

Cause No. _____

EDWARD FERGUSON, Derivatively, On
Behalf of PRIDE INTERNATIONAL INC.,

Plaintiff,

vs.

LOUIS A. RASPINO, DAVID A. BROWN,
RALPH D. MCBRIDE, ARCHIE W.
DUNHAM, FRANK S. KALMAN,
KENNETH M. BURKE, ROBERT G.
PHILLIPS, and DAVID A. HAGER,

Defendants,

– and –

PRIDE INTERNATIONAL INC., a Delaware
Corporation,

Nominal Defendant.

IN THE DISTRICT COURT OF

HARRIS COUNTY, TEXAS

_____ JUDICIAL DISTRICT

VERIFIED SHAREHOLDER DERIVATIVE PETITION

Plaintiff Edward Ferguson brings this Petition for breach of fiduciary duty on behalf of nominal party Pride International, Inc. (“Pride” or the “Company”) against Louis A. Raspino, David A. Brown, Ralph D. McBride, Archie W. Dunham, Frank S. Kalman, Kenneth M. Burke, Robert G. Phillips and David Hager (“Defendants”). In support of this Petition, Mr. Ferguson shows the following:

LEVEL THREE DISCOVERY CONTROL PLAN

1. Discovery will be pursued under a Level Three Discovery Control Plan, pursuant to Texas Rule of Civil Procedure 190.3.

SUMMARY OF THE ACTION

2. Plaintiff asserts state law derivative claims for breach of fiduciary duty, abuse of control, gross mismanagement, waste of corporate assets and unjust enrichment against current members of Pride's Board of Directors (the "Board"). The allegations in this Petition are made upon Plaintiff's personal knowledge with regard to his own acts and upon information and belief as to all other matters. Plaintiff's information and belief is based upon, among other things, the investigation by the Kendall Law Group LLP, which includes review of filings with the United States Securities and Exchange Commission ("SEC") and review of other publicly available information.

3. This derivative action arises from the Board lack of internal controls that permitted the Company to engage in years of systematic violations of the U.S. Foreign Corrupt Practices Act of 1977 ("FCPA"). The FCPA prohibits companies from paying or offering to pay a foreign official anything of value to obtain a contract. The FCPA also requires companies to file periodic reports with the SEC and to keep books and records that accurately reflect business transactions and to maintain effective internal controls.

4. Pride is one of the world's largest offshore drilling companies and provides offshore contract drilling services. With 7,000 employees, Pride has a multinational workforce with offices in the United States, Africa, Asia, Europe and South America.

5. Pride disclosed that it had begun an internal investigation into potential violations of the FCPA on February 29, 2008. That internal investigation revealed that Pride paid over \$4 million in kickbacks to government officials in every country in which the Company does business – Venezuela, Saudi Arabia, Libya, Kazakhstan, Nigeria, Angola, Mexico, Brazil and the Republic of the Congo.

6. On February 16, 2010, Pride announced that the Company was creating a reserve of \$56.2 million to resolve the violations of the FCPA. However, this massive reserve will only cover the fines, penalties and disgorgements for the Company's clear violation of the law. It does not include the costs that have been incurred to date investigating and remedying the damage done to the Company as a result of the Board's failure to require that the Company install and maintain a system of internal controls for compliance with the FCPA that would have prevented the payments at the outset.

7. Because the bribes were made on dozens of occasions over the course of many years in every market Pride does business, it illustrates that the Board failed to institute a system of controls. These state law breaches of fiduciary duties of good faith and loyalty were the direct and proximate cause of at least \$56 million in damage to the Company.

8. Due to their conscious disregard that the Company lacked the internal accounting controls required by the FCPA, none of the defendants took any steps to prevent this colossal mistake. Likewise, the Board has not held defendants accountable for causing harm to Pride and exposing the Company to serious reputational and pecuniary sanctions. The inaction by the Board is not surprising given that defendants would have to sue themselves for failing to plan or maintain internal controls to ensure that Pride's compliance with the FCPA in breach of their fiduciary duties. This refusal to act on behalf of Pride has resulted in additional and substantial harm to the Company and is also a breach of the fiduciary duties owed to the Company.

9. Defendants caused Pride to fail to maintain internal accounting controls despite their obligation to do so under the FCPA. Indeed, many Pride employees, including its former Vice President for Western Hemisphere Operations, Bobby Benton, violated the FCPA for several years by diverting Company assets to pay bribes and kickbacks to government officials.

Defendants' failure to prevent this harm has caused substantial damage to Pride. Plaintiff, on behalf of Pride, seeks to recover damages against defendants to compensate the Company for these violations.

10. As explained herein and will be shown at trial, the conduct at issue is not the work of a rogue employee or business division outside the direct purview of the Board and senior management. Rather, the conduct was deeply embedded in the Company's regular practices and corporate culture.

JURISDICTION AND VENUE

11. This Court has jurisdiction over this Petition pursuant to the Texas Civil Practice & Remedies Code § 15.002(a) because the defendants reside in Harris County and a substantial part of the events or omissions giving rise to the breaches of fiduciary duties occurred in Harris County.

12. This Court has subject matter jurisdiction over this matter because the amount in controversy exceeds the Court's minimum jurisdictional requirements.

13. Pride is a Delaware Corporation. Pride has its principal place of business in Houston, Texas and operates several factories throughout the state. Each individual defendant has had substantial and continuous contacts with Texas that makes the exercise of personal jurisdiction over them proper. Defendants Louis A. Raspino, Ralph D. McBride, Archie W. Dunham, Kenneth M. Burke and Robert G. Phillips live in and are citizens of Texas. This action is not removable to federal court.

THE PARTIES

Plaintiff

14. Plaintiff Edward Ferguson is a current shareholder of Pride, was a shareholder at the time of the misconduct complained of herein, and intends to continue to hold Pride shares through at least the resolution of this action.

Nominal Party

15. Nominal party Pride International, Inc. is a corporation organized and existing under the laws of the state of Delaware with its corporate headquarters located at 5347 San Felipe, Suite 3300, Houston, Texas. The Company offers offshore drilling services through mobile rigs in the United States and international waters. As of February 19, 2010, the company operated a fleet of 23 rigs consisting of 2 deepwater drillships, 12 semisubmersible rigs, 7 jackups, and 2 managed deepwater drilling rigs. It also offers rig management services on various rigs, including technical drilling assistance, personnel, repair and maintenance, and drilling operation management services. The Company was founded in 1966 and is based in Houston, Texas. It may be served with process through its registered agent, CT Corporation System, 1021 Main Street, Ste. 1150, Houston, Texas 77002-6508.

Defendants – The Board of Directors

16. Defendant Louis A. Raspino (“Raspino”) is Pride’s President and Chief Executive Officer (“CEO”) and has been a Pride director since June 2005. Raspino joined the Company in December 2003 and served as its Chief Financial Officer during the bulk of the time that the illicit bribes were being paid on Pride’s behalf. Raspino breached his fiduciary duties by failing to require Pride to implement internal controls in compliance with the FCPA or the FCPA’s underlying directives regarding books, records and internal accounting, which are designed to

ferret out and ultimately prevent just the type of bribery and kickbacks that have occurred at Pride. Raspino also breached his fiduciary duties owed to Pride by failing to direct Pride to initiate suit against the Company's current and former Board members and officers for allowing Pride to engage in the payment of illegal bribes and kickbacks to foreign officials. Raspino was paid \$7,572,757 in total compensation by the Company in 2008. He may be served with process at his residence – 26 Rains Way, Houston, TX 77007-7099.

17. Defendant Kenneth M. Burke (“Burke”) has been a Pride director since December 2006. Burke serves as a member of both the Audit and Compensation Committees. Burke breached his fiduciary duties owed to Pride by failing to direct Pride to initiate suit against the Company's current and former Board members and officers for allowing Pride to engage in the payment of illegal bribes and kickbacks to foreign officials. Burke was paid \$452,838 in 2008. Burke may be served with process at his residence – 11742 Riverview Drive, Houston, TX 77077-3110.

18. Defendant David A. Brown (“Brown”) has been a director of Pride since September 2001 and has served as its Chairman since May 2005. Brown serves as a member of the Nominating and Governance Committee. Brown breached his fiduciary duties by failing to require Pride to implement internal controls in compliance with the FCPA or the FCPA's underlying directives regarding books, records and internal accounting, which are designed to ferret out and ultimately prevent just the type of bribery and kickbacks that have occurred at Pride. Brown also breached his fiduciary duties owed to Pride by failing to direct Pride to initiate suit against the Company's current and former Board members and officers for allowing Pride to engage in the payment of illegal bribes and kickbacks to foreign officials. Brown was

paid \$523,729 in total compensation by the Company in 2008. Defendant Brown may be served with process at 313 Main Street, Vineyard Haven, Massachusetts 02568.

19. Defendant Ralph D. McBride (“McBride”) has been a Pride director since September 1995. McBride serves as the Chairman of the Nominating and Governance Committee. McBride breached his fiduciary duties by failing to require Pride to implement internal controls in compliance with the FCPA or the FCPA’s underlying directives regarding books, records and internal accounting, which are designed to discover and ultimately prevent just the type of bribery and kickbacks that have occurred at Pride. McBride also breached his fiduciary duties owed to Pride by failing to direct Pride to initiate suit against the Company’s current and former Board members and officers for allowing Pride to engage in the payment of illegal bribes and kickbacks to foreign officials. McBride was paid \$408,159 in total compensation by the Company in 2008. He may be served with process at his residence – 811 Old Lake Road, Houston, TX 77057-1103.

20. Defendant David A. Hager (“Hager”) has been a Pride director since February 2008. Hager serves as a member of the Compensation Committee. Hager breached his fiduciary duties owed to Pride by failing to direct Pride to initiate suit against the Company’s current and former Board members and officers for allowing Pride to engage in the payment of illegal bribes and kickbacks to foreign officials. Hager was paid \$364,668 in total compensation by the Company in 2008. He may be served with process at his residence – 2800 Chaumont 394, Edmond, OK 73034-9179.

21. Defendant Archie W. Dunham (“Dunham”) has been a Pride director since May 2005. Dunham is the Chairman of the Compensation Committee. Dunham breached his fiduciary duties by failing to require Pride to implement internal controls in compliance with the

FCPA or the FCPA's underlying directives regarding books, records and internal accounting, which are designed to ferret out and ultimately prevent just the type of bribery and kickbacks that have occurred at Pride. Dunham also breached his fiduciary duties owed to Pride by failing to direct Pride to initiate suit against the Company's current and former Board members and officers for allowing Pride to engage in the payment of illegal bribes and kickbacks to foreign officials. Dunham was paid \$395,114 in total compensation by the Company in 2008. He may be served with process at his residence – 141 Radney Road, Houston, TX 77024.

22. Defendant Frank S. Kalman (“Kalman”) has been a Pride director since October 2005. Kalman serves as Chairman of the Audit Committee and as a member of the Nominating and Corporate Governance Committee. Kalman breached his fiduciary duties by failing to require Pride to implement internal controls in compliance with the FCPA or the FCPA's underlying directives regarding books, records and internal accounting, which are designed to ferret out and ultimately prevent just the type of bribery and kickbacks that have occurred at Pride. Kalman also breached his fiduciary duties owed to Pride by failing to direct Pride to initiate suit against the Company's current and former Board members and officers for allowing Pride to engage in the payment of illegal bribes and kickbacks to foreign officials. Kalman was paid \$404,946 in total compensation by the Company in 2008. Defendant Kalman may be served with process at 10 Pineworld Circle, Houston, Texas 77056.

23. Defendant Robert G. Phillips (“Phillips”) has been a Pride director since October 2007. Phillips serves as a member of the Audit Committee. Phillips breached his fiduciary duties owed to Pride by failing to direct Pride to initiate suit against the Company's current and former Board members and officers for allowing Pride to engage in the payment of illegal bribes and kickbacks to foreign officials. Phillips was paid \$398,912 in total compensation by the

Company in 2008. He may be served with process at his residence – 8 Crestwood Drive, Houston, TX 77007-7007.

DEFENDANTS' FIDUCIARY DUTIES

24. Directors are required to act solely in furtherance of the best interests of the corporation and its shareholders. They are prohibited from engaging in self-dealing. Liability arises from a board's intentional dereliction of a duty, including conscious disregard for the board's responsibilities, which assist in determining whether the board has acted in good faith. Moreover, the duty of good faith requires that a director not intentionally or recklessly disregard his duties. Deliberate indifference and inaction in the face of a duty to act is clearly disloyal to the corporation and is the epitome of faithless conduct.

25. Defendants, because of their positions of control and authority as directors and/or officers of Pride, were able to and did, directly and/or indirectly, exercise control over the wrongful acts complained of herein. Because of their executive, managerial and/or directorial positions with Pride, each of the defendants had access to adverse, non-public information concerning the lack of a system of accounting controls that would have permitted them to know of and prevent the payment of illegal bribes and kickbacks. Defendants breached their fiduciary duties by failing to require Pride to implement internal controls in compliance with the FCPA or the FCPA's underlying directives regarding books, records and internal accounting, which are designed to ferret out and ultimately prevent just the type of bribery and kickbacks that have occurred at Pride.

26. At times relevant hereto, defendants were the agents of each of the other defendants and were at all times acting within the course and scope of such agency.

27. Defendants breached their duties of loyalty and good faith by allowing (or by individually causing) the Company to lack of a system of controls that would have permitted them to know of and prevent the payment of illegal bribes and kickbacks. Defendants breached their fiduciary duties by failing to require Pride to implement internal controls in compliance with the FCPA or the FCPA's underlying directives regarding books, records and internal accounting, which are designed to ferret out and ultimately prevent just the type of bribery and kickbacks that have occurred at Pride. These bribes were facilitated by defendants' knowing and/or reckless failure to establish a system of internal controls at Pride, in direct violation of the books, records and internal accounting requirements of the FCPA. As a result, Pride has expended, and will continue to expend, significant sums of its capital, both reputational and economic, addressing the illegal and reprehensible bribes and kickbacks that were paid in its name. Likewise, the illegal bribes and kickbacks have and will continue to irreparably damage Pride's corporate image and goodwill.

28. As a direct and proximate result of defendants' breaches of their fiduciary duties, Pride has been damaged.

FACTUAL ALLEGATIONS

29. Pride is an international offshore drilling company focused on deepwater and other high-specification drilling solutions. The Company has positioned its rig fleet in the world's largest and most active exploration and production areas, with a market presence in West Africa (Angola), Latin America (Brazil), the Gulf of Mexico, the Middle East and India.

A. Background: The FCPA

30. The FCPA's anti-bribery provisions generally prohibit U.S. companies and citizens, foreign companies listed on a U.S. stock exchange, or any person acting while in the

United States from corruptly paying or offering to pay, directly or indirectly, money or anything of value to a foreign official, a foreign political party or official, or a candidate for foreign political office for purposes of influencing any act or decision (including a decision not to act) of such official in his or her official capacity, inducing the official to do any act in violation of his or her lawful duty, or to secure any improper advantage in order to assist the payor in obtaining or retaining business for or with any person, or in directing business to any person. In addition, the FCPA established accounting control requirements for issuers subject to either the registration or reporting provisions of the Exchange Act.

31. The FCPA also requires every issuer to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that: (i) transactions are executed in accordance with management's general or specific authorization; and (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with Generally Accepted Accounting Principles ("GAAP") or any other criteria applicable to such statements, and (iii) to maintain accountability for assets. The FCPA is jointly enforced by the Department of Justice ("DOJ") and the SEC. Proof of a U.S. territorial nexus is not required for FCPA implication against U.S. companies and citizens, and FCPA violations can, and often do, occur even if the prohibited activity takes place entirely outside of the United States.

B. Pride's Lack of Internal Controls over the FCPA Violations

32. On February 29, 2008, Pride disclosed that it had begun an internal investigation into potential violations of the FCPA. Pride disclosed possible FCPA violations in its February 29, 2008 Form 10-K. As a result of its lack of internal controls, the Company repeated opening an investigation into a pervasive and wide-spread scheme of bribery and kickbacks that had been conducted on behalf of the Company in conjunction with its rigging operations. The Company

said it found evidence that during 2001 through 2005 payments were made directly or indirectly to government officials in connection with clearing rigs or equipment through customs or resolving outstanding issues with customs, immigration, tax, licensing or merchant marine authorities. Pride said it was also responding to requests from the Department of Justice about its relationships with a freight and customs agent and . . . importation of rigs into Nigeria. That inquiry apparently relates to the DOJ's wide-ranging investigation of global-logistics firm Panalpina and its oil and gas services customers in Nigeria and other countries.

33. The 2008 Form 10-K further stated, in pertinent part:

During the course of an internal audit and investigation relating to certain of our Latin American operations, our management and internal audit department received allegations of improper payments to foreign government officials. In February 2006, the Audit Committee of our Board of Directors assumed direct responsibility over the investigation and retained independent outside counsel to investigate the allegations, as well as corresponding accounting entries and internal control issues, and to advise the Audit Committee.

The investigation, which is continuing, has found evidence suggesting that payments, which may violate the U.S. Foreign Corrupt Practices Act, were made to government officials in Venezuela and Mexico aggregating less than \$1 million. The evidence to date regarding these payments suggests that payments were made beginning in early 2003 through 2005 (a) to vendors with the intent that they would be transferred to government officials for the purpose of extending drilling contracts for two jackup rigs and one semisubmersible rig operating offshore Venezuela; and (b) to one or more government officials, or to vendors with the intent that they would be transferred to government officials, for the purpose of collecting payment for work completed in connection with offshore drilling contracts in Venezuela. In addition, the evidence suggests that other payments were made beginning in 2002 through early 2006 (a) to one or more government officials in Mexico in connection with the clearing of a jackup rig and equipment through customs, the movement of personnel through immigration or the acceptance of a jackup rig under a drilling contract; and (b) with respect to the potentially improper entertainment of government officials in Mexico.

The Audit Committee, through independent outside counsel, has undertaken a review of our compliance with the FCPA in certain of our other international operations. In addition, the U.S. Department of Justice has asked us to provide

information with respect to (a) our relationships with a freight and customs agent and (b) our importation of rigs into Nigeria. The Audit Committee is reviewing the issues raised by the request, and we are cooperating with the DOJ in connection with its request.

This review has found evidence suggesting that during the period from 2001 through 2005 payments were made directly or indirectly to government officials in Saudi Arabia, Kazakhstan, Brazil, Nigeria, Libya, Angola, and the Republic of the Congo in connection with clearing rigs or equipment through customs or resolving outstanding issues with customs, immigration, tax, licensing or merchant marine authorities in those countries. In addition, this review has found evidence suggesting that in 2003 payments were made to one or more third parties with the intent that they would be transferred to a government official in India for the purpose of resolving a customs dispute related to the importation of one of our jackup rigs. The evidence suggests that the aggregate amount of payments referred to in this paragraph is less than \$2 million. We are also reviewing certain agent payments related to Malaysia.

The investigation of the matters described in the prior paragraph and the Audit Committee's compliance review are ongoing. Accordingly, there can be no assurances that evidence of additional potential FCPA violations may not be uncovered in those or other countries.

Our management and the Audit Committee of our Board of Directors believe it likely that members of our senior operations management either were aware, or should have been aware, that improper payments to foreign government officials were made or proposed to be made.

34. On December 11, 2009, the SEC filed suit against Bobby Benton, Pride's Vice President of Western Hemisphere Operations. The complaint repeated the lack of controls that permitted Pride's officers and agents to operate with impunity and without any formal accountability that would have prevented the bribes and kickbacks from being paid. More importantly, Pride and defendants were able to reap the benefits of the ill-gotten gains that flowed from the contracts and business activities that were the result of the illegal payments. However, the risk and exposure that resulted from these illegal payments was never entered into the Company's balance sheet. The corresponding counter-entry will be forthcoming, however, once the SEC finalizes its investigation and formally penalizes Pride. Indeed, on February 16,

2010, Pride disclosed that it had booked \$56.2 million in anticipation of the potential settlement of the SEC's claims:

Pride International, Inc. (NYSE: PDE) today announced that it has accrued \$56.2 million in the fourth quarter of 2009 in anticipation of a possible resolution with the U.S. Department of Justice (DOJ) and the U.S. Securities and Exchange Commission (SEC) of potential liability under the U.S. Foreign Corrupt Practices Act. As described in Pride's quarterly and annual reports, the company voluntarily disclosed in 2006 to the DOJ and the SEC information relating to initial allegations of potential improper payments to foreign government officials and has continued to cooperate with the agencies' investigations. The accrual in the fourth quarter 2009 represents the company's best estimate of potential fines, penalties and disgorgement related to settlement of the matter with the DOJ and SEC. The monetary sanctions ultimately paid by the company to resolve these issues, whether imposed on the company or agreed to by settlement, may exceed the amount of the accrual.

35. The Company has repeatedly disclosed that it believed members of senior operations management knew or should have known of the improper payments. Notably absent from that admission is the fact that the FCPA places the obligation and liability for these failures, not with senior management, but with the Board. This continued stated oversight is not surprising, given that defendants have clearly indicated by their actions to date that they will not sue themselves, despite the fact that they possess liability for failing to establish internal controls that would have prevented senior management from permitting, ignoring, or recklessly failing to recognize that the bribery was occurring. Fair warning or not, shareholders and Pride have been damaged by defendants' failure to install internal controls, which failure resulted in the on-going damage to Pride. Defendants, however, have consistently demonstrated that they are not going to sue themselves and, instead, continue to look for scapegoats to offer in their stead.

DEMAND ON THE BOARD OF DIRECTORS IS FUTILE

36. Plaintiff brings this action derivatively in the right and for the benefit of Pride International to redress the breaches of fiduciary duty and other violations of law by Defendants as alleged herein.

37. Plaintiff will adequately and fairly represent the interests of Pride and its shareholders in enforcing and prosecuting its rights, and it has retained counsel experienced in prosecuting this type of action.

38. Plaintiff incorporates by reference all preceding and subsequent paragraphs as though they were fully set forth herein.

39. At the time this action was initiated, the Board was comprised of 8 directors.

40. Plaintiff did not issue a demand upon the Director Defendants prior to instituting this action because a majority of the Director Defendants either: (a) engaged in conduct that is not a legitimate exercise of judgment and/or is *ultra vires* and, therefore, cannot enjoy the protections of the business judgment rule; and/or (b) would have been “interested” in (and therefore conflicted from and unable to fairly consider) a demand because they face a substantial likelihood of liability for their role in Pride’s improper conduct.

A. Demand Is Excused Because The Director Defendants’ Conduct Is Not A Valid Exercise Of Business Judgment

41. The Defendants’ challenged misconduct at the heart of this case constitutes a lack of internal controls that allowed the company to engage in violations of the FCPA.

42. A derivative claim to recoup damages for harm caused to the Company by unlawful activity represents a challenge to conduct that is outside the scope of the Board’s business judgment—conduct for which the Board should face potential personal liability.

43. Simply put, the Board consciously disregarded implementing effective internal controls concerning the FCPA. This is a form of misconduct that cannot under any circumstances be an example of legitimate business conduct. The protections of the “business judgment rule” do not extend to such malfeasance. Nor can such malfeasance ever constitute the “good faith” required of corporate fiduciaries.

44. Moreover, this action does not arise from an anomalous incident of misconduct within the Company or from the acts of a rogue employee or division within the Company. Rather, as alleged herein, violations of the FCPA occurred as a direct result of the Board’s conduct. There is no legitimate “business judgment” involved in allowing an unlawful policy to violate the FCPA. Accordingly, demand on the Board is futile and excused.

B. Demand is Excused Because A Majority Of The Current Board Members Are Conflicted By A Substantial Likelihood Of Liability Arising From Their Misconduct

45. Even if consciously disregarding FCPA violations could somehow fall within the ambit of the business judgment rule (which it does not), demand is also futile and excused because a majority of the members of the current Board are not disinterested or independent and cannot, therefore, properly consider any demand.

46. As alleged herein each of these current Board members was required to be a direct participant in managing, implementing, and overseeing the Company’s compliance program and was systematically and repeatedly informed concerning the Company’s widespread violations of the FCPA.

47. As alleged herein—and pursuant to Delaware law, as well as the compliance reporting required under the FCPA—these current Board members were also awash in other “red

flags” that necessarily informed them of the rampant legal violations taking place within the Company.

48. Given these duties placed on the directors on the Board, to the extent any of these Director Defendants did not have actual knowledge of the extensive violations of laws taking place within Pride, such lack of knowledge could only be the product of willful blindness that constitutes a bad faith breach of their duties.

49. These Defendants were, moreover, required to act upon this information to protect the Company from continued legal violations being committed in its name. Rather than doing so, these Defendants, in violation of their legal obligations, consciously ignored the information presented to them and about which they were otherwise made aware concerning the Company’s extensive legal violations. As a result, Defendants Louis A. Raspino, David A. Brown, Ralph D. McBride, Archie W. Dunham, Frank S. Kalman, Kenneth M. Burke, Robert G. Phillips and David Hager—face a substantial likelihood of liability for their conduct and demand is, therefore, excused.

FIRST CAUSE OF ACTION

Against All Defendants for Breach of Fiduciary Duty

51. Plaintiff incorporates ¶¶1-50 by reference by reference as if fully alleged herein.

52. Each defendant owed to the Company the duty to exercise good faith and loyalty in the management and administration of its affairs.

53. Defendants’ conduct set forth herein was not due to an honest error or misjudgment, but rather to their reckless disregard of the fiduciary duties they owed to the Company, as alleged herein. Defendants intentionally breached or recklessly disregarded their fiduciary duties to protect the rights and interests of Pride and its shareholders.

54. In breach of their fiduciary duties owed to Pride, defendants willfully participated in and caused the Company to waste its valuable assets and otherwise to expend unnecessarily its corporate funds, and failed to properly oversee Pride's business, rendering them personally liable to the Company for breaching their fiduciary duties. As a result, Pride has been substantially damaged.

55. As a direct and proximate result of defendants' breaches of their fiduciary obligations, Pride has sustained and continues to sustain significant damages. As a result of the misconduct alleged herein, defendants are liable to the Company.

SECOND CAUSE OF ACTION

Against All Defendants for Abuse of Control

56. Plaintiff incorporates ¶¶1-55 by reference as if fully alleged herein.

57. Defendants' misconduct alleged herein constituted an abuse of their ability to control and influence Pride, for which they are legally responsible.

58. As a direct and proximate result of defendants' abuse of control, Pride has sustained significant damages.

59. As a direct and proximate result of defendants' breaches of their fiduciary obligations of good faith, loyalty, due care and honesty, Pride has sustained and continues to sustain significant damages. As a result of the misconduct alleged herein, defendants are liable to the Company.

THIRD CAUSE OF ACTION

Against All Defendants for Gross Mismanagement

60. Plaintiff incorporates ¶¶1-59 by reference as if fully alleged herein.

61. As detailed more fully herein, defendants each owed a duty to Pride and its shareholders to prudently supervise, manage and control Pride's operations.

62. Defendants, by their actions or inactions, either directly or through aiding and abetting, abandoned and abdicated their responsibilities and duties with regard to prudently managing the business and assets of Pride.

63. By subjecting Pride to the unreasonable risk of substantial losses by failing responsibly and with due care to oversee and monitor the Company's internal accounting controls to prevent and detect any illegal kickbacks or bribes, defendants breached their duties of due care and diligence in the management and administration of Pride's affairs and in the use and preservation of Pride's assets.

64. During the course of the discharge of their duties, defendants knew or recklessly disregarded the unreasonable risks associated with the wrongful conduct described herein, and either approved management's activities or failed to establish reporting systems to monitor and supervise such activities in accordance with their duties to Pride. As a result, defendants grossly mismanaged or aided and abetted the gross mismanagement of Pride and its assets.

65. As a direct and proximate result of defendants' breaches of their fiduciary obligations of good faith, loyalty, due care and honesty, Pride has sustained and continues to sustain significant damages. As a result of the misconduct alleged herein, defendants are liable to the Company.

RELIEF REQUESTED

FOR THESE REASONS, Plaintiff demands judgment as follows:

(a) Determining that this action is a proper derivative action maintainable under law and demand is excused;

(b) Awarding, against all Defendants and in favor of Pride, the damages sustained by the Company as a result of Defendants' breaches of fiduciary;

(c) Awarding to Pride restitution from Defendants, and from each of them, and ordering disgorgement of all profits, benefits and other compensation obtained by the Defendants during the Relevant Period;

(d) Directing Pride to take all necessary actions to reform and improve its corporate governance and internal procedures to comply with the Company's existing governance obligations and all applicable laws and to protect the Company and its shareholders from a recurrence of the damaging events described herein;

(e) Awarding to Plaintiff the costs and disbursements of the action, including reasonable attorneys' fees, accountants' and experts' fees, costs, and expenses; and

(f) Granting such other and further relief as the Court deems just and proper.

Dated: April 14, 2010.

Respectfully Submitted,



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