federal and state environmental laws concerning qualitative inspection and testing services,

which program shall be subject to the review and approval of the United States Environmental Protection Agency ("EPA"). The program will adopt and implement the recommendations of the outside consultant retained as part of this agreement and will incorporate and employ procedures deemed necessary to prevent future instances of data falsification and to fully comply with all state and federal environmental regulations. The program will include the development and maintenance of appropriate record keeping policies in connection with Saybolt's qualitative inspection and testing services.

- d. commence implementation of the compliance program following EPA's review, modification and approval of said program.

Saybolt acknowledges that any material and substantial failure to implement and to maintain in effect the aforementioned compliance program for the full term of the probationary period shall constitute a breach of this agreement.

9. Cooperation with Law Enforcement

Defendants agree to cooperate truthfully and completely with the United States in its investigation of possible violations of federal and state law and in any trial or other proceedings arising out of this investigation of Defendants and any of their present and former officers and employees.

a. Defendants understand and agree that their cooperation obligations will require them to do the following:

- i) provide full disclosure of all instances known to the Defendants or their outside counsel as of the date of execution of this agreement by the parties of data falsification, tampering with samples, tampering with analytical equipment or otherwise tampering with any qualitative or quantitative test results;
- ii) provide full disclosure of all information known to the Defendants or their outside counsel as of the date of execution of this agreement by the parties concerning the payment of money to Panamanian government officials in or about December, 1995;
- iii) provide full disclosure of all information known to the Defendants or their outside counsel as of the date of execution of this agreement by the parties concerning any payments by Saybolt Inc. or Saybolt North America Inc. or any of their affiliated corporate entities operating in the United States or managed or administered by the Defendants made directly or

indirectly to any foreign officials for the purpose of influencing such officials;

- iv) provide full disclosure of all information known to the Defendants or their outside counsel as of the date of execution of this agreement by the parties concerning any business activities by Saybolt Inc. or Saybolt North America Inc. or any of their affiliated corporate entities operating in the United States or managed or administered by the Defendants involving trade with embargoed nations;
- v) provide access to copies of original documents and records;
- vi) provide access to Defendants' expert and consultant, Environmental Business Strategies, as well as to EBS' records, reports, and documents excluding any work product privileged or attorney client privileged information not otherwise covered by this agreement;
- vii) require that, upon request and reasonable notice by the U.S. Attorneys, Defendants' directors, officers and employees make themselves available for interviews by law enforcement agents and for attendance at legal and judicial proceedings, including grand jury sessions, trials and other court hearings;
- viii) waive any claim of attorney-client privilege or work product protection with respect to the information disclosed to or obtained by Defendants' General Counsel or Assistant General Counsel during the period 1994 through May 11, 1997, relating to the subject matters of the two Informations referred to in paragraph 1 of this agreement, provided, however, that except as set forth in paragraph 9(b) of this agreement, such waiver shall not extend to any communications or conversations in which any attorney associated with Dwyer & Collora, LLP participated;
- ix) waive any claim of attorney-client privilege with respect to any and all communications occurring from November 1, 1995 through October 31, 1996, between and among (a) officers and employees of Saybolt Inc. and Saybolt North America Inc.; and (b) Philippe S.E. Schreiber, Esq., and which address the payment of money to Panamanian government officials to secure a leasehold in Panama; and
- x) take all reasonable measures to ensure that Defendants' directors, officers and employees cooperate fully and truthfully with the United States and disclose all information with respect to their activities and those

of others relating to violations of federal or state criminal laws, including federal environmental laws.

b. Defendants further understand and agree that their cooperation obligations will require them to do the following with respect to work product prepared by Saybolt's former in-house counsel and its outside counsel which pertains to falsification of testing data, tampering with samples, tampering with analytical equipment or otherwise tampering with any qualitative or quantitative test results:

- i) provide all notes and memoranda of interviews compiled and prepared by their counsel of interviews of Defendants' directors, officers and employees;
- ii) provide all notes and memoranda of interviews compiled and prepared by their counsel of interviews with individuals who are not directors, officers or employees of Defendants;
- iii) except as set forth in paragraph 9(a)(viii) of this agreement, Defendants' counsel shall not be required by this agreement to give testimony regarding the subject matters described in paragraphs 9(b)(i) and (ii) above, except pursuant to a trial or grand jury subpoena or other court order.

As limited to such materials, Defendants' and their counsel will provide a complete and full waiver of the attorney-client privilege and the work-product privilege, except as to those portions of materials containing the mental impressions and opinions of their counsel. Defendants agree that only portions of materials containing the mental impressions and opinions of their counsel will be redacted from the materials described in this paragraph. The U.S. Attorneys agree that production of such materials will not be construed as a general waiver of the attorney-client privilege and/or work product privilege as to any communications or materials beyond those referred to in paragraphs 9(b)(i) and (ii) above. Defendants also agree that their outside counsel will provide an index of materials in outside counsel's files and in the files of Defendants' General Counsel during the period 1994 through May 11, 1997.

c. If Defendants comply with all the terms of this agreement, the United States will, upon request of Defendants, advise the Court and any federal, state or local government agency, including licensing agencies or authorities, of the nature and extent of any cooperation provided by Defendants.

d. In return for Defendants' full and truthful cooperation, the U.S. Attorneys agree not to use any information provided by Defendants pursuant to this agreement (or any information directly or indirectly derived

therefrom) against Defendants in any criminal case except: in a prosecution for perjury or obstruction of justice; in a prosecution for making a false statement after the date of this agreement; in a prosecution or other proceeding relating to any crime of violence; in a prosecution or other proceeding relating to a violation of any provision of Title 26 of United States Code. The United States reserves the right to respond fully and completely to all requests for information by the District Court and U.S. Department of Probation in this matter. All such disclosures, however, shall be made subject to the provisions concerning the use of this information by the District Court and U.S. Department of Probation contained in U.S.S.G. §1B1.8(a) and the commentary thereto.

e. If the U.S. Attorneys determine that Defendants have breached this agreement by knowingly making any false, incomplete or misleading statement, or by knowingly providing any false, incomplete or misleading information, to any law enforcement personnel, grand jury or court, the U.S. Attorneys may terminate this agreement as set forth below, and may also prosecute Defendants for any and all offenses that could be charged against them in the Districts of Massachusetts, New Jersey and Connecticut, including, but not limited to, false statements and perjury.

10. Criminal Liability

Provided that the Defendants comply with the terms of this agreement, the United States Attorneys agree not to seek additional criminal prosecution against Defendants for:

- (a) the conduct described in Information A (Data Falsification);
- (b) the conduct described in Information B (Foreign Corrupt Practices Act); or
- (c) any business activities involving trade with embargoed nations which were known to the United States Attorneys and that occurred prior to May 11, 1997.

This agreement is not intended to, and does not, satisfy or affect the criminal liability of any current or former officer, director, employee, agent or representative of the Defendants.

11. Probation Office Not Bound By Agreement

The sentencing dispositions agreed upon by the parties and their respective calculations under the Sentencing Guidelines are not binding upon the United States Probation Office. Defendants' plea will be tendered pursuant to Fed. R. Crim. P. 11(e)(1)(C). Defendants cannot withdraw their pleas of guilty unless the

sentencing judge rejects the plea agreement. If the sentencing judge rejects the plea agreement, this agreement shall be null and void at the option of either the United States or the Defendants. In this regard the Defendants hereby waive any defense to any charges which they might otherwise have under any statute of limitations or the Speedy Trial Act.

12. Information For Presentence Report

Defendants agree to provide all information requested by the U.S. Probation Office concerning their assets, income and financial condition, as well as the assets, income and financial condition of their principals, shareholders and officers.

13. Civil Liability

By entering into this agreement, the U.S. Attorneys do not compromise any civil liability, including but not limited to any tax liability, which Defendants may have incurred or may incur as a result of their conduct and their plea of guilty to the charges specified in paragraph 1 of this agreement.

14. Withdrawal of Plea Agreement

Should Defendants' guilty pleas not be accepted by the Court for whatever reason, or later be withdrawn on motion of Defendants, this agreement shall be null and void at the option of the U.S. Attorneys.

15. Breach of Agreement

If the U.S. Attorneys determine that Defendants have failed materially to comply with any provision of this agreement, or have committed any crime during the pendency of this agreement, the U.S. Attorneys may, at their sole option, be released from their commitments under this agreement in their entirety by notifying Defendants, through counsel or otherwise, in writing. The U.S. Attorneys may also pursue all remedies available to them under the law, irrespective of whether they elect to be released from their commitments under this agreement. Defendants recognize that no such breach by them of any obligation under this agreement shall give rise to grounds for withdrawal of their guilty pleas. Defendants understand that should any such breach of this agreement occur, the U.S. Attorneys will have the right to use against Defendants before any grand jury, at any trial, hearing or for sentencing purposes, any statements made by their employees and agents, and any information, materials, documents or objects provided by Defendants to the U.S. Attorneys pursuant to this agreement without any limitation. In this regard, Defendants hereby waive any defense to any charges which they might otherwise have under any statute of limitations or the Speedy Trial Act.

16. Who Is Bound By Agreement

a. Information A: Data Falsification (Saybolt Inc.)

With respect to Information A, this agreement is limited to the United States Attorney for the District of Massachusetts, the United States Attorney for the District of New Jersey and the United States Attorney for the District of Connecticut, and cannot and does not bind the Attorney General of the United States or any other federal, state or local prosecutive authorities not identified above.

b. Information B: Foreign Corrupt Practices Act (Saybolt North America Inc. and Saybolt Inc.)

With respect to Information B, this agreement is limited to the United States Attorney for the District of Massachusetts, the United States Attorney for the District of New Jersey and the Fraud Section, Criminal Division, United States Department of Justice, and cannot and does not bind any other federal, state or local prosecutive authorities not identified above.

17. Complete Agreement

This agreement is the complete and only agreement between the parties. No promises, agreements or conditions have been entered into other than those set forth in this letter. This agreement supersedes prior understandings, if any, of the parties, whether written or oral. This agreement cannot be modified other than in a written memorandum signed by the parties or on the record in court.

If this letter accurately reflects the agreement entered into between the U.S. Attorneys and Defendants, please sign the Acknowledgments of Plea Agreement below, and affix Defendants' corporate seals. Please also have the signatures of the corporate signatories notarized. In addition, please provide a copy of requisite authorization to enter into this agreement, by

Defendants' directors (the original to be provided to the Court).
Return the original of this letter to Assistant United States
Attorney Paul G. Levenson.

Sincerely,

DONALD K. STERN
United States Attorney

By: 

MARK W. PEARLSTEIN
First Assistant United States
Attorney

PAUL G. LEVENSON
JOSHUA S. LEVY
Assistant U.S. Attorneys

FAITH S. HOCHBERG
United States Attorney
District of New Jersey

By: _____

GARY CUTLER
Assistant U.S. Attorney

STEPHEN C. ROBINSON
United States Attorney
District of Connecticut

By: _____

JEFFREY A. MEYER
Assistant U.S. Attorney

FRAUD SECTION, CRIMINAL DIVISION
United States Department of Justice

By: _____

PETER B. CLARK
Deputy Chief, Fraud Section

PHILIP UROFSKY
Trial Attorney

Defendants' directors (the original to be provided to the Court).
Return the original of this letter to Assistant United States
Attorney Paul G. Levenson.

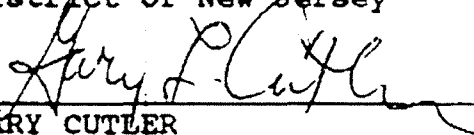
Sincerely,

DONALD K. STERN
United States Attorney

By: _____
MARK W. PEARLSTEIN
First Assistant United States
Attorney

PAUL G. LEVENSON
JOSHUA S. LEVY
Assistant U.S. Attorneys

FAITH S. HOCHBERG
United States Attorney
District of New Jersey

By: 
GARY CUTLER
Assistant U.S. Attorney

STEPHEN C. ROBINSON
United States Attorney
District of Connecticut

By: _____
JEFFREY A. MEYER
Assistant U.S. Attorney

FRAUD SECTION, CRIMINAL DIVISION
United States Department of Justice

By: _____
PETER B. CLARK
Deputy Chief, Fraud Section

PHILIP UROFSKY
Trial Attorney

Defendants' directors (the original to be provided to the Court). Return the original of this letter to Assistant United States Attorney Paul G. Levenson.

Sincerely,

DONALD K. STERN
United States Attorney

By: _____

MARK W. PEARLSTEIN
First Assistant United States

Attorney

PAUL G. LEVENSON
JOSHUA S. LEVY
Assistant U.S. Attorneys

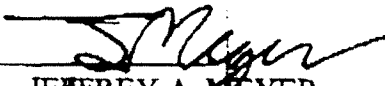
FAITH S. HOCHBERG
United States Attorney
District of New Jersey

By: _____

GARY CUTLER
Assistant U.S. Attorney

STEPHEN C. ROBINSON
United States Attorney
District of Connecticut

By: _____


JEFFREY A. MEYER
Assistant U.S. Attorney

FRAUD SECTION, CRIMINAL DIVISION
United States Department of Justice

By: _____

PETER B. CLARK

Defendants' directors (the original to be provided to the Court).
Return the original of this letter to Assistant United States
Attorney Paul G. Levenson.

Sincerely,

DONALD K. STERN
United States Attorney

By: _____

MARK W. PEARLSTEIN
First Assistant United States
Attorney

PAUL G. LEVENSON
JOSHUA S. LEVY
Assistant U.S. Attorneys

FAITH S. HOCHBERG
United States Attorney
District of New Jersey

By: _____

GARY CUTLER
Assistant U.S. Attorney

STEPHEN C. ROBINSON
United States Attorney
District of Connecticut

By: _____

JEFFREY A. MEYER
Assistant U.S. Attorney

FRAUD SECTION, CRIMINAL DIVISION
United States Department of Justice

By: _____

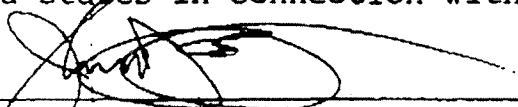

PETER B. CLARK
Deputy Chief, Fraud Section

PHILIP UDOPSKY
Trial Attorney

ACKNOWLEDGMENT OF PLEA AGREEMENT

Saybolt Inc.

I have read this letter of agreement in its entirety, and have discussed it with the directors of Saybolt Inc. and with its attorneys. I hereby represent that I am an officer of Defendant corporation and that I am duly authorized to enter into this agreement. I hereby acknowledge that this letter of agreement fully sets forth the agreement of Saybolt Inc. with the United States Attorneys for the District of Massachusetts, The District of New Jersey and the District of Connecticut, and with the Fraud Section, Criminal Division, United States Department of Justice. I further state that there have been no additional promises or representations made to or for the benefit of Saybolt Inc. by any officials of the United States in connection with this matter.



For Defendant
SAYBOLT INC.

Date: 18 AUGUST 1998

Corporate Seal:

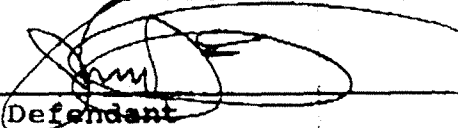
Notary Acknowledgment and Seal:

ACKNOWLEDGMENT OF PLEA AGREEMENT

Saybolt North America Inc.

I have read this letter of agreement in its entirety, and have discussed it with the directors of Saybolt North America Inc. and with its attorneys. I hereby represent that I am an officer of Defendant corporation and that I am duly authorized to enter into this agreement. I hereby acknowledge that this letter of agreement fully sets forth the agreement of Saybolt North America Inc. with the United States Attorneys for the District of Massachusetts, The District of New Jersey and the District of Connecticut, and with the Fraud Section, Criminal Division, United States Department of Justice. I further state that there have been no additional promises or representations made to or

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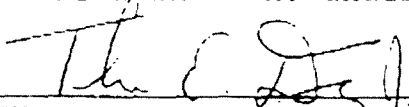
For Defendant
SAYBOLT NORTH AMERICA INC.

Date: 18 AUGUST 1998

Corporate Seal:

Notary Acknowledgment and Seal:

I certify that this plea agreement letter has been reviewed by duly authorized officials of Saybolt Inc. and Saybolt North America Inc. who understand its terms.



THOMAS E. DWYER, JR., ESQ.
Attorney for Saybolt Inc. and Saybolt North America Inc.

date: 8/18/98