

ATWOOD OCEANICS INC

Form 424B2

June 19, 2013

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Filed Pursuant to Rule 424(b)(2)
Registration No. 333-187112

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Maximum Offering Price Per Unit	Maximum Aggregate Offering Price	Amount of Registration Fee (1)
6 50% Senior Notes due 2020	\$200,000,000	104.250%	\$208,500,000	\$28,440

(1) Calculated in accordance with Rule 457(r) of the Securities Act of 1933, as amended.

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PROSPECTUS SUPPLEMENT

(To Prospectus dated March 7, 2013)

\$200,000,000

Atwood Oceanics, Inc.**6.50% Senior Notes due 2020**

We are offering \$200,000,000 aggregate principal amount of our 6.50% Senior Notes due 2020. The notes offered hereby constitute an additional issuance of our 6.50% Senior Notes due 2020 issued on January 18, 2012 in an aggregate principal amount of \$450,000,000 and form a single series with such notes (the existing notes and, unless the context requires otherwise, together with the notes offered hereby, the notes). The notes offered hereby will be issued under the same indenture, have the same CUSIP number and will trade interchangeably with the existing notes immediately upon settlement.

Interest on the notes will accrue from February 1, 2013 and will be payable semiannually on February 1 and August 1 of each year, with the next payment due on August 1, 2013. The notes will mature on February 1, 2020.

We may redeem all or part of the notes at any time on or after February 1, 2016 at the redemption prices set forth in this prospectus supplement. At any time prior to February 1, 2016, we may redeem all or part of the notes at any time at a make whole redemption price set forth in this prospectus supplement. In addition, before February 1, 2015, we may redeem up to 35% of the aggregate principal amount of the notes with an amount of cash not greater than the net cash proceeds of certain equity offerings if certain conditions are met.

The notes will be our senior unsecured obligations and will rank equal in right of payment with all of our other existing and future senior debt, senior in right of payment to any of our future subordinated debt and effectively subordinated to any of our secured debt, including all debt under our secured credit facility, to the extent of the value of the collateral securing that debt. The notes will not initially be guaranteed by any of our subsidiaries.

Investing in our notes involves risks. Please read Risk Factors beginning on page S-10 of this prospectus supplement, on page 3 of the accompanying base prospectus and in the documents incorporated by reference herein. You should read this prospectus supplement, the accompanying base prospectus and the documents incorporated by reference herein carefully before making an investment decision.

	Per Note	Total
Price to Public ⁽¹⁾	104.250%	\$ 208,500,000
Underwriting Discounts	1.000%	\$ 2,000,000
Proceeds to Atwood Oceanics, Inc., before Expenses ⁽¹⁾	103.250%	\$ 206,500,000

(1) Plus accrued interest, if any, from February 1, 2013.

The notes will not be listed on any securities exchange. Currently, there is no public market for the notes. Affiliates of certain of the underwriters are lenders under our senior secured revolving credit facility and therefore may receive a substantial portion of the net proceeds of this offering. See Underwriting (Conflicts of Interest).

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying base prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Delivery of the notes, in book-entry form, will be made on or about June 21, 2013 through The Depository Trust Company.

Joint Book-Running Managers

Barclays
DNB Markets

Wells Fargo Securities

Credit Suisse
Goldman, Sachs & Co.

Senior Co-Managers

Credit Agricole CIB
ING

Global Hunter Securities
Raymond James
Prospectus Supplement dated June 18, 2013

HSBC
SEB

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This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of the notes we are offering and certain other matters. The second part, the base prospectus, provides more general information about the various securities that we may offer from time to time, some of which information may not apply to the notes we are offering hereby. Generally when we refer to this prospectus, we are referring to both this prospectus supplement and the base prospectus combined. If any of the information in this prospectus supplement is inconsistent with any of the information in the base prospectus, you should rely on the information in this prospectus supplement. Before you invest in our notes, you should carefully read this prospectus supplement, along with the base prospectus, in addition to the information contained in the documents we refer to under the heading "Where You Can Find Additional Information" in the base prospectus.

We have not, and the underwriters have not, authorized anyone to provide any information or to make any representations other than those contained or incorporated by reference in this prospectus or any free writing prospectus we have prepared. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the notes offered hereby, and only under circumstances and in jurisdictions where it is lawful to do so. You should assume that the information we have included in this prospectus supplement or the accompanying base prospectus is accurate only as of the date of this prospectus supplement or base

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prospectus, respectively, and that any information we have incorporated by reference herein is accurate only as of the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since these dates. It is important for you to read and consider all information contained in this prospectus supplement, the accompanying base prospectus and the documents incorporated by reference herein in making your investment decision. You should also read and consider the additional information under the caption **Where You Can Find Additional Information in the base prospectus.**

We obtained the industry, market and competitive position data used in this prospectus supplement, the accompanying base prospectus and the documents incorporated by reference herein from our own research, internal surveys or studies conducted by third parties, independent industry or general publications and other publicly available information. Independent industry publications and surveys generally state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. While we believe that each of these studies and publications is reliable, neither we nor the underwriters have independently verified such data, and neither we nor the underwriters make any representations as to the accuracy of such information. Similarly, we believe that our internal research is reliable, but it has not been verified by any independent sources.

Table of Contents**PROSPECTUS SUMMARY**

This summary highlights information from this prospectus supplement, the accompanying base prospectus and the documents incorporated by reference herein to help you understand our business and an investment in the notes offered hereby. You should read carefully this entire prospectus supplement, the accompanying base prospectus and the documents incorporated by reference herein for a more complete understanding of this offering. For more information about important risks that you should consider before making a decision to purchase notes in this offering, you should read the Risk Factors beginning on page S-10 of this prospectus supplement and page 3 of the accompanying base prospectus, as well as the Risk Factors appearing in our annual report on Form 10-K for the fiscal year ended September 30, 2012. Except in the Description of Notes section of this prospectus, and unless the context requires otherwise, references to Atwood Oceanics, Atwood, us, we and our mean Atwood Oceanics, Inc. together with its subsidiaries.

Atwood Oceanics, Inc.**Business Overview**

We are a global offshore drilling contractor engaged in the drilling and completion of exploratory and developmental oil and gas wells. We currently own 13 mobile offshore drilling units located in the U.S. Gulf of Mexico, the Mediterranean Sea, offshore West Africa, offshore Southeast Asia and offshore Australia, and are constructing three ultra-deepwater drillships. We were founded in 1968 and are headquartered in Houston, Texas with support offices in Australia, Malaysia, Singapore and the United Kingdom.

During our 44 year history, the majority of our drilling units have operated outside of United States waters, and we have conducted drilling operations in most of the major offshore exploration areas of the world. At least 95% of our contract revenues were derived from foreign operations in each of the prior three fiscal years. However, as a result of our newest ultra-deepwater, semisubmersible drilling rig, the *Atwood Condor*, starting its initial contract in the U.S. Gulf of Mexico, we expect the percentage of our contract revenues derived from foreign operations for future fiscal years to decrease.

The following table presents our rig fleet as of May 31, 2013, all of which are wholly-owned by our subsidiaries:

Rig Name	Rig Type	Construction Completed/Last Upgraded (Calendar Year)	Water Depth Rating (feet)
<i>Atwood Condor</i>	Semisubmersible	construction completed 2012	10,000
<i>Atwood Osprey</i>	Semisubmersible	construction completed 2011	8,200
<i>Atwood Eagle</i>	Semisubmersible	upgraded 2002	5,000
<i>Atwood Falcon</i>	Semisubmersible	upgraded 2012	5,000
<i>Atwood Hunter</i>	Semisubmersible	upgraded 2001	5,000
<i>Atwood Orca</i>	Jackup	construction completed 2013	400
<i>Atwood Mako</i>	Jackup	construction completed 2012	400
<i>Atwood Manta</i>	Jackup	construction completed 2012	400
<i>Atwood Beacon</i>	Jackup	construction completed 2003	400
<i>Atwood Aurora</i>	Jackup	construction completed 2009	350
<i>Vicksburg</i>	Jackup	upgraded 1998	300
<i>Atwood Southern Cross</i> ⁽¹⁾	Semisubmersible	upgraded 2006	2,000
<i>Seahawk</i> ⁽¹⁾	Semisubmersible Tender Assist	upgraded 2006	1,800

(1) Currently cold-stacked and not actively marketed.

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In addition to our existing drilling rigs, we are in the process of constructing three additional drilling rigs. The following table presents our rigs under construction as of May 31, 2013:

Rig Name	Rig Type	Shipyard	Expected Delivery Date (quarter end)	Expected Cost (in millions)	Water Depth Rating (feet)
<i>Atwood Advantage</i>	Drillship	Daewoo Shipbuilding and Marine Engineering Co., Ltd. (DSME)	September 30, 2013	\$ 635	12,000
<i>Atwood Achiever</i>	Drillship	DSME	June 30, 2014	\$ 635	12,000
<i>Atwood Admiral</i>	Drillship	DSME	March 31, 2015	\$ 635	12,000

As of March 31, 2013, the expected remaining costs for the three new drilling rigs under construction were approximately \$1.3 billion.

We retain an option to build an additional ultra-deepwater drillship with DSME that expires June 30, 2013. Although we have not currently made a final determination, we expect that we will exercise this option prior to its expiration. In determining whether to exercise the option, we will consider several factors, including oil and natural gas prices, the magnitude of our contract drilling revenue backlog, current and prospective supply and demand dynamics of the ultra-deepwater drilling market, current ultra-deepwater contract day rates, newbuild drillship construction prices and our ability to access the debt capital markets to finance the construction contract.

Our contract backlog at March 31, 2013 was approximately \$2.4 billion, representing an approximate 50% increase compared to our contract backlog of \$1.6 billion at March 31, 2012. Our revenue, EBITDA and net income for fiscal year 2012 were \$787.4 million, \$390.0 million and \$272.2 million, respectively. Our revenue, EBITDA and net income for the six months ended March 31, 2013 were \$498.3 million, \$248.4 million and \$158.4 million, respectively. We believe EBITDA provides useful information to investors because it is a basis upon which we measure our operations and efficiency. Please see [Summary Consolidated Financial Data](#) for a definition of EBITDA and a reconciliation to net income, the most directly comparable financial measure under U.S. generally accepted accounting principles (GAAP).

Recent Developments***Recent Drilling Contracts***

In May 2013, we were awarded a one-year drilling services contract for the *Atwood Aurora* to be performed offshore Cameroon at a dayrate of approximately \$193,000 (inclusive of the 15% Cameroon withholding tax) or \$164,000 (exclusive of the 15% Cameroon withholding tax), depending on the well location. Contract commencement is expected to be in February 2014 in direct continuation of current contractual commitments. In addition, we were awarded a two-year drilling services contract for the *Atwood Eagle* to be performed offshore Australia at a day rate of approximately \$460,000. Contract commencement is expected to occur in June 2014 in direct continuation of present operations. In June 2013, we were awarded a 39-month drilling services contract for the *Atwood Condor* to be performed in the U.S. Gulf of Mexico at a day rate of approximately \$555,000. The contract is expected to begin in late August 2013 and will supersede the remainder of the existing contract for the *Atwood Condor*. In addition, in June 2013, we were awarded a three-year drilling services contract for the *Atwood Achiever* to be performed initially in Morocco at a day rate of approximately \$595,000. The contract will begin upon delivery from the shipyard in South Korea, which is estimated to be in June 2014.

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Stock Repurchase

On May 23, 2013, we entered into a stock purchase agreement with Helmerich & Payne International Drilling Co. (H&P), which was amended on June 13, 2013. Under the agreement, we agreed to repurchase 2,000,000 shares of our common stock from H&P and to make a payment at closing to H&P of \$107.3 million (the share repurchase). The closing of the share repurchase is subject to the continued accuracy of the parties representations and warranties and the absence of legal prohibitions preventing the share repurchase, and is expected to occur on June 27, 2013.

Based on an amendment to H&P s Schedule 13D, H&P has sold an additional 2,000,000 shares of our common stock in a block sale to a financial institution. Following the consummation of the share repurchase and assuming no other sales by H&P, H&P will own 4,000,000 shares of our common stock, or approximately 6.3% of the issued and outstanding shares of common stock of the Company. H&P is a wholly-owned subsidiary of Helmerich & Payne, Inc., a publicly-traded energy-oriented company primarily engaged in contract drilling of oil and gas wells both in the United States and internationally. Hans Helmerich, who has served on our board of directors since February 1989, serves as the President and Chief Executive Officer, as well as a director, of Helmerich & Payne, Inc.

Principal Executive Offices and Internet Address

Our principal executive offices are located at 15835 Park Ten Place Drive, Houston, Texas 77084, and our telephone number is (281) 749-7800. Our website is located at www.atwd.com. We make available our periodic reports and other information filed with or furnished to the Securities and Exchange Commission, the SEC, free of charge, through our website, as soon as reasonably practicable after those reports and other information are electronically filed with or furnished to the Commission. The information contained on, or that can be accessed through, our website is not part of, and is not incorporated into, this prospectus supplement or the accompanying base prospectus.

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Organizational Structure

The following diagram depicts a condensed version of our organizational structure:

- (1) Atwood Offshore Worldwide Limited is the borrower under our senior secured revolving credit facility.

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The Offering

The following is a brief summary of some of the terms of this offering. Certain of the terms described below are subject to important limitations and exceptions. The Description of Notes section of this prospectus supplement contains a more detailed description of the terms of the notes.

Issuer	Atwood Oceanics, Inc.
Notes Offered	\$200,000,000 aggregate principal amount of our 6.50% senior notes due 2020. The notes offered hereby constitute an additional issuance of our 6.50% Senior Notes due 2020 issued on January 18, 2012 in an aggregate principal amount of \$450,000,000 (the existing notes and, unless the context requires otherwise, together with the notes offered hereby, the notes) and form a single series with such notes. The notes offered hereby will be issued under the same indenture, have the same CUSIP number and will trade interchangeably with the existing notes immediately upon settlement.
Issue Price	104.250% plus accrued interest, if any, from February 1, 2013.
Interest	6.50% per year (calculated using a 360-day year).
Interest Payment Dates	Each February 1 and August 1, with the next payment due on August 1, 2013.
Maturity Date	February 1, 2020.
Ranking	<p>The notes will be our senior unsecured obligations. Accordingly, they will rank:</p> <p>equal in right of payment with all of our existing and future senior unsecured indebtedness;</p> <p>effectively subordinate in right of payment to all of our existing and future secured indebtedness, including indebtedness under our senior secured revolving credit facility, to the extent of the value of the assets securing such indebtedness;</p> <p>effectively subordinate in right of payment to all of our existing and future indebtedness and other liabilities, including trade payables, of our subsidiaries that do not guarantee the notes (other than indebtedness and other liabilities owed to us); and</p> <p>senior in right of payment to all of our future subordinated indebtedness.</p>

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As of March 31, 2013, after giving effect to this offering and the application of the net proceeds therefrom (excluding the accrued interest paid by the purchasers) as described under Use of Proceeds, we would have had approximately \$1,034.9 million of total indebtedness, of which \$384.9 million would have been senior secured indebtedness and none would have been subordinate in right of payment to the notes, and approximately \$365.1 million would have been available for borrowings under our senior secured revolving credit facility.

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Subsidiary Guarantees

The notes will not initially be guaranteed by any of our subsidiaries. The notes contain covenants which may require certain of our subsidiaries in the future to guarantee the payment obligations under the notes simultaneously with its guarantee of our other indebtedness (except indebtedness under our senior secured revolving credit facility). See

Description of Notes Certain Covenants Limitation on Issuances of Guarantees of Indebtedness.

The subsidiary guarantee of each guarantor subsidiary, if any, will be a senior unsecured obligation of such guarantor subsidiary. Accordingly, each subsidiary guarantee will rank:

equal in right of payment with all existing and future senior unsecured indebtedness of the guarantor subsidiary;

effectively subordinate in right of payment to all existing and future secured indebtedness of the guarantor subsidiary, including its guarantee of indebtedness under our senior secured revolving credit facility, to the extent of the value of the assets securing such indebtedness;

effectively subordinate in right of payment to all existing and future indebtedness and other liabilities, including trade payables, of any subsidiaries of such guarantor subsidiary that do not guarantee the notes (other than indebtedness owed to such guarantor subsidiary); and

senior in right of payment to any future subordinated indebtedness of the guarantor subsidiary.

Our subsidiaries, all of whom currently are non-guarantors, generated all of our consolidated operating revenues for fiscal year 2012 and held all of our consolidated assets as of September 30, 2012.

Optional Redemption

At any time prior to February 1, 2015, we may, on any one or more occasions, redeem up to 35% of the aggregate principal amount of the notes with the net cash proceeds of certain equity offerings at the redemption price set forth under Description of Notes Optional Redemption, if at least 65% of the aggregate principal amount of the notes originally issued under the indenture (including the notes offered hereby and any additional notes, but excluding notes held by us and our subsidiaries) remains outstanding immediately after such redemption and the redemption occurs within 90 days of the closing date of such equity offering.

At any time prior to February 1, 2016, we may, on any one or more occasions, redeem the notes, in whole or in part, at a make whole redemption price set forth under Description of Notes Optional Redemption.

On and after February 1, 2016, we may, on any one or more occasions, redeem the notes, in whole or in part, at the redemption prices set forth under Description of Notes Optional Redemption.

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Change of Control

If a change of control occurs as described under Description of Notes Repurchase at the Option of Holders, each holder of notes may require us to repurchase all or a portion of its notes for cash at a price equal to 101% of the aggregate principal amount of such notes, plus any accrued and unpaid interest to, but not including, the date of repurchase.

Certain Covenants

The indenture governing the notes contains covenants that, among other things, limit our ability and the ability of our restricted subsidiaries to:

incur, assume or guarantee additional indebtedness or issue certain preferred stock;

pay dividends or make distributions on capital stock or redeem, repurchase or retire our capital stock or subordinated indebtedness;

transfer or sell assets;

make investments;

create certain liens;

enter into agreements that restrict dividends or other payments from our restricted subsidiaries to us;

consolidate or merge with or into, or transfer all or substantially all of the assets of our company to, another person;

engage in transactions with affiliates;

create unrestricted subsidiaries; and

enter into new lines of business.

These covenants are subject to important exceptions and qualifications as described under Description of Notes Certain Covenants.

Additional Amounts

Any payments made by us under or with respect to the notes will be made without withholding or deduction for taxes unless required by law. If we are succeeded by a successor company in a permitted foreign jurisdiction as permitted by the covenant described under Description of Notes Certain Covenants Merger, Consolidation or Sale of Assets and we are required by law to withhold or deduct for taxes in any relevant taxing jurisdiction with respect to a payment to the holders of notes, we will pay the additional

amounts necessary so that the net amount received by the holders of notes after the withholding will equal the amount that they would have received in the absence of the withholding, subject to certain exceptions. See Description of Notes Additional Amounts.

Optional Redemption for Tax Reasons

If, as a result of certain developments in respect of taxes, we are required to pay additional amounts, we may redeem the notes in whole, but not in part, at any time, at a redemption price of 100% of

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the principal amount, plus accrued and unpaid interest, if any, and additional amounts, if any, to the date of redemption. See Description of Notes Redemption for Changes in Taxes.

Use of Proceeds

We estimate that the net proceeds (excluding the accrued interest paid by the purchasers) from this offering, after deducting underwriting discounts and commissions and estimated offering expenses, will be approximately \$205.1 million. We intend to use the net proceeds from this offering for general corporate purposes, including funding our newbuild program. Pending ultimate use, we may use net proceeds to reduce outstanding borrowings under our senior secured revolving credit facility.

Conflicts of Interest

Affiliates of certain of the underwriters are lenders under our credit facility and, accordingly, may receive a portion of the proceeds from this offering in the form of the repayment of borrowings under such facility.

Because affiliates of certain of the underwriters are lenders under our credit facility and may receive more than 5% of the net proceeds of this offering due to such repayment, this offering will be conducted in accordance with Rule 5121 of the Financial Industry Regulatory Authority, Inc., which requires, among other things, that a qualified independent underwriter has participated in the preparation of, and has exercised the usual standards of due diligence with respect to, the registration statement and this prospectus. Barclays Capital Inc. has agreed to act as qualified independent underwriter for the offering. See Use of Proceeds and Underwriting (Conflicts of Interest) Conflicts of Interest.

Market for the Notes

The notes offered hereby will trade interchangeably with the existing notes and will not be listed on any securities exchange or included in any automated quotation system. The underwriters have advised us that they intend to make a market in the notes. The underwriters are not obligated, however, to make a market in the notes, and any such market-making activities may be discontinued by the underwriters in their discretion at any time without notice. See Underwriting (Conflicts of Interest).

Risk Factors

You should consider carefully the information set forth in the section entitled Risk Factors beginning on page S-10 of the prospectus supplement and page 3 of the accompanying base prospectus and all other information contained or incorporated by reference in this prospectus before deciding to invest in the notes.

Table of Contents**SUMMARY CONSOLIDATED FINANCIAL DATA**

We have derived the selected consolidated financial information as of and for the fiscal years ended September 30, 2012, 2011 and 2010 from our audited consolidated financial statements. We have derived the selected consolidated financial information as of and for six months ended March 31, 2013 and 2012 from our unaudited consolidated financial statements. You should read the summary historical financial data below in conjunction with our historical financial statements and the accompanying notes, which are incorporated by reference into this prospectus supplement. You should also read the sections entitled "Risk Factors" elsewhere in this prospectus supplement and the accompanying base prospectus and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" included in our annual report on Form 10-K for the year ended September 30, 2012 and our quarterly report on Form 10-Q for the period ended March 31, 2013, each of which is incorporated by reference into this prospectus supplement.

(in thousands, except ratios)	For the Years Ended			For the Six Months	
	2012	September 30, 2011	2010	Ended March 31, 2013	2012
Statement of Operations Data					
Operating revenues	\$ 787,421	\$ 645,076	\$ 650,562	\$ 498,254	\$ 356,293
Contract drilling costs	(347,179)	(223,565)	(252,427)	(219,389)	(157,686)
Depreciation	(70,599)	(43,597)	(37,030)	(56,060)	(30,769)
General and administrative	(49,776)	(44,407)	(40,620)	(30,489)	(25,646)
Other, net	(457)	(4,847)	1,855	(13)	863
Operating income	319,410	328,660	322,340	192,329	141,329
Other (expense) income	(6,106)	(3,813)	(2,361)	(10,810)	94
Income tax provision	(41,133)	(53,173)	(62,983)	(23,169)	(16,489)
Net Income	\$ 272,171	\$ 271,674	\$ 256,996	\$ 158,350	\$ 124,934
Balance Sheet Data (at end of period):					
Cash and cash equivalents	\$ 77,871	\$ 295,002	\$ 180,523	\$ 117,707	\$ 131,627
Working capital	233,867	301,608	266,534	259,841	196,000
Net property and equipment	2,537,340	1,887,321	1,343,961	2,888,235	2,187,471
Total assets	2,943,762	2,375,391	1,724,440	3,305,746	2,532,929
Total long-term debt	830,000	520,000	230,000	1,040,000	600,000
Shareholders' equity	1,939,422	1,652,787	1,370,134	2,108,829	1,785,334
Other Financial Data:					
EBITDA(1)	\$ 390,009	\$ 372,257	\$ 359,370	\$ 248,389	\$ 172,098

- (1) We define EBITDA as net income before interest expense (income), net, income taxes and depreciation. EBITDA is presented as a supplemental financial measurement in the evaluation of our business. We believe that it provides additional information regarding our ability to meet our future debt service, capital expenditure and working capital requirements. This measure is widely used by investors and rating agencies in the valuation, comparison, rating and investment recommendations of companies. EBITDA is not a measure of financial performance under GAAP. Accordingly, it should not be considered as a substitute for net income, income from operations or cash flow provided by operating activities prepared in accordance with GAAP. EBITDA is reconciled to net income as follows:

(in thousands)	For the Years Ended			For the Six Months	
	2012	September 30, 2011	2010	Ended March 31, 2013	2012
Net income	\$ 272,171	\$ 271,674	\$ 256,996	\$ 158,350	\$ 124,934
Interest expense (income), net	6,106	3,813	2,361	10,810	(94)
Income tax provision	41,133	53,173	62,983	23,169	16,489
Depreciation	70,599	43,597	37,030	56,060	30,769

EBITDA	\$ 390,009	\$ 372,257	\$ 359,370	\$ 248,389	\$ 172,098
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RISK FACTORS

An investment in the notes involves risks. Before making an investment decision, you should carefully consider the risks described in the section titled Risk Factors, as well as those risks and other factors described in the sections titled Management's Discussion and Analysis of Financial Condition and Results of Operations and Forward-Looking Statements, in our filings with the SEC referred to under the heading Where You Can Find More Information in the accompanying base prospectus, including our most recent annual report on Form 10-K and quarterly reports on Form 10-Q and other reports and documents we file with the SEC that are incorporated by reference herein, together with all of the other information included in this prospectus supplement, the accompanying base prospectus and the documents we incorporate by reference. If any of these risks were to materialize, our business, results of operations, cash flows and financial condition could be materially adversely affected. In that case, the trading price of the notes could decline, and you may lose all or part of your investment.

Risks Related to Our Indebtedness and the Notes

The notes will be our senior unsecured obligations and, except in certain limited instances, will not be guaranteed by any of our subsidiaries. As such, the notes will be effectively subordinated to any of our secured debt, including our existing and any future debt under our credit facility, and the debt of our subsidiaries. Furthermore, as a holding company, we depend on cash we obtain from our subsidiaries to meet our debt service obligations.

The notes will constitute our senior unsecured debt and will rank equally in right of payment with all of our existing and any future unsecured senior indebtedness and senior in right of payment to any of our future subordinated indebtedness. The notes will be effectively subordinated to our existing and any future secured indebtedness, to the extent of the value of the assets securing such indebtedness, including our senior secured revolving credit facility, which is secured by certain of our offshore drilling rigs and other assets. If we are involved in any dissolution, liquidation or reorganization, holders of our secured debt would be paid before holders of the notes receive any amounts due under the notes to the extent of the value of the collateral securing such debt. In that event, holders of the notes may not be able to recover any or all of the principal or interest due under the notes.

Our operations are conducted through our subsidiaries and, therefore, we depend on the cash flow of our subsidiaries to meet our obligations, including our obligations under the notes. Our subsidiaries, none of whom will guarantee the notes as of the date of issuance of the notes, generated all of our consolidated operating revenues for the six months ended March 31, 2013 and held all of our consolidated assets as of March 31, 2013. Contractual provisions, including those contained in our senior secured revolving credit facility, or laws, as well as our subsidiaries' financial condition and operating requirements, may limit our ability to obtain the cash from our subsidiaries that we require to pay our debt service obligations, including payments on the notes. We intend to loan the net proceeds from the issuance of the notes to our subsidiary Atwood Offshore Worldwide Limited (AOWL) for the purpose of AOWL using the funds to reduce the outstanding borrowings under our senior secured revolving credit facility. In accordance with the provisions of our senior secured revolving credit facility, that intercompany loan must be subordinated in right of payment to the obligations under the credit facility. As a result, if a default or event of default occurs under the credit facility, AOWL will not be permitted to make payments on the intercompany loan, and we may not be able to receive the cash necessary to make payments on the notes. The notes will be effectively subordinated in right of payment to all indebtedness and other liabilities and commitments (including trade payables and lease obligations) of our non-guarantor subsidiaries. Our right to receive assets of any of our non-guarantor subsidiaries upon the subsidiary's liquidation or reorganization (and the consequent right of the holders of the notes to participate in those assets) will be effectively subordinated to the claims of that subsidiary's creditors, except to the extent that we are recognized as a creditor of the subsidiary, in which case our claims would still be subordinate in right of payment to any indebtedness of the subsidiary senior to that held by us and any secured indebtedness of the subsidiary to the extent of the value of

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the assets securing such indebtedness. As of March 31, 2013, after giving effect to the issuance of the notes and the application of the net proceeds (excluding the accrued interest paid by the purchasers) as described under Use of Proceeds, our non-guarantor subsidiaries would have had approximately \$384.9 million of indebtedness and \$156.9 million of trade payables and other liabilities outstanding.

We may not be able to generate sufficient cash to service all of our indebtedness, including the notes, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness, including the notes.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investment decisions and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness, including the notes. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments and the indenture governing the notes may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. The agreement relating to our senior secured revolving credit facility and the indenture governing the notes restrict our ability to dispose of assets and use the proceeds from the disposition. We may not be able to consummate those dispositions or to obtain the proceeds that we could realize from them and these proceeds may not be adequate to meet any debt service obligations then due. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. If we breach our covenants under our existing debt agreements and seek a waiver, we may not be able to obtain a waiver from the required lenders or debt holders. If this occurs, we would be in default under those debt agreements, the lenders or debt holders could exercise their rights and we could be forced into bankruptcy or liquidation. See Description of Notes.

We and our subsidiaries may incur substantial additional indebtedness. This could increase the risks associated with the notes.

As of March 31, 2013, after giving effect to this offering and the application of the net proceeds therefrom (excluding the accrued interest paid by the purchasers) as described under Use of Proceeds, we would have had approximately \$1,034.9 million of total indebtedness, of which \$384.9 million would have been senior secured indebtedness and none would have been subordinate in right of payment to the notes, and approximately \$365.1 million would have been available for borrowings under our senior secured revolving credit facility.

Subject to the restrictions in the indenture governing the notes and in other instruments governing our other outstanding indebtedness (including our senior secured revolving credit facility), we and our subsidiaries may incur substantial additional indebtedness (including secured indebtedness) in the future. Although the indenture governing the notes and our senior secured revolving credit facility contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to waiver and a number of significant qualifications and exceptions, and indebtedness incurred in compliance with these restrictions could be substantial.

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If we incur any additional indebtedness that ranks equally with the notes, including additional unsecured indebtedness or trade payables, the holders of that indebtedness will be entitled to share ratably with holders of the notes in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of us. This may have the effect of reducing the amount of proceeds paid to holders of the notes in connection with such a distribution.

Any increase in our level of indebtedness will have several important effects on our future operations, including, without limitation:

we will have additional cash requirements in order to support the payment of interest on our outstanding indebtedness;

increases in our outstanding indebtedness and leverage will increase our vulnerability to adverse changes in general economic and industry conditions, as well as to competitive pressure; and

depending on the levels of our outstanding indebtedness, our ability to obtain additional financing for working capital, capital expenditures, general corporate and other purposes may be limited.

If we are unable to comply with the restrictions and covenants in the agreements governing the notes and our other debt, there could be a default under the terms of these agreements, which could result in an acceleration of payment of funds that we have borrowed and would impact our ability to make principal and interest payments on the notes.

If we are unable to comply with the restrictions and covenants in our credit facility and the indenture governing the notes or in other current or future debt financing agreements, there could be a default under the terms of these agreements. Our ability to comply with these restrictions and covenants, including meeting financial ratios and tests, may be affected by events beyond our control. As a result, we cannot assure you that we will be able to comply with these restrictions and covenants or meet these tests. Any default under the agreements governing our indebtedness, including a default under our credit facility, that is not waived by the required lenders, and the remedies sought by the holders of such indebtedness, could prevent us from paying principal, premium, if any, and interest on the notes and substantially decrease the market value of the notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants in the instruments governing our indebtedness (including covenants in our credit facility and the indenture governing the notes), we could be in default under the terms of the agreements governing such indebtedness, including our credit facility and the indenture governing the notes. In the event of such default:

the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest;

the lenders under our credit facility could elect to terminate their commitments thereunder, cease making further loans and institute foreclosure proceedings against our assets; and

we could be forced into bankruptcy or liquidation.

Moreover, our credit facility and the indenture governing the notes each contain cross-default or cross-acceleration provisions that would be triggered by the occurrence of a default or acceleration under other instruments governing our indebtedness. If the payment of our indebtedness is accelerated, there can be no assurance that our assets would be sufficient to repay in full that indebtedness and our other indebtedness that would become due as a result of any acceleration.

If our operating performance declines, we may in the future need to obtain waivers from the required lenders under our credit facility to avoid being in default. If we breach our covenants under our credit facility and seek a waiver, we may not be able to obtain a waiver from the required lenders. If this occurs, we would be in

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default under our credit facility, the lenders could exercise their rights, as described above, and we could be forced into bankruptcy or liquidation.

We may not be able to repurchase the notes with cash upon a Change of Control or in connection with an offer to repurchase the notes as a result of an asset sale as required by the indenture.

Upon the occurrence of a Change of Control (as defined in the indenture governing the notes), we will be required to offer to repurchase all of the notes at a price equal to 101% of the aggregate principal amount of the notes repurchased, plus accrued and unpaid interest, if any, to the date of repurchase. In addition, in connection with certain asset sales, we will be required to offer to repurchase the notes at a price equal to 100% of the principal amount, plus accrued and unpaid interest, if any, to the date of repurchase. See Description of Notes Repurchase at the Option of Holders.

We may not have sufficient funds available to repurchase all of the notes tendered pursuant to any such offer and any other debt that would become payable upon a Change of Control or in connection with such offer. Any of our future debt agreements may also limit our ability to repurchase the notes until all such debt is paid in full. If we fail to repurchase the notes, we would be in default under the indenture, which would likely in turn trigger a default under the instruments governing our existing and any future indebtedness. In addition, the occurrence of a Change of Control may also constitute an event of default under the instruments governing our existing and any future debt. In such an event, we would be required to cure or refinance the applicable indebtedness before making an offer to purchase the notes. Any requirement to offer to repurchase notes may therefore require us to refinance other outstanding debt, which we may be unable to achieve on commercially reasonable terms, if at all.

Certain important corporate events, such as takeovers, recapitalizations, restructurings, mergers or similar transactions, may not constitute a Change of Control under the indenture governing the notes and thus would not permit the holders of the notes to require us to repurchase the notes. In addition, the definition of change of control in the indenture governing the notes includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of all or substantially all of our and our subsidiaries' properties or assets taken as a whole. Although there is a limited body of case law interpreting the phrase substantially all, there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of notes to require us to repurchase its notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of our and our subsidiaries' assets taken as a whole to another person or group may be uncertain.

Additionally, the exercise by the holders of notes of their right to require us to repurchase the notes upon an asset sale offer could cause a default under our existing and any future debt agreements if we are then prohibited by the terms of the applicable debt agreements from making the asset sale offer under the indenture. In the event an asset sale occurs at a time when we are prohibited from repurchasing notes, we could seek the consent of our other applicable lenders to the repurchase of notes or could attempt to refinance the borrowings that contain such prohibition. If we do not obtain such consent or repay those borrowings, we will remain prohibited from repurchasing notes.

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Any guarantees of the notes by our subsidiaries could be deemed fraudulent conveyances under certain circumstances, and a court may subordinate or void the subsidiary guarantees.

The indenture governing the notes does not require any subsidiary to guarantee the notes unless that subsidiary guarantees any of our other indebtedness (excluding our indebtedness under credit facilities) as described under Description of Notes Future Note Guarantees. The notes will not be guaranteed by any of our subsidiaries as of the issue date of the notes offered hereby. However, various fraudulent conveyance or transfer laws have been enacted for the protection of creditors, and a court may use these laws to subordinate or avoid any subsidiary guarantee that may be delivered in the future. Generally, a subsidiary guarantee may be voided as a fraudulent conveyance or held unenforceable if a U.S. court were to find that at the time one of our subsidiaries entered into a subsidiary guarantee either:

the subsidiary incurred the guarantee with the intent to hinder, delay, or defraud any present or future creditor, or contemplated insolvency with a design to favor one or more creditors to the exclusion of others; or

the subsidiary did not receive fair consideration or reasonably equivalent value for issuing the subsidiary guarantee; and, in either case, at the time it issued the subsidiary guarantee, the subsidiary:

was insolvent or became insolvent as a result of issuing the subsidiary guarantee;

was engaged or about to engage in a business or transaction for which the remaining assets of the subsidiary constituted unreasonably small capital; or

intended to incur, or believed that it would incur, debts beyond its ability to pay those debts as they matured.

A legal challenge of a subsidiary guarantee on fraudulent conveyance grounds may focus, among other things, on the benefits, if any, the subsidiary realized as a result of our issuing the notes or the delivery of the subsidiary guarantee. To the extent the subsidiary guarantee was avoided as a fraudulent conveyance or held unenforceable for any other reason, the holders of the notes would cease to have any claim against that subsidiary guarantor and would be solely creditors of the parent company and of any subsidiary guarantors whose subsidiary guarantees were not avoided or held unenforceable. In that event, the claims of the holders of the notes against the issuer of an invalid subsidiary guarantee would be subject to the prior payment of all liabilities of that subsidiary guarantor.

Many of the covenants contained in the indenture governing the notes terminate if the notes are rated investment grade by either Standard & Poor's Ratings Services or Moody's Investors Service, Inc.

Many of the covenants in the indenture governing the notes terminate if the notes are rated investment grade by either Standard & Poor's Ratings Services or Moody's Investors Service, Inc. These covenants restrict, among other things, our ability to pay dividends, to incur debt and to enter into certain other transactions. There can be no assurance that the notes will ever be rated investment grade, or that if they are rated investment grade, that the notes will maintain such ratings. However, termination of these covenants would, for the term of the notes and even if the notes fail to maintain such ratings, allow us to engage in certain transactions that would not be permitted while these covenants were in force. Please read Description of Notes Certain Covenants Changes in Covenants when Notes Rated Investment Grade.

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You may not be able to resell the notes easily or at a favorable price.

The notes offered hereby will be issued under the same indenture, have the same CUSIP number and will trade interchangeably with the existing notes immediately upon settlement. We are not certain of the liquidity of the market for the notes, the ability of the holders to sell their notes at all or the price at which holders would be able to sell their notes. In addition, the market price for the notes may be adversely affected by changes in prevailing interest rates, changes in our operating results and financial condition, performances or prospects for companies in our industry and changes in our overall market for similar securities.

Covenants in the indenture governing the notes, as well as in our senior secured revolving credit facility, restrict our ability to engage in certain activities.

The indenture governing the notes and our senior secured revolving credit facility restrict our ability to, among other things:

incur, assume or guarantee additional indebtedness or issue redeemable stock;

pay dividends or distributions;

make loans and other types of investments;

incur liens;

restrict dividends, loans or asset transfers from our subsidiaries;

sell or otherwise dispose of assets, including capital stock of subsidiaries;

consolidate or merge with or into, or sell substantially all of our assets to, another person;

acquire assets or businesses;

enter into transactions with affiliates; and

enter into new lines of business.

In addition, our credit facility contains various financial covenants that impose a maximum leverage ratio of 4.0 to 1.0, a debt to capitalization ratio of 0.5 to 1.0, a minimum interest expense coverage ratio of 3.0 to 1.0 and a minimum collateral maintenance of 150% of the aggregate amount outstanding under the credit facility. Our ability to meet these covenants or requirements may be affected by events beyond our control, and there can be no assurance that we will satisfy such covenants and requirements in the future. Such restrictions may limit our ability to successfully execute our business plans, which may have adverse consequences on our operations.

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USE OF PROCEEDS

We estimate that the net proceeds (excluding the accrued interest paid by the purchasers) from this offering, after deducting underwriting discounts and commissions and estimated offering expenses, will be approximately \$205.1 million. We intend to use the net proceeds from this offering for general corporate purposes, including funding our newbuild program. In this connection, we used existing cash balances and borrowings under our senior secured revolving credit facility to fund the payment in April 2013 of approximately \$141 million for the construction and early delivery of the *Atwood Orca*, and we expect to pay approximately \$400 million in September 2013 in connection with the construction of the *Atwood Advantage*. On June 27, 2013, we will be required to pay \$107.3 million to H&P in connection with the share repurchase. Pending ultimate use, we may use net proceeds to reduce outstanding borrowings under our senior secured revolving credit facility.

As of March 31, 2013, the weighted average interest rate with respect to outstanding borrowings under our credit facility, after considering the impact of our interest rate swaps, was 3.0%. The indebtedness under our credit facility matures in May 2016. Borrowings under our credit facility were incurred for general corporate purposes, including funding the construction of our new build program and other capital expenditures.

Affiliates of certain of the underwriters are lenders under our credit facility, and accordingly, may receive a portion of the proceeds from this offering in the form of the repayment of borrowings under such facility. See Underwriting (Conflicts of Interest) Conflicts of Interest.

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Table of Contents**CAPITALIZATION**

The following table sets forth our cash and cash equivalents and our unaudited capitalization as of March 31, 2013 (i) on an actual historical basis and (ii) on an as adjusted basis to reflect this offering and the application of the net proceeds (excluding the accrued interest paid by the purchasers) from the offering to repay amounts outstanding under our senior secured revolving credit facility as described under Use of Proceeds. The following table does not reflect the expected payment of \$107.3 million to H&P on June 27, 2013 in connection with the share repurchase. The following table is unaudited and should be read together with our financial statements and accompanying notes incorporated by reference in this prospectus supplement.

	As of March 31, 2013	
	Historical	As Adjusted
Cash and cash equivalents	\$ 117.7	\$ 117.7
Long-term debt:		
Senior secured revolving credit facility(1)	590.0	384.9
6.50% senior notes due 2020(2)	450.0	650.0
Total long-term debt	\$ 1,040.0	\$ 1,034.9
Total shareholders' equity	2,108.8	2,108.8(3)
Total capitalization	\$ 3,148.8	\$ 3,143.7

- (1) As of May 31, 2013, outstanding borrowings under our senior secured revolving credit facility were approximately \$680.0 million.
- (2) Reflects the aggregate principal amount outstanding.
- (3) Giving effect to the expected payment of \$107.3 million to H&P on June 27, 2013 in connection with the share repurchase would result in a reduction of total shareholders' equity to \$2,001.5 million.

Table of Contents**RATIO OF EARNINGS TO FIXED CHARGES**

The table below sets forth our historical and pro forma ratios of earnings to fixed charges on a consolidated basis for each of the periods indicated:

	Six Months Ended March 31,		Historical					Pro Forma(1)	
			Fiscal Years Ended September 30,					Year Ended	Six Months Ended
	2013	2012	2011	2010	2009	2008	September 30, 2012	March 31, 2013	
Ratio of earnings to fixed charges	7.2x	8.1x	25.8x	48.4x	27.0x	61.3x	6.8x	6.3x	

- (1) The pro forma calculation assumes that the notes were issued on, and accrued interest from, October 1, 2011 for the year ended September 30, 2012 and October 1, 2012 for the six months ended March 31, 2013 and that the net proceeds were used, on the first day of each fiscal quarter, to reduce amounts outstanding under our senior secured revolving credit facility at the end of such quarter. The calculation also assumes that such net amount outstanding under the credit facility, if any, was outstanding for the full fiscal quarter. For purposes of this table, earnings consists of income before income taxes plus fixed charges and less capitalized interest. Fixed charges consists of interest expense and capitalized interest.

Table of Contents**DESCRIPTION OF OTHER INDEBTEDNESS****Revolving Credit Facility**

As of March 31, 2013, we had \$590 million of outstanding borrowings under our five-year \$750 million senior secured revolving credit facility. Including the \$450 million aggregate principal amount of our 2020 notes, we had a total debt to capitalization ratio of 33% as of such date. As of May 1, 2013, we had borrowed an additional \$90 million under our credit facility subsequent to March 31, 2013. Our subsidiary, Atwood Offshore Worldwide Limited (AOWL), is the borrower under the credit facility, and we and certain of our other subsidiaries are guarantors under the facility. Borrowings under the credit facility bear interest at the Eurodollar rate plus a margin of 2.5%. Certain borrowings effectively bear interest at a fixed rate due to our interest rate swaps. The average interest rate for borrowings under the credit facility was approximately 3.0% per annum at March 31, 2013, after considering the impact of our interest rate swaps. The credit facility also provides for the issuance, when requested, of standby letters of credit. The credit facility has a commitment fee of 1.0% per annum on the unused portion of the underlying commitment. Subject to the satisfaction of certain conditions precedent and the agreement by the lenders, the credit facility includes an accordion feature which, if exercised, will increase total commitments by up to \$550 million for a total commitment of up to \$1.3 billion.

The credit facility contains various financial covenants that impose a maximum leverage ratio of 4.0 to 1.0, a debt to capitalization ratio of 0.5 to 1.0, a minimum interest expense coverage ratio of 3.0 to 1.0 and a minimum collateral maintenance of 150% of the aggregate amount outstanding under the credit facility. In addition, the credit facility contains limitations on our and certain of our subsidiaries' ability to incur liens; merge, consolidate or sell substantially all assets; pay dividends (including restrictions on AOWL's ability to pay dividends to us); incur additional indebtedness; make advances, investments or loans; and transact with affiliates. The credit facility also contains customary events of default, including but not limited to delinquent payments, bankruptcy filings, material adverse judgments, guarantees or security documents not being in full effect, non-compliance with the Employee Retirement Income Security Act of 1974, cross-defaults under other debt agreements, or a change of control. The credit facility is secured primarily by first preferred mortgages on six of our active drilling units (the *Atwood Aurora*, the *Atwood Beacon*, the *Atwood Eagle*, the *Atwood Falcon*, the *Atwood Hunter*, and the *Atwood Osprey*), as well as liens on the equity interests of our subsidiaries that own, directly or indirectly, such drilling units. In addition, if we exercise the accordion feature, the credit facility requires that, depending on the size of the increase, we provide a first preferred mortgage on the *Atwood Condor*, the *Atwood Mako* and the *Atwood Manta*, as well as a lien on the equity interests of our subsidiaries that own, directly or indirectly, such rigs. We were in compliance with all financial covenants under the credit facility at March 31, 2013.

2020 Notes

In January 2012, we issued \$450 million aggregate principal amount of 6.50% Senior Notes due 2020. The notes offered hereby constitute an additional issuance of the existing notes and form a single series with the existing notes. The notes offered hereby will be issued under the same indenture, have the same CUSIP number and will trade interchangeably with the existing notes immediately upon settlement.

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DESCRIPTION OF NOTES

You can find the definitions of certain terms used in this description under the subheading *Certain Definitions*. In this description, the terms *the Company*, *us*, *our* or *we* refer only to Atwood Oceanics, Inc. and not to any of its Subsidiaries. The term *notes* refers to the Company's notes being offered hereby.

The Company will issue the notes under an indenture dated as of January 18, 2012 (the *Base Indenture*), as supplemented by a supplemental indenture which established the terms of the notes (together, as such may be amended, supplemented or otherwise modified from time to time, the *Indenture*) between itself and Wells Fargo Bank, National Association, as trustee. The terms of the notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the *Trust Indenture Act*).

On January 18, 2012, the Company issued \$450.0 million in aggregate principal amount of notes under the Indenture. The \$200.0 million of notes offered hereby will have identical terms, other than the issue date, and will constitute part of the same series as the initial notes. Unless the context indicates otherwise, references in this description to the *notes* include both the initial notes and the notes offered hereby.

The following description is a summary of the material provisions of the Indenture and the notes. Because this description is only a summary, we urge you to read the Indenture because it, and not this description, defines your rights as holders of the notes. We have filed a copy of the Base Indenture as an exhibit to the registration statement which includes the accompanying base prospectus. The following description supersedes in its entirety the description contained in the accompanying base prospectus under the caption *Description of Debt Securities*.

The registered holder of a note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture.

Brief Description of the Notes and Future Note Guarantees

The Notes

The notes offered hereby, like the initial notes, will be:

general unsecured obligations of the Company;

equal in right of payment with all existing and future unsecured senior Indebtedness of the Company; and

senior in right of payment to any future subordinated Indebtedness of the Company.

However, the notes will be effectively subordinated to any secured Indebtedness of the Company, including all Indebtedness under the Credit Agreement (which is secured by certain offshore drilling rigs and other assets of the Company and its Subsidiaries) to the extent of the value of the assets securing such Indebtedness. In addition, the notes will be structurally subordinated to all Indebtedness and other liabilities of our Subsidiaries that do not guarantee the notes (other than Indebtedness and other liabilities owed to the Company). Initially, none of our Subsidiaries will guarantee the notes. See *Risk Factors*. The notes will be our senior unsecured obligations and, except in certain limited instances, will not be guaranteed by any of our subsidiaries. As such, the notes will be effectively subordinated to any of our secured debt, including our existing and any future debt under our credit facility, and the debt of our subsidiaries. Furthermore, as a holding company, we depend on cash we obtain from our subsidiaries to meet our debt service obligations.

Future Note Guarantees

Initially, the initial notes and the notes offered hereby will not be guaranteed by any of our Subsidiaries. Although there currently are no Guarantors, covenants described below may require a Subsidiary in the future to

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guarantee the payment obligations under the notes simultaneously with its guarantee of our other Indebtedness (except Indebtedness under the Credit Agreement). See **Certain Covenants - Limitation on Issuances of Guarantees of Indebtedness**.

Each guarantee of the notes, if any, will be:

a general unsecured obligation of the Guarantor;

equal in right of payment with all existing and future unsecured senior Indebtedness of that Guarantor;

effectively subordinated to any secured Indebtedness of that Guarantor, to the extent of the value of the assets of that Guarantor securing such Indebtedness;

effectively subordinated to all Indebtedness and other liabilities of any subsidiaries of that Guarantor that do not guarantee the notes (other than Indebtedness owed to that Guarantor); and

senior in right of payment to any future subordinated Indebtedness of that Guarantor.

Our operations are conducted through our Subsidiaries and, therefore, the Company depends on the cash flow of its Subsidiaries to meet its obligations, including its obligations under the notes. Our Subsidiaries, all of whom currently are non-guarantors, generated all of our consolidated operating revenues for the six months ended March 31, 2013 and held all of our consolidated assets as of March 31, 2013. The notes will be effectively subordinated in right of payment to all Indebtedness and other liabilities and commitments (including trade payables and lease obligations) of the Company's non-guarantor Subsidiaries. Any right of the Company to receive assets of any of its non-guarantor Subsidiaries upon the Subsidiary's liquidation or reorganization (and the consequent right of the holders of the notes to participate in those assets) will be effectively subordinated to the claims of that Subsidiary's creditors, except to the extent that the Company is itself recognized as a creditor of the Subsidiary, in which case the claims of the Company would still be subordinate in right of payment to any Indebtedness of the Subsidiary senior to that held by the Company and any secured Indebtedness of the Subsidiary to the extent of the value of the assets securing such Indebtedness. As of March 31, 2013, after giving effect to the issuance of the notes and the application of the net proceeds as described under **Use of Proceeds**, the Company's non-guarantor Subsidiaries would have had approximately \$384.9 million of Indebtedness and \$156.9 million of trade payables and other liabilities outstanding. See **Risk Factors**. The notes will be our senior unsecured obligations and, except in certain limited instances, will not be guaranteed by any of our subsidiaries. As such, the notes will be effectively subordinated to any of our secured debt, including our existing and any future debt under our credit facility, and the debt of our subsidiaries. Furthermore, as a holding company, we depend on cash we obtain from our subsidiaries to meet our debt service obligations.

Currently, all of our Subsidiaries are **Restricted Subsidiaries**. However, under the circumstances described below under the caption **Certain Covenants - Designation of Restricted and Unrestricted Subsidiaries**, we may designate certain of our Subsidiaries as **Unrestricted Subsidiaries**. Our **Unrestricted Subsidiaries** will not be subject to many of the restrictive covenants in the Indenture. Our **Unrestricted Subsidiaries** will not, either as of the Issue Date or in the future, guarantee the notes.

Principal, Maturity and Interest

The Company issued \$450.0 million in aggregate principal amount of initial notes in January 2012, and it will issue notes in an additional \$200.0 million in aggregate principal amount in this offering. The Company may issue additional notes under the Indenture from time to time after this offering. Any issuance of additional notes is subject to all of the covenants in the Indenture, including the covenant described below under the caption **Certain Covenants - Incurrence of Indebtedness and Issuance of Preferred Stock**. The notes and any additional notes subsequently issued under the Indenture will be treated as a single class for all purposes under the Indenture, including waivers, amendments, redemptions and offers to purchase. Unless the context requires otherwise, references to the notes refer to the notes initially issued and any additional notes subsequently issued.

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The Company intends to take the position that the notes offered hereby will be fungible with the initial notes issued on January 18, 2012 for United States federal income tax purposes. See Material United States Federal Tax Considerations. However, any additional notes may not be fungible with the notes offered hereby and the initial notes for United States federal income tax purposes. The Company will issue notes in denominations of \$2,000 and integral multiples of \$1,000 in excess of \$2,000. The notes will mature on February 1, 2020.

Interest on the notes accrues at the rate of 6.50% per annum and is payable semi-annually in arrears on February 1 and August 1, with the next interest payment being due on August 1, 2013. Interest on the notes offered hereby will accrue from February 1, 2013. Interest on overdue principal, interest and Additional Amounts, if any, will accrue at a rate that is 1% higher than the then applicable interest rate on the notes. The Company will make each interest payment to the holders of record on the January 15 and July 15 immediately preceding the applicable interest payment date.

Interest is computed on the basis of a 360-day year comprised of twelve 30-day months.

Payment of Additional Amounts

All payments made by us under or with respect to the notes will be made free and clear of and without withholding or deduction for, or on account of, any present or future tax, duty, assessment, or other governmental charge of whatever nature imposed, levied, collected, withheld or assessed (including any penalties and interest related thereto) (*Taxes*) unless the withholding or deduction of such Taxes is then required by law. In the event that the Company is succeeded by a Successor Company in a Permitted Foreign Jurisdiction as permitted by the covenant described below under Merger, Consolidation or Sale of Assets and if any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of (1) any jurisdiction in which we (which, for purposes of this discussion, refers to our Successor Company) or any Guarantor, are then incorporated, engaged in business, organized or otherwise resident or treated as resident for tax purposes or any political subdivision thereof or therein or (2) any jurisdiction from or through which payment is made by or on behalf of us (including, without limitation, the jurisdiction of any paying agent) (each of (1) and (2), a *Tax Jurisdiction*), will at any time be required to be made from any payments made under or with respect to the notes, including, without limitation, payments of principal, redemption price, purchase price, interest or premium, we will pay such additional amounts (the *Additional Amounts*) as may be necessary in order that the net amounts received in respect of such payments by each holder or beneficial owner of notes after such withholding, deduction or imposition (including any such withholding, deduction or imposition from such Additional Amounts) will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction; *provided, however*, that no Additional Amounts will be payable with respect to:

1. any Taxes to the extent such Taxes would not have been imposed but for the holder or the beneficial owner of the notes being a citizen or resident or national of, or incorporated in, the relevant Tax Jurisdiction in which such Taxes are imposed or having any other present or former connection with the relevant Tax Jurisdiction other than the mere acquisition, holding, exercise or enforcement of rights, or receipt of payment in respect of the notes;
2. any Taxes to the extent such Taxes are imposed or withheld as a result of the failure of the holder of the note or beneficial owner of the notes to comply, to the extent such holder is legally entitled, with any reasonable written request, made by us or any Guarantor to that holder or beneficial owner in writing at least 90 days before any such withholding or deduction would be payable, to provide information concerning the nationality, residence or identity of such holder or beneficial owner or to make any valid and timely declaration or similar claim or satisfy any certification information or other reporting requirement, which is required or imposed by a statute, treaty, regulation or administrative practice of the relevant Tax Jurisdiction as a precondition to any exemption from or reduction in all or part of such Taxes;

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3. any Taxes to the extent such Taxes were imposed as a result of the presentation of a note for payment (where presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the note been presented on the last day of such 30 day period);
4. any estate, inheritance, gift, sale, personal property or similar Taxes;
5. any Taxes payable other than by deduction or withholding from payments under, or with respect to, the notes; or
6. any combination of items (1) through (5) above.

We also will not pay any Additional Amounts to any holder who is a fiduciary or partnership or other than the sole beneficial owner of the note to the extent that a beneficiary or settlor with respect to such fiduciary, or a member of such partnership or a beneficial owner thereof, would not have been entitled to the payment of such Additional Amounts had such beneficiary, settlor, member or beneficial owner been the holder of the note.

In addition to the foregoing, if the Company is succeeded by a Successor Company in a Permitted Foreign Jurisdiction as permitted by the covenant described below under Merger, Consolidation or Sale of Assets, we or a Guarantor, as applicable, will also pay and indemnify the holder for any present or future stamp, issue, registration, value added, court or documentary Taxes, or any other excise or property taxes, charges or similar levies (including penalties, interest and any other reasonable expenses related thereto) or Taxes which are levied by any Tax Jurisdiction on the execution, delivery, registration or enforcement of any of the notes, the indenture, any guarantee, or any other document or instrument referred to therein or the receipt of payments with respect thereto.

If we or any Guarantor become obligated to pay Additional Amounts with respect to any payment under or with respect to the notes or any guarantee, we or any Guarantor, as applicable, will deliver to the trustee on a date that is at least 30 days prior to the date of that payment (unless the obligation to pay Additional Amounts arises after the 30th day prior to that payment date, in which case we will notify the trustee promptly after such obligation arises (and in any event within five Business Days thereof)) an officers' certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The officers' certificate must also set forth any other information reasonably necessary to enable the paying agents to pay Additional Amounts to holders on the relevant payment date. The trustee shall be entitled to rely solely on such officers' certificate as conclusive proof that such payments are necessary. We or any Guarantor, as applicable, will provide the trustee with documentation reasonably satisfactory to the trustee evidencing the payment of Additional Amounts.

We or any Guarantor, as applicable, will make all withholdings and deductions required by law and will remit the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law. Upon request, we or any Guarantor, as applicable, will provide to the trustee an official receipt or, if official receipts are not obtainable, other documentation reasonably satisfactory to the Trustee evidencing the payment of any Taxes so deducted or withheld and will attach to each official receipt or other documentation an officers' certificate stating the amount of such Taxes paid per \$1,000 principal amount of the notes then outstanding. Upon request, copies of those official receipts or other documentation, as the case may be, will be made available by the trustee to the holders of the notes.

Whenever in the Indenture, the notes, or in this Description of Notes there is mentioned, in any context, the payment of amounts based upon the principal amount of the notes or of principal, interest or of any other amount payable under, or with respect to, any of the notes, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The above obligations will survive termination, defeasance or discharge of the Indenture, any transfer by a holder or beneficial owner of its notes and will apply *mutatis mutandis* to any jurisdiction in which any successor

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person to us or any Guarantor is incorporated, engaged in business or resident for tax purposes or any jurisdiction from or through which such person makes any payment on the notes (or any note guarantee) and any department or political subdivision thereof or therein.

Redemption for Changes in Taxes

The Company may redeem the notes, in whole but not in part, at its discretion at any time upon giving not less than 30 nor more than 60 days prior notice to the holders of the notes (which notice will be irrevocable and given in accordance with the procedures described in Selection and Notice), at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by us for redemption (a *Tax Redemption Date*) and all Additional Amounts, if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise (subject to the rights of holders of the notes on the relevant record date to receive interest due on the relevant interest payment date and Additional Amounts, if any, in respect thereof), if on the next date on which any amount would be payable in respect of the notes, the Company is or would be required to pay Additional Amounts, and the Company cannot avoid any such payment obligation by taking reasonable measures available (including, for the avoidance of doubt, the appointment of a new paying agent), and the requirement arises as a result of:

1. any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of the relevant Tax Jurisdiction (as defined above) affecting taxation, which change or amendment has not been publicly announced before and which becomes effective on or after the date on which the Tax Jurisdiction imposing the relevant withholding or deduction became the applicable Tax Jurisdiction under the indenture; or
2. any change in, or amendment to, the existing official position regarding the application, administration or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction or a change in published practice), which change, amendment, application or interpretation has not been publicly announced before and becomes effective on or after the date on which the Tax Jurisdiction imposing the relevant withholding or deduction became the applicable Tax Jurisdiction under the Indenture).

In the case of Additional Amounts required to be paid as a result of our conducting business other than in the place of our organization, such amendment or change must be announced and become effective on or after the date in which we begin to conduct business giving rise to the relevant withholding or deduction.

We will not give any such notice of redemption earlier than 60 days prior to the earliest date on which we would be obligated to make such payment or withholding if a payment in respect of the notes were then due, and at the time such notice is given, the obligation to pay Additional Amounts must remain in effect. Prior to the publication or, where relevant, mailing of any notice of redemption of the notes pursuant to the foregoing, we will deliver to the trustee an opinion of independent tax counsel, the choice of such counsel to be subject to the prior written approval of the trustee (such approval not to be unreasonably withheld) to the effect that there has been such change or amendment which would entitle us to redeem the notes hereunder. In addition, before we publish or mail notice of redemption of the notes as described above, we will deliver to the trustee an officers' certificate to the effect that we cannot avoid our obligation to pay Additional Amounts by taking reasonable measures available to us.

The trustee will accept, and will be entitled to rely solely on, such officers' certificate and opinion of counsel as conclusive proof of the existence and satisfaction of the conditions precedent as described in the immediately preceding paragraph, in which event such satisfaction of the conditions precedent will be conclusive and binding on the holders.

For the avoidance of doubt, the implementation of European Council Directive 2003/48/EC on any other directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 on the

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taxation of savings income or any law implementing or complying with or introduced in order to conform to, such directive will not be a change or amendment for such purposes.

Methods of Receiving Payments on the Notes

All payments on the notes will be made at the office or agency of the paying agent and registrar within the City and State of New York unless the Company, at its option, elects to make interest payments by wire transfer for notes held in book-entry form or by check mailed to the noteholders at their address set forth in the register of holders.

Paying Agent and Registrar for the Notes

The trustee has been appointed as paying agent and registrar. The Company may change the paying agent or registrar without prior notice to the holders of the notes, and the Company or any of its Subsidiaries may act as paying agent or registrar.

Transfer and Exchange

A holder may transfer or exchange notes in accordance with the provisions of the Indenture. The registrar and the trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents in connection with a transfer of notes. No service charge will be imposed by the Company, the trustee or the registrar for any registration of transfer or exchange of notes, but holders will be required to pay all taxes due on transfer. The Company will not be required to transfer or exchange any note selected for redemption. Also, the Company will not be required to transfer or exchange any note for a period of 15 days before a selection of notes to be redeemed.

Future Note Guarantees

The initial notes are not, and the notes offered hereby will not be, guaranteed by any of our Subsidiaries as of the date of issuance of the notes offered hereby. Under the circumstances described under **Certain Covenants Limitation on Issuances of Guarantees of Indebtedness**, our payment obligations under the notes may in the future be jointly and severally guaranteed by certain or all of our existing or future Subsidiaries as Guarantors. These Note Guarantees are joint and several obligations of the Guarantors. The obligations of each Guarantor under its Note Guarantee will be limited as necessary to prevent that Note Guarantee from constituting a fraudulent conveyance under applicable law, although this limitation may not be effective to prevent the Note Guarantee from being voidable as a fraudulent conveyance. See **Risk Factors Any guarantees of the notes by our subsidiaries could be deemed fraudulent conveyances under certain circumstances, and a court may subordinate or void the subsidiary guarantees.**

A Guarantor may not sell or otherwise dispose of, in one or more related transactions, all or substantially all of its assets to, or consolidate with or merge with or into (whether or not such Guarantor is the surviving Person) another Person, other than the Company or another Guarantor, unless:

- (1) immediately after giving effect to such transaction, or series of related transactions, no Default or Event of Default exists; and
- (2) either:
 - (a) the Person acquiring the assets in any such sale or disposition or the Person formed by or surviving any such consolidation or merger (if other than the Guarantor) unconditionally assumes, pursuant to a supplemental indenture satisfactory to the trustee, all the obligations of that Guarantor under its Note Guarantee and the Indenture; or
 - (b) the Net Proceeds of such sale or other disposition are applied in accordance with the **Asset Sales** provisions of the Indenture. See **Repurchase at the Option of Holders Asset Sales.**

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The notes are redeemable at the Company's option as described below. In addition, the Company may acquire the notes by means other than a redemption, whether pursuant to a tender offer, open market purchase or otherwise, so long as such acquisition does not violate the terms of the Indenture.

At any time prior to February 1, 2015, the Company may on any one or more occasions redeem up to 35% of the aggregate principal amount of notes issued under the Indenture, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 106.50% of the principal amount of the notes redeemed, plus accrued and unpaid interest, if any, to the date of redemption (subject to the rights of holders of notes on the relevant record date to receive interest on the relevant interest payment date), with the net cash proceeds of one or more Equity Offerings by the Company; *provided that*:

(1) at least 65% of the aggregate principal amount of notes originally issued under the Indenture (including the notes offered hereby and any additional notes, but excluding notes held by the Company and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 90 days of the date of the closing of such Equity Offering.

At any time prior to February 1, 2016, the Company may on any one or more occasions redeem all or a part of the notes, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount of the notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest, if any, to the date of redemption, subject to the rights of holders of notes on the relevant record date to receive interest due on the relevant interest payment date. The Company will (a) determine the Treasury Rate at least one Business Day prior to the redemption date and (b) prior to such redemption date file with the trustee an officers' certificate setting forth the Applicable Premium and the Treasury Rate and showing the calculation of each in reasonable detail.

On or after February 1, 2016, the Company may on any one or more occasions redeem all or a part of the notes, upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, on the notes redeemed, to the applicable date of redemption, if redeemed during the twelve-month period beginning on February 1 of the years indicated below, subject to the rights of holders of notes on the relevant record date to receive interest on the relevant interest payment date:

Year	Percentage
2016	103.250%
2017	101.625%
2018 and thereafter	100.000%

Unless the Company defaults in the payment of the redemption price, interest will cease to accrue on the notes or portions thereof called for redemption on the applicable redemption date.

Mandatory Redemption

The Company is not required to make mandatory redemption or sinking fund payments with respect to the notes.

Repurchase at the Option of Holders*Change of Control*

If a Change of Control occurs, each holder of notes will have the right to require the Company to repurchase all or any part (equal to \$2,000 or an integral multiple of \$1,000 in excess thereof) of that holder's notes pursuant

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to an offer (a *Change of Control Offer*) on the terms set forth in the Indenture. In the Change of Control Offer, the Company will offer a payment in cash (the *Change of Control Payment*) equal to 101% of the aggregate principal amount of notes repurchased, plus accrued and unpaid interest, if any, on the notes repurchased to the date of repurchase (the *Change of Control Purchase Date*), subject to the rights of holders of notes on the relevant record date to receive interest due on the relevant interest payment date. Within 30 days following any Change of Control, the Company will mail a notice to each holder describing briefly the transactions or events that constitute the Change of Control and offering to repurchase on the Change of Control Purchase Date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed, notes properly tendered and not withdrawn pursuant to the Change of Control Offer, pursuant to the procedures required by the Indenture and described in such notice. The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those requirements, laws and regulations are applicable in connection with the repurchase of the notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of such compliance.

Promptly following the expiration of the Change of Control Offer on the Change of Control Purchase Date, the Company will, to the extent lawful, accept for payment all notes or portions of notes properly tendered and not withdrawn pursuant to the Change of Control Offer and deliver or cause to be delivered to the trustee the notes properly accepted together with an officers' certificate stating the aggregate principal amount of notes or portions of notes being purchased by the Company. Payment of the Change of Control Payment for a note properly tendered and not withdrawn prior to the expiration of the Change of Control Offer is conditioned upon delivery of such note (together with necessary endorsements) to the paying agent (whether prior to, on or after the Change of Control Purchase Date), which delivery may be in book-entry form in accordance with the procedures of The Depository Trust Company (DTC) for notes issued in global form. The Change of Control Payment for such note will be made promptly following the later of the Business Day following the Change of Control Purchase Date or the time of delivery of such note.

The paying agent will promptly mail to each holder of notes properly tendered and not withdrawn the Change of Control Payment for such notes (or if all notes are then in global form, make such payment through the facilities of DTC), and the trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each holder a new note equal in principal amount to any unpurchased portion of the notes surrendered, if any; provided, however, that each new note will be in a principal amount of \$2,000 or an integral multiple of \$1,000 in excess of \$2,000. The Company will publicly announce the results of the Change of Control Offer as soon as practicable after the Change of Control Purchase Date.

The provisions described above that require the Company to make a Change of Control Offer following a Change of Control will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the holders of the notes to require that the Company repurchase or redeem the notes in the event of a takeover, recapitalization or similar transaction.

The Company will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all notes properly tendered and not withdrawn under the Change of Control Offer, or (2) notice of redemption has been given pursuant to the Indenture as described above under the caption *Optional Redemption*, unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

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The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of all or substantially all of the properties or assets of the Company and its Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase substantially all, there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of notes to require the Company to repurchase its notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Company and its Subsidiaries taken as a whole to another Person or group may be uncertain.

In the event that not less than 90% of the aggregate principal amount of the then outstanding notes are properly tendered and not withdrawn under a Change of Control Offer and the Company purchases all of such notes, the Company will have the right, upon not less than 30 nor more than 60 days prior notice, given not more than 30 days following the Change of Control Purchase Date, to redeem all of the notes that remain outstanding following such purchase at a redemption price equal to the Change of Control Payment plus, to the extent not included in the Change of Control Payment, accrued and unpaid interest on the notes that remain outstanding, to the date of redemption (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

The Change of Control purchase feature of the notes may, in certain circumstances, make more difficult or discourage a takeover of us and, thus, the removal of incumbent management. The Change of Control purchase feature, however, is not the result of management's knowledge of any specific effort to accumulate shares of our common stock or to obtain control of us by means of a merger, tender offer, solicitation or otherwise, or part of a plan by management to adopt a series of anti-takeover provisions.

Asset Sales

The Company will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

- (1) the Company (or the Restricted Subsidiary, as the case may be) receives consideration at the time of consummation of such Asset Sale at least equal to the Fair Market Value (measured as of the date of the definitive agreement with respect to such Asset Sale) of the assets or Equity Interests issued or sold or otherwise disposed of; and
 - (2) at least 75% of the consideration received in the Asset Sale by the Company or such Restricted Subsidiary is in the form of cash or Cash Equivalents. For purposes of this provision, each of the following will be deemed to be cash:
 - (a) any liabilities, as shown on the Company's most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated in right of payment to the notes or any Note Guarantee) that are assumed by the transferee of any such assets pursuant to a customary novation or indemnity agreement that releases the Company or such Restricted Subsidiary from or indemnifies the Company or such Restricted Subsidiary against further liability;
 - (b) any securities, notes or other obligations received by the Company or any such Restricted Subsidiary from such transferee that are, within 180 days after receipt thereof, converted by the Company or such Restricted Subsidiary into cash or Cash Equivalents, to the extent of the cash or Cash Equivalents received in that conversion; and
 - (c) any stock or assets of the kind referred to in clauses (2) or (4) of the next paragraph of this covenant.
- provided* that in the case of any Asset Sale pursuant to a condemnation, seizure, appropriation or similar taking, including by deed in lieu of condemnation, or any actual or constructive total loss or an agreed or compromised total loss, such Asset Sale shall not be required to satisfy the requirements of clauses (1) and (2) above.

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Within 365 days after the receipt of any Net Proceeds from an Asset Sale, the Company (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Proceeds at its option to any combination of the following:

- (1) to permanently repay any Senior Debt, and if the Indebtedness repaid is revolving credit Indebtedness, to correspondingly permanently reduce commitments with respect thereto;
- (2) to acquire all or substantially all of the assets of, or any Capital Stock of, another Person engaged in a Permitted Business, if, in the case of any such acquisition of Capital Stock, such Person is or becomes a Restricted Subsidiary of the Company after giving effect to such acquisition;
- (3) to make a capital expenditure; or

(4) to acquire other assets that are not classified as current assets under GAAP and that are used or useful in a Permitted Business. The requirement of clause (2), (3) or (4) of the preceding paragraph shall be deemed to be satisfied with respect to any Asset Sale if, within 365 days after such Asset Sale, the Company (or the applicable Restricted Subsidiary, as the case may be) shall have entered into a binding commitment with respect to an acquisition, expenditure or investment, in compliance with clause (2), (3) or (4), and that acquisition, expenditure or investment is substantially completed no later than (i) one year and three months after the date of such Asset Sale or (ii) with respect to Net Proceeds from any sale, conveyance or other disposition of a Specified Rig, one year and six months after the date of such Asset Sale.

Pending the final application of any Net Proceeds, the Company (or the applicable Restricted Subsidiary) may apply such Net Proceeds temporarily to reduce the Indebtedness outstanding under a revolving Credit Facility or otherwise invest the Net Proceeds in any manner that is not prohibited by the Indenture.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the second paragraph of this covenant will constitute *Excess Proceeds*. When the aggregate amount of Excess Proceeds exceeds \$50.0 million, within five days thereof, the Company will make an offer (an *Asset Sale Offer*) to all holders of notes and all holders of other Indebtedness that is *pari passu* with the notes containing provisions similar to those set forth in the Indenture with respect to offers to purchase, prepay or redeem with the proceeds of sales of assets to purchase, prepay or redeem the maximum principal amount of notes and such other *pari passu* Indebtedness (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith) that may be purchased, prepaid or redeemed out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of the principal amount, plus accrued and unpaid interest, if any, to the date of purchase, prepayment or redemption, subject to the rights of holders of notes on the relevant record date to receive interest due on the relevant interest payment date, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of notes and other *pari passu* Indebtedness tendered in (or required to be prepaid or redeemed in connection with) such Asset Sale Offer exceeds the amount of Excess Proceeds, the Company will select the notes and such other *pari passu* Indebtedness to be purchased on a *pro rata* basis (except that any notes represented by a note in global form will be selected by such method as DTC or its nominee or successor may require or, where the nominee or successor is the trustee, a method that most nearly approximates *pro rata* selection as the trustee deems fair and appropriate), based on the amounts tendered or required to be prepaid or redeemed (with such adjustments as may be deemed appropriate by the Company so that only notes in denominations of \$2,000, or an integral multiple of \$1,000 in excess thereof, will be purchased). Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those requirements, laws and regulations are applicable in connection with each repurchase of notes pursuant to an Asset Sale Offer. To the extent that the provisions of any

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securities laws or regulations conflict with the Asset Sale provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Asset Sale provisions of the Indenture by virtue of such compliance.

The Credit Agreement contains, and future agreements may contain, prohibitions of certain events, including events that would constitute a Change of Control or an Asset Sale. The exercise by the holders of notes of their right to require the Company to repurchase the notes upon a Change of Control or an Asset Sale could cause a default under these other agreements, even if the Change of Control or Asset Sale itself does not, due to the financial effect of such repurchases on the Company or otherwise. In the event a Change of Control or Asset Sale occurs at a time when the Company is prohibited from purchasing notes pursuant to the Credit Agreement or any other debt agreement, the Company could seek the consent of the lenders under those agreements to the purchase of notes or could attempt to refinance the borrowings under those agreements. If the Company does not obtain a consent or repay those borrowings, the Company will remain prohibited from purchasing notes. In that case, the Company's failure to purchase tendered notes would constitute an Event of Default under the Indenture, which could, in turn, constitute a default under the other indebtedness. Finally, the Company's ability to pay cash to the holders of notes upon a repurchase may be limited by the Company's then existing financial resources. See **Risk Factors** We may not be able to repurchase the notes with cash upon a Change of Control or in connection with an offer to repurchase the notes as a result of an asset sale as required by the indenture.

Selection and Notice

If less than all of the notes are to be redeemed at any time, the trustee will select notes for redemption on a *pro rata* basis (or, in the case of notes issued in global form as discussed under **Book-Entry, Delivery and Form**, based on a method as DTC or its nominee or successor may require or, where the nominee or successor is the trustee, a method that most nearly approximates *pro rata* selection as the trustee deems fair and appropriate) unless otherwise required by law or applicable stock exchange or depositary requirements.

No notes of \$2,000 or less can be redeemed in part. Notices of redemption will be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each holder of notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the notes or a satisfaction and discharge of the Indenture. Notice of any redemption, including, without limitation, upon an Equity Offering, may, at the Company's discretion, be subject to one or more conditions precedent, including, but not limited to, completion of a related Equity Offering.

If any note is to be redeemed in part only, the notice of redemption that relates to that note will state the portion of the principal amount of that note that is to be redeemed. A new note in principal amount equal to the unredeemed portion of the original note will be issued in the name of the holder of notes upon cancellation of the original note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on notes or portions of notes called for redemption.

Certain Covenants

Changes in Covenants when Notes Rated Investment Grade

If on any date following the Issue Date:

- (1) the notes are rated either Baa3 or better by Moody's or BBB- or better by S&P (or, if either such entity ceases to rate the notes for reasons outside of the control of the Company, the equivalent investment grade credit rating or better from any other nationally recognized statistical rating organization within the meaning of Section 3(a)(62) of the Exchange Act selected by the Company as a replacement agency); and
- (2) no Default or Event of Default shall have occurred and be continuing,

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then, beginning on that day and continuing at all times thereafter regardless of any subsequent changes in the rating of the notes, the provisions of the Indenture described under the following captions in this prospectus supplement will no longer be applicable to the notes:

- (1) Repurchase at the Option of Holders Asset Sales ;
- (2) Certain Covenants Restricted Payments ;
- (3) Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock ;
- (4) Certain Covenants Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries ;
- (5) Certain Covenants Designation of Restricted and Unrestricted Subsidiaries ;
- (6) Certain Covenants Transactions with Affiliates ;
- (7) Certain Covenants Business Activities ;
- (8) Certain Covenants Payments for Consent ;
- (9) clause (2) of the covenant described below under the caption Certain Covenants Reports ; and
- (10) clause (4) of the covenant described below under the caption Certain Covenants Merger, Consolidation or Sale of Assets.
There can be no assurance that the notes will ever achieve or maintain an investment grade rating.

Restricted Payments

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

- (1) declare or pay any dividend or make any other payment or distribution on account of the Company s or any of its Restricted Subsidiaries Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Company s or any of its Restricted Subsidiaries Equity Interests in their capacity as such (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Company and other than dividends or distributions payable to the Company or a Restricted Subsidiary of the Company);
- (2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Company) any Equity Interests of the Company or any direct or indirect parent of the Company;

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(3) make any principal payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness of the Company or any Guarantor that is contractually subordinated in right of payment to the notes or to any Note Guarantee (excluding (a) any intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries, (b) the purchase, redemption, defeasance, repurchase or other acquisition of Indebtedness of the Company or any Guarantor that is contractually subordinated in right of payment to the notes or to any Note Guarantee purchased, redeemed, defeased or otherwise acquired in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year after the date of purchase, repurchase, redemption, defeasance or acquisition, and (c) any payment of principal at the Stated Maturity thereof); or

(4) make any Restricted Investment

(all such payments and other actions set forth in these clauses (1) through (4) above being collectively referred to as *Restricted Payments*),

unless, at the time of and immediately after giving effect to such Restricted Payment:

(a) no Default (other than a Reporting Default) or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

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- (b) the Company would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described below under the caption Incurrence of Indebtedness and Issuance of Preferred Stock ; and
- (c) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries since the Issue Date (excluding Restricted Payments permitted by clauses (2), (3), (4), (5), (6), (7), (9), (10) and (11) of the next succeeding paragraph), is less than the sum, without duplication, of:
- (1) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) beginning on January 1, 2012 and ending on the last day of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); *plus*
 - (2) 100% of the aggregate net cash proceeds and the Fair Market Value of (i) marketable securities (other than marketable securities of the Company or a Subsidiary of the Company), (ii) Equity Interests of a Person (other than the Company or any Subsidiary of the Company) engaged primarily in a Permitted Business and (iii) other assets used or useful in a Permitted Business, in each case, received by the Company since the Issue Date (A) as a contribution to its common equity capital or from the issue or sale of Qualifying Equity Interests or (B) from the issue or sale of convertible or exchangeable Disqualified Stock of the Company or convertible or exchangeable debt securities of the Company, in each case that have been converted into or exchanged for Qualifying Equity Interests of the Company (other than net cash proceeds received from an issuance or sale of Qualifying Equity Interests, convertible or exchangeable Disqualified Stock or debt securities to a Subsidiary of the Company) or (C) upon the exercise of any options, warrants or rights to purchase Qualifying Equity Interests; *plus*
 - (3) with respect to any Restricted Investments made by the Company or any of its Restricted Subsidiaries in any Person after the Issue Date:
 - (i) in the case of the disposition or repayment of or return on any Restricted Investment, the amount equal to the lesser of (A) the initial amount of such Restricted Payment and (B) the cash amount (less any expenses incurred in connection with such transaction) and Fair Market Value of assets used or useful in a Permitted Business received by the Company or any Restricted Subsidiary; *plus*
 - (ii) if, as a result of or in connection with such Restricted Investment, such Person (other than an Unrestricted Subsidiary) becomes a Restricted Subsidiary or is merged or consolidated with the Company or a Restricted Subsidiary, an amount equal to the amount included as a Restricted Payment pursuant to clause (c) above on account of the Company's or any Restricted Subsidiary's Investment in such Person prior to the time it became a Restricted Subsidiary or the time of such merger or consolidation; *plus*
 - (4) the amount by which Indebtedness of the Company or its Restricted Subsidiaries is reduced on the Company's balance sheet upon the conversion or exchange (other than by a Subsidiary of the Company) subsequent to the Issue Date of any such Indebtedness of the Company or its Restricted Subsidiaries convertible or exchangeable for Equity Interests (other than Disqualified Stock) of the Company (less the amount of any cash, or the Fair Market Value of any other property (other than such Equity Interests), distributed by the Company upon such conversion or exchange), together with the net proceeds, if any, received by the Company or any of its Restricted Subsidiaries upon such conversion or exchange (excluding the net cash proceeds from the conversion or exchange financed, directly or indirectly, using funds borrowed from the Company or any Subsidiary); *plus*
 - (5) to the extent that any Unrestricted Subsidiary of the Company designated as such after the Issue Date is redesignated as a Restricted Subsidiary pursuant to the terms of the Indenture or is merged or

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consolidated with or into, or transfers or otherwise disposes of all or substantially all of its properties or assets to or is liquidated into, the Company or Restricted Subsidiary after the Issue Date, the lesser of (i) the Fair Market Value of the Restricted Investment made by the Company or any of its Restricted Subsidiaries in such Subsidiary (or the property or assets disposed of, as applicable) as of the date of such redesignation, merger, consolidation, transfer, disposition or liquidation and (ii) such Fair Market Value as of the date on which such Subsidiary was originally designated as an Unrestricted Subsidiary after the Issue Date.

The preceding provisions will not prohibit:

- (1) the payment of any dividend or the consummation of any irrevocable redemption within 60 days after the date of declaration of the dividend or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or redemption payment would have complied with the provisions of the Indenture;
- (2) the making of any Restricted Payment in exchange for, or out of or with the net cash proceeds of the substantially concurrent sale (other than to a Subsidiary of the Company) of, Equity Interests of the Company (other than Disqualified Stock) or from the substantially concurrent contribution of common equity capital to the Company, with a sale or contribution being deemed substantially concurrent if such Restricted Payment occurs not more than 90 days after such sale or contribution; *provided* that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will not be considered to be net proceeds of Qualifying Equity Interests for purposes of clause (c)(2) of the preceding paragraph and will not be considered to be net cash proceeds from an Equity Offering for purposes of the Optional Redemption provisions of the Indenture;
- (3) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Restricted Subsidiary of the Company to the holders of its Equity Interests on a *pro rata* basis;
- (4) the repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Company or any Guarantor that is contractually subordinated to the notes or to any Note Guarantee with the net cash proceeds from a substantially concurrent incurrence of, or exchange for, Permitted Refinancing Indebtedness, with an incurrence of Permitted Refinancing Indebtedness being deemed substantially concurrent if such repurchase, redemption, defeasance, acquisition or retirement occurs not more than 90 days after such incurrence;
- (5) so long as no Default (other than a Reporting Default) or Event of Default has occurred and is continuing, the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Company or any Restricted Subsidiary of the Company held by any current or former officer, director or employee of the Company or any of its Restricted Subsidiaries pursuant to any equity subscription agreement, stock option agreement, shareholders' agreement or similar agreement; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed \$5.0 million in any calendar year (with any portion of such \$5.0 million amount that is unused in any calendar year to be carried forward to successive calendar years and added to such amount) *plus*, to the extent not previously applied or included, (i) the net cash proceeds received by the Company or any of its Restricted Subsidiaries from sales of Equity Interests (other than Disqualified Stock) to employees or directors of the Company or its Restricted Subsidiaries that occur after the Issue Date (to the extent the cash proceeds from the sale of such Equity Interests have not otherwise been applied to the payment of Restricted Payments by virtue of clause (c)(2) of the first paragraph of this covenant) and (ii) the net cash proceeds of key man life insurance policies received by the Company or any of its Restricted Subsidiaries after the Issue Date;
- (6) the purchase, redemption or other acquisition or retirement for value of Equity Interests deemed to occur upon the exercise or conversion of stock options, warrants, rights to acquire Equity Interests or other convertible securities, to the extent such Equity Interests represent a portion of the exercise or conversion price thereof;

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- (7) the purchase, redemption or other acquisition or retirement for value of Equity Interests of the Company or any Restricted Subsidiary of the Company held by any current or former officers, directors or employees of the Company or any of its Restricted Subsidiaries in connection with the exercise or vesting of any equity compensation (including, without limitation, stock options, restricted stock and phantom stock) in order to satisfy any tax withholding obligation with respect to such exercise or vesting;
- (8) the purchase, redemption, defeasance or other acquisition or retirement of any Indebtedness that is contractually subordinated in right of payment to the notes or to any Note Guarantee (i) at a purchase price not greater than 101.0% of the principal amount of such Indebtedness in the event of a Change of Control in accordance with provisions similar to the covenant described under Repurchase at the Option of Holders Change of Control or (ii) at a purchase price not greater than 100.0% of the principal amount of such Indebtedness in the event of an Asset Sale in accordance with provisions similar to the covenant described under Repurchase at the Option of Holders Asset Sales ; provided that, prior to or simultaneously with such purchase, redemption, defeasance or other acquisition or retirement, the Company (or a third party to the extent permitted by the Indenture) has made the Change of Control Offer or Asset Sale Offer, as applicable, with respect to the notes as a result of such Change of Control or Asset Sale, as applicable, and has completed the repurchase or redemption of all notes validly tendered for payment and not withdrawn in connection with such Change of Control Offer or Asset Sale Offer, as applicable;
- (9) so long as no Event of Default has occurred and is continuing, the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Company or any preferred stock of any Restricted Subsidiary of the Company issued on or after the Issue Date in accordance with the Fixed Charge Coverage Ratio test described below under the caption Incurrence of Indebtedness and Issuance of Preferred Stock ;
- (10) payments of cash, dividends, distributions, advances or other Restricted Payments by the Company or any of its Restricted Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares upon (i) the exercise of options or warrants or (ii) the conversion or exchange of Capital Stock of any such Person; and
- (11) so long as no Event of Default has occurred and is continuing, other Restricted Payments in an aggregate amount not to exceed \$50.0 million since the Issue Date.

For purposes of determining compliance with this Restricted Payments covenant, in the event that a Restricted Payment meets the criteria of more than one of the categories of Restricted Payments described in the preceding clauses (1)-(11) or as a Permitted Investment, the Company will be permitted to divide or classify (or later divide, classify or reclassify in whole or in part in its sole discretion) such Restricted Payment in any manner that complies with this covenant.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or any Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The Fair Market Value of any assets or securities that are required to be valued by this covenant will be determined by, in the case of amounts under \$75.0 million, by an officer of the Company and, in the case of amounts greater than or equal to \$75.0 million, the Board of Directors of the Company whose resolution with respect thereto will be delivered to the trustee.

Incurrence of Indebtedness and Issuance of Preferred Stock

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, *incur*) any Indebtedness (including Acquired Debt), and the Company will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; *provided, however*, that the Company may incur Indebtedness (including Acquired Debt) or issue

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Disqualified Stock if the Fixed Charge Coverage Ratio for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock is issued, as the case may be, would have been at least 2.0 to 1.0, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock had been issued, as the case may be, at the beginning of such four-quarter period.

The first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness or the issuance of any Disqualified Stock or any preferred securities described below (collectively, *Permitted Debt*):

- (1) the incurrence by the Company and any of its Restricted Subsidiaries of Indebtedness and letters of credit under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (1) (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Company and its Restricted Subsidiaries thereunder) not to exceed the greater of (i) \$1,100.0 million and (ii) the sum of \$550.0 million and 25% of the Company's Consolidated Tangible Assets;
- (2) the incurrence by the Company and its Restricted Subsidiaries of the Existing Indebtedness;
- (3) the incurrence by the Company and the Guarantors of Indebtedness represented by the notes and the related Note Guarantees to be issued on the Issue Date;
- (4) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of design, construction, installation or improvement of property, plant or equipment used in the business of the Company or any of its Restricted Subsidiaries, in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (4), not to exceed the greater of (i) \$75.0 million and (ii) 3% of the Company's Consolidated Tangible Assets at any time outstanding;
- (5) the incurrence by the Company or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge, in whole or in part, any Indebtedness (other than intercompany Indebtedness) or Disqualified Stock of the Company that was permitted by the Indenture to be incurred under the first paragraph of this covenant or clauses (2), (3), (4), (5), (10) or (13) of this paragraph;
- (6) the incurrence by the Company or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries; *provided, however*, that:
 - (a) if the Company or any Guarantor is the obligor on such Indebtedness and the payee is not the Company or a Guarantor, such Indebtedness must be unsecured and expressly subordinated to the prior payment in full in cash of all Obligations then due with respect to the notes, in the case of the Company or the applicable Note Guarantee, in the case of a Guarantor; and
 - (b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary of the Company or (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Restricted Subsidiary of the Company will be deemed, in each case, to constitute an incurrence (as of the date of such issuance, sale or transfer) of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

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- (7) the issuance by any of the Company's Restricted Subsidiaries to the Company or to any of its Restricted Subsidiaries of shares of preferred stock; *provided, however,* that:
- (a) any subsequent issuance or transfer of Equity Interests that results in any such preferred stock being held by a Person other than the Company or a Restricted Subsidiary of the Company; and

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- (b) any sale or other transfer of any such preferred stock to a Person that is not either the Company or a Restricted Subsidiary of the Company, will be deemed, in each case, to constitute an issuance of such preferred stock by such Restricted Subsidiary that was not permitted by this clause (7);
- (8) the incurrence by the Company or any of its Restricted Subsidiaries of Hedging Obligations in the ordinary course of business and not for speculative purposes;
- (9) the guarantee by the Company or any Restricted Subsidiary of the Company of Indebtedness of the Company or a Restricted Subsidiary of the Company, to the extent that the guaranteed Indebtedness was permitted to be incurred by another provision of this covenant; *provided* that if the Indebtedness being guaranteed is subordinated to or *pari passu* with the notes, then the Guarantee must be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness guaranteed;
- (10) Permitted Acquisition Indebtedness;
- (11) Indebtedness in respect of workers' compensation claims, public liability insurance, unemployment insurance, property, casualty or liability insurance, self-insurance obligations or completion, performance, bid performance, appeal or surety bonds in the ordinary course of business, including guarantees or obligations with respect to letters of credit supporting such workers' compensation claims, public liability insurance, unemployment insurance, property, casualty or liability insurance, self-insurance obligations or completion, performance, bid performance, appeal or surety bonds;
- (12) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds in the ordinary course;
- (13) reimbursement obligations with respect to letters of credit issued in the ordinary course of business in support of trade obligations; *provided* that, upon the drawing of such letters of credit, such obligations are reimbursed within one year following such drawing or incurrence;
- (14) accounts payable or other obligations of the Company or any of its Restricted Subsidiaries to trade creditors created or assumed by the Company or such Restricted Subsidiary in the ordinary course of business in connection with the obtaining of goods and services; and
- (15) the incurrence by the Company or any of its Restricted Subsidiaries of additional Indebtedness or the issuance by the Company of Disqualified Stock or the issuance by any Restricted Subsidiary of preferred stock in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (15) not to exceed the greater of (i) \$150.0 million and (ii) 7% of the Company's Consolidated Tangible Assets determined as of the date of such incurrence or issuance.
- The Company will not incur, and will not permit any Guarantor to incur, any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Company or such Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the notes and the applicable Note Guarantee on substantially identical terms; *provided, however*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Company solely by virtue of being unsecured or by virtue of being secured on a junior priority basis.

For purposes of determining compliance with this Incurrence of Indebtedness and Issuance of Preferred Stock covenant, in the event that an item of Indebtedness or Disqualified Stock or preferred stock meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (15) above, or is entitled to be incurred pursuant to the first paragraph of this covenant, the Company will be permitted to

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divide and classify such item of Indebtedness, Disqualified Stock or preferred stock, as applicable, on the date of its incurrence, or later re-divide and reclassify all or a portion of such item of Indebtedness, Disqualified Stock or

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preferred stock, as applicable, in any manner that complies with this covenant. Indebtedness under Credit Facilities outstanding on the Issue Date will initially be deemed to have been incurred on such date in reliance on the exception provided by clause (1) of the definition of Permitted Debt. The accrual of interest or preferred stock dividends, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, the reclassification of preferred stock as Indebtedness due to a change in accounting principles, and the payment of dividends on preferred stock or Disqualified Stock in the form of additional shares of the same class of preferred stock or Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of preferred stock or Disqualified Stock for purposes of this covenant; *provided*, in each such case, that the amount thereof is included in Fixed Charges of the Company as accrued. Further, the reclassification of any lease or other liability of the Company or any of its Restricted Subsidiaries as Indebtedness due to a change of accounting principles after the Issue Date will not be deemed an incurrence of Indebtedness for purposes of this covenant.

For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be utilized, calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term Indebtedness, or first committed, in the case of revolving credit Indebtedness; *provided* that if such Indebtedness is incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar-dominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-dominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values. The principal amount of any Permitted Refinancing Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Permitted Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Liens

The Company will not and will not permit any of its Restricted Subsidiaries to, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind (other than Permitted Liens) securing Indebtedness upon any of its property or assets, now owned or hereafter acquired, unless all payments due under the Indenture and the notes are secured on an equal and ratable basis with the obligations so secured until such time as such obligations are no longer secured by a Lien.

Any Lien on any property or assets of the Company or any of its Restricted Subsidiaries created for the benefit of the holders of the notes pursuant to the preceding paragraph shall provide by its terms that such Lien shall be automatically and unconditionally released and discharged at such time as there are no other Liens of any kind (other than Permitted Liens) on such property or assets securing Indebtedness.

Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary of the Company to:

- (a) pay dividends or make any other distributions on its Capital Stock to the Company or any of its Restricted Subsidiaries or pay any indebtedness owed to the Company or any of its Restricted Subsidiaries;
- (b) make loans or advances to the Company or any of its Restricted Subsidiaries; or
- (c) sell, lease or transfer any of its properties or assets to the Company or any of its Restricted Subsidiaries.

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However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

- (1) agreements (including agreements governing Existing Indebtedness and Credit Facilities) as in effect on the Issue Date and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the Issue Date, as determined by the Company in its reasonable and good faith judgment;
- (2) the Indenture, the notes and the Note Guarantees;
- (3) agreements governing other Indebtedness permitted to be incurred under the provisions of the covenant described above under the caption Incurrence of Indebtedness and Issuance of Preferred Stock and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the restrictions therein are not materially more restrictive, taken as a whole, than those contained in (i) the Indenture, the notes and the Note Guarantees or (ii) agreements governing Indebtedness in effect on the Issue Date, in each case, as determined by the Company in its reasonable and good faith judgment;
- (4) applicable law, rule, regulation or order;
- (5) any agreement or instrument governing Indebtedness or Capital Stock of a Person acquired by the Company or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the Indenture to be incurred;
- (6) customary non-assignment provisions in contracts and licenses entered into in the ordinary course of business;
- (7) purchase money obligations for property acquired in the ordinary course of business and Capital Lease Obligations that impose restrictions on the property purchased or leased of the nature described in clause (c) of the preceding paragraph;
- (8) any agreement for the sale or other disposition of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;
- (9) Permitted Refinancing Indebtedness; *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced, as determined by the Company in its reasonable and good faith judgment;
- (10) Liens permitted to be incurred under the provisions of the covenant described above under the caption Liens that limit the right of the debtor to dispose of the assets subject to such Liens;
- (11) provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale and leaseback agreements, stock sale agreements and other similar agreements (including agreements entered into in connection with a

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Restricted Investment) entered (i) in the ordinary course of business or (ii) into with the approval of the Company's Board of Directors, which limitation is applicable only to the assets that are the subject of such agreements;

- (12) restrictions on cash or other deposits or net worth imposed by customers or required by insurance, surety or bonding companies, in each case under contracts entered into in the ordinary course of business; and
- (13) encumbrances or restrictions with respect to property under a charter, lease or other agreement that has been entered into in the ordinary course for the employment, charter or other hire of such property.

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Merger, Consolidation or Sale of Assets

The Company will not: (1) consolidate or merge with or into another Person (whether or not the Company is the surviving corporation), or (2) directly or indirectly sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

- (1) the resulting or surviving Person or the Person to which such sale, assignment, transfer, conveyance or other disposition has been made (the *Successor Company*) is (a) an entity organized or existing under the laws of the United States, any state of the United States or the District of Columbia (and, if such entity is not a corporation, a co-obligor of the notes is a corporation organized or existing under any such laws) or (b) an entity organized or existing under the laws of a Permitted Foreign Jurisdiction;
- (2) the Successor Company (if other than the Company) assumes all the obligations of the Company under the notes and the Indenture pursuant to agreements reasonably satisfactory to the trustee;
- (3) immediately after such transaction, no Default or Event of Default exists;
- (4) the Successor Company would, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, (i) be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption *Incurrence of Indebtedness and Issuance of Preferred Stock* or (ii) have had a Fixed Charge Coverage Ratio greater than the actual Fixed Charge Coverage Ratio for the Company for such four-quarter period;
- (5) in the case of clause (1)(b) above, in the event that the Successor Company is organized in a jurisdiction that is different from the jurisdiction in which the obligor on the notes was organized immediately before giving effect to the transaction:
 - (a) such Successor Company has delivered to the trustee an opinion of counsel satisfactory to the Trustee stating (i) that the obligations of such Successor Company under the Indenture are enforceable under the laws such Permitted Foreign Jurisdiction of its formation subject to customary exceptions and (ii) the holders of notes will not recognize any income, gain or loss for U.S. federal income tax purposes as a result of the transaction and except as may result from a change in the source of any interest income, will be subject to U.S. federal income tax on the same amount and at the same times as would have been the case if such transaction had not occurred;
 - (b) such Successor Company has agreed in writing to submit to New York jurisdiction and appoints an agent for the service of process in New York, each under terms reasonably satisfactory to the trustee; and
 - (c) the Company's board of directors or the comparable governing body of the Successor Company determines in good faith that such transaction will not adversely affect the interests of the holders of notes in any material respect and a board resolution to that effect is delivered to the trustee; and
- (6) the Successor Company has delivered to the trustee an officers' certificate and an opinion of counsel, each stating that such consolidation, merger or disposition and such supplemental indenture (if any) comply with the Indenture.

In addition, the Company will not, directly or indirectly, lease all or substantially all of the properties and assets of the Company and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to any other Person.

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This Merger, Consolidation or Sale of Assets covenant will not apply to any sale, assignment, transfer, conveyance, lease or other disposition of assets between or among the Company and its Restricted Subsidiaries. Clause (3) of the first paragraph of this covenant will not apply to any merger or consolidation of the Company with or into one of its Restricted Subsidiaries for any purpose other than for the purpose of reorganizing or

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reincorporating the Company in another jurisdiction. Clause (4) of the first paragraph of this covenant will not apply to any merger or consolidation of the Company (i) with or into one of its Restricted Subsidiaries for any purpose or (ii) with or into an Affiliate solely for the purpose of reorganizing or reincorporating the Company in another jurisdiction.

For purposes of the foregoing, the transfer (by lease, assignment, sale or otherwise, in a single transaction or series of transactions) of all or substantially all of the properties or assets of one or more Restricted Subsidiaries of the Company, the Capital Stock of which constitutes all or substantially all of the properties and assets of the Company, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Company.

Upon any consolidation or merger or any sale,