

United States District Court  
Southern District of Texas  
FILED

NOV 4 2010

David J. Bradley, Clerk of Court

IN THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

UNITED STATES OF AMERICA

v.

PRIDE INTERNATIONAL, INC.

Defendant.

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§  
§  
§  
§

CRIMINAL NO.:

10 - 766

**DEFERRED PROSECUTION AGREEMENT**

Defendant Pride International, Inc. (“Pride International” or the “Defendant”), a public corporation organized under the laws of Delaware and headquartered in Houston, Texas, by its undersigned attorneys, pursuant to authority granted by Pride International’s Board of Directors, and the United States Department of Justice, Criminal Division, Fraud Section (the “Department of Justice” or the “Department”) enter into this deferred prosecution agreement (the “Agreement”). The terms and conditions of this Agreement are as follows:

**Criminal Information and Acceptance of Responsibility**

1. Pride International acknowledges and accepts that the Department will file a three-count criminal Information (the “Information”) charging Pride International with conspiracy to commit an offense against the United States in violation of Title 18, United States Code, Section 371, that is, to violate the

Foreign Corrupt Practices Act (“FCPA”), as amended, Title 15, United States Code, Sections 78dd-1, *et seq.* (Count One); violating the anti-bribery provisions of the FCPA, Title 15, United States Code, Section 78dd-1(a), and Title 18, United States Code, Section 2 (Count Two); and violating the books and records provisions of the FCPA, Title 15, United States Code, Sections 78m(b)(2)(A), 78m(b)(5), and 78ff(a) (Count Three).

2. Pride International knowingly waives its right to indictment on the charges described in Paragraph 1, as well as all rights to a speedy trial pursuant to the Sixth Amendment to the United States Constitution, Title 18, United States Code, Section 3161, and Federal Rule of Criminal Procedure 48(b). In addition, Pride International knowingly waives any objection based on venue and consents to the filing of the Information and the Agreement in the United States District Court for the Southern District of Texas.

3. Pride International acknowledges and accepts that the Department will also file a three-count criminal Information charging Pride Forasol S.A.S. (“Pride Forasol”) with conspiracy to commit an offense against the United States in violation of Title 18, United States Code, Section 371, that is, to violate the FCPA, Title 15, United States Code, Sections 78dd-1, *et seq.* (Count One), violating the anti-bribery provisions of the FCPA, Title 15, United States Code, Section 78dd-3

(Count Two), and aiding and abetting the falsification of books and records provisions of the FCPA, Title 15, United States Code, Sections 78m(b)(2)(A), 78m(b)(5) and 78ff(a), and Title 18, United States Code, Section 2 (Count Three), and to which Pride Forasol will plead guilty pursuant to an agreement with the Department (the "Plea Agreement").

4. Pride International admits, accepts, and acknowledges that it is responsible for the acts of its officers, employees, subsidiaries, and agents as charged in the Information and as set forth in the Statement of Facts attached hereto as Appendix B, and incorporated by reference into this Agreement, and that the facts described in Appendix B are true and accurate. Should the Department initiate the prosecution that is deferred by this Agreement or contemplated by the related Plea Agreement in the event of a breach of the Plea Agreement, Pride International agrees that it will neither contest the admissibility of nor contradict the Statement of Facts in any such proceeding, including the plea hearing or sentencing hearing.

**Term of the Agreement**

5. This Agreement is effective for a period beginning on the date on which the Information is filed and ending three (3) years and seven (7) calendar days from that date (the "Term"). However, Pride International agrees that, in the

event that the Department determines, in its sole discretion, that Pride International has knowingly violated any provision of this Agreement, or that Pride Forasol has violated any provision of the Plea Agreement, an extension or extensions of the term of the Agreement may be imposed by the Department, in its sole discretion, for up to a total additional time period of one year, without prejudice to the Department's right to proceed as provided in Paragraphs 17-20 below. Any extension of the Agreement extends all terms of this Agreement for an equivalent period. Conversely, in the event the Department finds, in its sole discretion, that there exists a change in circumstances sufficient to eliminate the need for the corporate compliance reporting obligation described in Paragraph 13 and Appendix D, and that the other provisions of this Agreement have been satisfied, the Term of the Agreement may be terminated early.

**Relevant Considerations**

6. The Department enters into this Agreement based on the individual facts and circumstances presented by this case and Pride International. Among the facts considered were that:

a. during a routine audit, Pride International discovered an allegation of bribery;

b. Pride International voluntarily and timely disclosed to the Department and the SEC the misconduct described in the Information and Statement of Facts, which information was unknown to the Department and the SEC at the time;

c. Pride International conducted a thorough internal investigation of that misconduct;

d. Pride International voluntarily initiated a comprehensive anti-bribery compliance review of Pride International's business operations in certain other high-risk countries;

e. Pride International regularly reported its findings to the Department;

f. Pride International cooperated in the Department's investigation of this matter, as well as the SEC's investigation;

g. Pride International undertook, of its own accord, remedial measures, including the enhancement of its FCPA compliance program, and agreed to maintain and enhance, as appropriate, its FCPA compliance program as contemplated by this Agreement; and

h. Pride International agreed to continue to cooperate with the Department in any ongoing investigation of the conduct of Pride International and

its employees, agents, consultants, contractors, subcontractors, and subsidiaries relating to violations of the FCPA.

7. During the term of this Agreement and consistent with applicable law and regulations, Pride International shall continue to cooperate with the Department. At the request of the Department, Pride International shall also cooperate fully with such other domestic or foreign law enforcement authorities and agencies, as well as the Multilateral Development Banks (“MDBs”) in any investigation of Pride International, or any of its present and former directors, employees, agents, consultants, contractors, subcontractors, and subsidiaries, or any other party, in any and all matters relating to corrupt payments and related false books and records and inadequate internal controls. Pride International agrees that its cooperation shall include, but is not limited to, the following:

a. Pride International shall truthfully disclose all factual information, that is not protected by the attorney-client privilege or work product doctrine, with respect to its activities and those of its present and former directors, employees, agents, consultants, contractors and subcontractors, and subsidiaries concerning all matters relating to corrupt payments and related false books and records and internal controls, about which Pride International has any knowledge or about which the Department may inquire. This obligation of truthful disclosure

includes the obligation of Pride International to provide to the Department, upon request, any document, record or other tangible evidence relating to such corrupt payments, false books and records, or internal controls about which the Department may inquire of Pride International.

b. Upon request of the Department, with respect to any issue relevant to its investigation of corrupt payments in connection with the operations of Pride International, related false books and records, and internal controls, Pride International shall designate knowledgeable employees, agents, consultants, or attorneys to provide to the Department the information and materials described in Paragraph 7(a) above. It is further understood that Pride International must at all times provide complete, truthful and accurate information.

c. With respect to any issue relevant to the Department's investigation of corrupt payments, related false books and records, and inadequate internal controls in connection with the operations of Pride International, or any of its present or former subsidiaries or affiliates, Pride International shall use its best efforts to make available, as requested by the Department, present or former directors, officers, employees, agents, consultants, or attorneys of Pride International, as well as the directors, employees, agents, consultants, or attorneys of contractors and subcontractors, for interviews or testimony about the matters

described in Paragraph 7(a) above. This obligation includes, but is not limited to, sworn testimony before a federal grand jury or in federal trials, as well as interviews with federal law enforcement authorities. Cooperation under this paragraph will include identification of witnesses who, to the knowledge of Pride International, may have material information regarding the matters under investigation.

d. With respect to any information, testimony, documents, records or other tangible evidence provided to the Department pursuant to this Agreement, Pride International consents to any and all disclosures consistent with applicable law and regulation to other governmental authorities, including United States authorities and those of a foreign government, and the MDBs of such materials as the Department, in its sole discretion, shall deem appropriate.

**Monetary Penalty**

8. The Department and Pride International agree that the applicable fine under this Agreement shall be calculated pursuant to United States Sentencing Guidelines Section 2C1.1, and that such an application of the Sentencing Guidelines to determine the applicable fine range yields the following analysis:

a. Base Offense. Based upon USSG § 2C1.1, the total offense level is 38, calculated as follows:

(a)(2) Base Offense Level	12
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(b)(1) Specific Offense Characteristic (More than one bribe)	+2
(b)(3) Specific Offense Characteristic (Involvement of a Public Official in a Sensitive Position)	+4
(b)(2) Specific Offense Characteristic (Value of Benefit Received > \$7,000,000)	+20
TOTAL	<u>38</u>

b. Base Fine. Based upon USSG § 8C2.4(a)(1), the base fine is \$72,500,000 (fine corresponding to the Base Offense level as provided in Offense Level Table).

c. Culpability Score. Based upon USSG § 8C2.5, the culpability score is 5, calculated as follows:

(a) Base Culpability Score	5
(b)(1) The organization had 5,000 or more employees and tolerance of the offense by substantial authority personnel was pervasive throughout the organization	+5
(g) The organization self-reported, fully cooperated in the investigation and clearly demonstrated recognition and affirmative acceptance of responsibility for its criminal conduct	- 5
TOTAL	<u>5</u>

d. Calculation of Fine Range.

Base Fine	\$72,500,000
Multipliers	1.0(min)/2.0(max)
Fine Range	\$72,500,000/\$145,000,000

9. Pride International agrees to pay a monetary penalty in the amount of \$32,625,000. Pride International agrees to pay this monetary penalty to the United States Treasury within ten (10) business days of the sentencing of Pride Forasol. The \$32,625,000 penalty is final and shall not be refunded.

10. Nothing in this Agreement shall be deemed an agreement by the Department that the \$32,625,000 amount is the maximum penalty that may be imposed in any future prosecution, and the Department is not precluded from arguing in any future prosecution that the Court should impose a higher fine, although the Department agrees that under those circumstances, it will recommend to the Court that the amount paid under this Agreement should be offset against any fine the Court imposes as part of a future judgment. Finally, the parties agree that any criminal penalty that might be imposed by the Court on, or otherwise paid by, Pride Forasol in connection with its guilty plea and plea agreement entered into simultaneously herewith will be deducted from the \$32,625,000 fine contemplated by this Agreement.

11. Pride International acknowledges that no tax deduction may be sought in connection with the payment of any part of this \$32,625,000 fine.

**Conditional Release from Criminal Liability**

12. In return for the full and truthful cooperation of Pride International, and its compliance with the terms and conditions of this Agreement, the Department agrees not to use any information related to the conduct set forth in the Information or Statement of Facts, conduct arising therefrom, or conduct otherwise disclosed to the Department prior to the date on which this Agreement was signed against Pride International or any of its wholly-owned or controlled subsidiaries, except as set forth in the Plea Agreement with respect to Pride Forasol, in any criminal or civil case, except:

- a. in a prosecution for perjury or obstruction of justice;
- b. in a prosecution for making a false statement;
- c. in a prosecution or other proceeding relating to any crime of violence; or
- d. in a prosecution or other proceeding relating to a violation of any provision of Title 26 of the United States Code.

13. In addition, the Department agrees, except as provided herein, that it will not bring any criminal or civil charges against Pride International or any of its

wholly-owned or controlled subsidiaries related to the conduct of present and former directors, officers, employees, agents, consultants, contractors and subcontractors, as described in the attached Statement of Facts, or relating to information Pride International disclosed to the Department prior to the date on which this Agreement was signed.

a. This paragraph does not provide any protection against prosecution for any corrupt payments or related false books and records, or related inadequate internal controls, if any, by Pride International in the future.

b. In addition, this paragraph does not provide any protection against prosecution of any present or former director, officer, employee, shareholder, agent, consultant, contractor, or subcontractor of Pride International for any violations committed by him or her.

#### **Corporate Compliance Program**

14. Pride International represents that it has implemented and will continue to maintain a compliance and ethics program designed to prevent and detect violations of the FCPA and other applicable anti-corruption laws throughout its operations, including those of its subsidiaries, affiliates, branches, joint ventures, and, as appropriate, those of its agents, contractors, and subcontractors,

with responsibilities that include interacting with foreign officials and other high-risk activities.

15. In order to address any deficiencies in its internal controls, policies, and procedures regarding compliance with the FCPA and other applicable anti-corruption laws, before and during the course of the investigation, Pride International represents that it undertook, and will continue to undertake in the future, a review of its existing anti-corruption internal controls, policies and procedures in a manner consistent with all of its obligations under this Agreement. Where necessary and appropriate, Pride International will adopt new or modify existing internal controls, policies and procedures in order to ensure that Pride International maintains: (a) a system of internal accounting controls designed to ensure the making and keeping of fair and accurate books, records and accounts; and (b) a rigorous anti-corruption compliance code designed to detect and deter violations of the FCPA and other applicable anti-corruption laws. The internal controls system and compliance code include and will continue to include, but need not be limited to, the minimum elements set forth in Appendix C, which is incorporated by reference into this Agreement.

16. Pride International agrees that on an annual basis during the term of this Agreement, as further described in Appendix D, Pride International shall

provide a written report to the Department on its progress and experience in maintaining and, as appropriate, enhancing its compliance policies and procedures.

17. The implementation and maintenance of these policies and procedures shall not be construed in any future enforcement proceeding as providing immunity or amnesty for any crimes not disclosed to the Department as of the date of signing of this Agreement for which Pride International would otherwise be responsible.

### **Deferred Prosecution**

18. In consideration of: (a) the past and future cooperation of Pride International described in Paragraphs 6 and 7 above; (b) the guilty plea by Pride Forasol; (c) the payment of a criminal penalty by Pride Forasol of \$32,625,000; and (d) Pride International's prior enhancement of its compliance and ethics program and related policies, procedures, and internal controls, and agreement to an annual review and report regarding the maintenance and, as appropriate, enhancement of such policies, procedures, and internal controls to the Department as described in Paragraphs 11 through 14 above, the Department agrees that any prosecution of Pride International for the conduct set forth in the attached Statement of Facts, and for the conduct that Pride International disclosed to the Department prior to the signing of this Agreement, be and hereby is deferred for the Term of this Agreement.

19. The Department further agrees that if Pride International fully complies with all of its obligations under this Agreement, the Department will not continue the criminal prosecution against Pride International described in Paragraph 1, and at the conclusion of the Term, this Agreement shall expire. Within thirty (30) days of the Agreement's expiration, the Department will move to dismiss with prejudice the criminal Information filed against Pride International described in Paragraph 1.

**Breach of the Agreement**

20. If, during the Term of this Agreement, the Department determines, in its sole discretion, that Pride International has: (a) committed any felony under federal law subsequent to the signing of this Agreement, (b) at any time, provided deliberately false, incomplete or misleading information, or (c) otherwise breached the Agreement, Pride International shall thereafter be subject to prosecution for any federal criminal violation of which the Department has knowledge, and the Information described in Paragraph 1 may be pursued by the Department in the U.S. District Court for the Southern District of Texas. Any such prosecution may be premised on information provided by Pride International. In the event of a breach of this Agreement by the Defendant, should the Department elect to pursue

criminal charges, or any civil or administrative action that was not filed as a result of this Agreement, then:

a. Pride International agrees that any applicable statute of limitations is tolled between the date of the Defendant's signing of this Agreement and the discovery by the Department of any breach by the Defendant;

b. Pride International expressly acknowledges and incorporates by reference the Tolling Agreement and Tolling Agreement Extensions that have previously been entered into between Pride International and the Department.

c. Pride International waives all defenses based on the statute of limitations, any claim of preindictment delay, and any speedy trial claim with respect to any such prosecution or action, except to the extent that such defenses existed as of the date of the signing of this Agreement or may arise after the conclusion of the tolling period described in Subparagraphs 17(a) and 16(b) above.

21. In the event that the Department determines that Pride International has breached this Agreement, the Department agrees to provide Pride International with written notice of such breach prior to instituting any prosecution resulting from such breach. Pride International shall, within thirty (30) days of receipt of such notice, have the opportunity to respond to the Department in writing to explain the nature and circumstances of such alleged breach, as well as the actions

Pride International has taken to address and remediate the situation, which explanation the Department shall consider in determining whether to institute a prosecution.

22. In the event that the Department determines that Pride International has breached this Agreement: (a) all statements made by or on behalf of Pride International to the Department or to the Court, including the attached Statement of Facts, and any testimony given by Pride International before a grand jury or any tribunal, at any legislative hearings, whether prior or subsequent to this Agreement, or any leads derived from such statements or testimony, shall be admissible in evidence in any and all criminal proceedings brought by the Department against Pride International; and (b) Pride International shall not assert any claim under the United States Constitution, Rule 11(f) of the Federal Rules of Criminal Procedure, Rule 410 of the Federal Rules of Evidence or any other federal rule, that statements made by or on behalf of Pride International prior or subsequent to this Agreement, and any leads derived therefrom, should be suppressed. The decision whether conduct or statements of any individual will be imputed to Pride International for the purpose of determining whether Pride International has violated any provision of this Agreement shall be in the sole discretion of the Department.

23. Pride International acknowledges that the Department has made no representations, assurances or promises concerning what sentence may be imposed by the Court if Pride International breaches this Agreement and this matter proceeds to judgment. Pride International further acknowledges that any such sentence is solely within the discretion of the Court and that nothing in this Agreement binds or restricts the Court in the exercise of such discretion.

**Sale or Merger of Pride International**

24. Pride International agrees that in the event it sells, merges, or transfers all or substantially all of its business operations as they exist as of the date of this Agreement, whether such sale is structured as a stock or asset sale, merger or transfer (including the sale, merger, or transfer of unincorporated branches), it shall include in any contract for sale, merger or transfer a provision binding the purchaser, or any successor in interest thereto, to the obligations described in this Agreement.

**Public Statements by Pride International**

25. Pride International expressly agrees that it shall not, through its present or future attorneys, directors, officers, employees, agents or any other person authorized to speak for Pride International, make any public statement, in litigation or otherwise, contradicting the acceptance of responsibility by Pride

International set forth above or the facts described in the attached Statement of Facts. Any such contradictory statement shall, subject to cure rights of Pride International described below, constitute a breach of this Agreement and Pride International thereafter may be subject to prosecution as set forth in Paragraphs 17-20 of this Agreement. The decision whether any public statement by any such person contradicting a fact contained in the Statement of Facts will be imputed to Pride International for the purpose of determining whether it has breached this Agreement shall be at the sole discretion of the Department. If the Department determines that a public statement by any such person contradicts in whole or in part a statement contained in the Statement of Facts, the Department shall so notify Pride International, and Pride International may avoid a breach of this Agreement by publicly repudiating such statement(s) within five (5) business days after receipt of such notification. Consistent with the obligations of Pride International as set forth above, Pride International shall be permitted to raise defenses and assert affirmative claims in civil and regulatory proceedings in the United States and any proceedings outside of the United States relating to the matters set forth in the Statement of Facts. This paragraph does not apply to any statement made by any present or former employee of Pride International in the course of any criminal,

regulatory, or civil case initiated against such individual, unless such individual is speaking with express authorization on behalf of Pride International.

26. Pride International agrees that if the company or any of its direct or indirect affiliates or subsidiaries issues a press release in connection with this Agreement, Pride International shall first consult the Department to determine whether (a) the text of the release is true and accurate with respect to matters between the Department and Pride International; and (b) the Department has no objection to the release. Nothing herein shall limit the right of Pride International to make truthful disclosures required by applicable securities laws and regulations.

**Limitations on Binding Effect of Agreement**

27. This Agreement is binding on Pride International and the Department but specifically does not bind any other federal agencies, or any state, local or foreign law enforcement or regulatory agencies, or any other authorities, although the Department will bring the cooperation of Pride International and its compliance with its other obligations under this Agreement, to the attention of such agencies and authorities, if requested to do so by Pride International.

**Notice**

28. Any notice to the Department under this Agreement shall be given by personal delivery, overnight delivery by a recognized delivery service, or

registered or certified mail, in each case, for the Department, addressed to Deputy Chief – FCPA, Fraud Section, Criminal Division, U.S. Department of Justice, Fourth Floor, 1400 New York Avenue, N.W., Washington, D.C. 20005 and, for Pride International, addressed to Office of the General Counsel, Pride International, Inc., 5847 San Felipe, Suite 3300, Houston, Texas 77057. Notice shall be effective upon receipt by Pride International.

**Complete Agreement**

29. This Agreement sets forth all the terms of the agreement between Pride International and the Department. No amendments, modifications or additions to this Agreement shall be valid unless they are in writing and signed by the Department, the attorneys for Pride International, and a duly authorized representative of Pride International.

**AGREED:**

**FOR THE  
DEPARTMENT OF JUSTICE:**

DENIS J. McINERNEY  
Chief  
Fraud Section, Criminal Division

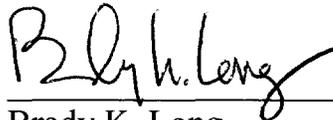
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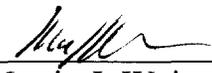
Stacey K. Duck  
Stacey K. Duck  
Senior Trial Attorney, Fraud Section  
United States Department of Justice  
Criminal Division  
1400 New York Ave., N.W.  
Washington, D.C. 20005  
(202) 514-5650

**FOR PRIDE INTERNATIONAL INC.:**

Date: 10/29/2010

By:   
Brady K. Long  
Vice President, General Counsel and  
Secretary  
Pride International, Inc.

Date: n/l/10

  
Martin J. Weinstein  
Jeffrey D. Clark  
Willkie Farr & Gallagher LLP  
1875 K Street NW  
Washington, DC 20006  
Counsel for Pride International, Inc.

Dated this day of ~~November~~ 4, 2010.

### **OFFICER'S CERTIFICATE**

I have read this Agreement and carefully reviewed every part of it with counsel for Pride International, Inc. ("Pride International"). I understand the terms of this Agreement and voluntarily agree, on behalf of Pride International, to each of its terms. Before signing this Agreement on behalf of Pride International, I consulted with the attorneys for Pride International. The attorneys fully advised me of the rights of Pride International, of possible defenses, and of the consequences of entering into this Agreement.

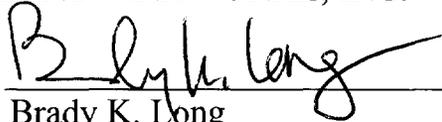
I have carefully reviewed this Agreement with the Board of Directors of Pride International. I have advised, and caused outside counsel for Pride International to advise, the Board fully of the rights of Pride International, of possible defenses, and of the consequences of entering into the Agreement. No promises or inducements have been made other than those contained in this Agreement. Furthermore, no one has threatened or forced me to enter into this Agreement. I am also satisfied with the attorneys' representation in this matter.

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I certify that I am an officer of Pride International and that I have been duly authorized by Pride International to execute this Agreement on behalf of Pride International.

Date: 10/29, 2010

PRIDE INTERNATIONAL, INC.

By:   
\_\_\_\_\_  
Brady K. Long  
Vice President, General Counsel and  
Secretary  
Pride International, Inc.

### CERTIFICATE OF COUNSEL

We are counsel for Pride International, Inc. ("Pride International") in the matter covered by this Agreement. In connection with such representation, we have examined relevant Pride International documents and have discussed this Agreement with the Board of Directors of Pride International. Further, we have carefully reviewed every part of this Agreement with the Board of Directors and General Counsel of Pride International. We have fully advised them of Pride International's rights, of possible defenses, and of the consequences of entering into this Agreement. Based on our review of the foregoing materials and discussions, we are of the opinion that Pride International's representative has been duly authorized to enter into this Agreement on behalf of Pride International. This Agreement has been duly and validly authorized, executed, and delivered on behalf of Pride International and is a valid and binding obligation of Pride International. To our knowledge, Pride International's decision to enter into this Agreement is an informed and voluntary one.

Date: 11/1/10

  
\_\_\_\_\_  
Martin J. Weinstein  
Willkie Farr & Gallagher LLP  
1875 K Street NW  
Washington, DC 20006  
(202) 303-1122  
Counsel for Pride International, Inc.

**APPENDIX A**

**PRIDE INTERNATIONAL, INC.  
CERTIFICATE OF CORPORATE RESOLUTIONS**

I, S. Elizabeth Wright, do hereby certify that I am the Assistant Secretary of Pride International, Inc. (“Pride International” or the “Company”), a company incorporated in Delaware, and that the following is an accurate excerpt of certain resolutions unanimously adopted by the Board of Directors of Pride at a meeting held on , 2010, at which a quorum was present:

**WHEREAS**, the Board of Directors of Pride International, a Delaware corporation, has been informed by its counsel of a proposed settlement with the United States Department of Justice (the “Department”) in relation to certain matters which have been under investigation by the Department (the “Proposed Settlement”), and the key terms of the Proposed Settlement have been explained or distributed to the members of the Board;

**WHEREAS**, the Proposed Settlement contemplates:

- (1) Pride Forasol S.A.S. (“Pride Forasol”), a wholly-owned subsidiary of the Company, pleading guilty to certain crimes pursuant to a plea agreement with the Department (the “Plea Agreement”);
- (2) the Company and the Department entering into a deferred prosecution agreement;
- (3) the Department, the Company, and Pride Forasol agreeing to recommend to the court a fine of \$32.625 million as appropriate under the circumstances; and
- (4) imposition of commitments set out in the deferred prosecution agreement and the Plea Agreement on the Company and Pride Forasol.

**NOW, THEREFORE, BE IT:**

**RESOLVED**, that the key terms of the Proposed Settlement that have been explained or distributed to the members of the Board

are hereby approved and the Proposed Settlement is hereby agreed to in principle by the Company;

**FURTHER RESOLVED**, that Brady K. Long, Vice President, General Counsel and Secretary of the Company, is authorized and directed to execute and deliver the Deferred Prosecution Agreement and the Plea Agreement on behalf of the Company and Pride Forasol, respectively, and such other documents as are necessary to effect the Proposed Settlement, and to take such other and further actions as may be approved by the Board of Directors of the Company or any authorized committee or subcommittee thereof, as applicable, to consummate the Proposed Settlement and the resolution of the investigation of past improper payments and practices referenced above, including appearing before the United States District Court for the Southern District of Texas, to enter a plea of guilty on behalf of Pride Forasol and accept the sentence of the Court.

I further certify that the aforesaid resolutions have not been amended or revoked in any respect and remain in full force and effect on the date of this certification.

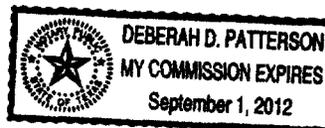
**IN WITNESS WHEREOF**, I have executed this Certificate on October 29, 2010.

  
\_\_\_\_\_  
S. Elizabeth Wright  
Assistant Secretary  
Pride International, Inc.

Signed before me this 29th day of October, 2010.

Notary Public in and for the State of  
Texas





## **APPENDIX B**

### **STATEMENT OF FACTS**

The following Statement of Facts is incorporated by reference as part of (a) the deferred prosecution agreement between the United States Department of Justice (the “Department”) and Pride International, Inc. (“Pride International”) and (b) the plea agreement between the Department and Pride Forasol S.A.S. (“Pride Forasol”). The Department, Pride International, and Pride Forasol agree that, at all times relevant to the facts described herein, the following facts are true and correct:

#### *Overview*

1. Pride International was a worldwide operator of offshore oil and gas drilling rigs. Between in or around 2003 through in or around 2004, Pride International, through certain of its subsidiaries, affiliates, branches, employees, and agents, collectively, paid at least \$804,000 in bribes to, or for the benefit of, foreign government officials in Venezuela, India, and Mexico. The bribes were paid to: (a) extend contracts, (b) secure a favorable administrative judicial decision, and (c) avoid the payment of customs duties and penalties. The purpose of the bribes was achieved and, as a result, Pride International received a financial benefit of at least \$13 million. The corrupt payments were falsely characterized by Pride International subsidiaries and/or their branches in their internal books, records, and

accounts, which were consolidated into the books, records, and accounts of Pride International.

***Relevant Pride Entities***

2. Pride International was a Delaware corporation headquartered in Houston, Texas. Pride International was publicly traded on the New York Stock Exchange and issued and maintained a class of publicly traded securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934 (the “Exchange Act”), Title 15, United States Code, Section 78l, and was required to file periodic reports with the U.S. Securities and Exchange Commission (“SEC”) under Section 13 of the Exchange Act. Accordingly, Pride International was an “issuer” within the meaning of the Foreign Corrupt Practices Act (FCPA), Title 15, United States Code, Section 78dd-1(a). By virtue of its status as an issuer within the meaning of the FCPA, Pride International was required to make and keep books, records, and accounts which, in reasonable detail, accurately and fairly reflected the transactions and disposition of assets of Pride International and its subsidiaries, including those of Pride Forasol.

3. Pride Forasol, a wholly-owned subsidiary of Pride International, was organized under the laws of, and had its principal place of business in, France. Pride Forasol operated in numerous countries through a variety of branches, subsidiaries, and affiliates including, but not limited to, Pride Foramer S.A.S.,

Pride Foramer de Venezuela S.A., and Pride Foramer India. Pride Forasol was a “person” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-3(f)(1). As more fully described herein, Pride Forasol, by using affiliated U.S. entities and their personnel, as well as co-conspirators, to perform acts for the benefit of Pride Forasol and its subsidiaries and affiliates used and caused the use of the mails and means and instrumentalities of interstate commerce and performed other acts while in the territory of the United States corruptly in furtherance of an offer, promise, authorization, or payment of money or anything of value to foreign government officials for the purpose of assisting in obtaining or retaining business for, or directing business to, any person, all within the meaning of the FCPA, Title 18, United States Code, Section 78dd-3.

4. Pride Foramer S.A.S. (“Pride Foramer”) was a wholly-owned subsidiary of Pride Forasol.

5. Pride Foramer de Venezuela S.A. (“Pride Foramer Venezuela”) was a branch of Pride Forasol’s wholly-owned subsidiary, Pride Foramer, operating in Venezuela.

6. Pride Foramer India (“Pride India”) was a branch of Pride Forasol’s wholly-owned subsidiary, Pride Foramer, operating in India.

7. Interdrill Ltd. (“Interdrill”) was a wholly-owned subsidiary of Pride International organized under the laws of the Bahamas. Interdrill’s books, records,

and accounts were included in the consolidated financial statements of Pride International submitted to the SEC.

8. Internationale de Travaux et de Material S.A.S. (“I.T.M.”) was a wholly-owned subsidiary of Pride International, organized under the laws of France.

9. Forinter Limited (“Forinter”) was a wholly-owned subsidiary of Pride International, organized under the laws of Jersey.

10. Mexico Drilling Limited LLC, Pride Central America LLC, and Pride Drilling LLC (hereinafter collectively referred to as “Pride Mexico”) were wholly-owned subsidiaries of Pride International incorporated in Delaware.

***Relevant Pride Employees***

11. Senior Western Hemisphere Executive A (“Senior Executive A”), a United States citizen, was an officer and employee of Pride International. Senior Executive A was located in Houston, Texas. Senior Executive A was a “domestic concern” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-2(h)(1), and an agent of an issuer, Pride International, within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1.

12. Country Manager 1, a United States citizen, was the Country Manager in Venezuela from in or around May 2001 through in or around December 2004 and the Country Manager in Mexico from in or around January 2005 through in or

around December 2006. From mid-2004 until in or around December 2006, Country Manager 1 reported directly to Senior Executive A in Houston, Texas. Country Manager 1 was a “domestic concern” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-2(h)(1) and, in his capacity as Country Manager for Venezuela and Mexico, an agent of an issuer, Pride International, within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1.

13. The Marketing Manager, a Venezuelan citizen, was the Marketing and Business Development Manager for Pride Foramer Venezuela. The Marketing Manager was located in Venezuela.

14. The Operations Manager, a French citizen, was the Operations Manager for Pride Foramer Venezuela. The Operations Manager was located in Venezuela.

15. Country Manager 2, a United States citizen, was the Country Manager in Mexico from in or around 2002 through in or around December 2004 and the Country Manager in Venezuela from in or around January 2005 until in or around September 2005. Country Manager 2 was a “domestic concern” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-2(h)(1), and, in his capacity as Country Manager for Mexico and subsequently Venezuela, was an agent of an issuer, Pride International, within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1.

16. Senior Pride Forasol Executive (hereinafter “Senior Executive B”), a French citizen, was based in Velizy, France. Senior Executive B was also the Director of International Finance for Pride International. Senior Executive B had oversight responsibility over Pride India. Senior Executive B was an agent of an issuer, Pride International, within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1.

17. The Legal Director, a French citizen, was the Director of Legal Affairs for Pride Forasol, based in Velizy, France. The Legal Director had oversight responsibility over Pride India.

18. The Finance Manager, a British citizen, was the Eastern Hemisphere Finance Manager for Pride International. The Finance Manager was located in Houston, Texas. The Finance Manager was an agent of an issuer, Pride International, within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1.

19. The India Base Manager, a Canadian citizen, was the Base Manager for Pride India.

20. The Area Manager, a United States citizen, was the Area Manager for the Asia Pacific region which included Pride India. The Area Manager was a “domestic concern” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-2(h)(1).

21. The Assistant Controller, a United States citizen, was the Assistant Controller for the Eastern Hemisphere for Pride International. The Assistant Controller was located in Houston, Texas. The Assistant Controller was a “domestic concern” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-2(h)(1) and an agent of an issuer, Pride International, within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1.

22. The Logistics Coordinator, a United States citizen, was the Logistics Coordinator for Pride Mexico. The Logistics Coordinator was located in Mexico. The Logistics Coordinator was a “domestic concern” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-2(h)(1).

***Relevant Pride Agents***

23. Vendor A was a Pride Foramer Venezuela vendor. Vendor A created false invoices to conceal payments intended for the benefit of a Petróleos de Venezuela S.A. (“PDVSA”) official and wire transferred money to an intermediary for that official’s benefit in order to secure contract extensions for Pride Foramer Venezuela.

24. Vendor B was a Pride Foramer Venezuela vendor. Vendor B created false invoices to conceal payments intended for the benefit of a PDVSA official and wire transferred money to an intermediary for that official’s benefit in order to secure contract extensions for Pride Foramer Venezuela.

25. The India Customs Consultant was an individual who provided customs consulting services to Pride India. The India Customs Consultant coordinated and assisted with the payment of \$500,000 by Pride India intended for the benefit of an Indian administrative judge to secure a favorable verdict in a customs litigation matter.

26. The Mexico Marketing Agent was an individual who provided marketing services for Pride Mexico. The Mexico Marketing Agent coordinated and facilitated the payment of \$10,000 by Pride Mexico intended for the benefit of a Mexican customs official to avoid the payment of customs duties and penalties.

***Other Relevant Entities and Individuals***

27. Petróleos de Venezuela S.A. (“PDVSA”) was a Venezuelan state-owned oil company. In 1975, the Government of Venezuela established PDVSA, an agency and instrumentality of the government, to manage and control the exploration, production, refinement, and transport of oil as well as the exploration and production of natural gas in Venezuela. Officials and members of the Board of Directors of PDVSA were “foreign officials” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(f)(1)(A).

28. The PDVSA Director, a Venezuelan citizen, was appointed by the President of Venezuela as a member of the PDVSA Board of Directors. The

PDVSA Director was a “foreign official” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(f)(1)(A).

29. The Venezuela Intermediary, who owned a company that provided catering services to Pride Foramer Venezuela, acted as an intermediary on behalf of the PDVSA Director.

30. The Customs, Excise, and Gold Appellate Tribunal (“CEGAT”) in India was an administrative judicial tribunal. Judges who were members of the CEGAT were “foreign officials” within the meaning of the FCPA, Title 15, United States Code, Sections 78dd-1(f)(1)(A) and 78dd-3(f)(2)(A).

31. The Mexico Customs Official was a Customs Administrator Operations Assistant for the Mexican customs service. The Mexico Customs Official was a “foreign official” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(f)(1)(A).

### ***The Bribery Schemes***

#### ***Venezuela***

32. Throughout the relevant time period, Pride International owned and operated numerous oil and gas drilling rigs throughout South America, including in Venezuela. PDVSA, the Venezuelan state-owned oil company, leased the semi-submersible rig *Pride Venezuela* from Pride Foramer Venezuela. PDVSA also contracted Pride Foramer Venezuela to operate two jackup rigs, the *GP-19* and the

GP-20. Bribes were paid for the benefit of a PDVSA official to extend contracts for all three rigs.

The *Pride Venezuela*

33. In or around February 2003, PDVSA cancelled its contract to lease the *Pride Venezuela*. In or around that time, the PDVSA Director contacted the Marketing Manager in Venezuela via telephone. The PDVSA Director indicated during the call that he could arrange for an extension of the *Pride Venezuela* contract. The PDVSA Director informed the Marketing Manager that he would send someone in person to discuss the details of the offer.

34. After the telephone call, in or around late February or March 2003, the Venezuela Intermediary met with the Marketing Manager and the Operations Manager in Venezuela. The Venezuela Intermediary stated that he was speaking to the Marketing Manager and the Operations Manager on behalf of the PDVSA Director. The Venezuela Intermediary explained that the PDVSA Director could arrange for an extension of the *Pride Venezuela's* drilling contract in exchange for a monthly payment of \$60,000 for the benefit of the PDVSA Director for each month that the contract was extended.

35. The Marketing Manager and the Operations Manager sought and obtained approval to make the monthly payments for the benefit of the PDVSA Director from their supervisor, Country Manager 1.

36. In order to conceal and generate money to pay the bribes to the PDVSA Director, Country Manager 1, the Marketing Manager, the Operations Manager, and others agreed and instructed one of Pride Foramer Venezuela's vendors, Vendor A, to inflate certain of its invoices for its services. Pride Foramer Venezuela then paid Vendor A for the undelivered services relating to the inflated invoices. Vendor A delivered the excess money it received from Pride Foramer Venezuela to the Venezuela Intermediary with the intent that it would be provided to the PDVSA Director.

37. Vendor A wire transferred the excess funds it received from its account in Venezuela to an account at a bank in Miami, Florida in the name of the Venezuela Intermediary. On or about June 14, 2003 and on or about July 9, 2003, Pride Foramer Venezuela instructed Vendor A to wire transfer two payments of \$60,000 to the Venezuela Intermediary. These two payments were made on or about June 17, 2003, and July 10, 2003.

38. In exchange for the corrupt payments, the *Pride Venezuela* contract was extended for approximately three months, from in or around April 2003 to in or around July 2003. The profits derived from extending the contract were approximately \$2.45 million.

The GP-19 and GP-20

39. Beginning in or around April 2004, the contracts with PDVSA to operate the *GP-19* and *GP-20* offshore rigs were scheduled to expire. The Operations Manager believed that the PDVSA Director might prevent additional contract extensions for the rigs because Pride Foramer Venezuela had refused to make a third corrupt payment of \$60,000 for the 2003 *Pride Venezuela* drilling contract extension.

40. In order to secure the *GP-19* and *GP-20* contract extensions, the Operations Manager arranged to pay the PDVSA Director an additional \$60,000 corrupt payment as a delinquent payment related to the *Pride Venezuela* contract extension and to pay approximately \$12,000 per month per rig for the *GP-19* and *GP-20*.

41. On or about May 21, 2004, an additional \$60,000 was paid to the Venezuela Intermediary for the benefit of the PDVSA Director relating to the *Pride Venezuela* contract extension.

42. Between in or around April 2004 and in or around November 2004, the Marketing Manager, the Operations Manager, and others known and unknown also agreed to pay at least \$114,000 to the Venezuela Intermediary with the intent that the money would be paid to the PDVSA Director to secure contract extensions for the *GP-19* and *GP-20*.

43. In order to conceal and generate money to pay the PDVSA Director, the Operations Manager and others agreed and instructed two of Pride Foramer Venezuela's vendors, Vendor A and Vendor B, to inflate certain of their invoices for services. Pride Foramer Venezuela then paid Vendor A and Vendor B for the undelivered services relating to the inflated invoices. The vendors delivered the excess money they received from Pride Foramer Venezuela to the Venezuela Intermediary with the intent that it would be provided to the PDVSA Director.

44. Pride Foramer Venezuela caused Vendor A and Vendor B to wire transfer a total of \$114,000 to, or for the benefit of, the PDVSA Director from bank accounts in Venezuela to an account at a bank in Miami, Florida in the name of the Venezuela Intermediary on or about the following dates:

<b>Date</b>	<b>Vendor</b>	<b>Amount</b>
May 21, 2004	Vendor B	\$60,000
August 19, 2004	Vendor B	\$18,000
September 21, 2004	Vendor B	\$12,000
November 3, 2004	Vendor A	\$24,000

45. In exchange for the corrupt payments, the PDVSA Director caused PDVSA to extend the *GP-20* contract from July 2004 through June 2005 and the *GP-19* contract from February 2005 through June 2005. The profits derived from

the contract extensions for the *GP-20* were approximately \$596,000. The *GP-19* extension was not profitable.

Concealment of the Schemes

46. In the Fall of 2004, Pride International's internal auditors reviewed the company's business dealings with its Venezuelan vendors in an effort to identify potential internal control weaknesses.

47. In or around November 2004, the internal auditors produced a report identifying potential control weaknesses in Venezuela relating generally to the use of vendors.

48. In or around February 2005, Country Manager 2, the new Country Manager for Venezuela, reviewed the report and was tasked with drafting a management action plan to respond to the issues identified.

49. During the course of preparing the draft action plan, Country Manager 2 was told by a Pride Former Venezuela vendor about the payments to the PDVSA Director. Country Manager 2 included that information in his draft action plan. Specifically, the draft action plan included information identifying by name the PDVSA Director who was the intended recipient of the payments and the name of the Venezuelan Intermediary who assisted with the payments.

50. On or about February 12, 2005, Country Manager 2 sent the draft document that included the information regarding the kickback payments via email to his supervisor, Senior Executive A, who was based in Houston, Texas.

51. On or about February 14, 2005, Senior Executive A sent an email to Country Manager 2 attaching a revised action plan in which Senior Executive A had deleted all references to the bribes paid for the benefit of the PDVSA Director. In the email, Senior Executive A stated, "I have clean [sic] this one up."

52. On or about February 16, 2005, Senior Executive A sent an email to Country Manager 2 stating that he had provided the cleaned up version of the draft action plan to Pride International's internal and external auditors. Senior Executive A instructed Country Manager 2 to use the cleaned-up version going forward and delete prior copies of the draft action plan.

53. Neither Senior Executive A nor Country Manager 2 advised the auditors of the bribes during the course of a continuing internal review that was conducted in 2005 and 2006. In 2006, during the course of this review, Pride International discovered evidence of the improper payments and undertook an internal investigation which ultimately led to Pride's voluntary disclosure to the Department.

***India***

54. In or around April 1999, Pride India imported the *Pride Pennsylvania*, an offshore drilling rig, into India to perform work for the Indian state-owned oil company Oil and Natural Gas Corporation Ltd. (“ONGC”).

55. On or about September 26, 2001, Indian customs officials seized the *Pride Pennsylvania* rig on the grounds that Pride India had intentionally undervalued the rig during the importation process. A legal action was brought before the Indian Customs Commissioner seeking duties, penalties, and interest allegedly owed in relation to the undervaluation.

56. Pride India disputed the allegations. In or around 2002, the Indian Customs Commissioner found in favor of the customs authority’s position regarding undervaluation and ordered Pride India to pay certain duties, penalties, and interest.

57. In or around June 2002, Pride India appealed the unfavorable decision by the Indian Customs Commissioner to the CEGAT. The CEGAT panel for the Pride India matter consisted of two judges who heard the appeal.

58. Between in or around late 2002 and in or around January 2003, the Legal Director traveled to India to meet with the India Customs Consultant to discuss the case. The India Customs Consultant advised the Legal Director that a payment made for the benefit of one of the two CEGAT administrative judges

hearing the case might secure a favorable decision in the litigation. Thereafter, the Legal Director met with the India Customs Consultant to further discuss the proposed bribe and how to structure the payment.

59. In or after January 2003, the Legal Director authorized the payment of \$500,000 for the benefit of one of the CEGAT judges to secure a favorable decision. The payment was structured to ensure that the judge received \$300,000 up front and an additional \$200,000 after Pride India received the favorable decision.

60. On or about January 22, 2003, the India Base Manager emailed the Area Manager detailing the plan to bribe one of the judges.

61. On or about January 23, 2003, the Area Manager forwarded the email describing the bribery scheme to Finance Manager, who was based in Houston, Texas.

62. To pay the bribe, employees of Pride Forasol, including Senior Executive B and the Legal Director, caused false invoices for agent and consulting services to be created and submitted to Interdrill for payment.

63. Interdrill processed the invoices and then caused Pride International subsidiaries Forinter and I.T.M. to pay the invoices. On or about January 27, May 19, and July 21, 2003, payments of \$150,000, \$150,000 and \$200,000, respectively, were wire transferred from either Forinter or I.T.M. accounts in

64. From in or around May 2003 to in or around July 2003, the Assistant Controller participated in booking the payments. Despite the fact that the Assistant Controller had been told that the payments were “facilitation” payments by Pride India for the *Pride Pennsylvania* rig, the Assistant Controller assisted in booking the payments internally to Interdrill under a newly created “miscellaneous fees” account as “regular” fees. Further, the Assistant Controller assisted in booking the expense to a business unit “general account,” thereby avoiding associating the charge with the *Pride Pennsylvania*.

65. On or about May 28, 2003, the Finance Manager, with knowledge of the bribery scheme, sent an email to the Assistant Controller authorizing the booking of the payments to Interdrill in the newly created “miscellaneous fees” account.

66. On or about June 30, 2003, Pride India received a favorable ruling from CEGAT.

67. The estimated gain to Pride Forasol from securing a favorable decision was at least \$10 million.

*Mexico*

68. On or about December 13, 2004, Mexican customs officials inspected port facilities leased by Pride Mexico. During the inspection, the officials claimed that Pride Mexico had violated customs rules due to the presence of certain equipment on board a Pride Mexico supply boat that had not been properly reported to customs.

69. On or about December 13, 2004, and, again, on or about December 14, 2004, the Mexico Customs Official advised the Logistics Coordinator and Country Manager 2 that a payment of \$10,000 to the customs official could assist the company with avoiding taxes and penalties for the alleged violations that had been discovered during the inspection.

70. On or about December 15, 2004, Country Manager 2, who was located in Mexico, sent an email to Senior Executive A, who was based in Houston, Texas, advising that the Mexico Customs Official had solicited a payment of \$10,000.

71. On or about December 15, 2004, Senior Executive A sent an email to Country Manager 2 authorizing a payment of \$10,000 to the Mexico Customs Official and instructing that the payment be coordinated through the Mexico Marketing Agent.

72. In or around December 2004, on behalf of Pride Mexico, the Mexico Marketing Agent paid \$10,000 in cash to a person purporting to represent the Mexico Customs Official. The Mexico Marketing Agent caused false invoices purportedly for electrical maintenance services to be submitted to Pride Mexico in support of the payment.

73. Pride Mexico's books and records falsely documented the improper payment as an "electricity maintenance" expense.

***False Books and Records***

74. From in or around February 2003 through in or around November 2004, Country Manager 1, the Marketing Manager, the Operations Manager, and others falsely characterized Pride Foramer Venezuela's corrupt payments intended for the benefit of the PDVSA Director in Pride Foramer Venezuela's and Pride Forasol's books, records, and accounts as payments to vendors for services provided by the vendors.

75. From in or around May 2003 to in or around July 2003, Senior Executive B, the Legal Director, the Finance Manager, the Assistant Controller, and others falsely characterized Pride India's bribe payments intended for the benefit of an Indian CEGAT judge in Interdrill's books, records, and accounts as "regular" fees.

76. In or around December 2004, Country Manager 2 and others falsely characterized Pride Mexico's \$10,000 corrupt payment to the Mexico Customs Official in Pride Mexico's books, records, and accounts as a payment to a vendor for "electricity maintenance" expense.

77. At the end of fiscal years 2003 through 2005, the books, records, and accounts of certain of Pride International's wholly-owned subsidiaries and their branches, including those of Pride Foramer Venezuela, Pride Forasol, Pride Mexico, Pride India, Interdrill, I.T.M., and Forinter, containing the false characterizations of the corrupt payments described above, were consolidated into the books, records, and accounts of Pride International for purposes of preparing Pride International's year-end financial statements.

***Total Corrupt Payments Paid and Improper Benefits Received***

78. As described herein, from in or around January 2003 through in or around December 2004, certain Pride International subsidiaries and their branches paid at least \$804,000 in bribes to foreign government officials in Venezuela, India, and Mexico to extend contracts, secure a favorable judicial decision, and avoid the payment of customs duties and penalties. The benefit received as a result of these payments was at least \$13 million.

## APPENDIX C

### CORPORATE COMPLIANCE PROGRAM

In order to improve Pride International's internal controls, policies, and procedures regarding compliance with the Foreign Corrupt Practices Act ("FCPA"), Title 18, United States Code, Sections 78dd-1, *et seq.*, and other applicable anti-corruption laws, Pride International (referred to as the "Company") implemented substantial enhancements to its anti-bribery compliance program. The Company, on behalf of itself and its wholly-owned subsidiaries and their branches, including Pride Forasol, Pride Foramer, Pride India, Interdrill, I.T.M., and Forinter, agrees to continue to conduct, in a manner consistent with all of the obligations under this Agreement, appropriate reviews of existing policies, procedures, and internal controls.

Where appropriate, the Company agrees to adopt new or modify existing policies, procedures, and internal controls in order to ensure that it maintains: (a) a system of internal accounting controls designed to ensure that the Company makes and keeps fair and accurate books, records and accounts; and (b) a rigorous anti-corruption compliance code, standards, and procedures designed to detect and deter violations of the FCPA and other applicable anti-corruption laws. At a minimum, this should include, but not be limited to, the following elements to the

extent they are not already part of the Company's existing internal controls, policies, and procedures:

1. A clearly articulated corporate policy against violations of the FCPA and other applicable anti-corruption laws.

2. A system of financial and accounting procedures, including a system of internal accounting controls, designed to ensure the maintenance of fair and accurate books, records and accounts.

3. Promulgation of a compliance code, standards and procedures designed to reduce the prospect of violations of the FCPA, other applicable anti-corruption laws, and the Company's compliance code. These standards and procedures should apply to all directors, officers, and employees and, where appropriate, outside parties acting on behalf of the Company in a foreign jurisdiction, including agents, consultants, representatives, distributors, teaming partners, and joint venture partners (collectively referred to as "agents and business partners").

4. The assignment of one or more senior corporate officials of the Company to the implementation and oversight of compliance with policies, procedures, and internal controls regarding the FCPA and other applicable anti-corruption laws. Such corporate official(s) shall have the authority to report

matters directly to the Audit Committee of the Board of Directors of Pride International.

5. Mechanisms designed to ensure that the Company's policies, procedures, standards, and internal controls regarding the FCPA and other applicable anti-corruption laws are effectively communicated to all directors, officers, employees and, where appropriate, agents and business partners. This should include: (a) periodic training for all directors and officers and, where appropriate, employees, agents and business partners; and (b) annual certifications with regard to this training by all directors and officers and, where necessary and appropriate, employees, agents and business partners.

6. An effective system for reporting suspected criminal conduct and/or violations of the compliance policies, procedures, standards, and internal controls regarding the FCPA and other applicable anti-corruption laws for directors, officers, employees, and, where appropriate, agents and business partners.

7. Appropriate disciplinary procedures to address, among other things, violations of the FCPA, other applicable anti-corruption laws, and the Company's compliance code, policies, procedures, standards and/or internal controls by the Company's directors, officers, and employees.

8. Appropriate due diligence requirements pertaining to the retention and oversight of agents and business partners.

9. Where appropriate, standard provisions in agreements, contracts, and renewals thereof with all agents and business partners that are reasonably calculated to prevent violations of the FCPA and other applicable anti-corruption laws, which may, depending upon the circumstances, include: (a) anti-corruption representations and undertakings relating to compliance with the FCPA and other applicable anti-corruption laws; (b) rights to conduct audits of the books and records of the agent or business partner to ensure compliance with the foregoing; and (c) rights to terminate an agent or business partner as a result of any violation of anti-corruption laws or breach of representations and undertakings related to such matters.

10. Periodic testing of the compliance policies, procedures, and internal controls designed to evaluate their effectiveness in detecting and reducing violations of anti-corruption laws and the Company's compliance code, policies, and procedures.

## **APPENDIX D**

### **CORPORATE COMPLIANCE REPORTING**

1. Pride International, Inc. (“Pride International”) agrees that it will report periodically, at no less than 12-month intervals, in accordance with the schedule described in Paragraph 3 below, during the term of this Agreement, to the Fraud Section of the Department of Justice (“the Department”) regarding remediation and implementation of the compliance program and internal controls, policies, and procedures described in Appendix C.

2. Should Pride International discover credible evidence, not already reported to the Department, that questionable or corrupt payments or questionable or corrupt transfers of property or interests may have been offered, promised, paid, or authorized by any Pride International entity or person, or any entity or person working directly on behalf of Pride International, or that related false books and records have been maintained, Pride International shall promptly report such conduct to the Department.

3. During the three-year term of this Agreement, Pride International shall conduct an initial review and prepare an initial report, and conduct and prepare two follow-up reviews and reports, as described below:

a. By no later than a year from the date the Deferred Prosecution Agreement is filed with the Court in the Southern District of Texas, Pride

International shall issue a written report covering the prior 12-month period and setting forth a complete description of its remediation efforts to date, its proposals reasonably designed to improve the policies and procedures of Pride International for ensuring compliance with the FCPA and other applicable anti-corruption laws, and the parameters of the subsequent reviews. The report shall be addressed to the Deputy Chief – FCPA Unit, Fraud Section, Criminal Division, U.S. Department of Justice, 1400 New York Ave., Bond Building, Fourth Floor, Washington, D.C. 20005.

b. Pride International shall undertake two follow-up reviews, incorporating any comments provided by the Department on its initial review and report, to further monitor and assess whether the policies and procedures of Pride International are reasonably designed to detect and prevent violations of the FCPA and other applicable anticorruption laws.

c. The first follow-up review and report shall be completed by no more than one year after the initial review. The second follow-up review and report shall be completed by no more than one year after the completion of the first follow-up review.

d. Pride International may extend the time period for submission of the follow-up reports with prior written approval of the Department.