

**CHARTER  
OF  
THE AUDIT COMMITTEE  
OF  
THE BOARD OF DIRECTORS**

**1. Purpose and General Responsibilities**

The purpose of the Audit Committee (“Committee”) of the Board of Directors (the “Board”) of Atwood Oceanics, Inc. is to assist the Board in fulfilling its oversight responsibilities regarding the (i) reporting practices of Atwood Oceanics, Inc. and its subsidiaries (collectively, “the Company”) and the quality and integrity of financial reports of the Company; (ii) the Company’s compliance with legal and regulatory requirements; (iii) review of the independent registered public accounting firm’s qualifications and independence; and (iv) review of the performance of the internal audit function and the independent registered public accounting firm.

The Committee should encourage free and open means of communication between the directors, the independent registered public accounting firm, the internal auditors of the Company and the financial and senior management of the Company. The policies and procedures of the Committee in carrying out its responsibilities should remain flexible, in order to best react to changing conditions and to ensure to the directors and shareholders that the accounting and reporting practices of the Company are in accordance with all requirements and are of the highest quality.

To perform these functions, the Committee shall have the authority to perform the specific duties enumerated in this Charter and otherwise required by the Sarbanes-Oxley Act of 2002 and, upon the direction or approval of the Board, to undertake other activities on behalf of the Board. The Committee is authorized to request reports on matters related to its authority, its duties as described in this Charter and on any subject that it deems related to its responsibilities. All employees of the Company shall cooperate as requested by the Chairman of the Committee. The Committee shall recommend to the Board any extensions or changes in the authority or duties of the Committee that it deems appropriate.

**2. Membership and Organization**

The Committee shall have a Chairman appointed by the Board. The Committee shall consist of that number of directors as the Board shall determine from time to time, such number not to be less than three members. The members of the Committee shall be appointed by the Board, each of whom shall serve at the discretion of the Board. It is the intention of the Board that the members of the Committee shall be financially literate, as that term is defined from time to time by the New York Stock Exchange and as determined by the Board in its business judgment. If a member is not financially literate, he or she must become financially literate within a reasonable period of time after his or her appointment to the Committee. It is the intention of the Board that at least one member of the Committee have accounting or related financial management expertise, as the Board interprets such qualification in its business judgment, so as to qualify as an “audit committee financial expert” as defined by the Securities and Exchange Commission (“SEC”). It is the intention of the Board that all members of the Committee shall be independent as required by the New York Stock Exchange, any relevant rules

and regulations promulgated by the SEC, and as determined by the Board in its business judgment. It is the intention of the Board that no members of the Committee shall have a relationship with the Company that may interfere with the exercise of his or her independent judgment. Unless otherwise determined by the Board, no member of the Committee shall simultaneously serve on the audit committees of more than two other public companies.

The Committee may delegate its authority to a subcommittee or subcommittees consisting of one or more members of the Committee as it deems appropriate. The Committee shall promptly inform the Board of the actions taken or issues discussed at its meetings. This will generally take place at the Board meeting following a Committee meeting.

### **3. Meeting Attendance and Minutes**

The Committee shall meet at such times (not less than four per year) as the Chairman of the Committee shall designate and notice of such meetings shall be given to Committee members in accordance with the manner set forth in the Second Amended and Restated By-laws of Atwood Oceanics, Inc., as amended, in which notices of meetings of the Board are given. One-third of the Committee, but not less than two members, shall constitute a quorum for the transaction of business. Unless the Committee by resolution determines otherwise, any action required or permitted to be taken by the Committee may be taken without a meeting if all members of the Committee consent thereto in writing and the writing or writings are filed with the minutes of the proceedings of the Committee. As necessary or desirable, the Chairman of the Committee may require that any members of management be present at meetings of the Committee. Members of the Committee may participate in a meeting through the use of conference telephone or similar communications equipment, so long as all members participating in such meeting can hear one another, and such participation shall constitute presence in person at such meeting.

The Committee shall report to the Board periodically or as required by the nature of its duties on all of its activities and shall make such recommendations to the Board as the Committee decides are appropriate.

### **4. Responsibilities and Duties**

#### *Audit Committee Charter*

The Committee shall review this Charter periodically, but at least annually, for adequacy and recommend to the Board any necessary changes.

#### *Independent Auditors*

The Committee shall have the sole authority to appoint and, where applicable, replace the independent registered public accounting firm and to approve all audit engagements fees and terms. The Committee shall be directly responsible for the compensation and oversight of the work of the independent registered public accounting firm (including resolution of disagreements between management and the independent registered public accounting firm regarding financial reporting) for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services

for the Company. The independent registered public accounting firm shall report directly to the Committee. The Committee shall be responsible for reviewing the capabilities and performance of the lead partner of the independent registered public accounting firm, assuring the regular rotation of the lead audit partner as required by law, and considering whether, in order to assure continuing auditor independence, there should be regular rotation of the independent registered public accounting firm.

The Committee shall review reports (made at least annually) from the independent registered public accounting firm regarding (i) the firm's internal quality-control procedures; (ii) the firm's independence (setting forth all relationships between the independent registered public accounting firm or its affiliates and the Company or persons in a financial reporting oversight role at the Company); and (iii) any material issues raised by the most recent internal quality control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by such firm, and any steps taken to deal with any such issues. The Committee shall evaluate the independent registered public accounting firm's qualifications, performance and independence, including considering whether the firm's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the firm's independence. In making this evaluation, the Committee shall take into account the opinions of management and internal auditors. The Committee shall present its conclusions with respect to the independent registered public accounting firm to the full Board.

The Committee shall pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by the independent registered public accounting firm, subject to, and in compliance with, the de minimis exceptions for non-audit services described in Section 10A(i)(1)(B) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Committee may establish pre-approval policies and procedures for such engagements and services in compliance with SEC rules and regulations, provided that (i) such policies and procedures are detailed as to the particular services rendered, (ii) the Committee is informed of each such service and (iii) such policies and procedures do not include delegation to management of the Committee's responsibilities under the Exchange Act. The Committee may delegate the authority to grant preapprovals of audit and permitted non-audit services to subcommittees or any of its members, provided that decisions of any such subcommittee or member to grant pre-approvals shall be presented to the full Committee at its next scheduled meeting.

#### *Review of Accounting and Financial Controls, Financial Statements and Accounting Principles*

To the extent it deems necessary or appropriate, the Committee shall review and discuss with management and the independent registered public accounting firm, as applicable:

- the Company's annual financial statements and related footnotes and the Company's disclosures in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report on Form 10-K;

- the Company's quarterly financial statements and related footnotes, including any matters provided in Public Company Accounting Oversight Board ("PCAOB") AU sec. 722 arising in connection with the Company's quarterly financial statements, and the Company's disclosures in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Quarterly Reports on Form 10-Q;
- the Company's internal controls report and the independent registered public accounting firm's audit of the Company's internal controls prior to the filing of the Company's Annual Report on Form 10-K;
- any major issues and judgments (i) regarding accounting principles and financial statement presentations or (ii) otherwise made in connection with the preparation of the Company's financial statements, including any significant changes in the selection or application of accounting principles, any major issues concerning the adequacy of the Company's internal controls, any special audit steps adopted in light of material control deficiencies and the adequacy of disclosures about changes in internal control over financial reporting;
- quarterly reports from the independent registered public accounting firm on:
  - all critical accounting policies and practices to be used;
  - all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, including (i) ramifications of the use of such alternative disclosures and treatments and (ii) the treatment preferred by the independent registered public accounting firm; and
  - other material written communications between the independent registered public accounting firm and management;
- the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements;
- any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Company's financial statements or accounting policies; and
- earnings press releases, with particular emphasis on the use of any "non-GAAP financial measures," as well as financial information and earnings guidance provided to analysts and rating agencies; such discussion may be done generally (covering, for example, the types of information to be disclosed and the type of presentation to be made).

The Committee shall also, to the extent it deems necessary or appropriate:

- recommend to the Board whether the Company's annual audited financial statements and accompanying notes should be included in the Company's Annual Report on Form 10-K;

- prepare and approve the Committee's report as required by the SEC to be included in the Company's proxy statement for the annual meeting (or in the Company's Annual Report on Form 10-K if required to be included therein);
- meet periodically with management to review the Company's major financial risk exposures and the steps management has taken to monitor and control those exposures; and discuss the Company's policies and guidelines concerning risk assessment and risk management;
- discuss with the independent registered public accounting firm the matters required to be communicated by the independent registered public accounting firm pursuant to PCAOB Auditing Standard No. 16 relating to the conduct of the audit, including any problems or difficulties encountered in the course of the audit work and management's response, any restrictions on the scope of activities or access to requested information and any significant disagreements with management;
- discuss with the independent registered public accounting firm the matters required to be communicated by the independent registered public accounting firm pursuant to PCAOB Auditing Standard No. 18, including information regarding the Company's relationships with related parties, the Company's significant unusual transactions and the Company's financial relationships and transactions with its executive officers, if any;
- review the disclosures that the Company's chief executive officer and chief financial officer make to the Committee and the independent registered public accounting firm in connection with the certification process for the Company's reports on Form 10-K and Form 10-Q concerning any significant deficiencies or weaknesses in the design or operation of internal control over financial reporting and any fraud that involves management or other employees who have a significant role in the Company's internal control over financial reporting;
- review with the independent registered public accounting firm any communication or consultation between the Company's audit team and the firm's national office respecting auditing or accounting issues presented by the engagement;
- meet with the independent registered public accounting firm prior to the audit to review the planning and staffing of the audit;
- obtain from the independent registered public accounting firm assurance that Section 10A(b) of the Securities Exchange Act of 1934 has not been implicated; and
- review with the Company's general counsel legal matters that may have a material impact on the Company's financial statements, the Company's compliance policies and any material reports or inquiries received from regulators or governmental agencies.

The Committee shall inquire as to whether the independent registered public accounting firm is satisfied with the disclosure and content of the financial statements to be presented to the shareholders.

### *Independence from Management*

The Company's independent registered public accounting firm is ultimately accountable to the Committee and the Board, as opposed to management of the Company. The Committee shall ensure that the independent registered public accounting firm has sufficient opportunity to meet with the members of the Committee without the members of management present. Among the items to be discussed in these meetings are the independent registered public accounting firm's evaluation of the Company's financial and accounting personnel and the cooperation that the independent registered public accounting firm received during the course of the audit.

The Committee shall also separately, periodically meet with management and internal auditors or other personnel responsible for internal audit functions and have such other direct and independent interaction with such persons from time to time as the Committee deems appropriate.

### *No Duty to Conduct Audits*

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the independent registered public accounting firm. Nor is it the duty of the Committee to conduct investigations or to resolve disagreements, if any, between management and the independent registered public accounting firm or to assure compliance with laws and regulation and the Company's codes of conduct and ethics. Therefore, the Committee's responsibility is in the nature of oversight, and in carrying out its oversight responsibilities, the Committee is not providing any expert or special assurances as to the Company's financial statements or the work of the independent registered public accounting firm. Absent actual knowledge to the contrary (which shall be promptly reported to the Board), each member of the Committee shall be entitled to assume and rely upon (i) the integrity of those persons and organizations within and outside the Company from which it receives information, and (ii) the accuracy of the financial and other information provided to the Committee by such persons and organizations.

### *Internal Audit*

The internal audit function is intended to provide management and the Committee with ongoing assessments of the Company's risk management processes and system of internal controls. The Committee will ensure that there are no unjustified restrictions or limitations on the Internal Audit function and will review and concur in the appointment, replacement or dismissal of the Director, Internal Audit.

The Committee shall, to the extent it deems necessary or appropriate:

- review annually with management and Director, Internal Audit the charter, responsibilities, budget, organizational structure and staffing of the Company's internal audit function;
- review and approve the annual audit plan and any recommended material changes in the plan;

- review the significant reports to management prepared by the internal auditing department and management's response thereto;
- review with the Director, Internal Audit any significant difficulties, disagreements with management or scope restrictions encountered in the course of the internal audit function; and
- evaluate the performance of the Director, Internal Audit, and the effectiveness of the internal audit function.

#### *Financial Human Resources*

The Committee shall, to the extent it deems necessary or appropriate:

- review accounting and financial human resources and succession planning with the Company and shall report its findings to the Board for its review; and
- set clear hiring policies for employees or former employees of the independent registered public accounting firm.

#### *Code of Ethics for the Chief Executive Officer and Senior Financial Officers*

The Committee shall review and approve the Company's Code of Ethics for the Chief Executive Officer and Senior Financial Officers.

#### *Additional Areas of Review*

The Committee may participate in other areas of review as designated by the Board, including, but not limited to, the following:

Senior Officer Expenses - At least annually (or more frequently as circumstances require), the Committee shall receive a report from the Company on the expenses of the senior officers of the Company.

Income Tax Matters - At least annually (or more frequently as circumstances require), the Committee shall receive a report from the Company's Chief Financial Officer regarding certain income tax matters, including the status of income tax reserves and governmental tax audits.

Derivative Securities - At least annually (or more frequently as circumstances require), the Committee shall receive a report from the Company's Chief Financial Officer on the Company's use of derivative securities, if any.

Compliance with Legal and Regulatory Requirements - The Committee shall, to the extent it deems necessary or appropriate, obtain reports from management, the Company's senior internal auditing executive and the independent registered accounting firm that the Company's subsidiary/foreign affiliated entities are in conformity with applicable legal requirements and the Company's Code of Business Conduct and Ethics. In addition, the Committee shall advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Business Conduct and Ethics.

### *Whistleblower Program*

The Committee, to the extent it deems necessary or appropriate, shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters. In such respect, the Committee shall review all complaints made in accordance with the Company's Whistleblower and Anti-Retaliation Policy. The Committee will comply and carry out all duties assigned to it pursuant to the Whistleblower and Anti-Retaliation Policy.

#### **5. Advisors; Funding**

The Committee shall have the authority to retain such independent consultant, outside counsel and other advisors as it shall deem appropriate, without seeking approval of management or the Board. The Company shall provide appropriate funding, as determined by the Committee, for payment of (i) compensation to any independent registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company; (ii) compensation to any consultant, outside counsel and other advisors employed by the Committee; and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

#### **6. Performance Review**

The Committee shall conduct an annual evaluation of the performance of its duties under this Charter and shall present the results of the evaluation to the Board. The Committee shall conduct this evaluation in such manner as it deems appropriate.

*The Committee's responsibilities and powers as delegated by the Board are set forth in this Charter. The Committee relies to a significant extent on information and advice provided by management and independent advisors. Whenever the Committee takes an action, it exercises its independent judgment on an informed basis that the action is in the best interests of the Company and its shareholders.*

Revised and adopted on February 19, 2015.
---