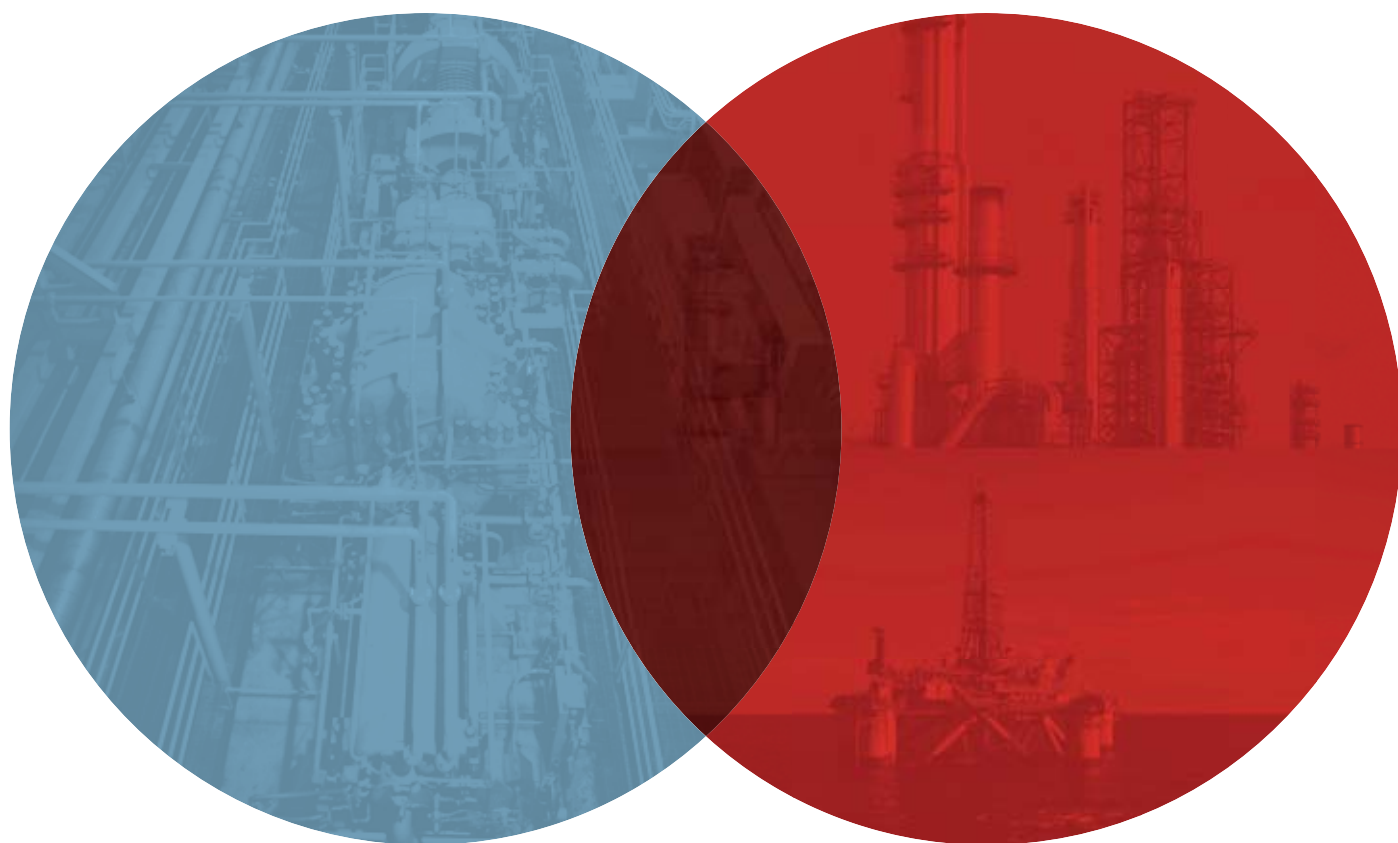


Tomorrow's Energy Infrastructure **At Work Today**

Dresser-Rand 2009 Sustainability Report



Dresser-Rand Group Inc. is among the largest global suppliers of custom-engineered rotating equipment solutions in the oil, gas, petrochemical, and process industries.

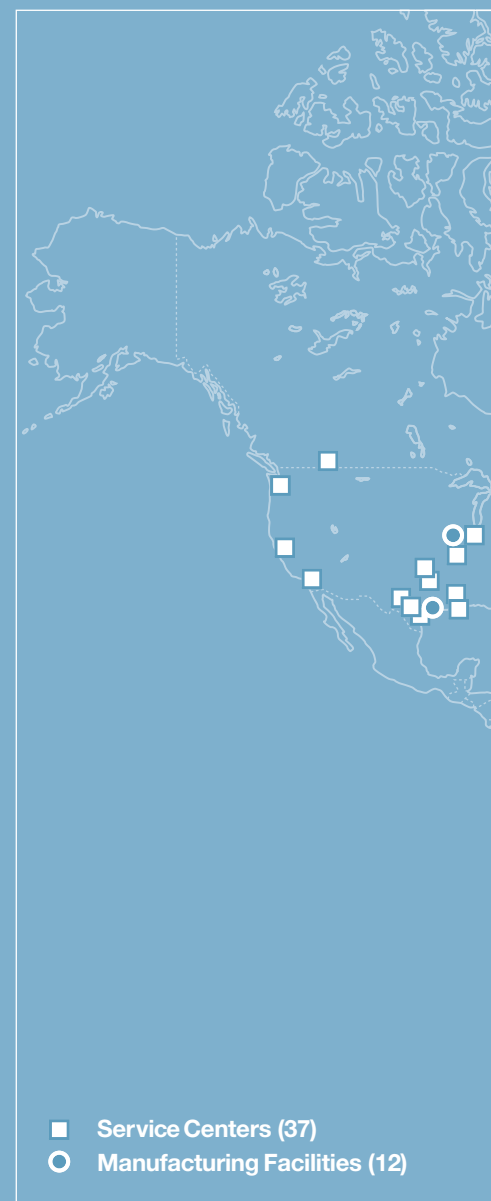
Our products – centrifugal and reciprocating gas compressors, gas and steam turbines, gas expanders and associated control panels—are used in oil and gas production, high-pressure field injection and oil recovery, gas liquefaction, gas transmission, refinery processes, natural gas processing, petrochemical production, general industry (including paper, steel, sugar, distributed power), and navy applications. We have the largest installed base in the world of our class of equipment, encompassing a legacy of over 40 reputable brands.

Dresser-Rand has the most extensive global service and support organization in the industry. The Company offers a full range of Original Equipment Manufactured (OEM) parts, field solutions, revamps and rerates, remanufacturing, product training and upgrades. More information on our products and services can be found on our website at www.dresser-rand.com.

Our worldwide client base consists of oil and gas producers and distributors, state-owned oil and gas companies, and chemical and industrial companies in more than 140 countries. We have long-term supplier alliance agreements with approximately 50 of our clients.

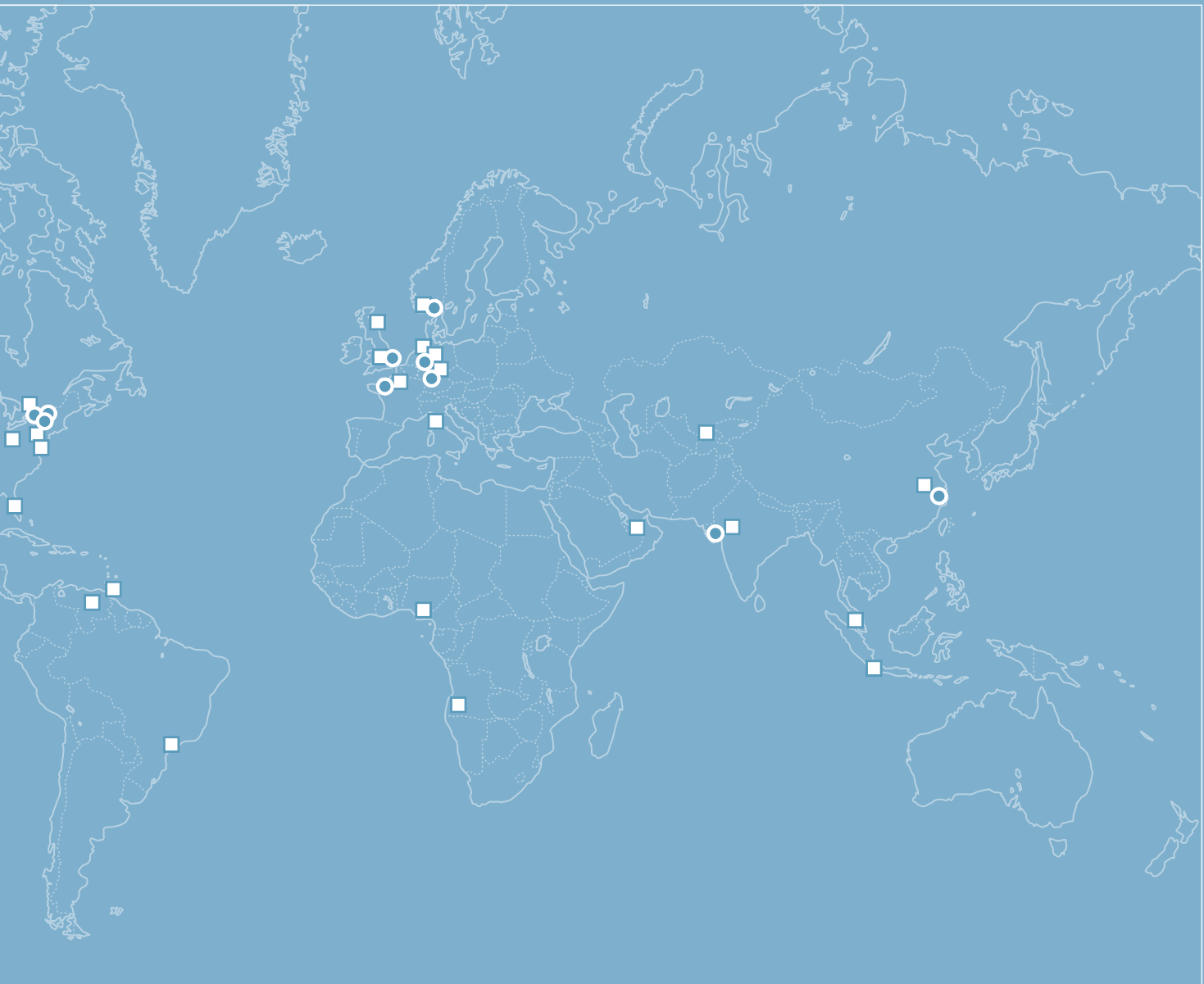
The company has approximately 6,100 employees and operates 12 manufacturing facilities in seven countries (United States, France, United Kingdom, Germany, Norway, India, and China), 37 service centers in 20 countries, and 65 sales offices in 23 countries.

Dresser-Rand Group Inc. is a publicly traded company listed on the New York Stock Exchange (symbol: **DRC**), and all information in this report is current as of June 2010.



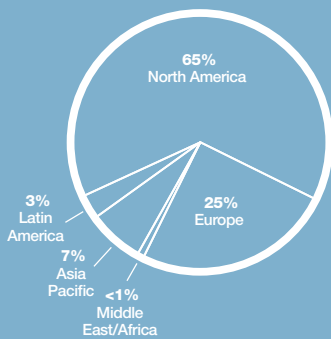
ECONOMIC IMPACT	2009	2008	2007
Revenue	\$2,289.6	\$2,194.7	\$1,665.0
Cash Flow From Operating Activities	\$129.8	\$234.8	\$216.0
Net Income	\$210.8	\$197.7	\$106.7
Operating Costs	\$1,377.1	\$1,328.1	\$1,016.5
Selling & Administrative Expenses	\$287.3	\$273.8	\$239.0
Taxes Paid	\$129.1	\$109.1	\$79.5
Payments to Capital Providers	\$31.1	\$33.9	\$37.6
Retained Earnings	\$638.1	\$427.3	\$229.7
Diluted Earnings Per Share	\$2.57	\$2.36	\$1.25
Annual Stockholder Return:			
Dresser-Rand	83.0%	-55.5%	59.8%
S&P 500	15.2%	-36.8%	5.0%
PHLX Oil Service Sector Index	61.6%	-59.9%	50.4%
Employee Compensation	\$562.6	\$534.5	\$451.4
Coverage of Defined Benefit Plans	Refer to 2009 10-K, notes 11 & 12		

(all dollar amounts except EPS are in millions)

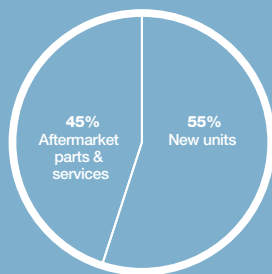


Company at a Glance 2009

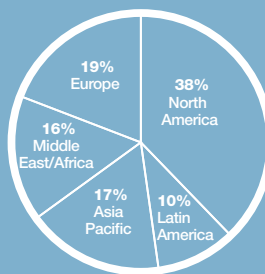
EMPLOYEE BREAKDOWN BY REGION (TOTAL 6,109)



REVENUE BY BUSINESS SEGMENT



REVENUE BY REGION



REVENUE BY END MARKET

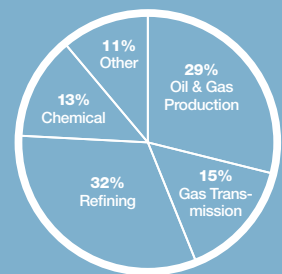


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	2.4	Inside back cover
	2.5	Inside back cover
	2.6	Inside front cover
	2.7	Inside front cover
	2.8	Inside front cover
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PERFORMANCE INDICATORS

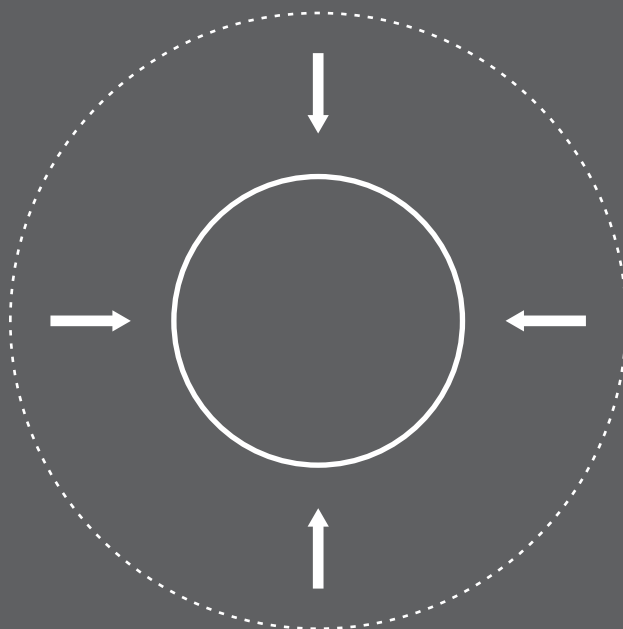
Environmental Energy	DMA	Online
	EN5	22-23
	EN6	19-21
	EN7	22
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Emissions, Effluents & Waste	EN23	23
	EN28	23
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Human Rights	DMA	Online
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Labor Practices and Decent Work	DMA	Online
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Society	DMA	Online
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	SO6	32
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Public Policy	SO7	23
	SO8	23
Anti-Competitive Behavior		
Compliance		
Product Responsibility	DMA	Online
	PR2	23
Customer Health & Safety	PR6	32
	PR7	32
	PR9	23
Marketing Communications		
Compliance		
Economic	DMA	Online
	EC1	Inside front cover
Economic Performance	EC2	18
	EC3	27
	EC6	29
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Market Presence		

Dresser-Rand's future success will be driven by our legacy of supplying long-lasting, innovative, custom-engineered, and energy-efficient product and service solutions.

By applying our expertise and innovative spirit, we are helping to create a more sustainable tomorrow—for our clients, the oil and gas industry, our employees and suppliers, the communities where we work and where our equipment operates, and our Company, including our stockholders.

We are responding to the energy industry's increasing demands by providing technologically superior product and service solutions that address today's global challenges. Thus, Dresser-Rand is truly focused upon bringing energy and the environment into harmony.

We Are Helping Our Clients Operate More Efficiently



Solutions for Tomorrow

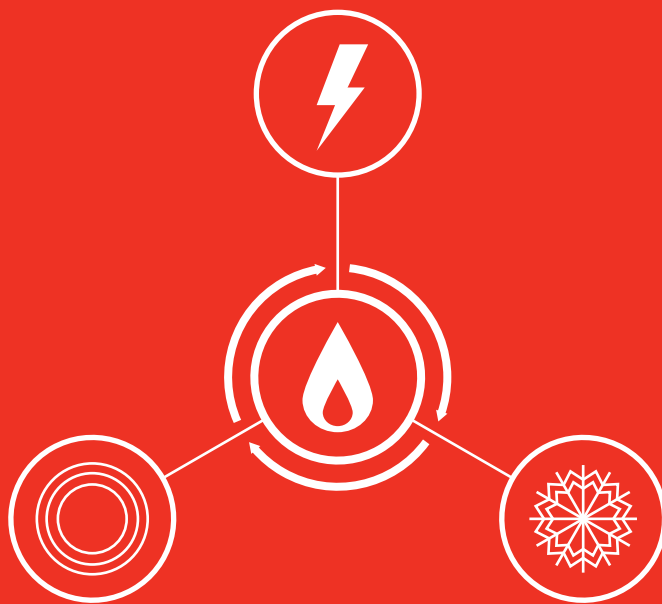
Dresser-Rand's custom-engineered and energy-efficient product and service solutions are helping clients reduce energy use, emissions and equipment size and gain the associated lifecycle cost benefits. The International Energy Agency reports in its 2009 World Energy Outlook that demand for energy will be 40 percent higher in 2030 compared to 2007. We are focused on that future, driving even greater efficiencies into our technological solutions to help our clients achieve additional environmental and cost benefits in current and new applications, such as subsea compression, combined heat and power, compressed air energy storage, and carbon capture and sequestration.



At Work Today

Dresser-Rand's Integrated Compression System, the first of its kind, is set to help Petrobras make the most of its oil production units operating in the Marlim Field located offshore Rio de Janeiro, Brazil. The compact unit is being fitted for its P-18 production platform, where it will be put to work to extend reservoir life while minimizing emissions. Learn more on page 20.

We Are Focused On Reducing Emissions



Solutions for Tomorrow

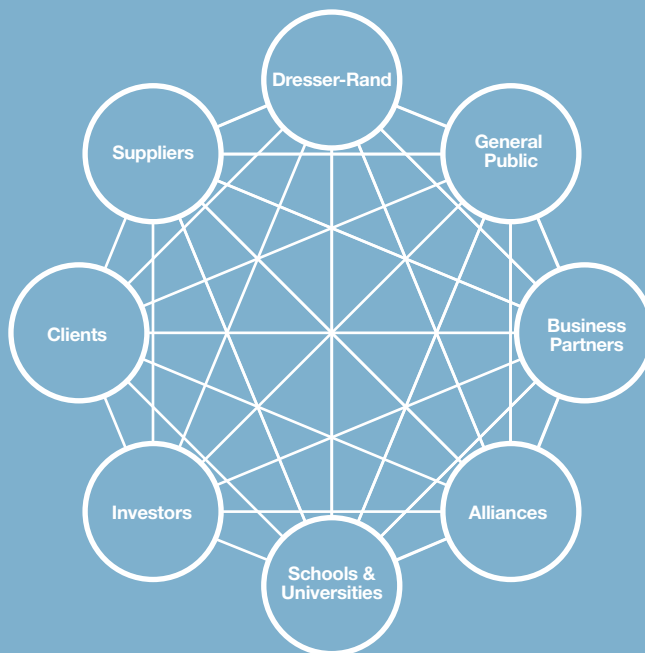
Affordable energy and global climate change are daunting concerns, and Dresser-Rand is committed to supporting the energy industry and all of our clients by providing innovative solutions to help address these concerns. Our oil and gas clients can reduce carbon emissions by adopting our custom-engineered solutions that offer greater operating efficiency. Our compressed air energy storage technology and combined heat and power solutions are also already at work. Further, with recent acquisitions, we are widening our scope by adapting our core capabilities to serve such emerging market opportunities as marine wave energy and carbon capture and sequestration.

At Work Today

Transform Pharmaceuticals, a Johnson & Johnson company, is generating energy savings and reducing carbon emissions with a tri-generation power system designed by Dresser-Rand's Aircogen division. The system delivers heat, power and cooling through a single fuel source. Learn more on page 20.



We Are Committed To The Communities Where We Operate



Solutions for Tomorrow

We are proud of the contributions we make in the communities where we operate, creating long-term benefits through job creation, supplier contracts and partnerships. In 2009, we launched a strategy to step up our localization efforts. We are convinced this will help us serve our clients more efficiently and secure additional business while supporting a broader constituency of our stakeholders.



At Work Today

Working with Saudi Aramco, Dresser-Rand is developing a Middle East hub in the Kingdom of Saudi Arabia to provide local research and development, engineering, manufacturing, and repairs and service to support the oil and gas industry and the communities in the region. Learn more on page 26.

To Our Stakeholders

Vincent R. Volpe Jr.
President and
Chief Executive Officer



Vince Volpe with six managers from the Naroda, India facility. They are standing next to a tree planted in honor of Vince's first visit in 2004 – a long-time tradition.

From left to right: Nayan Patel, Yayati Garde, Vijay Phatarpekar, Vincent Volpe, Rajesh Panchal, Yogesh Joshi, Rohit Shah.

Welcome to Dresser-Rand's first Sustainability Report. Dresser-Rand is built on the legacy of innovation and technology from 18 great companies that are among the most respected names in our industry. Through this legacy, we have been serving the energy market with high-quality, rotating-equipment products and services for nearly 170 years. The operating life of our equipment can be three decades or more and, with the largest installed base of equipment across the globe, we are, in short, long-term players.

Over the past five years, including 2009, Dresser-Rand experienced significant growth. While that growth is tempered in the short-term by the recent economic downturn and its financial impact on our clients in the oil and gas industry, our manufacturing model – underpinned by flexibility, sustainability and growth – is seeing us through this low-point and positioning us for the future.

For our clients, the long-term holds the considerable challenge of meeting the globe's increasing energy needs in a carbon-conscious world. We are helping them address this challenge by coupling our flexibility and sustainability with our innovative spirit to continue to deliver reliable, energy-efficient solutions today and to develop creative technologies for tomorrow.

At Dresser-Rand, we are challenged to create a safe and stimulating work environment for our employees, suppliers and service providers, to reduce the environmental footprint of our facilities, and to strengthen the communities where we operate. We are addressing these challenges with the same flexibility and sustainability coupled with dedication and hard work across every aspect of our operations.

It is within this context that, in 2009, Dresser-Rand's Board of Directors and senior management team validated our strategy and focus on the ways in which we are transforming our core competencies to meet future needs. The outcome of these deliberations is articulated in our renewed Vision, Mission, and Guiding Principles and Values on the next page.

Let me explain some of our priorities through which we will achieve this commitment:

Health and safety. Safety is our top priority. We want our men and women, as well as our subcontractors and our clients' employees, to return home from work each day the same way they start their shift. And we want to be the supplier of choice among our clients, recognizing that safety is their No.1 priority too.

Integrity and ethics. Governance is the foundation of our Company's strength and stability and, at its core, it depends upon the integrity and ethical behavior of every employee. Our governance systems are the cornerstone of our corporate management and, in conjunction with our Principles and Values, guide the decisions and actions of each of us.

Employee excellence. Our employees are our bedrock and their expertise and innovative thinking is critical to our success. Our culture, leadership development and employee recognition programs are at the heart of our recruiting and retention initiatives. Our goal, in a competitive labor market, is to engage the brightest and the best.

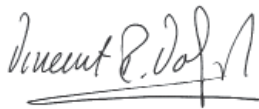
Innovation. Our “Blue Sky” team has a charter to engage, evaluate and act on creative initiatives, ideas and solutions to help us identify new market opportunities and apply existing or new technologies and services to the marketplace. We are future-oriented, whether it be in the continuous improvement of the efficiency of our current products or the development of subsea compression solutions, wave or other environmentally friendly energy infrastructure solutions.

Environmental stewardship. We are driving efficiency and savings in our worldwide operations through systematic investments that are enhancing processes, procedures, tracking and training.

Local content and execution. We are expanding the local presence of our manufacturing and service operations to increase our ability to meet our clients’ needs and to help strengthen the communities where we operate through investment, education, and research and development.

I invite you to explore, here in our Sustainability Report as well as on our website and in our Annual Report, the ways in which Dresser-Rand is embracing the opportunities that a challenging and sustainable future offers. We are convinced that we are moving in the right direction. We acknowledge the determined approach we must maintain to address the gaps in our processes and progress. But, we are up to the task because, in meeting it, we will serve all of our stakeholders: our investors, clients, employees, suppliers, and communities.

We are at work today developing new technologies and building custom-engineered equipment for tomorrow’s energy infrastructure.



Vincent R. Volpe Jr.
President and
Chief Executive Officer

Corporate Vision, Mission, Guiding Principles and Values

VISION

Our vision is to earn client loyalty for life.

MISSION

Our mission is to provide the most reliable and efficient rotating equipment technology and service solutions and lead in safety, environmental stewardship, quality, and cycle time.

GUIDING PRINCIPLES AND VALUES

Safety and Environment Stewardship are our priorities and critical considerations in everything we do.

Integrity and Ethics guide our conduct and create the foundation for a sound business reputation.

Employee Expertise and Responsibility that result from recruiting, training, and developing individuals, and by encouraging cultural diversity in an environment of integrity, teamwork, and empowerment.

Operational Excellence is our commitment to invest in people, processes, facilities and supplier relationships that enable us to compete and excel in quality, cost, and cycle time.

Innovation enables us to deliver un-paralleled value through leading-edge technology and creative solutions.

Lifelong Support focused on servicing a global installed base is essential for our long-term growth and client satisfaction.

Lifelong Loyalty acknowledged by all employees as the ultimate driver of our success. Achieved through disciplined processes and reflects a supportive attitude that delivers long-term relationships with clients.

Increased Shareholder Value through superior financial performance and growth.

Our Approach

DRESSER-RAND SUSTAINABILITY COUNCIL

Blaise Derrico
Director, Investor Relations

Brad Dickson
Vice President &
Chief Marketing Officer

Jim Garman
Vice President &
Chief Administrative Officer

Mark Mai
Vice President, General
Counsel & Secretary

Ken Marcia
Vice President, SCM &
Process Innovation

Joe Megginson
Director, HSE & Chief Safety
Officer Worldwide

Jim Methven
Director, Facilities &
Manufacturing Strategy

Jesus Pacheco
Executive Vice President,
New Equipment Worldwide

Marco Rossi
Director, Business
Development, Environmental

Greg Stubbs
Corp. Manager, Sustainability &
HSE Process Innovation

Our Approach to Sustainability

As Vince R. Volpe Jr., our President and CEO, points out in our 2009 Annual Report, sustainability takes on many different meanings. Dresser-Rand's Sustainability Council is a cross-functional, senior management team tasked with providing direction on the strategy and implementation of sustainability initiatives across our global operations. The Council believes that common among these meanings is the notion that by embracing our responsibility and applying diligence throughout our business operations, we can mitigate risks and make positive contributions to the economy, environment and society. It is this common belief that inspires us and drives our progress forward.

Our passion is set against a solid foundation of governance, policies and procedures. Dresser-Rand's Sustainability Council is directed by our CEO with oversight from the Board. We have introduced a number of enabling initiatives, including the development of this, our first Sustainability Report to our stakeholders and, early in 2010, obtained Board approval of our Sustainability Principles, outlined on the page opposite.

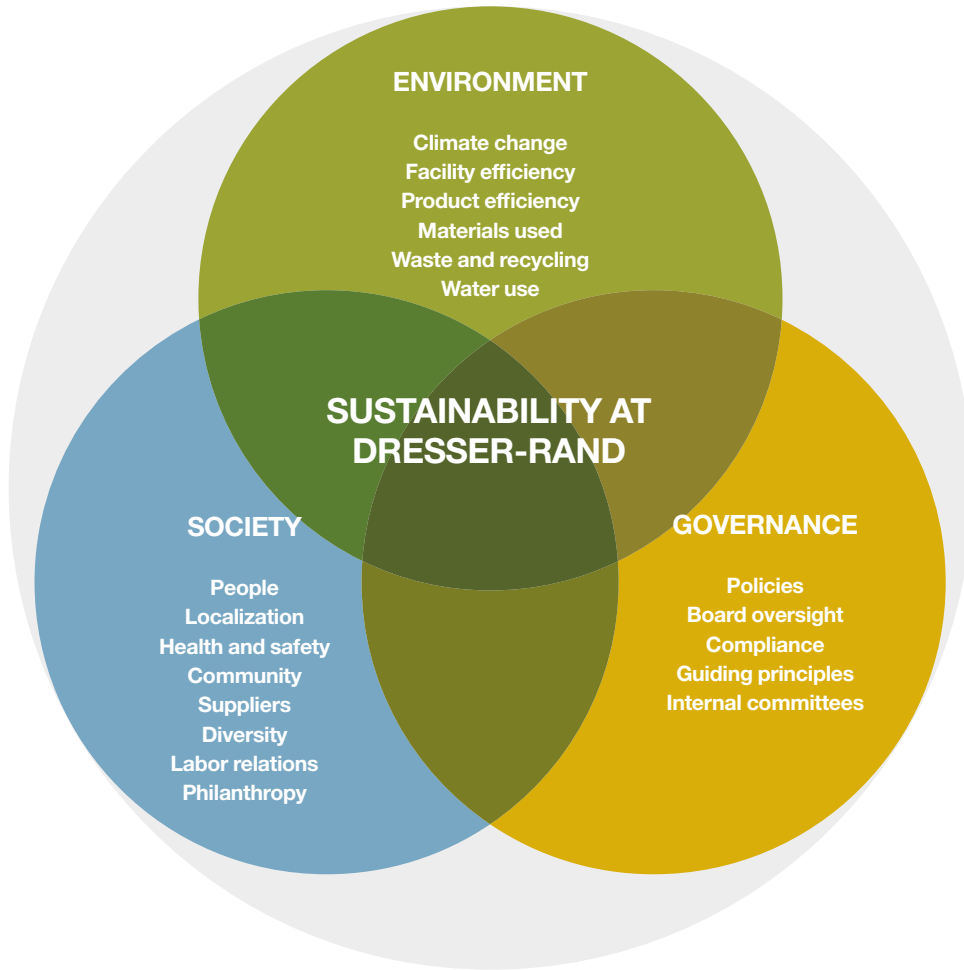
Dresser-Rand exercises due diligence in managing risk during operational planning or the development and introduction of new products. Decisions are based on the best information and advice available, but also consider uncertainty and the lack of information or data. Although there is not a single formalized process, Dresser-Rand exercises a precautionary approach to risk management. Our Safety Program is an example of this approach as are our efforts to develop products that address environmental concerns and climate change.

As you'll read in the pages that follow, we made strides in cataloging our progress and in launching improvement processes. Among the highlights:

- An overall safety record that improved by approximately 10 percent from 2008, to a very respectable total recordable injury rate (TRIR) of 0.81
- Two years without a recordable injury at our Naroda, India plant and an injury-free year in our Asia-Pacific operations
- Worldwide roll-out of our Health, Safety & Environmental (HSE) cultural change initiative to empower employees to take ownership of their safety
- Added local Hotline numbers to our operations in Nigeria and China
- Development of recruitment efforts in Asia-Pacific
- Creation of an Operational Excellence program to develop leaders within our manufacturing and support functions
- Expansion of training to field service personnel to 18,000 hours, approximately 24 hours per employee and almost twice what we offered in 2008
- Creation of a strategic business unit to focus on our growth in environmental markets
- Initial development of Eco-Design guidelines to measure common environmental metrics across our product lines
- Continued development of our investments in carbon capture and sequestration and marine energy technologies
- Introduction of a process to collect, track and manage GHG emissions data at the facility and corporate level
- Energy audits at our largest European manufacturing center, and one of our largest service facilities with another, at our largest U.S. manufacturing center, completed in January 2010
- LEED Gold Certification of our new Technology Center located in New York State
- Completion of a strategic alliance with Saudi Aramco that will create local jobs and research and development opportunities

We are proud of these accomplishments and the Dresser-Rand employees who made them possible. Still, we recognize there remains a great deal to be accomplished and much work lies ahead. The challenge is as exciting as the sustainability issues we are tackling. We are energized by the possibilities and look forward to an ongoing dialogue on our progress.

**OUR SUSTAINABILITY PRINCIPLES
EMBRACE ISSUES RELATING
TO ENVIRONMENT, SOCIETY AND
GOVERNANCE**



ECONOMIC IMPACT:

By operating responsibly, we improve our economic standing by decreasing risks and enhancing our attractiveness to stakeholders

Our Sustainability Principles

Dresser-Rand recognizes that the economic, social and environmental issues that face the world can affect and impact our business and our stakeholders. We also recognize that our business and the businesses of our clients and suppliers can affect and impact these same issues.

Dresser-Rand will accomplish our business mission and build upon our guiding principles and values by adopting a business approach that deals with sustainability issues that intersect our value chain, present opportunities for shared value and are important to our stakeholders and the greater societies where we operate. We will achieve this by:

Maintaining the highest standards of business ethics, governance, integrity and safety

Embracing opportunities and managing risks deriving from economic, environmental and social developments

Responsibly using material and energy resources

Providing environmental solutions with economic value for our clients

Addressing issues of consequence to our stakeholders with sustainable business practices

Developing technologies, products and services that bring energy and the environment into harmony

Investing in the development of our employees and the communities where we operate

Creating long-term stockholder value through sustainable processes, products and services

About This Report

This is Dresser-Rand's first sustainability report. Our goal is to provide a balanced view of the key issues we face and major achievements we have made affecting stakeholders across environmental, social, economic and governance areas. More coverage is available at www.dresser-rand.com. Our Annual Report and 10-K filed with the Securities and Exchange Commission, both of which are also available on our website, provide additional corporate information.

Stakeholder	How We Engaged in 2009
CLIENTS	37 service centers in 20 countries and 65 sales offices in 23 countries with plans to add more On-line product training Client Interface Response System
SUPPLIERS	Regional supplier conferences Technology-based financial risk management Provision of lean improvement resources Flexible manufacturing Supplier development Supplier safety requirements
EMPLOYEES	Employee surveys in our North American operations Expansion of Compliance Hotline Training and development programs New employee training and orientation Regular communications from senior management
COMMUNITIES	Educational partnerships in our main countries of operation Employee volunteerism and local contribution programs
STOCKHOLDERS	Annual meeting of stockholders Annual report Communications with stockholders Facility tours Investment conferences and quarterly conference calls



Scope

This report, published in April 2010, covers information across our global operations for the year ended December 31, 2009, unless noted otherwise. We include information from previous years where it is appropriate to provide context.

Dresser-Rand is reporting on the operations on which it has operational control, including all business units, joint-ventures and facilities owned or under lease (for example, office and vehicle leases). For acquisitions, we report information commencing from the date the transaction is completed. Currency is reported in U.S. dollars.

History of Sustainability

Although this is our first report, sustainability is not a new concept to Dresser-Rand. We, and our predecessor companies, have been providing energy-efficient solutions to our clients and support for our communities for many years. With the encouragement and support of our Board of Directors, we undertook to produce this report in 2009, a snapshot of our progress to-date, and expand upon our capacity to measure and document our corporate responsibility progress. We established our Sustainability Council, a passionate, cross-functional group of senior executives who are guiding our evolution. We are undertaking energy audits of our largest facilities to begin to establish benchmarks from which we will measure our performance. We are also implementing a slate of initiatives to drive us toward improved performance. We are proud of, and excited by, the progress we are making. We look forward to reporting our development to our stakeholders on an annual basis.

Report Content

In determining the scope of this report, we looked at best practices in reporting. We were guided by the Global Reporting Initiative G3 indicators (www.globalreporting.org) and are reporting at a GRI-checked level B. Responses used data that were available to Dresser-Rand, and recognized standards (e.g., GHG Protocol) and best practices were used to calculate the Indicators. To determine the information material to our performance, we also reviewed a variety of resources, including:

- Corporate plans, strategies, policies and initiatives
- Input from our Board of Directors
- Client feedback
- Stockholder dialogue and financial analyst input
- Employee and community input
- Media coverage
- Industry benchmarking
- Issues ranking from the Sustainability Council

Stakeholder Engagement

Dresser-Rand recognizes the importance of engaging its stakeholders to understand their concerns and issues. The dialogue developed between Dresser-Rand and our stakeholders allows us to appreciate different viewpoints and better understand how our business value propositions can be aligned with the goals of our stakeholders and larger societal goals. We engage our employees, clients, investors, communities, regulatory authorities and other stakeholders through various avenues of communication and engagement. Our stakeholders and our engagement with stakeholders have evolved over Dresser-Rand's long history rather than as a result of a formal defined process. As we continue our progress, we will continue to define and redefine our stakeholders and our interaction with them.

As a solutions provider to the oil and gas industry, which represents approximately 90 percent of our revenues, we are responding to our clients' concerns about energy efficiency and regulatory change. For our suppliers, we offer viable business opportunities for growth and profitability. As an employer in a high-demand industry, we are responding to our workforce's interests in safe job sites and opportunities for growth. As a company in a global economy, we are addressing certain needs of the communities where we operate. As a company with a flexible manufacturing model that depends upon capable suppliers, we are interested in their success. Our flexible manufacturing model and our expected resilient aftermarket parts and services business have positioned us well to weather the recent market turmoil and, as a result, we believe we are responding equally well to our responsibility to stockholders for creating long-term value. The table on page 12 summarizes our engagement with our stakeholders.

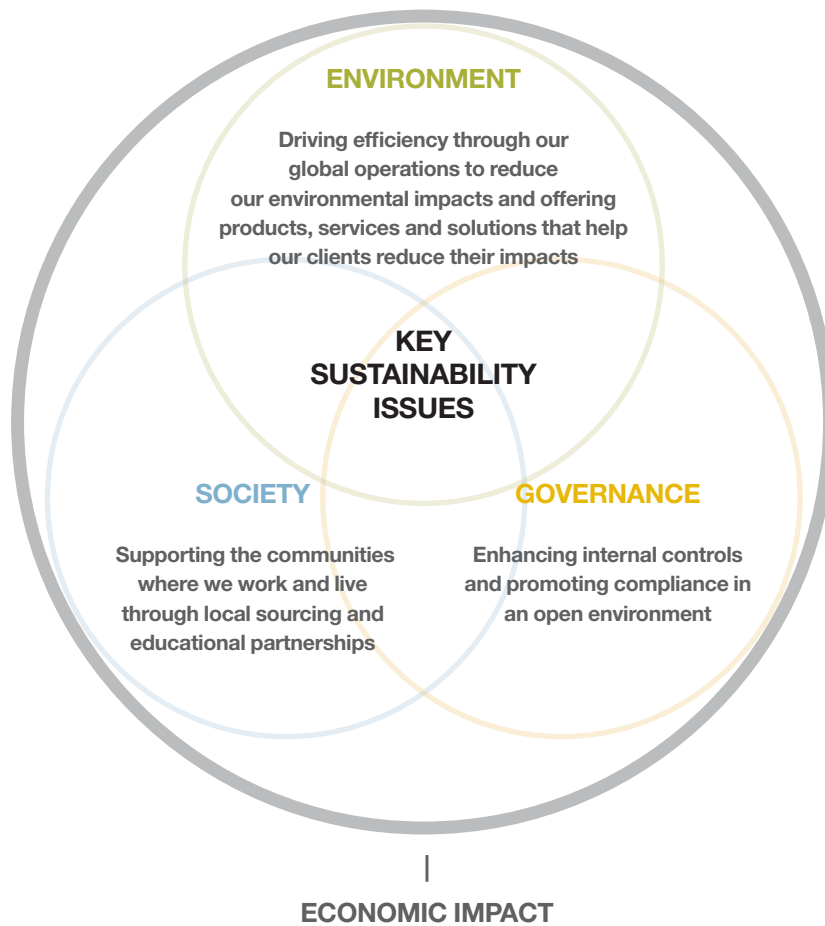
Reporting Goals

Going forward, our goal is to engage our stakeholders in a review of this report to solicit their views on its coverage and transparency. We will use their input to improve our communications in our 2010 report.

Environmental data has been collected and verified by PACE Global. At this time, we have not undertaken additional third-party assurance.

Key Issues Overview

At Dresser-Rand, we are providing superior-quality products and services for our clients to address the energy industry's needs of today and tomorrow. We are driving efficiency through our global operations to reduce our environmental impacts. Recognizing that our strength is in our employees, suppliers and service providers, we are providing them growth opportunities with critical consideration to their health and safety. We are supporting the communities where we work and live through local sourcing and educational partnerships. By operating our Company with a consistent strategy and the highest standards of integrity and transparency, we are creating value for our stakeholders.



By operating our Company with a consistent strategy and the highest standards of integrity and transparency, we are creating value for our stakeholders

Key Sustainability Issues

Climate



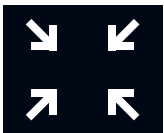
Innovate to create technology solutions to mitigate greenhouse gas (GHG) emissions and to develop technologies for alternative energy sources for the future

Products



Increase energy efficiency and reduce the footprint of our products while providing superior service to extend their usefulness

Operational Efficiency



Reduce the environmental footprint of our operations through systematic measurement, monitoring and continuous improvement

Localization



Expand our reach to extend the benefits of job creation, local sourcing, and partnerships in research and development and education in the communities where we operate

People



Provide training and development opportunities in a collaborative culture to attract and retain superior and creative talent

Health and Safety



Institute disciplined, consistent operational processes to ensure the health and safety of every employee while striving to drive our injury rate to zero

Communities



Maintain and develop educational partnerships that support science and technology education to enable tomorrow's workforce

Suppliers



Drive operational and energy efficiency into our supply chain through the deployment of lean principles and supplier partnerships

Governance



Operate with strict adherence to the highest standards of ethical behaviors while considering sustainability issues in our decision-making

Environment

Cleaner Energy for Tomorrow. Greater Efficiency Today.

Dresser-Rand's Approach:

Our products, services and operations and the energy industry we serve all impact the environment. We are focused on reducing any negative environmental impacts. It makes sense for our clients, who use our technologies to maximize the globe's limited resources while reducing their environmental footprint. It makes sense in our facilities, where greater efficiency results in both cost reductions and conservation. In this section, we describe our strategies of improving performance and innovation, and we outline our progress to-date. There is much work to do and significant opportunities. We are committed to continuous improvement.

2010 Commitments:

Continue to develop processes, procedures and programs that promote sustainable outcomes

Report on direct and indirect energy usage

Utilize the Kyoto Protocol to report on Scope 1 and Scope 2 emissions

Develop quality assurance and control guidelines and training modules for facility staff to ensure reporting accuracy, consistency and completeness



Climate Change

The scientific examination of, and political attention to, issues surrounding climate change was heightened in 2009 with the policies of the Obama Administration in the U.S. and the efforts of many nations to reach the Copenhagen Accord in December. A variety of regulatory developments, both in the U.S. and internationally, have been introduced that are focused on restricting or managing the emission of carbon dioxide, methane and other greenhouse gases. These developments, and further legislation that is likely to be enacted, are far-reaching and will impact our business.

Dresser-Rand's Enginuity® division provides solutions that address carbon issues and climate change by enabling natural gas-fueled engines to run smoother and more efficiently on less fuel and with fewer emissions.



We believe that Dresser-Rand is in a unique position regarding the climate change debate. We are in the business of providing goods and services to the worldwide energy infrastructure. Regardless of the source of energy, whether it be from a traditional source such as fossil fuels or from emerging applications such as renewables, our products will be required. Today, we produce equipment for oil production, refining, petrochemical, liquefied natural gas facilities, pipelines and an array of other applications. If legislation addressing carbon emissions is enacted or regulations are promulgated, we believe our clients will increasingly value the efficiency of our products. Furthermore, our high-speed rotating equipment can be used for the sequestration of carbon as coal-fired power plants seek to reduce GHG emissions; in connection with the use of steam from plants now burning biomass to create electricity; as a means to create the bulk energy storage necessary to utilize wind and solar energy; or, conceivably, to harness power from waves.

We are focused on these solutions. Today, we manufacture products that are being used to increase energy efficiency and reduce emissions for our clients. As the following discussion illustrates, we are aggressively pursuing innovations today to help manage their environmental stewardship tomorrow. We are optimistic about the future of the energy sector and the opportunities it offers us to help build a cleaner, more sustainable energy future.

We are also taking stock internally. In 2009, Dresser-Rand introduced a process to collect, track and manage GHG emissions data at the facility and corporate level. This information will help us develop programs and consider goals in 2010 to focus the energy efficiency initiatives, described on page 22, that we have underway at our facilities.

We contracted with Pace Global, a firm that provides integrated advisory, financial, and implementation services for the energy value chain, to help us develop an Inventory Management Plan (IMP)

that follows the globally accepted World Resources Institute GHG Protocol. By the end of 2009, we completed an energy audit of our largest European manufacturing center as well as one of our largest service facilities. An audit of our largest U.S. manufacturing center was completed in January 2010.

PRODUCING BENEFITS TODAY

Addressing the needs of our clients who are reducing their own climate footprints is already producing benefits for Dresser-Rand. Since 1997, Norway-based Statoil has been using our centrifugal compressors to inject approximately one million tons of recovered CO₂ per year into a saline formation under the North Sea. This is an annual equivalent to the output of a 125-megawatt coal-fired power plant. Dresser-Rand won this contract with reliable, cost-effective equipment that helps Statoil mitigate its greenhouse gas emissions. The reduction in CO₂ emissions also translates into \$65 million in annual savings for Statoil, based on CO₂ taxes of \$65 per ton, under Norwegian legislation enacted in 1991.

Meanwhile, we continue to improve our compressors. A similar application installed today could be powered with 10 percent less fuel, eliminating an additional 6,000 tons per year of CO₂ emissions.

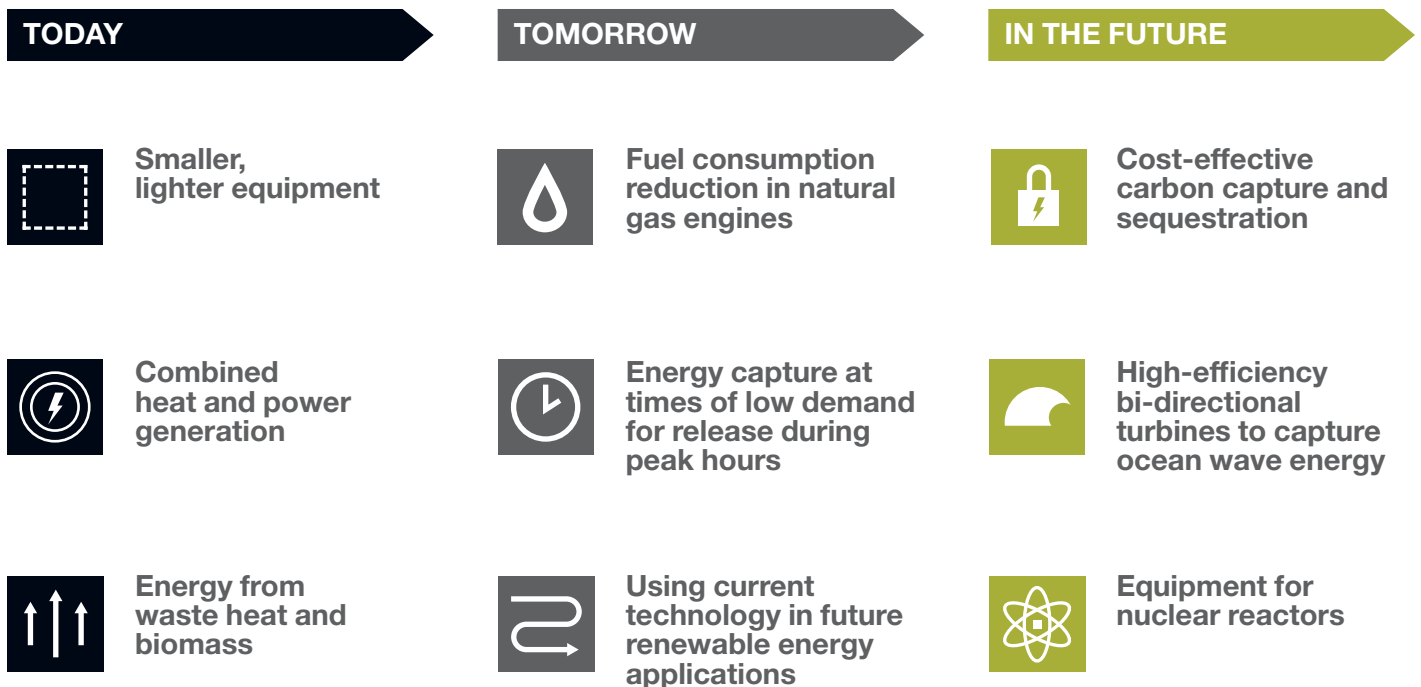


Driving Innovation in Our Products

Providing Our Clients with Sustainable Solutions

Dresser-Rand's technologies support our clients' competitiveness by improving process efficiencies and reducing emissions to meet increasingly stringent environmental regulations. We take an aggressive approach to innovation, advancing the performance of our current equipment and adapting it to environmentally beneficial applications. Our acquisition strategy further extends our reach with forward-looking solutions in emerging energy markets.

Helping Our Clients



New Products

Advancing Our Leadership in Sustainable Solutions

Dresser-Rand has taken significant steps to advance our leadership in client-directed sustainable solutions. In 2009, we increased our strategic business focus on growth opportunities in environmentally friendly applications such as Carbon Capture and Sequestration (CCS), Waste to Energy (WtE), Concentrated Solar Thermal (CST), Combined Heat and Power (CHP), and Wave Energy, all of which represent opportunities for Dresser-Rand to apply its core products outside of the traditional oil and gas and industrial markets. We started to develop eco-design processes that will measure common environmental metrics across our product lines and translate these into consistent environmental and asset performance attributes of the products, as well as the environmental value proposition to our clients. And, over the past two years, we acquired and integrated complementary technology solutions from Peter Brotherhood Ltd., to expand our renewable energy capabilities, and Enginuity LLC, to enhance our emissions technology solutions. We have also invested in Ramgen Power Systems, LLC, which we believe will help to tackle the demands for compression of high molecular weight gases, including applications for the carbon capture and sequestration market.

In this section, we profile the solutions that are addressing today's environmental challenges and their promise for tomorrow.

HELPING OUR CLIENTS TODAY

Our **Integrated Compression System (ICS)** is the first technology to combine the compressor, motor, separation system and process gas coolers in a single, compact unit. With a footprint and weight between 35 and 50 percent smaller than comparable conventional solutions, it creates an efficient and cost-effective alternative that can lower a client's initial infrastructure costs or add efficiency to onshore, offshore and subsea applications. The first ICS unit will ship in 2010 for installation on Petrobras' existing P-18 production platform off the coast of Brazil, where it will be put to work to increase the gas-handling capability of the existing compression train and minimize associated emissions.

The ICS technology is built on our **DATUM** (Dresser-Rand's Advanced Turbo Machinery) **compression technology** that, since 1995, has been providing as much as five percent greater efficiency than competing equipment offerings with a related reduction in fuel consumption and CO₂ and NO_x emissions. The approximately 700 DATUM compressors that have been installed have achieved aggregate savings in fuel consumption equivalent to nearly 60-million standard cubic feet of natural gas per day and GHG emissions reductions approaching 3,000 tons per day when compared to traditional compressors. This is roughly equal to the daily emissions from a 125-megawatt, coal-fired power plant.

Aircogen Combined Heat & Power (CHP), or cogeneration, systems lower on-site energy costs through the delivery of heat and power from a single fuel source. Increased fuel efficiency results in reduced pollutants and a proportional reduction in GHG emissions.

Dresser-Rand's steam turbine equipment captures and utilizes **waste heat in power plants**, a process that reduces fuel emissions and minimizes the amount of CO₂ entering the atmosphere.

In 2009, Dresser-Rand designed a waste heat recovery system for the Greater New Haven Water Pollution Control Authority in Connecticut. Heat from the wastewater treatment processes is used to produce steam to power a turbine generator. The Water Authority expects the installation will reduce its electricity costs by one-third.

Our waste heat recovery systems are also used on board commercial



SINGLE SOURCE ENERGY SAVINGS

A tri-generation Aircogen system designed and installed by Dresser-Rand in 2008 for Transform Pharmaceuticals, a Johnson & Johnson company in Lexington, Massachusetts, U.S., is providing electricity, heating and cooling year-round to the Company's manufacturing facility. The 250-kilowatt solar-assisted system is capable of delivering approximately 29 percent of the site's cooling and 38 percent of its hot water needs on a typical day. In August 2009, the award-winning tri-generation system completed its first year of operation. It exceeded the company's GHG emission reduction goals while generating approximately \$220,000 in energy savings and reducing the site's carbon footprint by nearly 1,000 tons.

vessels. Clients, such as Odense Steel Shipyard in Denmark and, beginning in 2010, United Arab Shipping Company, use our systems to recover waste heat from the main engine exhaust gases to fuel the ship's lighting and power supply. They are seeing fuel consumption reduced by as much as 10 percent, with an equivalent reduction in nitrogen oxides, sulfur oxides, and carbon emissions from the ship's stack.

Enginuity products
can reduce NOx
emissions by at least

70%

HELPING OUR CLIENTS TOMORROW

Dresser-Rand's **Enginuity**[®] division, formed following our acquisition of the private company in 2008, provides technology solutions to address climate change. When applied to natural-gas-fueled engines, Enginuity's technology reduces NOx emissions by 70 to 90 percent per unit and considerably reduces emissions of CO, unburned hydrocarbons and hazardous air pollutants. Additionally, the technology improves fuel efficiency, which coupled with the reduction of unburned hydrocarbons, significantly reduces GHGs. The total retrofit solutions that Enginuity has completed since 2000 in the natural gas transmission industry – about 60 percent of the total retrofits done – are reducing NOx emissions by approximately 100,000 metric tons per year and contributing to related annual reductions in GHGs compared to the units' pre-retrofit footprint. With only 15 percent of existing engines in the U.S. transmission industry retrofitted to date and thousands more in the mid-stream market, the technology has immense untapped potential.

Dresser-Rand has licensed technology from TransCanada Corporation and is developing a **supersonic ejector technology** that captures and reclaims virtually all GHG emissions ordinarily vented into the atmosphere from gas-line transmission facilities. A field test conducted in 2007 and 2008 at one of TransCanada's compression stations in Alberta, Canada, saved more than 99 kilowatts of energy equivalence and eliminated 1,600 metric tons of CO₂. This is the same amount of annual emissions from approximately 280 passenger vehicles according to the U.S. EPA.

Compressed Air Energy

Storage (CAES) is helping electricity producers in the U.S. and Germany balance national power grid loads and maximize the return on their fuel investment. At night, when electricity usage and cost is low, the CAES plant compresses and stores air in an underground reservoir. During periods of high energy consumption and cost, the air is released and heated with natural gas to drive turbines that generate electricity.

Dresser-Rand's CAES installation at Power South's McIntosh, Alabama facility started continuous operation in 1991 and is the first and only operating CAES plant in the U.S. We anticipate applying our **SmartCAES**[™] technology to future applications, including:

- Wind installations to "bottle" electric energy, which is typically generated primarily at night (off-peak), for daytime (peak) use when it is most valuable
- Solar installations to send power from photovoltaic farms in sunny regions through high-voltage direct current transmission lines to **SmartCAES** facilities elsewhere, where turbines would generate electricity year-round
- Coal-burning plants to conform to increasingly stringent emissions requirements

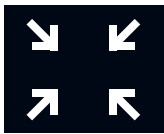
LAYING THE FOUNDATION FOR FUTURE SOLUTIONS

Interest in **Carbon Capture & Sequestration** (CCS) is gaining momentum globally and carbon tax or cap and trade mechanisms could potentially provide the financial incentive for significant increased investment. The technologies associated with CCS are expected to be proven commercially feasible in the near term. However, the cost of implementing those technologies on a broad scale is challenging and many issues associated with the storage need to be addressed. Dresser-Rand is pursuing technologies for the efficient compression, transport and injection of CO₂. Our investment in Ramgen Power Systems' supersonic compressor technology is projected to reduce the capital costs of CO₂ compression (one of the most expensive aspects of the CCS process) by approximately 50 percent of the cost of traditional technology.

We are working to provide solutions for harnessing **renewable marine, or wave energy** and efficiently converting it to electricity for use on land. The HydroAir turbine employs the oscillating water column process, which is the most successful and extensively studied technology for extracting energy from ocean waves. It works on a very simple principle: approaching wave swells flow into a partially submerged cylindrical chamber. The water pressure forces the air inside the chamber up through a top-mounted turbine that converts it into electrical energy. According to the Irish wave energy development company Ocean Energy, capturing just five percent of this theoretical global energy resource could satisfy 25 percent of the current global electricity consumption.

Nuclear

Dresser-Rand's steam turbines support nuclear plants. As the need for energy grows, we are continuing to advance our technology to provide safe and reliable support for this essential power source. In March of 2010, three new turbines were installed at the Susquehanna 1 and 2 nuclear power plants in Berwick, Pennsylvania. This represents one of the largest contracts executed by our Wellsville, New York operations. Dresser-Rand won the contract by providing a unique solution. We custom-designed three new turbine casings to match three revamped units, enabling the client to use common spare parts and fit the units in the existing space. As interest grows in the nuclear sector, Dresser-Rand is well-positioned to serve clients with needs for both legacy and new equipment.



Driving Efficiency In Our Operations

Our primary environmental impacts come from the manufacture of our products. In 2009, we made numerous investments to enhance the efficiency of our operations.

We applied our **Lean Manufacturing Process** to reduce waste in production, transportation, inventory and material use. As these processes mature we are recognizing substantial improvements in cycle time, throughput and on-time delivery. As an example, the multi-stage steam turbine new unit and aftermarket diaphragm manufacturing cell at our facility in Wellsville, New York realized 70 percent improvement in throughput, 33 percent reduction in cycle time, 80 percent improvement in on-time delivery while reducing the physical footprint by 20 percent.

Our Services group expanded its implementation of a client-focused, continuous improvement toolkit to improve quality, on-time delivery, health and safety, and profitability. The first phase began to be rolled out in 2008, and was focused on service center cleanup and organization using our **6-S workplace procedure**. Each month, facilities focused on one project, such as repainting floors, improving lighting or retrofitting equipment to improve safety. This work was substantially completed in 2009.

The next phase will involve continuous improvements in the form of standardized work processes across all global service operations in 2010. We will measure and track our progress – in improved delivery times, lower costs, safety, employee engagement and morale, and client satisfaction. For additional information, see the case study on the opposite page.

Project FIT was launched in 2009 to drive financially measurable reductions in energy and material use over a two-year period. In 2009, significant achievements included reduced transportation and logistics costs per volume, inclusive of fuel surcharges. In 2010, projects will drive additional cost and consumption reductions in factory services, supplies, utilities and information technology.

In 2009, we also undertook **energy audits** at one of our largest manufacturing facilities, in LeHavre, France, and one of our largest repair centers, in Tulsa, Oklahoma. We completed an audit of our

Olean, New York, manufacturing facility in January, 2010. The audits established baselines to measure our progress and identified a number of potential opportunities. We are in the process of considering targets for reductions in our operational environmental footprint (GHG emissions, energy intensity and water usage) monitored through use of the International Organization for Standardization (ISO) and GRI established metrics. Our goal is to implement initiatives in 2010 to reduce energy consumption and GHG emissions.

Facility Modernization

In late 2008, we began a multi-year modernization of our facilities in the U.S., many of which were built several decades ago. In Olean, for example, we are closing old facilities as we consolidate operations, including engineering and administrative functions, in a new Technology Center. In 2009, the Center was awarded LEED Gold certification by the U.S. Green Building Council, the organization promoting the design, construction and operation of high performance green buildings.

The Technology Center design includes the following features:

- Energy efficiency 16 percent greater than a typical office building
- Alternative fuel sources for 35 percent of electricity needs
- 20 percent recycled content in construction materials
- A 40 percent reduction in water usage with low-flow plumbing fixtures
- Optimization of natural lighting and minimization of artificial lighting impacts on surrounding areas

Our Enginuity facility in Colorado was remodeled in early 2009. While meeting the requirements for LEED certification, we decided to invest the cost of certification into the environmental performance of the facility itself. For these efforts in 2010, we were awarded Silver status under the Climate Wise Program for this facility.

INDIRECT ENERGY SAVINGS AND CO ₂ REDUCTIONS ACHIEVED IN 2009	ENERGY SAVINGS	METRIC TONS OF CO ₂ AVOIDED
LEED - Gold Certification of Technology Center*	385,150 kWh	126.52 MT CO ₂ e
Wellsville Energy Management Program	237,600 kWh	78.113 MT CO ₂ e
Painted Post Energy Management Program	116,700 kWh	38.366 MT CO ₂ e

*Note that this data is for 7 months from date of occupancy in May 2009 to year-end

6-S AT WORK TODAY

At our Wellsville facility in New York State, employees were dedicated to 6-S initiatives in 2009. In the oil storage area, oil drums were labeled, oil pans installed and floors painted for easy clean-up. In the rotor balancing shop, pinch point hazards on machinery were painted red to decrease safety risks. The vertical turning lathe, used for manufacturing large and heavy parts, was refurbished to extend its life by approximately 10 years and the service area in this shop was reorganized to remove clutter.

The 6-S workplace organization system focuses on:

- **Safety:** Work areas free from safety hazards.
- **Sort:** Put all equipment and material in the proper place.
- **Shine:** Clean and paint machines and equipment, with regular rotations of cleaning activities.
- **Straighten:** Present material in an orderly fashion and label all equipment.
- **Standardize:** Provide consistent area layout the same for similar areas.
- **Sustain:** Re-audit to ensure areas are maintained.



Financial savings through waste reduction

In 2009, employees at our Naroda, India facility established a baseline for measuring waste created and diverted. They also developed a tracking system and provided a training program to maximize staff participation in these waste reduction efforts. Accomplishments include diverting waste oils from incineration for re-use within the plant's operations, measuring and diverting paper waste from landfill by using it for packing material, and re-using wood crates for shipping of new machinery. Early data indicates annual savings of up to \$24,000 a year based on current initiatives. An action plan for additional measures is being developed for 2010.

Our Olean, New York and Burlington, Iowa facilities implemented waste reduction initiatives that resulted in cost and environmental savings. The Burlington plant recycles or reuses waste cardboard, paper and wood pallets, resulting in a 75 percent reduction in materials sent to landfill and approximately \$7,000 in reduced costs annually. Both facilities also reduced the quantity of solid waste generated by replacing disposable polypropylene pads used to absorb oil with a reusable solution. The pads are returned to the supplier where the waste oil is extracted and recycled and the pads laundered for reuse.

Energy savings through a fleet revamp

Dresser-Rand manages a U.S. fleet of approximately 300 service vehicles. In 2009, almost half of our fleet had been purchased as, or converted to, diesel vehicles. Diesel conversion doubles fuel economy to about 18 miles per gallon. Going forward, diesel service vehicles will be the preferred vehicles, where practical, to meet business needs.

Compliance

We require all operations be in compliance with all applicable laws and regulations.

We adhere to certain voluntary global or industry standards, such as those set out by the International Standards Organization (ISO), American Petroleum Institute (API), American Society for Testing and Materials (ASTM), American Society of Mechanical Engineers (ASME), and The National Association of Corrosion Engineers (NACE), to name a few.

The Dresser-Rand Health, Safety and Environmental (HSE) Management System provides a systematic approach to monitoring and managing the health, safety and environmental aspects of our activities or processes built on a clearly defined HSE policy and a commitment to continuous improvement. A systems approach utilizes defined processes to:

- Identify health and safety hazards and environmental aspects
- Evaluate the significance of these hazards and aspects
- Develop goals, objectives and targets
- Implement supporting operational controls and programs to achieve them
- Achieve continuous performance monitoring and measurement
- Implement corrective actions for nonconformance

Our major manufacturing facilities – in Olean, Painted Post, and Wellsville, New York (Southern Tier plants) and Burlington, Iowa, in the U.S., Le Havre in France, Peterborough in the U.K., Oberhausen in Germany and Naroda in India – and our repair center in Cilegon in Indonesia are ISO 14001 certified.

We recognize the need for consistency across operations and have, on an ongoing basis, worked toward standardizing our processes and procedures within organizational units and, where appropriate, globally. For example, in 2009, the ISO 14001 management systems for our Southern Tier New York plants were combined under one ISO 14001 Environmental Management System certificate.

The Company paid no significant fines for non-compliance of laws and regulations in 2009 and none were assessed.

TRAINING BY EMPLOYEE CATEGORY

AVERAGE HOURS/YEAR

Professional	24
Production	30
Average	25

SIGNIFICANT ENVIRONMENTAL SPILLS

2007 2008 2009

Number of Spills	0	1	0
Discharge in Gallons	0	100	0

Society

Investing in People for Tomorrow. Experience for Today.

Dresser-Rand's Approach:

Our business success is supported by the strength of our relationships with our employees and the communities where we operate. In the factory and in our global service operations, our priority is health and safety. In communities where we have a presence, we are focused on creating long-term economic, social and environmental benefits through sustainable initiatives, job creation, supplier engagement, research and development activities, and educational support. Our commitment is to broaden these benefits by expanding our local presence in the places where we operate. By doing so, we will extend our legacy and our business success into tomorrow.

2010 Commitments:

Continue to strive to provide safe and secure workplaces in every country where we do business

Provide partnerships with local schools and universities with respect to career and job skills development

Expand our corporate charitable initiatives with a focus on education

Increase our training and development investment in our employees worldwide

Extend and deploy job creation to our specific localization initiatives



Localization

Dresser-Rand is committed to building long-term relationships with our clients around the world by delivering excellent products and services. To meet that commitment, we formalized a localization strategy in 2009 that will expand our operations on the ground where our clients do business. By manufacturing, sourcing and servicing locally, we will provide competitive pricing and improved response time.

Whenever possible, we strive to leverage local resources near our operations. Two examples are our LEED-certified technology center in Olean, New York (top), and our partnership with King Fahd University (bottom) in Saudi Arabia.



We believe this strategy will make us the company of choice when oil and natural gas producers, including national oil companies, are looking for long-term partners in the development of their countries' energy reserves. But, more than that, it is at the core of our legacy of corporate responsibility. By creating jobs, sourcing through local suppliers, partnering with local institutions on research and training initiatives, and paying local taxes, we are building sustainable relationships in the communities where we operate.

As we roll-out our localization initiatives, we will be building on our history of contributions in New York State's Southern Tier region, where we have been operating for more than one hundred years. Our service center network has grown from 24 in 2005 to 37 in January 2010, with additional sites planned for the near future. And our partnership with Saudi Aramco in the Kingdom of Saudi Arabia, which we launched in 2009, is an example of the type of initiative we plan to adopt in other countries.

At Work Today in New York State

Dresser-Rand has been contributing to communities in New York State for more than a century through our engineering and manufacturing presence at Wellsville, Olean and Painted Post:

- \$1 billion in annual sales, nearly half of our global total, through production of steam turbines in Wellsville, centrifugal compressors in Olean, and reciprocating compressors in Painted Post
- Largest private employer in the region, with more than 2,000 employees, nearly one-third of our global total, including 400 new hires in 2008 and 2009
- 600 local suppliers engaged with total expenditures totaling approximately \$133 million, representing 25 percent of supplier expenditures in our New York State plants

Preparing for Tomorrow in Saudi Arabia

In March 2009, Dresser-Rand entered into a long-term agreement with the Kingdom of Saudi Arabia's national oil company (NOC), Saudi Aramco, to supply equipment and provide ongoing service and repair. As Saudi Aramco's first agreement of its kind with a compressor and steam turbine manufacturer, it will allow the NOC to maximize its productivity and lower its total costs.

Dresser-Rand plans to build a 120,000 square foot (11,000 square meters) facility for manufacturing,



repairs, service, technical expertise, and training. We expect that the facility will be opened for business within a year. After opening, we plan to employ approximately 120 local professionals and production workers, growing to 300 employees when fully operational. We anticipate our investment in Dresser-Rand Arabia, matched by our joint venture partner Al-Rushaid Petroleum Investment Company of Saudi Arabia with whom we've worked for 30 years, will spin-off other business opportunities for local suppliers in the region and motivate these suppliers to do the same.

Dresser-Rand is also developing a research partnership with Saudi Aramco, the King Fahd University of Petroleum and Minerals, one of the leading technical institutes in the Middle East, and Lehigh University in Bethlehem, Pennsylvania, a U.S. school with which Dresser-Rand has a long-standing relationship. Joint research and development programs will support innovation that will benefit local energy markets.

HELPING MEET THE NEEDS OF THE U.S. MILITARY

To meet the needs of the U.S. Navy, we expanded our service centers in San Diego, California and Chesapeake, Virginia and opened a new service center in Mayport, Florida. The added capabilities are filling the void created by the decommissioning of Navy vessels and a decrease in its shore-based facilities. The increased service includes military-specific welding, work on compressors and other equipment, and a spare parts program.



People

Our employees' expertise is critical to our business success. Through their contributions, we are able to offer our clients engineered solutions, proven technical innovation and ongoing service excellence. At Dresser-Rand, we are focused on providing our employees with meaningful work in a safe environment, training and development opportunities to advance in our business, and a culture of teamwork, dedication and passion that encourages their creative contributions.

The entire oil and gas sector is facing the challenge of an aging workforce and Dresser-Rand is no exception with 10 percent of our employees eligible for retirement in the next three years. In addition, we work in an exceedingly competitive employment market, where our highly skilled professional and technical staff are in high demand.

Dresser-Rand has weathered the recent economic downturn with minimal impact on our ranks. We are focused on retaining our employees by offering a culture of collaborative excellence, training and development opportunities, and competitive compensation and benefits worldwide. More than 40% of our workforce is covered by collective bargaining agreements.

With an eye to our expansion in certain regions where our clients operate, we built on our global recruitment efforts in 2009. We also made plans to establish a recruiting Center of Excellence in 2010. We continue to enhance our well-established relationships with universities, colleges and technical institutes, building research partnerships and developing additional apprenticeship, co-op and intern opportunities for graduates. We

highlight some of these activities in our discussion of our localization strategy on page 26 and in our community section on page 29.

Training and development

Dresser-Rand views employee training and development as a strategic investment that ensures success for our Company, our employees and our clients. We have programs founded on safety and compliance training, and other flagship programs that provide the leadership, business acumen, and technical skills needed to support our corporate mission and the career development objectives of our Company for our employees. As we acquire new businesses to support the Company's strategic objectives, our training programs are vital to seamlessly integrating new employees and achieving consistency throughout our operations.

Our **Quality of Leadership** and **Business Acumen** programs help develop exemplary leadership practices for individuals in middle- and senior-management positions. Our **Management Acceleration Program** provides leadership candidates in the early stages of their careers with diverse developmental experiences through job rotation across geographic and business unit locations, as well as technical and leadership training.

The Quality of Leadership program has more than 700 graduates since 2007, with 94 percent of targeted employees that completed the course still with the Company. At year-end, another 107 employees had graduated from the Business Acumen program, which is sponsored by our CEO and taught by 11 senior leaders. Our target is 140 additional graduates by the end of 2010.

We are creating an **Operational Excellence** program to develop leaders within our manufacturing and support functions. The program will be piloted in the first half of 2010.

In partnership with the Rochester Institute of Technology in New York State, we offer Dresser-Rand University certificates in strategic and manufacturing leadership, and with Strayer University's online accredited degree programs, we

offer a host of management degrees. We also entered a strategic alliance with the PetroSkills training initiative. This is a training partnership of the world's major oil and gas producers, all of which are alliance clients to Dresser-Rand and since its creation in 2001, has come to define the industry standard in technical training in the oil and gas industry.

In 2009, we increased training to field service personnel to 18,000 hours—approximately 24 hours per employee and almost twice what we offered in 2008—through product certificate curriculums and project management programs.

Creative solutions are the cornerstone of our client service. For the last several years we've celebrated the technical, education and service achievements of our employees. In March, the annual **President's Awards** for achievement in dramatic growth, operational excellence, exceptional service and support, safety and community service were presented at the Company's worldwide Management Meeting.

LABOR RELATIONS IN NEW YORK STATE

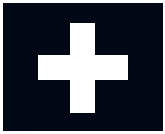
In 2009, we signed labor agreements with the unions representing employees at our Wellsville and Painted Post operations in New York State. An agreement with the union representing workers at our Olean plant was reached in 2008.

Painted Post employees had been working without a contract for more than two years. The agreement, signed in November, launched a renewed cooperation between the union and company through the establishment of a Joint Business Council, which is meeting on a regular basis to discuss issues such as safety and apprenticeship opportunities. In a new initiative, our unions are sponsoring off-site employee meetings to develop opportunities in lean transformation that can be adopted on the shop floor.

EMPLOYEE AND TEMPORARY WORKERS AS OF 12/31/09 TOTALS BY REGION AND CONTRACT TYPE

	F/T NON UNION	P/T NON UNION	F/T UNION	FIXED TERM	TOTAL
Asia Pacific	364	3	47	96	510
Europe	457	40	1,001	63	1,561
Middle East/Africa	29	0	0	1	30
North America	2,181	16	1,780	178	4,155
Latin America	191	0	0	17	208
Total	3,222	59	2,828	355	6,464

Note: Full-time and part-time workers have indefinite contracts



Health & Safety

The health and safety of our employees is critical for our long-term success. First, our employees are our most valuable resource, and we want them to return home every day in the same condition that they arrived at work. Second, our clients demand outstanding safety for their site compliance. They also know that safety excellence indicates the same discipline in quality, on-time delivery and reduced costs, thereby enhancing their reputation and profitability.

Celebrating Safety in Naroda, India

In November, employees at our facility in Naroda, India celebrated two years of injury-free production, leading the way among Dresser-Rand operations. In 2009, the HSE team implemented a Safety Action Plan, empowering employees to take on actions such as enhancement of the on-the-job safety orientation program, improved HSE signage, a rewards and recognition program, and contractor safety initiatives.



Our health and safety programs are driven by three principles: discipline, accountability and continuous improvement. Through these, we have achieved significant progress toward our goal of zero workplace injuries or fatalities and loss of work time due to illness. In 2009, our global Total Recordable Injury Rate (TRIR) was 0.81, down from our rate of 0.90 in 2008 and well below our industry's average both in our manufacturing and field operations. Our Naroda, India operation celebrated two years without a recordable injury. Our Asia-Pacific operations worked injury-free in 2009 and our European operations and Field Services group both achieved a TRIR below 0.5. There were no work-related fatalities in 2009 at any of our sites. Our lost days rate worldwide was 0.29.

Putting our Principles into Action

Discipline: Our Health, Safety and Environmental (HSE) Management System, deployed and rigorously enforced across our operations, provides the foundation for our behavioral and compliance auditing programs, timely incident investigations to determine root causes and prevent recurrence, employee participation in ongoing HSE training, and frequent communication to reinforce HSE awareness. Dresser-Rand provides education, training, counseling, prevention programs and treatments for workers. For more information on which services are provided at specific facilities, please visit our website.

Accountability: Safety is the responsibility of every employee, from senior managers to employees on the shop floor. Our CEO is to be informed of all OSHA* recordable injuries within 24 hours. He receives a weekly update of all injuries and reviews a monthly report that focuses HSE leadership by looking at five leading indicators, such as attendance at safety meetings, achieving our audit goals and on-time investigation of injuries. We hold monthly teleconferences with senior managers, weekly staff meetings at the operational level, and toolbox meetings at the beginning of every shift. We regularly update web-based, client-specific reports about our safety performance at their operations. A dedicated on-line software program enables all supervisors and managers to maintain audit and incident records, automatically prepare government reports and track the completion of corrective actions. Around the world, over 75% of our workforce is represented in formal joint management-worker health and safety committees. A number of

health and safety topics are covered in our formal agreements with trade unions. These agreements include discussions of personal protective equipment, health and safety committees, inspections and audits, training and education, compliance mechanisms, and the right to refuse work.

Continuous Improvement: Our drive to continuous improvement is guided by a zero tolerance policy for non-compliance, a structured disciplinary process, and thorough training that includes orientation for new employees, and annual, task-specific refresher programs. A library of computer-based HSE courses is available through our Dresser-Rand University program. Some are required to be passed annually; others are elective depending on an individual's role. In 2009, we introduced our Boot Camp in which safety is incorporated into product-specific training for our field service repair technicians.

Other key initiatives in 2009 included:

- The worldwide roll-out of our HSE cultural change initiative, designed to empower employees to take ownership of their and their co-workers' safety
- The delivery of company-sponsored mobile flu clinics to our U.S.-based employees and their families and an intensive communication campaign to employees worldwide
- Continuation of our employee assistance programs, which include counseling services, online stress management training, and treatment referral and monitoring for alcohol or substance abuse

PROMOTING SAFETY CONSISTENCY

One challenge we face is developing a consistent safety mindset among our employees in different cultures and in our recent acquisitions. We acquired our Peterborough, U.K. operation from Peter Brotherhood in 2008. Through our initiatives there, the team achieved a 38 percent reduction in total injuries in one year, from 120 in 2008 to 75 in 2009, or from six to four on an Occupational Safety and Health Administration (OSHA) recordable basis. Line managers are now prime advocates for safety, incorporating safety moments at meetings and auditing safety behavior on a daily basis.

* U.S. Occupational Safety and Health Administration.



Community

Dresser-Rand's community philanthropic programs are focused on building our future workforce. Increasingly, our employees require a broader range of skills to meet the needs of the organization. Those skills are also important in a global society. Through our partnerships and funding initiatives, we want to excite and educate students, from middle-school to college, in the opportunities that are founded in science-based learning. Equally important, we want to help give them the acumen to contribute solutions to the complex economic, environmental and social concerns of today and tomorrow. As a technology leader in our industry, we support our communities by helping to develop educated and skilled citizens.

Since 2007, we have supported U.S. educational partnerships in New York State's Southern Tier region to support regional schools in the communities where we work, such as Jamestown Community College in Olean, SUNY Alfred in Wellsville and Corning Community College in Painted Post. Through these regional technology institutes and universities, we provide research and development as well as intern opportunities to graduating students. In 2009, for example, we continued our partnerships with SUNY Buffalo and, near our headquarters in Houston, Texas, A&M University.

We continue with development of educational partnerships to support our international operations, such as ones established in 2009 between King Fahd University in Saudi Arabia and Lehigh University in Bethlehem, Pennsylvania, U.S.; and Nirma Institute of Technology in India and Pennsylvania State University in the U.S.

We delivered a \$250,000 commitment over five years to the Challenger Learning Center of the Twin Tier Region at St. Bonaventure University in Allegany, New York. The Center is part of the U.S. network of Challenger Learning Centers designed to foster a long-term interest in mathematics, science and technology in grade school students.



Suppliers

Our business model requires strong, enduring supplier relations. In 2009, we spent approximately \$1 billion with suppliers for engineering, manufacturing, sales and service.

We view our supply chain as an extension of our manufacturing network. Training and knowledge transfer help new and established suppliers provide consistent, efficient and safe delivery of our products and services. We are also helping to build supplier capacity and stability by working with them to implement in their operations lean manufacturing and other process improvements. In 2009, we sponsored four interactive global supplier conferences. Two of these were held in Mexico to focus on supplier development and continuous improvement. In May, Painted Post hosted a conference to address supplier risk and continuous improvement. Suppliers representing 80 percent of our spending on materials and supplies in North America were in attendance. In the fall, a global conference was held in Houston with our major component suppliers, which addressed future growth and development of their capabilities.

Supplier Diversity

Our U.S. supplier diversity program reaches out to minority-, women-, and veteran-owned businesses, businesses operating in underutilized economic regions, as well as disadvantaged and disabled-veteran small businesses. We recognize the need to develop and assist minority businesses by helping them develop the performance drivers and metrics that will make them competitive in the marketplace.

In 2009, we took part in minority supplier development trade fairs and conventions in Rochester, New York, and New Orleans, Louisiana. Our policy statement is available on our website at www.dresser-rand.com.

Governance

Dresser-Rand's Approach:

Dresser-Rand promotes the highest standards of governance. They are at the core of our Company's reputation and stability and, through them, we are able to serve our stockholders, employees, clients, suppliers and other stakeholders with passion, hard work, confidence and an innovative spirit. Beyond our long-standing commitment to abide by laws and regulations applicable to us, we work hard to engender a culture of conducting ourselves ethically. Simply put, our management team continually encourages our workforce to do their jobs the right way. Our employees appreciate how quickly a company's goodwill can be destroyed by not adhering to this standard. Our governance systems are the cornerstone of our corporate management and, in conjunction with our Principles and Values, guide the decisions and actions of all employees.

2010 Commitments:

Provide periodic reporting to the Board with respect to the Company's risk management and mitigation program

Respond to legislative developments relating to governance issues

Improve the Company's programs for providing training with respect to safety, compliance and individual development

Enhance our commitment to positive labor relations

Continue implementation of Global Singular Processes (GSP)



Governance

Board Oversight

The business and affairs of the Company are managed by or under the direction of its Board of Directors. Each of our Directors is elected annually. Dresser-Rand's Board of Directors has eight members. All Directors, with the exception of Vincent R. Volpe Jr, our CEO, are independent. The board chair, William E. Macaulay, is an independent director. More information about our Directors, including their backgrounds, can be found in our Proxy, which is available on our website.

In selecting new directors, consideration is given to each individual Director's qualities and abilities, including the highest personal values and integrity, the collective Board members' skills and aptitudes for conducting oversight of the Company and its management, and duties imposed by law and regulation. In August 2009, Jean-Paul Vettier resigned as a director as a result of his appointment as the Chief Executive Officer of Petroplus Holdings AG and his desire to devote his full attention to his new position. In November 2009, the Board appointed Stephen A. Snider as a director to fill the vacancy created by Mr. Vettier's resignation. Mr. Snider was Chief Executive Officer and director of Exterran Holdings, Inc., a global natural gas compression services company, and was Chief Executive Officer and director for the general partner of Exterran Partners, L.P., a domestic natural gas contract compression services business, both of which were publicly traded. Mr. Snider retired from all positions with Exterran on June 30, 2009.

The Board approved Dresser-Rand's Sustainability Principles, which apply to our strategic decision-making at all levels of the organization, at its February 2010 meeting. Dresser-Rand's Sustainability Council is directed by our CEO with oversight from the Board. The CEO and other officers' and managers' 2009 performance reviews included an assessment of achieving certain sustainability objectives. Improving our safety performance was an objective of all our key managers.

Consistent with market practices, non-employee Directors are paid compensation for their services, which includes an annual retainer in cash, grants of restricted stock, meeting fees and fees for serving as a committee chairperson. The amounts are described in our Proxy.

The Board reviews its performance annually under the direction of the chairperson of the Nominating and Governance Committee.

There are three standing committees of the Board: Audit, Compensation, and Nominating and Governance. All committee members, including their chairs, are independent. Each standing committee annually reviews its written charter and conducts a self-evaluation.

To respond to certain stakeholders' concerns with respect to a compensation practice, the Compensation Committee adopted a new policy in April 2009. The policy provides that the Company will no longer enter into any new or materially amended agreements with executive officers providing for excise tax gross-up provisions with respect to payments contingent upon a change in control.

Governance Documents

The Company's Corporate Governance Guidelines, Code of Conduct, and the charter of its Audit Committee, Nominating and Governance Committee, and Compensation Committee are posted on our website at www.dresser-rand.com/corpgov. In conjunction with our Enterprise Risk Management program, these core documents direct the Board's activities, including identifying and creating action plans to address the relevant risks and opportunities as they pertain to our business strategy and financial performance, compensation and development of senior managers, the integrity of the conduct of our employees and of our financial reporting, and our compliance with all applicable laws and regulations in the countries where we operate.

Global Singular Processes

We have begun to implement an Oracle-based system to increase process discipline and consistency across our global operations. We refer to this common approach as Dresser-Rand's Global Singular Processes or GSP. When we identify a best practice, we seek to uniformly adopt it across the enterprise. For example, in connection with our Risk Management activities, our North American Operations conducted a business impact analysis of our Painted

Post and Olean operations. As a result, the team developed a business continuity plan to guide the business through assessment and recovery in the wake of a disruption. The program was then adopted at our LeHavre facility in France and will be implemented across the Company.

We review input provided to us and reports made available to us from governance bodies to evaluate our effectiveness and assess areas for improvement. In 2009, we subscribed to services provided by RiskMetrics, an independent advisor to boards, management and investors. During 2009, the Board reviewed its succession plans for our CEO and other executive officers, which are more fully described below. The Board also adopted a policy requiring any director whose employer changes to offer to submit his or her resignation.

Succession Planning

The Board plans for succession to the position of CEO as well as other senior management positions. To assist the Board, the CEO annually provides the Board with an assessment of senior managers and of their potential to succeed him. He also provides the Board with an assessment of persons considered potential successors to certain senior management positions. The Board meets annually to evaluate such succession and to oversee the Company's management development process. Also, during 2009, the Nominating and Governance Committee adopted a procedure to facilitate communication and outline a process in the event our CEO is unable to perform his duties due to unforeseen circumstances.

Ethical Business Practices

Dresser-Rand has a robust program of policies and procedures that guide our decisions. We are in the process of reviewing and categorizing these to better ensure that the right people are getting the right information in a timely manner to improve decision-making.

Chief among our policies is our Code of Conduct, which is applicable to all Directors, officers and employees. It includes the provisions relating to ethical conduct, conflicts of interest and compliance with the law. The Code outlines the values and standards of behavior that make Dresser-Rand a trusted and respected organization. It is each employee's responsibility to exercise sound business judgment and act honestly, ethically and with integrity.



Employees receive training through computerized modules. We hold an annual worldwide Management Meeting with approximately 130 managers participating, where we review and discuss infractions of the Code in the prior year and the disciplinary consequences. In 2010, we will develop tools to further enhance dissemination of information about the infractions of the Code and consequences on a company-wide level through, for example, our employee “News of the Day” communication or as part of the Code of Conduct training.

Reporting unethical or illegal behavior is the responsibility of every employee. Employees who discover a potential violation of the Code are encouraged to call our confidential, anonymous Ethics Hotline. The hotline is available to all of our employees with toll-free numbers in multiple countries, which includes an option for internal communication. In 2008 and 2009, we enhanced access to our Hotline by adding toll-free numbers in Nigeria and China. Our third-party provider tracks the number of calls and the time to resolution. These and communications received directly by management are reviewed quarterly by the Audit Committee of the Board and annually by the full Board. An Ethics Committee established by the CEO reviews disciplinary recommendations resulting from significant violations to the Code to determine whether discipline is appropriate and to ensure consistency throughout the organization.

There were a total of four incidences regarding discrimination reported in 2009, two of which resulted in an employee lawsuit, while the other involved EEOC complaints. Regarding these allegations, we are defending our actions through due process.

During 2009, the Company contested allegations made that it engaged in unfair labor practices in connection with the handling of a lock-out of its employees at its Painted Post facility after a strike as disclosed in the Company’s periodic filings with the Securities and Exchange Commission.

Our Whistle Blower Policy, posted on our website at www.dresser-rand.com/corpgov/whistleblower.php, protects employees against retaliation should they make a proper report.

Human Rights

The diversity of our employees is a tremendous asset. We provide equal opportunity in all aspects of employment and will not tolerate discrimination or harassment of any kind. Derogatory comments based on racial or ethnic characteristics, unwelcome sexual advances and similar behavior are prohibited. Employees receive annual training on our anti-harassment policy. In addition to the direction they receive in the Code of Conduct, their actions are guided by our policies on equal employment opportunities, harassment, workplace violence prevention, and retaliation. We do not face issues of child or forced labor. Dresser-Rand supports the universal declaration of human rights adopted by the United Nations in 1948.

Lobby and Political Contributions

Our limited lobbying activities are used to support sales and community relations in the U.S. Total expenditures in 2009 were less than \$350,000, with the bulk of these going to the Coalition to Advance Renewable Energy through Bulk Storage, an association promoting compressed air energy storage (AES) solutions before Congress. Dresser-Rand has not made political contributions and does not currently have a political action committee. However, certain management members make political contributions.

Marketing Communications

All marketing materials are reviewed internally to ensure they adhere to relevant laws, standards and internal guidelines related to marketing communications, including trademarks, Dresser-Rand Identity Manual and copyright regulation. We have not been subject to any fines in 2009 for noncompliance with laws concerning the marketing of our products and services.

The Company has a number of policies that promote the adherence to laws related to marketing communications, such as advertising, promotion and sponsorship. Among these are our Code of Conduct, our Media Contact and Communications Policy, and our Policy on Fair Disclosure. Any information presented on our website, or set forth in advertisements and product literature are prepared

and reviewed by subject matter experts, reviewed by our Manager, Market Services, and finally reviewed by the Company’s Disclosure Committee prior to being distributed. Moreover, all press releases and articles intended for public distribution are approved by the Company’s Disclosure Committee prior to publication. This process is undertaken to ensure the accuracy of the information being disseminated and in-house counsel also reviews the materials for legal compliance.

Corporate Governance Score

Corporate Governance Quotient (CGQ[®]), a corporate governance rating system provided by Institutional Shareholder Services (ISS) on over 8,000 companies worldwide, evaluates the strengths, deficiencies, and risks of a company’s corporate governance practices and board of directors.

CGQ Index Score: Compares Dresser-Rand to relevant market indexes including: S&P 500, Mid-Cap 400, Small-Cap 600, Russell 3000, ISS Small-Cap, S&P/TSX. Dresser-Rand ranked in the 94th percentile among these indexes in 2009.


CGQ Industry Score: Compares Dresser-Rand to its industry peers in S&P’s Global Industry Classification Standard. Dresser-Rand ranked in the 87th percentile among other well-governed companies in 2009.

Additional Information

We file annual, quarterly and current reports, proxy statements and other information with the United States Securities and Exchange Commission. They are available on our website at www.dresser-rand.com or the SEC’s website at www.sec.gov. Stockholders and other parties may communicate with one or more members of the Board, the Chairman of the Board, or the non-management Directors as a group by email to our Corporate Secretary, Mark Mai, at mmmai@dresser-rand.com or by mail to our headquarters in Houston.

GRI Application Level

We are pleased to be reporting at level B according to the Global Reporting Initiative (GRI) Guidelines. More information can be found on the GRI at www.globalreporting.org

		C	C+	B	B+	A	A+
Mandatory	Self Declared						
	Third Party Checked		REPORT EXTERNALLY ASSURED		REPORT EXTERNALLY ASSURED		REPORT EXTERNALLY ASSURED
Optional	GRI Checked		REPORT EXTERNALLY ASSURED		REPORT EXTERNALLY ASSURED		REPORT EXTERNALLY ASSURED

Feedback

We welcome feedback about this report. If you have any questions or comments, please contact: sustainability@dresser-rand.com

Corporate Headquarters

West 8 Tower, Suite 1000
10205 Westheimer Rd.
Houston, TX 77042

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This report was printed on Forest Stewardship Council-certified Neenah Environment Ultra Bright White Smooth Cover paper. Capital Printing is certified by Women Business Enterprise (WBE), Green Seal, and the Sustainable Forestry Initiative (SFI), and is a Community Energy Corporation. The environmental benefits compared to conventional printing included savings of approximately 2,241 pounds of wood, 3,272 gallons of water, and 679 pounds of greenhouse gases.

Awards Won in 2009

Alberta Office of Employment, Immigration and Industry
Certificate of Recognition

American Petroleum Institute
Resolution of Appreciation,
Glenn Grosso, Centrifugal Products Technical Support

Chevron El Segundo
Gold Contractors Award for Safety Excellence

Chevron Utah Refinery's Contractor Health Environmental Safety Management Program (CHESM)
"A" Rating

Climate Wise – City of Fort Collins
Silver Level Partner

Dow Chemical
Bronze Washer Award, Louisiana Area
Operations (LAO)

ExxonMobil Baytown Area
Outstanding Safety Performance

Gas Processing Association of Canada
Category "B" GPAC Service/Supply Award

Mauna Loa Macadamia Nut, Hilo, HI
Preferred Contractor of Choice

NPRA (National Petrochemical and Refiners Association)
Contract Merit Award

Saskatchewan Workers' Compensation Board
Certificate of Achievement

Safe Harbor Statement

Certain statements in this report contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, without limitation, the Company's plans, objectives, goals, strategies, future events, future bookings, revenues, or performance, capital expenditures, financing needs, plans, or intentions relating to acquisitions, business trends, executive compensation, and other information that is not historical information. The words "anticipates", "believes", "expects", "intends", "appears", "outlook", and similar expressions identify such forward-looking statements. Although the Company believes that such statements are based on reasonable assumptions, these forward-looking statements are subject to numerous factors, risks, and uncertainties that could cause actual outcomes and results to be materially different from those projected. These factors, risks and uncertainties include, among others, the following: potential for material weaknesses in its internal controls; economic or industry downturns; the variability of bookings due to volatile market conditions, subjectivity clients exercise in placing orders, and timing of large orders; volatility and disruption of the credit markets; its inability to generate cash and access capital on reasonable terms and conditions; its inability to implement its business strategy to increase aftermarket parts and services revenue; competition in its markets; failure to

complete or achieve the expected benefits from any future acquisitions; economic, political, currency and other risks associated with international sales and operations; fluctuations in currencies and volatility in exchange rates; loss of senior management or key personnel; environmental compliance costs and liabilities; failure to maintain safety performance acceptable to its clients; failure to negotiate new collective bargaining agreements; unexpected product claims and regulations; infringement on its intellectual property or infringement on others' intellectual property; difficulty in implementing an information management system; and the Company's brand name may be confused with others. These and other risks are discussed in detail in the Company's filings with the Securities and Exchange Commission at www.sec.gov. Actual results, performance, or achievements could differ materially from those expressed in, or implied by, the forward-looking statements. The Company can give no assurances that any of the events anticipated by the forward-looking statements will occur or, if any of them does, what impact they will have on results of operations and financial condition. The Company undertakes no obligation to update or revise forward-looking statements, which may be made to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events. For information about Dresser-Rand, go to its website at www.dresser-rand.com.

www.dresser-rand.com