ATWOOD OCEANICS INC
Form DEF 14A
January 08, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant x Filed by a party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

ATWOOD OCEANICS, INC.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transactions applies: N/A

(2) Aggregate number of securities to which transaction applies: N/A

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): N/A

(4) Proposed maximum aggregate value of transaction: N/A

(5) Total fee paid: None

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid: N/A

(2) Form, Schedule or Registration Statement No.: N/A

(3) Filing Party: N/A

(4) Date Filed: N/A

ATWOOD OCEANICS, INC.

15011 Katy Freeway, Suite 800

Houston, Texas 77094

January 12, 2015

Dear Shareholder:

You are cordially invited to join us for our 2015 Annual Meeting of Shareholders to be held on Wednesday, February 18, 2015 at 12:00 P.M., Houston Time, at the principal executive office of Atwood Oceanics, Inc., 15011 Katy Freeway, First Floor, Houston, Texas 77094.

The materials following this letter include the formal Notice of Annual Meeting of Shareholders and the proxy statement. The proxy statement describes the business to be conducted at the meeting, which includes the election of eight members of our Board of Directors to serve one-year terms, an advisory, non-binding resolution to approve our executive compensation for fiscal year 2014, and the ratification of the appointment of PricewaterhouseCoopers LLP as our independent auditors for the 2015 fiscal year. At the Annual Meeting, we will also report on industry matters of current interest to our shareholders, and you will have an opportunity to ask questions following the completion of business.

It is important that your shares be represented. Regardless of whether you plan to attend the meeting in person, please take a moment now to vote your proxy over the Internet, by telephone, or, if printed proxy materials are mailed to you, by completing and signing the form of proxy and promptly returning it in the envelope provided. The Notice of Annual Meeting of Shareholders on the following page includes instructions on how to vote your shares.

The officers and directors of Atwood Oceanics, Inc. appreciate and encourage shareholder participation. We look forward to seeing you at the Annual Meeting.

Sincerely,

Robert J. Saltiel

President and Chief Executive Officer

ATWOOD OCEANICS, INC.

15011 Katy Freeway, Suite 800

Houston, Texas 77094

NOTICE OF 2015 ANNUAL MEETING OF SHAREHOLDERS

DATE	Wednesday, February 18, 2015
TIME	12:00 P.M., Houston Time
PLACE	15011 Katy Freeway, First Floor Houston, Texas 77094
ITEMS OF BUSINESS	1. To elect the eight members of our Board of Directors specified in the accompanying proxy statement to serve one-year terms.
	2. To approve, by a shareholder non-binding advisory vote, the compensation of our named executive officers.
	3. To ratify the appointment of PricewaterhouseCoopers LLP as our independent auditors for fiscal year 2015.
	4. To transact such other business as may properly come before the meeting or any adjournments thereof.
RECORD DATE	You may vote, in person or by proxy, at the Annual Meeting if you were a holder of record of our common stock at the close of business on December 19, 2014.
VOTING BY PROXY	In order to avoid additional soliciting expense to us, please vote your proxy as soon as possible, even if you plan to attend the meeting. Shareholders of record can vote by one of the following methods:
	1. Call 1-800-690-6903 to vote by telephone;
	2. Go to *www.proxyvote.com* to vote over the Internet; or
	3. MARK, SIGN, DATE AND RETURN your proxy card in the enclosed postage-paid envelope. If you are voting by telephone or the Internet, please do not

mail your proxy card.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDERS MEETING TO BE HELD ON FEBRUARY 18, 2015.

A COPY OF THE PROXY STATEMENT, A FORM OF PROXY, AND THE ATWOOD

OCEANICS, INC. 2014 ANNUAL REPORT TO SHAREHOLDERS ARE

AVAILABLE AT *www.proxyvote.com.*

By Order of the Board of Directors

Walter A. Baker

Corporate Secretary

January 12, 2015

2015 ANNUAL MEETING OF SHAREHOLDERS

ATWOOD OCEANICS, INC.

PROXY STATEMENT

This proxy statement relates to the solicitation of proxies by the Board of Directors of Atwood Oceanics, Inc. for use at the 2015 Annual Meeting of Shareholders to be held on February 18, 2015 at 12:00 P.M., Houston Time, at 15011 Katy Freeway, First Floor, Houston, Texas, 77094 and at any and all adjournments or postponements thereof. This proxy statement contains information about the items being voted on at the Annual Meeting. Please read it carefully.

This proxy statement, a form of proxy and voting instructions are expected to be mailed on or about January 12, 2015. Our 2014 Annual Report to Shareholders, including consolidated financial statements for the fiscal year ended September 30, 2014, is expected to be mailed at the same time. The Annual Report is not to be considered as a part of the proxy solicitation material or as having been incorporated by reference into this proxy statement.

Our principal executive office is located at 15011 Katy Freeway, Suite 800, Houston, Texas 77094, our telephone number is (281) 749-7800 and our website address is *www.atwd.com.* Information contained on our website, including information referred to in this proxy statement, is not to be considered as part of the proxy solicitation material and is not incorporated by reference into this proxy statement.

QUESTIONS AND ANSWERS ABOUT VOTING

Who is entitled to vote?

Only holders of record of our common stock, par value $1.00 per share, on December 19, 2014 are entitled to notice of, and to vote at, the meeting or any adjournment or postponement thereof. As of the record date, there were 64,531,991 shares of common stock outstanding and entitled to vote at the meeting. Each share of common stock is entitled to one vote on all matters, except the election of directors. In the election of directors, a shareholder may exercise his right to cumulate votes as detailed under What are the requirements to elect the directors and approve each of the proposals? , below. No other class of securities will be entitled to vote at the meeting.

A complete list of shareholders entitled to vote at the meeting will be open to the examination of any shareholder for any purpose germane to the Annual Meeting for a period of 10 days prior to the meeting at the Company s principal executive offices set forth above during usual business hours. Such list shall also be open to the examination of any shareholder present at the meeting.

Who is soliciting my proxy to vote my shares?

Our Board of Directors is soliciting your proxy, or your authorization for our representatives to vote your shares. Your proxy will be effective for the Annual Meeting and at any adjournments or postponements thereof.

What are the Board of Directors voting recommendations regarding the election of directors and proposals?

The Board of Directors recommends that you vote as follows:

	Proposal to be Voted Upon	Recommendation
Proposal No. 1	Election of eight nominees to the Board of Directors	*FOR* Each Nominee
Proposal No. 2	Advisory vote on the Company s executive compensation	*FOR*
Proposal No. 3	Ratification of the Company s independent auditors	*FOR*

What constitutes a quorum?

For business to be conducted at the meeting, a quorum constituting a majority of the shares of common stock issued and outstanding and entitled to vote must be in attendance or represented by proxy. Abstentions and broker non-votes (defined below) will be considered as present for quorum purposes.

How do I vote?

Shareholders entitled to vote at the Annual Meeting may vote in person or by proxy. Proxies may be submitted over the Internet, by telephone or by mail. Proxies submitted over the Internet or by telephone must be received by 11:59 P.M. Eastern Time, on Tuesday, February 17, 2014. Submitting a proxy authorizes the persons appointed as proxies to vote your shares at the Annual Meeting in the manner that you have indicated. The persons named in the form of proxy (Mark L. Mey and Walter A. Baker) have advised that they will vote all shares represented by proxy unless authority to so vote is withheld by the shareholder granting the proxy. In the election of directors, such persons will have the discretion to cumulate the votes of the shares represented by proxy, although the exercise of such discretion is not expected. If your proxy does not indicate your vote, the persons named in the proxy will vote your shares *FOR* the Board s director nominees, *FOR* approval of the advisory resolution regarding executive compensation, and *FOR* the ratification of the appointment of our independent auditors. If any other matters properly come before the meeting, your shares will be voted in accordance with the discretion of the persons named in the proxy.

Can I change my vote?

A proxy may be revoked by a shareholder at any time before it is voted by giving notice of the revocation in writing to the Company s Corporate Secretary at 15011 Katy Freeway, Suite 800, Houston, Texas 77094, by submitting another valid proxy by mail, telephone or over the Internet that is later dated and, if mailed, is properly signed, or by voting in person at the meeting.

What are the requirements to elect the directors and approve each of the proposals?

The election of directors at the Annual Meeting requires the vote of holders of a plurality of the shares represented in person or by proxy at a meeting at which a quorum is present. Abstentions and broker non-votes will not affect the election outcome.

Each share of common stock entitles its owner to one vote except with respect to the election of directors. With respect to the election of directors, each shareholder has the right to vote in person or by proxy the number of shares registered in his name for as many persons as there are directors to be elected, or to cumulate such votes and give one candidate as many votes as shall equal the number of directors to be elected multiplied by the number of his shares, or to distribute the votes so cumulated among as many candidates as he may desire. In the event of cumulative voting, the candidates for directors receiving the highest number of votes, up to the number of directors to be elected, shall be elected.

If a shareholder desires to exercise his right to cumulate votes for directors, the laws of the State of Texas, the state in which we are incorporated, require the shareholder to give our Corporate Secretary written notice of such intention on or before the day preceding the meeting. Such notice should be sent to: Atwood Oceanics, Inc., 15011 Katy Freeway, Suite 800, Houston, Texas 77094, Attn: Corporate Secretary. If any shareholder gives such notice, all shareholders have the right to use cumulative voting at the meeting. The persons named in the form of proxy (Mark L. Mey and Walter A. Baker) are not expected to exercise the right to cumulate votes for the election of the directors named elsewhere in this proxy statement, although such persons shall have discretionary authority to do so.

The advisory vote on the Company s executive compensation and the ratification of the appointment of independent auditors each require the affirmative vote of the holders of a majority of the shares of common stock present or represented by proxy who are entitled to vote, and who voted for or against the proposal, at a meeting at which a quorum is present. Abstentions and broker non-votes will have no effect on the outcome of these proposals.

If my shares are held in a street name by my broker, will my broker vote my shares for me?

Brokers holding shares must vote according to specific instructions they receive from the beneficial owners of those shares. If brokers do not receive specific instructions, brokers may in some cases vote the shares in their discretion. Under New York Stock Exchange (NYSE) rules, the approval of the proposal to ratify the appointment of independent auditors is considered a discretionary item. This means that brokerage firms may vote in their discretion on this matter on behalf of clients who have not furnished voting instructions at least 10 days before the date of the meeting. In contrast, the election of directors and the advisory vote on executive compensation are non-discretionary items. This means brokerage firms that have not received voting instructions from their clients on these proposals may not vote on them. These so-called broker non-votes will be considered to be present at the meeting for purposes of determining a quorum.

What happens if I am a registered holder?

If your shares are registered directly in your name, you are the holder of record of such shares. As the holder of record, you have the right to give your proxy directly to us, to give your voting instructions by telephone or over the Internet or to vote in person by ballot at the meeting.

What happens if I abstain or withhold my vote on any proposal?

Abstentions are counted as present in determining whether the quorum requirement is satisfied. With respect to the director elections, the advisory vote on our executive compensation and the ratification of the appointment of independent auditors, abstentions will have no effect on the outcome.

Does Atwood offer electronic delivery of proxy materials?

Yes. We are making this proxy statement, the form of proxy and our 2014 Annual Report available to shareholders electronically via the Internet on *www.proxyvote.com*. On or about January 12, 2015, we began mailing to our shareholders proxy materials and a Notice of Annual Meeting of Shareholders containing instructions on how to access this proxy statement and our Annual Report and how to vote by telephone or online. The notice is not a form for voting.

What is householding ?

Securities and Exchange Commission (SEC) rules allow us to deliver a single copy of our Annual Report and proxy statement to any household not participating in electronic proxy material delivery at which two or more shareholders reside, if we believe the shareholders are members of the same family. This role benefits both you and the Company. We believe it eliminates duplicate mailings to shareholders living at the same address and reduces our printing and mailing costs. This rule applies to any Annual Report or proxy statement. Each shareholder will continue to receive a separate proxy card or voting instruction card.

Your household may have received a single set of proxy materials this year. If you prefer to receive your own copy, or if you have received multiple copies and prefer a single set, please make your request by calling 1-800-690-6903, using the website *www.proxyvote.com*, by e-mail at *sendmaterial@proxyvote.com*, or in writing to Atwood Oceanics, Inc., c/o Continental Stock Transfer & Trust Company, 17 Battery Place, New York, New York 10004. We will promptly send separate proxy materials to a shareholder at a shared address on request.

If a broker or other nominee holds your shares, you may continue to receive some duplicate mailings. Certain brokers will eliminate duplicate account mailings by allowing shareholders to consent to such elimination or through implied consent if a shareholder does not request continuation of duplicate mailings. Since not all brokers and nominees may offer shareholders the opportunity this year to eliminate duplicate mailings, you may need to contact your broker or nominee directly to discontinue duplicate mailings to your household.

What if I plan to attend the Annual Meeting?

Attendance at the Annual Meeting will be limited to shareholders as of the record date, December 19, 2014. Each shareholder may be asked to present valid picture identification, such as a driver s license or passport. Shareholders holding common stock in brokerage accounts or by a bank or other nominee will be required to show a brokerage statement or account statement reflecting stock ownership as of the record date. Cameras, recording devices and certain other electronic devices will not be permitted at the Annual Meeting.

How are proxies being solicited?

We are soliciting the proxies and will bear the entire cost of this solicitation. It is expected that the solicitation will be primarily by mail, telephone and facsimile. We have arranged for Okapi Partners, LLC, 437 Madison Ave., 28th Floor, New York, New York 10022, to solicit proxies on our behalf for a fee of $7,500 plus out-of-pocket expenses. Proxies may also be solicited personally by our directors, officers and other employees in the ordinary course of business. No additional compensation for soliciting proxies will be paid to our directors, officers or other regular employees for their proxy solicitation efforts. We will also reimburse brokerage houses and other custodians, nominees and fiduciaries for their out-of-pocket expenses in sending these materials to you.

What do I do if I receive more than one notice or proxy card?

If you hold your shares in more than one account, you will receive a notice or proxy card for each account. To ensure that all of your shares are voted, please sign, date and return all proxy cards or use each proxy card or notice to vote by telephone or Internet. Please be sure to vote all of your shares.

Will there be any other business conducted at the Annual Meeting?

The Board of Directors is not aware of any other matters that are to be presented for action at the meeting. However, if any other matters properly come before the meeting, your shares will be voted in accordance with the discretion of the appointed proxies.

Who is the Transfer Agent?

Our Transfer Agent is Continental Stock Transfer & Trust Company. All communications concerning shareholders of record accounts, including address changes, name changes, common stock transfer requirements, and similar issues can be handled by contacting Continental Stock Transfer & Trust Company by phone at 212-509-4000, ext. 206, via email at *cstmail@continentalstock.com*, or in writing at 17 Battery Place, New York, New York 10004.

PROPOSAL NO. 1

ELECTION OF DIRECTORS

At our Annual Meeting of Shareholders, eight directors are to be elected for terms of one year each. All eight director nominees are currently serving as directors and are standing for re-election.

Nominees	Present Position with the Company	Served as a Director Continuously Since	Age
Deborah A. Beck	Director	February 2003	67
George S. Dotson	Director	February 1988	74
Jack E. Golden	Director	September 2009	66
Hans Helmerich	Director	February 1989	56
Jeffrey A. Miller	Director	March 2013	51
James R. Montague	Director	June 2006	67
Robert J. Saltiel	Director; President and Chief Executive Officer	February 2010	52
Phil D. Wedemeyer	Director	October 2011	65

The nominees have agreed to be named in this proxy statement and have indicated a readiness to continue to serve if elected. The Nominating and Corporate Governance Committee of the Board of Directors has determined that each of the nominees qualifies for election under its criteria for the evaluation of directors and has recommended that each of the candidates be nominated for election. In connection with its determination, as required by our Corporate Governance Guidelines, the Nominating and Corporate Governance Committee formally reviewed Mr. Dotson s continuation of service on the Board upon his reaching age 74. If any nominee becomes unable to serve before the Annual Meeting, shares represented by proxy may be voted for a substitute designated by the Board, unless a contrary instruction is indicated on the proxy. The Board has no reason to believe that any of the nominees will become unavailable. As detailed under Corporate Governance Director Independence below, the Board has affirmatively determined that each of the nominees, other than Mr. Saltiel, qualifies as independent as that term is defined under the rules of the NYSE and the SEC.

Information about Nominees

Deborah A. Beck has served on the Board of Directors since February 2003. Ms. Beck served as Executive Vice President Planning and Technology and a member of the Management Committee of the Northwestern Mutual Life Insurance Company from 2000 until her retirement in 2006. Ms. Beck joined Northwestern Mutual in 1975 and during her tenure served in various executive capacities, including Senior Vice President-Insurance Operations, Vice President New Business, and Vice-President of Policy Benefits and Assistant General Counsel. Northwestern Mutual is a leading direct provider of individual life insurance and offers insurance products, investment products and advisory services.

George S. Dotson has served on the Board of Directors since February 1988. Mr. Dotson served as an advisor to Helmerich & Payne, Inc. (H&P), a publicly-traded energy-oriented company primarily engaged in contract drilling of oil and gas wells both in the United States and internationally, from March 2006 to March 2009 and was a Director from March 1989 to March 2007. He served as Vice President Drilling of H&P and President of Helmerich & Payne International Drilling Co. (H&PIDC) from 1977 until his retirement in 2006. Mr. Dotson also serves as a director of EdgeMarc Energy Holdings, LLC, a privately-held oil and gas exploration and production company.

Jack E. Golden has served on the Board of Directors since September 2009. Dr. Golden is managing partner of Edgewater Energy LLC, a Texas based oil and gas company. Previously, Dr. Golden was employed by BP p.l.c. from 1982 through his retirement in 2005, where he served in various executive capacities including Group

Vice President Exploration and Production. As Group Vice President Exploration and Production, he directed significant portions of BP s global exploration and production operations. Dr. Golden also serves as a director of Cobalt International Energy, Inc., a publicly-traded independent exploration and production company.

Hans Helmerich has served on the Board of Directors since February 1989. Since March 2012, Mr. Helmerich has been the Chairman of the Board of H&P. Previously, he served as Chairman and CEO of H&P from March 2012 to March 2014, and President and Chief Executive Officer, as well as a director, for over 20 years. Mr. Helmerich also serves as a director of Cimarex Energy Co., a publicly-traded energy exploration and production company, and as a trustee of the Northwestern Mutual Life Insurance Company.

Jeffrey A. Miller has served on the Board of Directors since March 2013. Since August 2014, Mr. Miller has served as the President and Chief Health, Safety and Environmental Officer, as well as a director, of Halliburton, a publicly-traded company and one of the world s largest providers of products and services to the energy industry. Previously, Mr. Miller held a number of positions at Halliburton, including most recently as the Executive Vice President and Chief Operating Officer from September 2012 to August 2014, and Senior Vice President of Global Business Development and Marketing from January 2011 to September 2012, responsible for strategic account management, sales and marketing. From 2002 to 2011, he served in various other executive roles at Halliburton, including as Senior Vice President of Halliburton s Gulf of Mexico Region; Vice President of Halliburton s Baroid business line; Country Vice President for Indonesia; and Country Vice President for Angola. Mr. Miller is a licensed Certified Public Accountant.

James R. Montague has served on the Board of Directors since June 2006. Mr. Montague served as President of Encana Gulf of Mexico, Inc., a subsidiary of Encana Corporation which is involved in oil and gas exploration and production, from December 2001 to until his retirement in October 2002. Previously, Mr. Montague served as President of two subsidiaries of International Paper Company, IP Petroleum Company, an oil and gas exploration and production company, and GCO Minerals Company, which manages International Paper Company s mineral holdings from 1996 to June 2001. Mr. Montague also serves as a director of Magellan Midstream Partners, L.P., a publicly-traded limited partnership engaged in the transportation, storage and distribution of refined petroleum products, and as a director of Memorial Hermann Healthcare System, a not-for-profit healthcare system. He also served as the non-executive Chairman of the Board of Davis Petroleum Company, a private company, until March 2013. Mr. Montague was a director of PVR Partners, L.P., a publicly-traded limited partnership which owns and manages coal and natural resource properties and related assets and owns and operates midstream natural gas gathering and processing businesses, from August 2001 until September 2012.

Robert J. Saltiel has served as the Company s President and Chief Executive Officer since December 2009 and was first elected to the Board of Directors in February 2010. Mr. Saltiel has more than 25 years of experience in the oil and gas industry, having served in a variety of leadership roles focused on general management, operations, marketing and strategic planning. Prior to joining the Company, Mr. Saltiel was Executive Vice President and Chief Operating Officer for Transocean Ltd., a publicly-traded offshore drilling contractor, and from July 2003 to December 2009 served in various other executive roles at Transocean Ltd., including Executive Vice President, Performance and Senior Vice President of Transocean s North and South America Unit, which covered the U.S. Gulf of Mexico, Canada, Trinidad and Brazil.

Phil D. Wedemeyer has served on the Board of Directors since October 2011. In July 2011, Mr. Wedemeyer retired as a partner from Grant Thornton LLP, an international accounting firm, where he had served since August 2007. From May 2003 to July 2007, Mr. Wedemeyer served in various capacities with the Public Company Accounting Oversight Board (PCAOB), including serving as the Director, Office of Research and Analysis, from August 2005 to July 2007 and as a Deputy Director, Division of Registration and Inspection, from March 2004 to August 2005. Prior to his service with the PCAOB, Mr. Wedemeyer spent more than 31 years at Arthur Andersen SC, an international accounting firm, including 22 years as a partner. Mr. Wedemeyer currently serves as a director of Trinity Steel Fabricators, a privately-held fabricator of steel structures and vessels, as a member of the Deloitte Audit Quality Advisory Council and is a licensed Certified Public Accountant. He previously served as a director of Powell Industries, Inc., Horizon Offshore, Inc. and HMS Income Fund, Inc.

If a quorum is present at the Annual Meeting, the eight nominees receiving the greatest number of votes cast will be elected as directors.

Recommendation of the Board

The Board of Directors recommends a vote FOR election as directors of the persons nominated herein.

CORPORATE GOVERNANCE

General

The Board has established corporate governance practices to assist in the exercise of its responsibilities under applicable law and the listing standards of the NYSE and to govern the employees of the Company. These governance practices are contained in our Corporate Governance Guidelines, committee charters and Code of Business Conduct and Ethics. We have instituted mandatory sign-off and training for employees on our Code of Business Conduct and Ethics and other relevant compliance topics, including our Anti-Bribery Compliance Program, our Gifts and Entertainment Policy, and our Discrimination and Harassment Policy.

The non-management directors of our Board meet regularly in executive session at each regularly scheduled Board meeting without management participation. Our Corporate Governance Guidelines provide that non-management directors will meet in executive session at least twice annually. Currently, the director who presides at these meetings is the Chairman of the Board. Our Corporate Governance Guidelines provide that, if the Chairman ceases to be independent, then the presiding director will be chosen by a vote of the non-management directors or independent directors, as the case may be.

The Nominating and Corporate Governance Committee of the Board of Directors evaluates the Company s and our Board of Directors governance practices and formally reviews all committee charters along with recommendations from the various committees of the Board of Directors at least annually. The Nominating and Corporate Governance Committee of the Board of Directors also receives updates as necessary regarding new developments in the corporate governance arena. In addition, our committee charters require, among other things, that the committees and the Board of Directors annually evaluate their own performance. Our current Corporate Governance Guidelines, committee charters, and Code of Business Conduct and Ethics may be found on our website at *www.atwd.com* under Investor Information Corporate Governance. Information contained on our website, including information referred to in this proxy statement, is not to be considered as part of this proxy statement and is not incorporated into this proxy statement. We will continue to monitor our governance practices in order to maintain our high standards.

Board Leadership

The Board of Directors has chosen not to combine the positions of Chief Executive Officer and Chairman of the Board, and currently, Mr. George S. Dotson serves as Chairman of the Board. Mr. Dotson presides over the Board of Directors as it provides advice to and independent oversight of management, allowing our Chief Executive Officer to focus on strategic decisions, as well as have primary responsibility for managing our business. The Board of Directors believes that having separate positions is the appropriate leadership structure for us at this time and demonstrates our commitment to good corporate governance.

Codes of Ethics

Included with our Corporate Governance Guidelines detailed on our website, *www.atwd.com*, and available in print to any shareholder who requests a copy, are our Code of Business Conduct and Ethics and our Code of Ethics for the Chief Executive Officer and Chief Financial Officer, currently Mr. Saltiel and Mr. Mey, respectively. We intend to satisfy the disclosure requirement regarding any changes in these codes of ethics we have adopted and/or any waiver therefrom by posting such information on our website or by filing a Form 8-K for such events.

Related Party Transaction Policy

Our Board of Directors has adopted a policy whereby all transactions with related parties must be made in compliance with the Board s policy on related party transactions. Such transactions must be recommended by management and must be on terms no less favorable to us than could be obtained from unrelated third parties. To identify related party transactions, each year we distribute and require our directors and officers to complete a questionnaire identifying transactions with the Company in which the director or officer or their immediate family members have an interest. In addition, our Code of Business Conduct and Ethics requires directors and officers to report any actual or potential conflicts of interests. Our Nominating and Corporate Governance Committee is responsible for reviewing and approving all related party transactions. In fiscal year 2014, we entered into a Master Equipment Placement Agreement with Halliburton for the placement of cementing units on certain of our newbuild ultra-deepwater drillships. In connection with the agreement, Halliburton paid us $1.5 million in fiscal year 2014. Mr. Jeff Miller serves as President and Chief Health, Safety and Environmental Officer, as well as a director, of Halliburton.

Risk Management

Our Board of Directors has oversight responsibility of the processes established to report and monitor material risks applicable to us. Our Audit Committee assists our Board of Directors in oversight of the integrity of the Company s financial statements, our compliance with standards of business ethics and legal and regulatory requirements and various matters relating to our publicly available financial information and our internal and independent auditors. Certain risks associated with the performance of our executive management fall within the authority of our Nominating and Corporate Governance Committee, which is responsible for evaluating potential conflicts of interest and independence of directors and Board of Directors candidates, monitoring and developing corporate governance principles and overseeing the process by which our Board of Directors, our Chief Executive Officer and our executive management are evaluated. Risks associated with retaining executive management fall within the scope of the authority of our Compensation and Human Resources Committee (the Compensation Committee), which assists our Board of Directors in reviewing and administering compensation, benefits, incentive and equity based compensation plans. To assist in satisfying these responsibilities, the Compensation Committee has retained its own compensation consultant and meets regularly with management to understand the financial, human resources and shareholder implications of compensation decisions being made. Responsibility for risk oversight that does not fall within the scope of authority of our four standing committees of the Board of Directors rests with our entire Board of Directors. Our Board of Directors also has the responsibility for monitoring and assessing any potential material risks identified by its committees, or otherwise ensuring management is monitoring and assessing, and, to the extent appropriate, mitigating such risks. Risks falling within this area include, but are not limited to, general business and industry risks, operating risks, financial risks and compliance risks.

The Board of Directors has delegated to management the responsibility to manage risk and bring to the attention of the Board of Directors the most material risks to our Company. We have not assigned the responsibility for all risk management to a single risk management officer within our executive management. Rather, we rely on a management committee to administer an enterprise risk management (ERM) program that is designed to ensure that all significant risks to the Company, on a consolidated basis, are being managed and monitored appropriately. Our Internal Audit Department oversees an annual enterprise risk assessment (ERA). The ERA is designed to identify the portfolio of the Company s business risks, to individually evaluate their likelihood of occurrence, and to identify existing and potential future mitigation strategies. The ERM program assesses the potential magnitude of the most significant risks identified in the ERA, identifies other operational, commercial, macroeconomic and geopolitical risks facing the Company, monitors key indicators to assess the effectiveness of the Company s risk management activities, and manages risks to be within the Company s desired risk profile. Meetings are held at least quarterly to discuss risk mitigation efforts to manage identified risks. The management team present in the risk management meetings includes our President and Chief Executive Officer, our Executive Vice President and Chief Financial Officer, our Senior Vice President, General Counsel and Corporate Secretary, our Vice President, Chief Accounting Officer and Controller, and the other members of our management team charged with evaluating the Company s disclosure controls. Meetings are facilitated by our Internal Audit Department head. Our Board of Directors monitors ERM and other risk management information provided to it to assess the Company s risk management practices and systems in light of the risk philosophy and risk tolerance of the Board. The ERM results are reported to the Board of Directors each quarter to assist in its oversight of risk management.

Hedging and Pledging Policy

Company insiders, which include our directors, executive officers and employees designated as insiders as a result of their positions or responsibilities, are not permitted to (i) trade in Company options, puts, calls or similar derivative instruments; (ii) sell Company securities short or to enter into any hedging arrangement in Company securities; or (iii) hold Company securities in margin accounts or pledge Company securities.

Process for Communication by Interested Parties with the Board of Directors

The Board of Directors has established a process whereby interested parties may communicate with the Board of Directors and/or with any individual director. Interested parties, including shareholders, may send communications in writing, addressed to the Board of Directors or an individual director, c/o the Corporate Secretary, Atwood Oceanics, Inc., 15011 Katy Freeway, Suite 800, Houston, Texas 77094. The Corporate Secretary will forward these communications as appropriate to the addressee depending on the facts and circumstances outlined in the communication. The Board of Directors has directed the Corporate Secretary not to forward certain items such as spam, junk mailings, product inquiries, resumes and other forms of job inquiries, surveys and business solicitations. Additionally, the Board of Directors has advised the Corporate Secretary not to forward material that is illegal or threatening, but to make the Board of Directors aware of such material which it may request be forwarded, retained or destroyed at the Board of Directors discretion. The interested party may alternatively submit such communications through our Employee Hotline system. The Employee Hotline system can be contacted via telephone at 1-800-461-9330 or on the internet at *www.convercent.com/report*. The interested party should enter Atwood Oceanics as the name of the organization under Report an incident and then choose Communicate with Non-Management Directors as the category of concern. The communication process is also further detailed on our website, *www.atwd.com*, along with other of our corporate governance guidelines, and is available in print to any shareholder who requests a copy.

Director Independence

Our Board of Directors has determined that all seven of the current non-management directors of the Company (Ms. Beck and Messrs. Dotson, Golden, Helmerich, Miller, Montague and Wedemeyer) qualify as independent under the corporate governance rules of the NYSE, that each member of the Audit Committee qualifies as independent under Rule 10A-3 of the United States Securities Exchange Act of 1934 (the Exchange Act), and that each member of the Compensation Committee qualifies as independent under Rule 10C-1 of the Exchange Act. Each of the non-management directors of the Company are also non-employee directors as defined under Rule 16b-3 of the Exchange Act (other than Mr. Miller) and outside directors as defined in section 162(m) of the Internal Revenue Code of 1986 (the Code). The Board of Directors has not established separate independence requirements beyond those of the NYSE, the Exchange Act or the Code.

In determining the independence of Mr. Miller, the Board of Directors considered the entry into of the Master Equipment Placement Agreement with Halliburton for the placement of cementing units on certain of our newbuild ultra-deepwater drillships. The Board determined that the agreement did not affect the independence of Mr. Miller. In determining the independence of Mr. Helmerich, the Board of Directors specifically considered the relationship of H&P and H&PIDC to the Company. As of December 31, 2014, H&PIDC owned 4,000,000 shares of common stock, or approximately 6.20% of the issued and outstanding shares. H&P is the parent of H&PIDC. The Board determined that neither H&P nor H&PIDC are affiliates of the Company and that Mr. Helmerich s relationship with H&P and H&PIDC did not affect the independence of Mr. Helmerich. In determining the independence of Mr. Wedemeyer in light of his provision of independent advice to Deloitte & Touche LLP as a member of the Deloitte Audit Quality Advisory Council, the Board of Directors considered his service to and relationship with Deloitte & Touche LLP. In fiscal year 2014, we paid Deloitte & Touche LLP $1,733,276 for tax and other non-audit services, which the Company believes reflects market rates for services rendered. The Board determined that the utilization of Deloitte & Touche LLP for tax and other non-audit services did not affect the determination of Mr. Wedemeyer s independence.

In addition, we have made no contributions to any tax exempt organization in which any independent director serves as an executive officer.

Specific Experience, Qualifications and Skills of the Members of Our Board of Directors

Our Board of Directors is comprised of highly qualified individuals with unique and special skills that assist in effective management of the Company for the benefit of our shareholders. Each of our directors possesses certain experience, qualifications, attributes and skills, as further described below, that led to our conclusion that he or she should serve as a member of our Board of Directors. In addition to the biographical information with respect to each of our directors under the heading *Proposal No.1 Election of Directors Information about Nominees* , the following table evidences additional experience and qualifications of our individual directors:

Directors	***Specific Qualifications and Skills***
Deborah A. Beck	Over 30 years of executive experience Service on other boards, including on audit and compensation committees Leadership experience of complex organizations, including management responsibility for approximately 1,200 employees Broad legal, compliance and insurance experience and knowledge.
George S. Dotson	Over 30 years of public company contract drilling industry experience Service on other boards, including publicly-traded companies International oil and gas drilling experience Leadership experience of complex organizations and operations of a major corporation Finance experience and knowledge.
Jack E. Golden	Over 20 years of public company oil and gas exploration and production company management experience Service on other boards, including a publicly-traded independent exploration and production company board, and on compensation committees
Hans Helmerich	Over 20 years of executive experience with publicly-traded contract drilling company with international operations Service on other boards, including a publicly-traded contract drilling company and a publicly-traded exploration and production company Extensive knowledge of leadership in complex organizations and other aspects of operating a major corporation Experience as a chief executive officer of a publicly-traded company
Jeffrey A. Miller	Service as president and a director of a publicly-traded, major international oilfield services and products company Global executive with specific assignments in a variety of jurisdictions Recognized for turning around businesses and delivering superior profits in diverse subsidiaries Service as public company Chief Health, Safety and Environmental Officer
James R. Montague	Service as chief executive officer of three subsidiary companies of two large publicly-traded companies Service on other publicly-traded companies boards, including service on audit and compensation committees

	Extensive experience in the oil and gas exploration industry, including both onshore and offshore
Robert J. Saltiel	Serves as our President and Chief Executive Officer Over 25 years of experience in the oil and gas industry, with leadership roles focused on general management, operations, marketing and strategic planning Over ten years of executive experience with publicly-traded offshore contract drilling companies with international operations

Directors	*Specific Qualifications and Skills*
Phil D. Wedemeyer	More than 30 years of public accounting firm experience Service with the PCAOB Service on the Auditing Standards Board of the AICPA In-depth knowledge of accounting rules and regulation, including expertise in SEC filings, and international audit standards. Service on other publicly-traded company boards, including on audit and compliance committees

COMMITTEES OF THE BOARD AND MEETINGS

The Board of Directors held six meetings in fiscal year 2014, of which two were telephonic meetings. Each director attended 75% or more of the total meetings of the Board and the committees on which such director served. Additionally, the non-management members of the Board of Directors met in executive session four times, and each non-management director attended 75% or more of the executive sessions in person. The Company does not have a policy with regard to Board of Directors attendance at the Annual Meeting of Shareholders. Last year, all members of the Board of Directors attended the Annual Meeting of Shareholders held on February 19, 2014.

The Board currently has, and appoints members to, four standing Committees: Audit, Compensation, Executive, and Nominating and Corporate Governance. The following chart shows the current committee membership and positions of each director:

Director	Audit Committee	Compensation Committee	Executive Committee	Nominating and Corporate Governance Committee
Deborah A. Beck	X	X (Chair)		X
George S. Dotson	X	X	X (Chair)	X
Jack E. Golden	X	X		X
Hans Helmerich			X	X
Jeffrey A. Miller	X	X		X
James R. Montague	X	X		X (Chair)
Robert J. Saltiel			X	
Phil D. Wedemeyer +	X (Chair)	X		X

+ Audit Committee Financial Expert

Audit Committee. The Audit Committee consists of Ms. Beck and Messrs. Dotson, Golden, Miller, Montague and Wedemeyer (Chair). The Board of Directors has determined that Mr. Wedemeyer serves as the audit committee financial expert as that term is defined under the applicable federal securities laws and regulations. The Audit Committee reviews our accounting policies and audit procedures, and supervises internal accounting controls. The Audit Committee held eight meetings during fiscal year 2014, of which four were telephonic. Our Board of Directors has adopted a written charter for the Audit Committee, a copy of which is accessible on our website, *www.atwd.com*, and is available in print to any shareholder upon request.

Compensation Committee. The Compensation Committee consists of Ms. Beck (Chair) and Messrs. Dotson, Golden, Miller, Montague and Wedemeyer and is responsible for administration of our stock incentive plans and for the review and recommendation to the full Board of Directors of all compensation for our directors, officers and employees. During fiscal year 2014, there were six meetings of the Compensation Committee, of which two were telephonic. Our Board of Directors has adopted a written charter for the Compensation Committee which is accessible on our website, *www.atwd.com,* and is available in print to any shareholder upon request. Pursuant to the charter, the Compensation Committee may delegate its authority to a subcommittee or subcommittees, provided that the subcommittee is composed entirely of independent directors and has a published charter.

Executive Committee. The Executive Committee consists of Messrs. Dotson (Chair), Helmerich and Saltiel and is responsible for review of major decisions and acts as delegated by the Board of Directors. During fiscal year 2014, there was one meeting of the Executive Committee. Our Board of Directors has adopted a written charter for the Executive Committee which is accessible on our website, *www.atwd.com,* and is available in print to any shareholder upon request.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee consists of Ms. Beck and Messrs. Dotson, Golden, Helmerich, Miller, Montague (Chair) and Wedemeyer and is responsible for assisting the Board of Directors in determining the appropriate size and composition of the Board of Directors, as well as in monitoring and making recommendations regarding the Board of Directors performance. The Nominating and Corporate Governance Committee held two meetings during fiscal year 2014. Our Board of Directors has adopted a written charter for the Nominating and Corporate Governance Committee which is accessible on our website, *www.atwd.com,* and is available in print to any shareholder upon request.

The Nominating and Corporate Governance Committee is responsible for, among other things, the selection and recommendation to the Board of Directors of nominees for election of directors. Working closely with the full Board, the Nominating and Corporate Governance Committee develops criteria for open Board positions, taking into account such factors as it deems appropriate, which may include the current composition of the Board, the range of talents and skills already represented on the Board, and the need for other particular expertise. Applying these criteria, the Committee considers candidates for Board membership suggested by its members as well as management and shareholders. From time to time, the Committee may retain third-party executive search firms to identify and review candidates. The Nominating and Corporate Governance Committee will consider all director nominees recommended to it, including those recommended by third parties, and shareholders. Such nominations should be directed to any member of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee thoughtfully considers the unique qualifications and skills of any candidate or nominee for the Board of Directors. A specific process for communication between shareholders and the Nominating and Corporate Governance Committee is accessible on our website, *www.atwd.com*, under Investor Information Corporate Governance Contact the Atwood Oceanics, Inc. Board of Directors. The Nominating and Corporate Governance Committee will evaluate all nominees, for the following:

- personal qualities such as leadership, statesmanship and responsiveness;
- general management qualities such as a global perspective on our business, short term results, strategic thinking and planning, knowledge of our business and preparedness;
- financial expertise such as value creation, capital planning, and communications with the financial investment communities; and
- qualities relating to the use of human resources such as developing management talent and creating an effective organization.

DIRECTOR COMPENSATION

Effective after the 2014 Annual Meeting of Shareholders, the Compensation Committee recommended, and the Board approved, the following compensation for our non-management directors, plus reimbursement of reasonable expenses:

	Annual Cash Retainer
Board	$ 60,000
Chairman of the Board (additional retainer)	$ 100,000
Audit Committee Chair (additional retainer)	$ 15,000
Compensation Committee Chair (additional retainer)	$ 15,000
Nominating and Corporate Governance Committee Chair (additional retainer)	$ 10,000

In addition, non-management directors receive a $2,500 attendance fee for Board meetings attended in person and a $1,000 attendance fee for telephonic meetings. Committee members receive a $1,750 attendance fee for committee meetings attended in person and $1,000 attendance fee for telephonic committee meetings. For fiscal year 2014, each director also received an annual grant of restricted stock units under the Company s 2013 Long-Term Incentive Plan (2013 Plan) with a grant date fair value of $150,000. In addition, upon being first elected to the Board, outside directors receive a grant of restricted stock units with a grant date fair value of $150,000. Such restricted stock unit grants vest 13 months following the date of grant unless vesting is deferred to a longer period under the Company s Non-Employee Directors Deferred Compensation Plan (Director Deferred Plan).

DIRECTOR COMPENSATION FOR FISCAL YEAR 2014

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)(2)	Total ($)
Deborah Beck	109,500	150,000	259,500
George Dotson	197,250	150,000	347,250
Jack Golden	95,500	150,000	245,500
Hans Helmerich	75,500	150,000	225,500
Jeffrey A. Miller	94,500	150,000	244,500
James Montague	105,500	150,000	255,500
Phil D. Wedemeyer	110,500	150,000	260,500

(1) The amounts in this column represent the grant date fair value of restricted stock unit awards granted for fiscal year 2014. Under SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. The number of shares received is determined by dividing the grant date fair value of these awards by the closing price of our common stock on the date of grant. For additional information, see Note 7 to our consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended September 30, 2014 (our 2014 Form 10-K).

(2) The number of restricted stock and restricted stock unit awards outstanding at September 30, 2014 for each director was as follows: Ms. Beck and Messrs. Dotson, Golden, Miller, and Wedemeyer 3,205, respectively; Mr. Helmerich 6,545; and Mr. Montague 17,517. The amounts for Messrs. Helmerich and Montague include 3,340 and 14,312 restricted stock unit awards, respectively, the settlement of which has been deferred under the Director Deferred Plan until their respective retirements from the Board.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Five Percent Owners

The following table reflects certain information known to us concerning persons beneficially owning more than 5% of our outstanding common stock based on the most recent information filed with the SEC by the persons listed. The security ownership percentage is calculated based on our shares of common stock outstanding as of the close of business on December 31, 2014. Unless otherwise noted, each shareholder listed below has sole voting and disposition power with respect to the shares listed.

Name and Address	Shares of Common Stock Beneficially Owned	Percent of Class
The London Company (1) 1801 Bayberry Court, Suite 301 Richmond, Virginia 23226	4,448,442	6.89%
H&PIDC (2) 1437 South Boulder Avenue Tulsa, Oklahoma 74119	4,000,000	6.20%
Columbia Wanger Asset Management, LLC. (3) 227 West Monroe Street, Suite 3000 Chicago, IL 60606	3,816,398	5.91%
The Vanguard Group (4) 100 Vanguard Blvd. Malvern, PA 19355	3,551,999	5.50%
BlackRock, Inc (5) 40 East 52nd Street New York, NY 10022	3,535,760	5.48%

(1) The information set forth above concerning shares of common stock beneficially owned by The London Company (London) was obtained from Amendment No. 2 to a Schedule 13G dated February 12, 2014 filed with the SEC by London. Based on the amendment, London has sole voting and dispositive power with respect to 4,145,471 shares and shared dispositive power with respect to 302,971 shares.

(2) The information set forth above concerning shares of common stock beneficially owned by H&P and H&PDIC was obtained from Amendment No. 8 to a Schedule 13D dated June 27, 2013 filed with the SEC by H&PIDC. H&P owns 100% of H&PIDC. H&PIDC owns of record 4,000,000 shares of common stock. Mr. Helmerich, one of our current directors and a director nominee, is Chairman of the Board of H&P. Mr. Helmerich has disclaimed beneficial ownership of the common stock owned by H&PIDC.

(3) The information set forth above concerning shares of common stock beneficially owned by Columbia Wanger Asset Management, LLC (Columbia) was obtained from Amendment No. 9 to a Schedule 13G dated February 6, 2014 filed with the SEC by Columbia, which report includes shares held by various unregistered and registered investment companies and managed accounts for which Columbia is an advisor. Columbia disclaims beneficial ownership of the shares reported. Based on the amendment, Columbia had sole voting power with respect to 3,629,020 shares and sole dispositive power with respect to 3,816,398 shares of our common stock.

(4) The information set forth above concerning shares of common stock beneficially owned by The Vanguard Group (Vanguard) was obtained from a Schedule 13G dated February 6, 2014 filed with the SEC by Vanguard, which report includes shares beneficially owned by Vanguard Fiduciary Trust Company, an investment manager of collective trust accounts, and Vanguard Investments Australia Ltd., an investment manager of Australian investment offerings. According to the Schedule 13G, Vanguard has sole voting power with respect to 35,555 shares, sole dispositive power with respect to 3,520,444 shares and shared dispositive power with respect to 31,555 shares.

(5) The information set forth above concerning shares of common stock beneficially owned by BlackRock, Inc. (BlackRock) was obtained from a Schedule 13G dated January 17, 2014 filed with the SEC by BlackRock, which report includes shares beneficially owned by subsidiaries of BlackRock. Based on Schedule 13G, BlackRock has sole voting power with respect to 3,315,941 shares and sole dispositive power with respect to 3,535,760 shares.

Director and Executive Officer Shareholdings

The following table sets forth the amount of common stock beneficially owned as of the close of business on December 31, 2014, by each of our directors and director nominees, by each of the executive officers identified in the Summary Compensation Table below (named executive officers), and by all of our directors and executive officers as a group. For our directors and executive officers, the information includes shares that they could acquire through March 1, 2015 by the exercise of stock options. As of December 31, 2014, none of the shares shown below were pledged. Unless otherwise indicated below, each of the named persons and members of the group has sole voting and investment power with respect to the shares shown.

Name of Director, Director Nominee, Named Executive Officer or Group	**Shares of Common Stock Beneficially Owned(1)**	**Percent of Class**
Walter A. Baker	24,924	*
Deborah A. Beck	30,848	*
George S. Dotson	31,130	*
Jack E. Golden	12,403	*
Hans Helmerich	58,388	*
Mark L. Mey	68,417	*
Jeffrey A. Miller	3,003	*
James R. Montague	16,522	*
Arthur M. Polhamus	22,932	*
Robert J. Saltiel	272,217	*
Barry M. Smith	34,792	*
Phil D. Wedemeyer	8,355	*
All directors, director nominees, and executive officers as a group (16 persons)	648,141	1%

* Indicates ownership of less than 1% of the outstanding shares of common stock

(1) The number of shares beneficially owned by the directors and executive officers listed in the table includes shares that may be acquired within 60 days of December 31, 2014 by exercise of stock options as follows: Mr. Baker 9,429; Mr. Helmerich 8,000; Mr. Mey 24,743; Mr. Polhamus 6,656; Mr. Saltiel 127,833; and Mr. Smith 16,202.

COMPENSATION AND HUMAN RESOURCES COMMITTEE INTERLOCKS

AND INSIDER PARTICIPATION

During fiscal year 2014, Ms. Beck and Messrs. Dotson, Golden, Miller, Montague and Wedemeyer served on the Compensation Committee. No member of our Compensation Committee is or was an officer or employee of the Company or, other than Mr. Miller as detailed under Corporate Governance Related Party Transaction Policy above, had any relationships requiring disclosure by us under Item 404 of Regulation S-K.

During fiscal year 2014, no executive officer of the Company served as (i) a member of the compensation committee (or other board committee performing equivalent functions) of another entity, one of whose executive officers served on our Compensation Committee, (ii) a director of another entity, one of whose executive officers served on our Compensation Committee, or (iii) a member of the compensation committee (or other board committee performing equivalent functions) of another entity, one of whose executive officers served as our director.

EXECUTIVE OFFICERS

The following table sets forth our executive officers, the office held by such officer, the date of first election to that office and the age of each officer as of the close of business on January 12, 2015.

Name	Offices Held	Date of First Election	Age
Robert J. Saltiel	President and Chief Executive Officer	December 2009	52
Mark L. Mey	Executive Vice President and Chief Financial Officer	August 2010	51
Arthur M. Polhamus	Senior Vice President, Operations	February 2011	60
Barry M. Smith	Senior Vice President, Technical Services	June 2008	56
Walter A. Baker	Senior Vice President, General Counsel and Corporate Secretary	February 2011	53
Geoffrey C. Wagner	Vice President, Marketing and Business Development	October 2012	36
Mark W. Smith	Vice President, Chief Accounting Officer and Controller	August 2011	44
Stuart D. Allen	Vice President, Human Resources and Administrative Services	April 2014	51
John Gidley	Vice President, Health, Safety & Environment	June 2014	61

No family relationship exists between any of our executive officers or the directors nominated for election at the Annual Meeting. All of our executive officers serve at the pleasure of the Board of Directors and may be removed at any time with or without cause.

Robert J. Saltiel has served as the Company s President and Chief Executive Officer since December 2009 and was first elected to the Board of Directors in February 2010. Mr. Saltiel has more than 25 years of experience in the oil and gas industry, having served in a variety of leadership roles focused on general management, operations, marketing and strategic planning. Prior to joining the Company, Mr. Saltiel was Executive Vice President and Chief Operating Officer for Transocean Ltd., a publicly-traded offshore drilling contractor, and from July 2003 to December 2009 served in various other executive roles at Transocean Ltd., including Executive Vice President, Performance and Senior Vice President of Transocean s North and South America Unit, which covered the U.S. Gulf of Mexico, Canada, Trinidad and Brazil.

Mark L. Mey has served as the Company s Executive Vice President and Chief Financial Officer since January 2015, prior to which he served as Senior Vice President and Chief Financial Officer of the Company from August 2010. Mr. Mey brings to the Company more than 25 years of experience in the energy and financial services industries. Prior to joining the Company, Mr. Mey served as Senior Vice President, Chief Financial Officer and a director of Scorpion Offshore Ltd., a publicly-traded offshore drilling contractor, from August 2005 until it was acquired in July 2010. Prior to 2005, he held various senior financial and other roles in the drilling and financial services industries.

Arthur M. Polhamus has served as the Company s Senior Vice President, Operations since January 2015, prior to which he served as Vice President, Operations of the Company from February 2011. Prior to joining the Company, Mr. Polhamus spent nearly 16 years at Transocean Ltd., the world s largest offshore drilling contractor, in positions of increasing general management and operations responsibility involving both domestic and international offshore drilling operations. Mr. Polhamus served Transocean as Managing Director of the West Africa South Division from January 2009 to January 2011 prior to which he served as Division Manager of the North American Division from December 2006 to December 2008.

Barry M. Smith has served as the Company s Senior Vice President, Technical Services since January 2015, prior to which he served as the Vice President, Technical Services of the Company from June 2008. From January 2008 to June 2008, Mr. Smith served as General Manager of Technical Services of the Company, prior to which he served as Manager of Maintenance since he joined the Company in June 2006. Prior to joining the Company, Mr. Smith worked for 20 years at Transocean Ltd., the last 10 years of which he served as Corporate Maintenance Manager.

Walter A. Baker has served as the Company s Senior Vice President, General Counsel and Corporate Secretary since January 2015, prior to which he served as Vice President, General Counsel and Corporate Secretary of the Company from February 2011. Mr. Baker brings over 25 years of legal experience to the Company, including more than 20 years of experience in the offshore drilling industry. Prior to joining the Company, Mr. Baker served as Vice President, General Counsel of Frontier Drilling, Inc., an offshore drilling contractor, from March 2010 until it was acquired in July 2010. Previously, he worked for approximately 15 years in the legal department of Transocean Ltd. and its predecessor entities, GlobalSantaFe Corporation and Global Marine Inc., most recently as Associate General Counsel from November 2007 until December 2009.

Geoffrey C. Wagner has served as Vice President, Marketing and Business Development since October 2012. Previously, Mr. Wagner served the Company as Director, Marketing and Business Development from March 2010 to October 2012. Prior to joining the Company, he served from January 2005 to March 2010 in varying positions of increasing responsibility with Transocean Ltd., an offshore drilling contractor, including manager, corporate planning, manager, asset divestiture services, performance manager and rig manager, prior to which he was employed by SeaRiver Maritime, Inc., an ExxonMobil company.

Mark W. Smith has served as Vice President, Chief Accounting Officer and Controller since May 2014. Previously, he served as Vice President, Corporate Services of the Company from August 2011 until May 2014. Mr. Smith has over 20 years of experience in the financial, consulting and energy industries. From February 2009 to August 2011, Mr. Smith served as the head of the Internal Audit Department of the Company. Prior to joining the Company, he was a partner at Calvetti, Ferguson & Wagner P.C., a Houston-based accounting firm from April 2006 to February 2009, assisting public companies with Sarbanes-Oxley 404 compliance, internal audit outsourcing and process improvement, prior to which Mr. Smith spent more than 10 years at major accounting and consulting firms, including PricewaterhouseCoopers LLP and Arthur Andersen.

Stuart D. Allen has served as Vice President, Human Resources and Administrative Services since April 2014, prior to which he served as Director, Human Resources from July 2013 to April 2014. He joined the Company in 2008 as the Area Manager HR Services based in Perth, Australia. Prior to joining the Company, Mr. Allen held various operations, management and human resources roles at Katanga Mining Ltd. from 2007 to 2008 and at Alcoa World Alumina from 1994 to 2007.

John K. Gidley has served as Vice President, Health, Safety & Environment since June 2014, prior to which he served as Director, Health, Safety & Environment since joining the Company in May 2008. Prior to joining the Company, Mr. Gidley served in a number of Operations, QHSE and training roles with GE Oil & Gas, Halliburton Energy Services and Sperry-Sun.

PROPOSAL NO. 2

ADVISORY RESOLUTION ON EXECUTIVE COMPENSATION

Our Board of Directors is submitting a Say on Pay proposal for shareholders for consideration. This proposal provides shareholders with the opportunity to cast a non-binding, advisory vote on the Company s executive compensation program. Our overall compensation program is intended to ensure that the compensation and incentive opportunities provided to our executives and employees remain competitive and provide the motivation to deliver the extra effort that leads to returning value to our shareholders. The primary objective of our executive compensation program is to provide competitive pay opportunities that are commensurate with the Company s performance, that recognize individual initiative and achievements and that enable us to retain and attract qualified executive officers who are focused on our goals and long term success. The Board of Directors invites you to review carefully the Compensation Discussion and Analysis and the tabular and other disclosures on executive compensation contained herein. While the vote does not bind the Board of Directors to any particular action, the Board of Directors values the input of our shareholders, and will take into account the outcome of this vote in considering future compensation arrangements.

At our 2011 Annual Meeting of Shareholders held on February 10, 2011, our shareholders voted in favor of holding annual advisory votes on executive compensation. In light of this result, our Board of Directors has decided that future advisory votes on executive compensation will be held annually until the next shareholder advisory vote on the frequency of such votes, which in accordance with applicable regulations, will occur no later than our Annual Meeting of Shareholders held in 2017.

Approval of the non-binding, advisory vote on compensation requires the affirmative vote of the holders of a majority of the shares of common stock present or represented by proxy who are entitled to vote, and who voted for or against the proposal, at a meeting at which a quorum is present. Abstentions and broker non-votes will have no effect on the outcome of the approval of the non-binding, advisory vote on compensation.

Recommendation of the Board

The Board of Directors recommends a vote FOR approval of the compensation paid by the Company to its named executive officers as described in this proxy statement.

COMPENSATION DISCUSSION AND ANALYSIS

The following Compensation Discussion and Analysis should be read in conjunction with Executive Compensation included elsewhere in this proxy statement. In this Compensation Discussion and Analysis, named executive officers refers to our executive officers named in the Summary Compensation Table below.

OVERVIEW OF FISCAL YEAR 2014

In the fiscal year ending September 30, 2014, the offshore drilling industry weakened due to a growing imbalance between rig supply and demand. In the floater markets, exploration and production companies signaled lower capital expenditure budgets and delayed or cancelled drilling programs that had been anticipated to have been awarded in 2014. In the jackup market, a growing number of uncontracted newbuilds were scheduled for delivery, which increased competition for available work for the active fleet. As a result, in both the floater and jackup markets, day rates and the percentage of rigs under contract decreased, particularly for older, less capable assets.

Even in light of the negative headwinds in our industry, for fiscal year 2014, we posted record revenues, successfully delivered the first two of our four ultra-deepwater drillships, the *Atwood Advantage* and *Atwood Achiever*, successfully commenced drilling with the *Atwood Advantage*, and continued to improve on our industry leading safety statistics, even as man-hours increased approximately 9%. We also outperformed relative to our metrics peer group in fiscal year 2014, finishing second among our seven peer companies.

Moreover, we continued our history of providing high-quality drilling services safely, efficiently and reliably, having built an excellent reputation with our clients and investors. Our multiyear program to replenish and expand our worldwide fleet with high-specification floaters and jackups, combined with a strong balance sheet and an experienced, dedicated workforce, continues to position the Company for future growth and sustained financial performance. In particular, in fiscal year 2014:

- We once again delivered excellent financial results. Our fiscal year 2014 revenue of $1.17 billion was the highest in our history. We also delivered net income of $341 million, our second best result ever.

- We remained focused on delivering superior drilling services and operational excellence to our clients as demonstrated by strong reliability, safety and environmental performance across our fleet. Our operations excellence, as evidenced by our high level of revenue utilization, continues to be a point of differentiation from our competitors and is highly valued by our clients.

- We continued our focus on safety under our motto Zero is Achievable. We improved our fleet safety results in 2014, reducing our Total Recordable Incident Rate to 0.58, which exceeded our target level of performance on our corporate goals and metrics and was the best result in our history. In addition, our Incident Severity Rate exceeded our stretch level of performance, with only two Lost Time Incidents and a reduced number of lost days compared to fiscal year 2013. We also reduced the incidence of potentially fatal dropped objects by 32% from 2013 and reduced our hazardous spill rate by over 95%. We are proud that we were named the leading offshore driller for Health, Safety and Environment for the second straight year in an independent client survey.

- We received delivery of and successfully commenced drilling with the *Atwood Advantage,* our first newbuild ultra-deepwater drillship. The *Atwood Advantage* commenced a three-year program in the U.S. Gulf of Mexico. Late in the year, we received delivery of our second ultra-deepwater drillship, the *Atwood Achiever*, which commenced mobilization to Northwest Africa for a three- year drilling program.

- We announced a program to return cash to shareholders on a regular basis, declaring our first-ever quarterly dividend to be paid in fiscal year 2015.

- We entered into important contracts and contract extensions: a two-year contract on the *Atwood Eagle*; two contracts for a total of 14 months on the *Atwood Falcon*; and contract extensions on both the *Atwood Orca* and *Atwood Aurora*.

We completed the dispositions of our semisubmersible tender assist vessel, the *Seahawk,* and our standard jackup, the *Vicksburg*, which reduced our exposure to older, less capable rigs.

We outperformed relative to the seven offshore drilling contractors in our metrics peer group, finishing second in total shareholder return.

We also increased our financial flexibility and access to additional funds through the expansion of our revolving credit facility to $1.55 billion, while lowering our borrowing costs and extending the facility s maturity date.

THE ROLE OF THE COMPENSATION COMMITTEE

Our executive compensation program is administered by the Compensation and Human Resources Committee (the Compensation Committee). All of the members of the Compensation Committee are independent as required by the New York Stock Exchange (NYSE), are non-employee directors as defined by Rule 16b-3 under the Securities Exchange Act of 1934 (other than Mr. Miller), and are outside directors as defined for the purposes of section 162(m) of the Internal Revenue Code (Code). The Compensation Committee currently consists of six members: Deborah A. Beck (Chair), George S. Dotson, Jack E. Golden, Jeffrey A. Miller, James R. Montague and Phil D. Wedemeyer. The Compensation Committee s responsibilities include, among other things, the following:

determining and approving (i) compensation of executive officers, including our named executive officers (other than the President and Chief Executive Officer), and (ii) both long-term and short-term incentive compensation and equity-based plans for all employees of the Company;

recommending to the Board of Directors the compensation of non-employee directors of the Company;

reviewing and approving Company goals and objectives relevant to the President and Chief Executive Officer s compensation, evaluating the President and Chief Executive Officer s performance in light of those goals and objectives, and making recommendations to the independent directors regarding the President and Chief Executive Officer s compensation level based on this evaluation;

reviewing and discussing with management the Company s compensation policies and practices in order to produce the Compensation Committee report included in this proxy statement;

reviewing the Company s incentive compensation arrangements to determine whether they encourage excessive risk-taking; and

performing such general oversight and investigation functions related to Company compensation inherent to the responsibilities designated in the Compensation Committee s charter or set forth in resolutions of the Board of Directors.

The Compensation Committee has the authority to retain compensation consultants, outside counsel and other advisors as it deems appropriate, in its sole discretion. For fiscal year 2014, following a review of an independence report prepared by Longnecker & Associates (L&A), the Compensation Committee engaged L&A as its professional consultant to provide information and advice with respect to competitive practices relevant to our compensation programs and policies. The primary role of L&A is to provide the Compensation Committee with compensation market data and information regarding compensation trends in our industry and to make recommendations regarding the design of our program. The Compensation Committee believes it is important and beneficial to have independent third party analysis, and L&A has extensive experience in providing executive compensation advice, including specific experience in the oil and gas industry. The Compensation Committee considered the discussions with and guidance from L&A, as well as the compensation studies created and assembled by L&A, in making competitive compensation decisions. L&A does not provide to the Compensation Committee any services or advice on matters unrelated to compensation and reports directly to and takes direction from the Chair of the Compensation Committee. In accordance with the Corporate Governance Standards of the NYSE, the Compensation Committee has determined that L&A is independent

from management and that the advice provided by L&A with regard to executive compensation is free from any relationships that could impair the professional advice or compromise the integrity of the information and data provided to the Compensation Committee. The fees earned by L&A for services provided to the Compensation Committee totaled $68,327 for fiscal year 2014. Management does not direct or oversee the retention or activities of L&A with respect to our executive compensation program and did not engage L&A in any other capacity for fiscal year 2014.

The Compensation Committee may delegate its responsibilities to one or more individual Committee members to the extent permitted by law, the listing standards of the NYSE and the Compensation Committee s charter.

COMPENSATION PHILOSOPHY AND OBJECTIVES

The Compensation Committee believes the quality and competency of our employees is a key factor that drives our out-performance of our compensation peer group. As a result, a fundamental element of our competitive position continues to be the ability to attract and retain individuals who can successfully lead the organization and drive the execution of our operational and commercial objectives. The compensation programs adopted by the Compensation Committee are intended to provide compensation and incentive opportunities to our executive officers, including named executive officers, and other employees that are competitive and provide the motivation to deliver superior effort and performance in order to increase value for our shareholders. The primary objectives of our compensation program are to provide competitive pay opportunities that are commensurate with the Company s performance, recognize individual contributions and achievements, and retain and attract qualified employees and executive officers, including our named executive officers, who are focused on our near-term goals and long-term success. For our executive officers, a significant percentage of compensation is dependent on individual and company performance.

Specifically, the executive compensation program is designed to:

- ensure that the compensation program supports the achievement of our short-term and long-term strategic plans by retaining and attracting executive officers critical to our long-term success;
- reward each of our executive officers for long-term strategic management and for their individual contributions to enhance shareholder value;
- offer incentives to motivate performance with respect to individual and company-wide goals and metrics, as well as our performance relative to our competitors; and
- focus the commitment of our executive officers on the long-term interests of our shareholders through equity awards.

Periodically, the Compensation Committee reviews the objectives and components of our executive compensation program to ensure they are appropriate and achieve their intended purpose, while allowing us to keep compensation costs manageable. To establish compensation parameters for our executive officers, including our named executive officers, the Compensation Committee evaluated the information provided by L&A relative to a compensation peer group (discussed below), including each element of compensation separately and the total direct compensation (the combined value of annual base salary, annual incentives and long-term incentive grants) for each executive officer. It is our belief that while the market 50th percentile represents a desirable benchmark for each of the components of our compensation program, an individual component as well as the combined value represented by total direct compensation can exceed the market 50th percentile, provided that certain factors are met, most notably, superior Company performance as compared to our compensation peer group. From the data and analysis provided by L&A, the Compensation Committee concluded that, for fiscal year 2014, overall base salaries and target annual incentives for our named executive officers are largely aligned with the market 50th percentile of our compensation peer group while the value of long-term incentive awards may exceed the market 50th percentile of our compensation peer group for some officers in recognition of those officers contributions to our performance as measured against 2014 corporate goals and metrics as well as measured against our metrics peer group. Moreover, the Compensation Committee determined that our process for determining executive compensation is well aligned with shareholder interests with a significant percentage of executive pay being at risk and contingent on Company performance. The Compensation Committee will consider the results of the shareholder vote on the non-binding resolution with respect to approval of the compensation of our named executive officers contained in this proxy statement in determining its compensation policies and practices in the future.

CONSIDERATIONS

In making compensation determinations relative to our executive officers, the Compensation Committee takes into account the following important considerations:

Company Results

We believe that the compensation provided to our executive officers should be closely related to the Company s overall results as measured against goals approved by the Board of Directors each year. The Compensation Committee evaluates each individual executive officer s overall contribution to the Company s ongoing and long-term performance and approves performance targets, which include safety and financial measures, and also establishes incentive compensation targets for each individual executive officer, expressed as a percentage of annual base salary. Compensation targets are correlated with competitive market data and provide for differentiation in job responsibilities.

Individual Performance

At the beginning of fiscal year 2014, our President and Chief Executive Officer, Mr. Saltiel, made recommendations to the Compensation Committee for the individual performance objectives for each executive officer, other than himself, based upon the responsibilities assigned to each executive. These objectives included both objective factors such as the executive s role in achieving the goals and metrics considered in the formula-based portion of the bonus discussed below, as well as subjective factors such as overall corporate results, execution of newbuild and other rig projects, achievement of safety and operational excellence, achievement of fleet manning requirements, employee engagement, and the extension of our contract backlog.

Competitive Benchmarking

The Compensation Committee considers competitive industry data in making executive pay determinations and utilizes an executive compensation benchmarking peer group of companies (compensation peer group) which the Compensation Committee believes is the most appropriate benchmarking peer group. The compensation peer group reflects the scope, complexity and profile of our operations and is comprised of ten companies: Diamond Offshore Drilling, Inc., Ensco plc, Helmerich & Payne, Inc., Hercules Offshore, Inc., Noble Corporation plc, Oceaneering International, Inc., Oil States International, Inc., Patterson-UTI Energy, Inc., Precision Drilling Corporation and Rowan Companies plc. The compensation peer group was developed with the input of L&A and includes some of the larger offshore drilling companies with which we compete for business and talent as well as other relevant companies with levels of revenues and assets similar to ours. The Committee will review and refine the compensation peer group periodically, as appropriate, based on, among other things, the recommendations made by L&A.

COMPONENTS OF OUR EXECUTIVE COMPENSATION PROGRAM

In order to achieve the objectives of our executive compensation program, we have developed a balanced compensation package consisting of base salary, annual cash incentive bonus and long-term stock incentive awards. The Compensation Committee may vary, from time to time, the composition and structure of the compensation program, the allocation among components and the criteria associated with each component. The incorporation of cash and equity elements is intended to balance the reward associated with short-term performance with the potential for achieving longer term results, as well as with effective retention. The mix of pay elements is relevant to the compensation determinations made by the Compensation Committee. The Compensation Committee utilized information provided by L&A in the analysis of each component and the mix of these components as compared to our compensation peer group. In addition, each of our named executive officers are provided with change-in-control agreements, perquisites and benefits. Each one of these elements of compensation serves a particular purpose, as discussed below.

For 2014, our executive compensation program consisted of five components:

- base salaries;
- annual cash incentive bonuses;
- long-term stock-based incentive compensation;
- change-in-control arrangements; and
- perquisites and benefits.

Base Salaries

Base salaries, which are tied to the calendar year rather than fiscal year, compensate our executive officers for services rendered and are set in proportion to the job responsibilities of each individual. At the discretion of the Compensation Committee, the salaries of our executive officers are generally reviewed following the end of each fiscal year in recognition of individual performance and to reflect our desired position in the competitive market. We seek to compensate for market movement of salaries in our compensation peer group, utilizing data provided by L&A relative to competitive trends and other relevant information to determine individual salary adjustments as warranted. L&A s data is weighted 50% on compensation peer group proxy data and 50% on published survey data. Individual circumstances can allow for certain positions to be above or below the market 50th percentile of our compensation peer group, with the Compensation Committee also considering years in position, level of expertise and responsibilities, ordinal rank of pay level for each executive, our overall financial condition and industry conditions, as well as a subjective assessment of individual performance. Mr. Saltiel s salary is determined by the Compensation Committee and is approved by the Company s independent directors acting as a group, whereas the salaries of other executive officers are determined and approved by the Compensation Committee with input and recommendations from Mr. Saltiel.

Base salaries for the 2014 calendar year were set in November 2013 for each of the named executive officers as follows:

Executive Officer	2014 Base Salary	% Increase over 2013
Robert J. Saltiel	$ 775,000	5.0%
Mark L. Mey	$ 462,000	5.0%
Arthur M. Polhamus	$ 365,000	10.6%
Barry M. Smith	$ 355,000	12.7%
Walter A. Baker	$ 350,000	9.4%

Increases in base salaries for 2014 for Messrs. Polhamus, Smith and Baker reflect adjustments to maintain base salaries aligned with the market 50th percentile for these officers and to reflect internal and external comparisons of job responsibilities as well as the Compensation Committee s assessment of the continued progress of these executives in their respective roles.

Changes for 2015. Effective January 1, 2015, the Compensation Committee approved increases in base salaries for our named executive officers, based on market data provided by L&A, as follows:

Executive Officer	2015 Base Salary	% Increase over 2014
Robert J. Saltiel	$ 814,000	5.0%
Mark L. Mey	$ 485,000	5.0%
Arthur M. Polhamus	$ 384,000	5.2%
Barry M. Smith	$ 373,000	5.1%
Walter A. Baker	$ 368,000	5.1%

Increases in base salaries reflect adjustments in connection with the promotions of Messrs. Mey, Polhamus, Smith and Baker as well as to maintain base salaries aligned with the market 50th percentile for the base salaries for these officers and Mr. Saltiel.

Annual Incentive Bonuses

We provide incentive compensation to our executive officers in the form of an annual cash incentive bonus relating to safety, financial, operational and individual achievements during the prior fiscal year for the purpose of rewarding and recognizing their contributions toward approved Company goals and metrics, encouraging further individual contributions to shareholder value.

The fiscal year 2014 target incentive bonus amounts were determined by the Compensation Committee as a percentage of annual base salary in the range of competitive bonus amounts of our compensation peer group as furnished by L&A. These targets for our named executive officers ranged from 50% to 200% for Mr. Saltiel, from 37.5% to 150% for Mr. Mey, and from 35% to 140% for Messrs. Polhamus, Smith and Baker. These targets are based upon achievement of threshold, target, or stretch measures of performance as described herein, and are designed to place a significant portion of total direct compensation at risk, generally with a greater portion of total compensation at risk the more senior the executive. Executive officers must meet threshold levels of performance for each measure in order to receive any payout for the respective measure. Target bonus awards are subject to review based on market movement as well as to pro-rata adjustment due to promotions occurring during the fiscal year or other relevant changes in job responsibilities. In 2014, the target bonus percentages for each of Messrs. Polhamus, Smith and Baker were increased from 55% to 70% based on compensation peer group data provided by L&A and in recognition of these officers job responsibilities and contributions toward Company performance.

The Compensation Committee set a portion equal to 50% of the incentive bonus target to be formulaic and directly linked to the achievement of Company-wide goals and metrics and individual objectives approved previously by our Board of Directors. The final determinations of this portion of the annual incentive bonus are based upon the extent to which results for the fiscal year met, failed to meet or exceeded our established goals and metrics. The goals and metrics for the Company include results related to safety, financial performance, and share price performance, as well as approved individual goals and objectives for each executive officer.

The remaining 50% of the annual incentive bonus awarded to each executive officer was non-formulaic and was determined by the Compensation Committee s subjective assessment of a broader set of factors including, but not limited to, overall corporate results, achievement of safety and operational reliability targets, execution of newbuild and other projects, relative share price performance and the expansion of our contract backlog, as well as each executive officer s individual performance, measured both by the officer s performance against individual goals and objectives set at the beginning of fiscal year 2014 and by the officer s contributions outside of their respective individual goals and objectives.

The combination of the formula-based and the non-formulaic portions of the annual incentive bonus is designed to result in decisions for our executive officers that sharpen the focus on our key performance measures and enable a closer alignment with shareholder value creation and competitive norms. The Compensation

Committee believes that the non-formulaic factors ensure that our executive officers focus on a broader, more strategic set of financial, operational and other factors which are focused on shareholder value creation and our long-term success. The Committee s subjective assessment of these factors enables closer alignment of executive officer pay levels with shareholder value creation and talent attraction, motivation and retention in a challenging competitive environment. The Compensation Committee seeks input from Mr. Saltiel on executive officer performance and internal equity for executive officers other than himself. In determining the individual bonus amounts paid to our executive officers, following review of fiscal year 2014 results and individual performance, the Compensation Committee also reviewed information provided by L&A with regard to compensation practices, trends, and target levels of compensation within our compensation peer group.

Company Goals and Metrics

Recommendations were made by Mr. Saltiel at the beginning of fiscal year 2014 for the Company s goals and metrics, and these recommendations were subsequently reviewed as appropriate and endorsed by the Compensation Committee. In determining the goals and metrics for fiscal year 2014, the Committee linked the metrics to the Company s budget as approved by the Board of Directors. For each performance measure, the Compensation Committee established appropriate metrics and specific targets as shown below. Each metric was associated with a threshold, target and a stretch level of possible achievement. Each performance measure also was assigned a weighting factor to reflect the Company s goals and priorities as interpreted by the Compensation Committee.

Performance Category	**Metric**	**Weight**	**Threshold**	**Target**	**Stretch**
Safety Performance	Total Recordable Incident Rate (TRIR)(1)	12.5%	0.75	0.65	0.55
	Incident Severity Rate(2)	12.5%	10.0	8.0	6.0
Financial Performance	Net Income ($ in millions)(3)	45%	$363.7	$406.7	$436.9
Relative Share Performance	Total Shareholder Return vs. Metrics Peer Group	15%	3rd Quartile	4 of 7	1st Quartile
Individual Objectives	See Individual Objectives below.	15%			

(1) TRIR is the number of recordable incidents per 200,000 man hours.
(2) Incident Severity Rate is the number of lost time days due to work related injuries per 200,000 man hours.
(3) For purposes of determining achievement of this metric, net income is calculated in accordance with GAAP.

Safety Performance. The Safety Performance measure is divided into two equally weighted components, TRIR and Incident Severity Rate. Incident Severity Rate provides a measure of the level of seriousness of recordable injuries, which is not reflected in the TRIR metric. The Incident Severity Rate complements the TRIR metric and the Compensation Committee believes the combination of these two measures better reflects the Company s safety performance. In determining target, threshold and stretch levels for safety performance, the Compensation Committee reviewed the Company s current and historical safety goals and performance, the overall expectations of our clients, and also standards of excellence in safety performance established by the International Association of Drilling Contractors, of which the Company is an active member.

Financial Performance. In determining net income levels, the Compensation Committee considered the Company s approved historical and projected operating budgets, financial performance and strategic goals. The Compensation Committee believes that net income is a financial measure widely used by financial analysts and investors in evaluation our performance and that tying a significant portion of our named executive officers annual incentive bonus to this measure more closely aligns these officers interests with those of our shareholders.

*Relative Share Performance***.** Relative Share Performance, as measured by total shareholder return (TSR), is compared against the following metrics peer group : Diamond Offshore Drilling, Inc., Ensco plc, Noble Corporation plc, Rowan Companies plc, Seadrill Ltd., and Transocean Ltd. The Compensation Committee recognizes that each of these metrics peer group companies is associated with revenue levels, rig fleet sizes and market capitalization levels that are higher than the Company s. However, the Compensation Committee has included them due to fundamental features of their rig operations, safety focus, client services and competitive conditions.

Individual Objectives. Achievement of individual objectives by each executive officer comprises the remaining 15% of the formulaic portion of the annual bonus. These objectives are approved by the Compensation Committee based on recommendations from Mr. Saltiel for each of the other executive officers, and by the Committee s own determination as it relates to the individual objectives for Mr. Saltiel. The individual objectives are designed to align each executive officer s performance with the achievement of the key strategic priorities for the Company in the fiscal year and to focus each executive officer s efforts in areas where they may exert the greatest influence given each officer s scope of responsibility. Mr. Saltiel s objectives are designed to reflect the most critical Company-wide objectives for the fiscal year and cover all functions.

Individual Bonus Parameters

In connection with the establishment of the above measures and after consideration of information provided by L&A regarding competitive incentive targets and the Compensation Committee s own determination of appropriate incentive levels to encourage achievement of such measures, the Compensation Committee established bonus percentage multiples as a function of 2014 calendar year base salary for each executive officer, which multiples were tied to achievement of the threshold, target or stretch levels for each metric. The multiples for the named executive officers are as follows:

Executive Officer	Threshold	Target	Stretch
Robert J. Saltiel	50%	100%	200%
Mark L. Mey	37.5%	75%	150%
Arthur M. Polhamus	35.0%	70%	140%
Barry M. Smith	35.0%	70%	140%
Walter A. Baker	35.0%	70%	140%

In setting multiples, the Compensation Committee believes that a stretch multiple greater than 100% was reflective of competitive norms and was appropriate for our executive officers. Multiples were established reflecting the Compensation Committee s belief that the more senior the executive officer is, the greater the portion of total compensation that should be at risk. For each particular metric calculation, the Compensation Committee determined whether the Company had met the threshold, target or stretch level and then used the multiple of calendar year base salary for each executive officer, based upon the level achieved.

In the event a metric does not meet the threshold performance level, none of the bonus is earned for that metric. Similarly, achieving the stretch performance level earns the maximum percentage for a metric. In the event that a metric was achieved at a level between defined achievement levels, the Compensation Committee makes a linear interpolation to determine the bonus earned for that metric.

Evaluation of Performance Results

For fiscal year 2014, the Compensation Committee reviewed the Company s overall results against approved corporate performance targets as follows:

Safety Performance. For fiscal year 2014, the Compensation Committee set the target for TRIR at 0.65. We concluded the fiscal year with a TRIR of 0.578 which was between our target and stretch goals and represented a decrease from our TRIR of 0.67 achieved in fiscal year 2013. As the TRIR was between the approved target and the stretch amounts, the Compensation Committee approved a level of payment of the portion of the annual bonus attributable to this metric for each named executive officer as shown below in the table under Formulaic Portion of the Annual Incentive Bonus . The Incident Severity Rate target for fiscal year 2014 was 8.0. We achieved an Incident Severity Rate of 3.05 in 2014, which outperformed our stretch goal of 6.0. As the Incident Severity Rate outperformed the stretch goal, the Compensation Committee approved a level of payment of the portion of the annual bonus attributable to this metric for each named executive officer as shown below in the table under Formulaic Portion of the Annual Incentive Bonus .

Financial Performance. The net income target for fiscal year 2014 was $406.7 million as established by the Company s fiscal year 2014 budget approved by the Board of Directors. We achieved actual net income of $341.0 million, which was our second best result ever but was lower than the threshold net income amount of $363.7 million. As the net income fell below the threshold amount, no payment of the portion of the annual bonus attributable to this metric for each named executive officer was approved.

Relative Share Performance. Fiscal year 2014 TSR compared against our metrics peer group ranked second of seven companies. The Compensation Committee reviewed the achievement of this performance measure at the stretch level and authorized the level of payment of the bonus amount attributable to this metric for each named executive officer as shown below in the table under Formulaic Portion of the Annual Incentive Bonus .

Individual Objectives. For fiscal year 2014, each of the executive officers, other than Mr. Saltiel, was evaluated by the Compensation Committee on the achievement of his respective individual goals and objectives with input on performance provided by Mr. Saltiel. Mr. Saltiel s performance against his individual goals and objectives was determined by the Compensation Committee and approved by the Company s independent directors acting together as a group.

Mr. Saltiel, President and Chief Executive Officer, is responsible for the strategic decisions concerning the Company as well as having primary responsibility for the management of our business. Mr. Saltiel s individual objectives were established by the Compensation Committee and included, among others, improving safety performance and metrics, ensuring delivery of the *Atwood Advantage* and *Atwood Achiever*, achieving or exceeding revenue efficiency targets across our fleet, maintaining revenue backlog targets, ensuring on time and on budget projects, achieving or exceeding budgeted revenues and earnings, and ensuring a seamless headquarters office move. Based on these considerations, the Compensation Committee subjectively assessed Mr. Saltiel s performance for fiscal year 2014 and determined that he achieved these objectives at an absolute level of 110%.

Mr. Mey, Executive Vice President and Chief Financial Officer, is primarily responsible for financial matters such as establishing cash flow and earnings estimates, implementing our annual budget process, ensuring appropriate funding for our strategic growth projects, maintaining internal financial controls, managing taxation issues and meeting financial reporting and compliance requirements. In addition, Mr. Mey provides oversight and leadership to the Company s supply chain and IT functions. Mr. Mey s individual objectives included, among others, increasing availability under the Company s revolving credit facility, reducing tax compliance costs, optimizing a procure-to-pay process to gain efficiencies, ensuring a timely and on budget purchasing software upgrade project, and securing inventory management and transaction processing improvements across our supply chain system. The Committee subjectively assessed Mr. Mey s performance for fiscal year 2014 and determined that he achieved these objectives at an absolute level of 100%.

Mr. Polhamus, Senior Vice President, Operations, is the Company s principal operating officer and is responsible for the overall direction and oversight of worldwide rig operations. Mr. Polhamus s individual objectives included, among other things, improving safety results, maintaining a competency assurance program, improving environmental results, meeting or exceeding revenue efficiency targets, and controlling repair and maintenance and inventory costs. The Committee subjectively assessed Mr. Polhamus s performance for fiscal year 2014 and determined that he had achieved these objectives at an absolute level of 110%.

Mr. Smith, Senior Vice President, Technical Services, is responsible for the Company s engineering and maintenance functions. He also leads the group charged with the execution of the Company s newbuild construction projects and activities as well as regulatory, maintenance and upgrade projects that may involve the active rig fleet. Mr. Smith s individual objectives included, among others, timely delivery of the *Atwood*

Advantage and *Atwood Achiever,* completion of other projects according to their respective schedules, implementing a preventive maintenance system on newbuild rigs, controlling repair and maintenance and inventory costs, and meeting or exceeding revenue efficiency targets. The Committee subjectively assessed Mr. Smith s performance for fiscal year 2014 and determined that he achieved these objectives at an absolute level of 90%.

Mr. Baker, Senior Vice President, General Counsel and Corporate Secretary, is the Company s chief legal officer and is responsible for the oversight of the Company s legal and internal audit functions. He also has responsibility for the Company s compliance programs. Mr. Baker s individual objectives included, among others, maintaining and enhancing compliance training and testing, support of other corporate groups and transactions, implementing a records management program, and pursuit of successful resolution of various litigation matters. The Committee subjectively assessed Mr. Baker s performance for fiscal year 2014 and determined he achieved these objectives at an absolute level of 110%.

The Compensation Committee endorsed the determinations made by Mr. Saltiel with respect to the level achieved by each named executive officer, and determined the level achieved by Mr. Saltiel, which were collectively between 90% and 110%, as shown below:

Executive Officer	Weight of FY2014 Formula-Based Individual Objectives		Absolute Level Achieved (1)		Adjusted Weight		Annual Bonus Target as % of Salary		Level Achieved as % of Bonus Target
Robert J. Saltiel	15%	x	110%	=	16.5%	x	100%	=	16.5%
Mark L. Mey	15%	x	100%	=	15.0%	x	75%	=	11.3%
Arthur M. Polhamus	15%	x	110%	=	16.5%	x	70%	=	11.6%
Barry Smith	15%	x	90%	=	13.5%	x	70%	=	9.5%
Walter A. Baker	15%	x	110%	=	16.5%	x	70%	=	11.6%

(1) This column reflects the overall assessment of individual performance results measured against established individual objectives for fiscal year 2014.

Formulaic Portion of the Annual Incentive Bonus.

At the end of fiscal year 2014, the Compensation Committee completed the evaluation of our results and the weighing of metrics discussed above to ensure that the formula-driven portion of the incentive bonus determinations was appropriate and commensurate with the accomplishments posted. Formulaic bonus determinations for fiscal year 2014 for named executive officers were as follows:

Corporate Goals and Metrics			Adjusted Level by Named Executive Officer				
Metrics	**Weight**	**Level Achieved**	**Mr. Saltiel**	**Mr. Mey**	**Mr. Polhamus**	**Mr. Smith**	**Mr. Baker**
TRIR	12.5%	Between Target and Stretch	21.50%	16.13%	15.05%	15.05%	15.05%
Incident Severity Rate	12.5%	Stretch	25.00%	18.75%	17.50%	17.50%	17.50%
Net Income	45%	Below Threshold	0%	0%	0%	0%	0%
TSR vs. Metrics Peer Group	15%	Between Target and Stretch	27.9%	20.9%	19.50%	19.5%	19.50%
Individual Objectives	15%	90% to110%	16.5%	11.3%	11.6%	9.5%	11.6%
Total Formulaic Percentage	**100%**		**90.9%**	**67.0%**	**63.6%**	**61.5%**	**63.6%**
Annual Base Salary			$ 775,000	$ 462,000	$ 365,000	$ 355,000	$ 350,000
Formulaic Portion 50% of Annual Base Salary times Total Formulaic Percentage			$ 352,000	$ 155,000	$ 116,000	$ 109,000	$ 111,000

Non-Formulaic Portion of Annual Incentive Bonus

For each of the executive officers, other than Mr. Saltiel, the Compensation Committee determined the non-formulaic portion of the annual incentive bonus by assessing the officer s performance and contributions both against individual goals and objectives established for each officer at the beginning of the fiscal year and against other relevant factors not covered directly by the individual goals and objectives, including, but not limited to, each officer s performance and contributions to: overall corporate results; execution of newbuild and other projects; achievement of safety and operational reliability targets; achievement of fleet manning requirements; the expansion of our contract backlog; and other factors as they related to both individual performance and overall Company performance in fiscal year 2014. The competitive compensation data provided by L&A for the position held by each officer was also considered, as appropriate.

For fiscal year 2014, the Compensation Committee recognized the Company s noteworthy performance as evidenced by its achievements, including excellent financial results and record level safety performance, as well as outperformance relative to our metrics peer group, the execution of our growth strategy through the successful delivery of and commencement of drilling by the *Atwood Advantage* and successful delivery of the *Atwood Achiever*, and the Company s high revenue utilization, among other factors. The Committee also considered the Company s fiscal year 2014 financial results as compared to fiscal year 2013 financial results, noting the Company outperformed on net revenue year over year and also had comparable performance to fiscal year 2013 based on net income. The Committee also assessed the strategic steps taken by management to position the Company for continued success through industry downturns, to enhance shareholder value and to ensure continued financial performance. In recognition of the Company s excellent performance on all metrics other than the financial metric, the notable achievements discussed above, each officer s contributions to the Company s performance and the Company s strategic positioning, the Compensation Committee determined to award the non-formulaic portion of the annual incentive bonus as set forth in the table below.

The Committee awarded Mr. Saltiel an amount for the non-formulaic portion of the annual incentive bonus, primarily based on the Committee s assessment of his personal contributions, his leadership, and the performance of the Company in key functional areas as well as the factors set forth above.

Non-formulaic bonus determinations for fiscal year 2014 for named executive officers were as follows:

	Mr. Saltiel	Mr. Mey	Mr. Polhamus	Mr. Smith	Mr. Baker
Annual Base Salary	$ 775,000	$ 462,000	$ 365,000	$ 355,000	$ 350,000
Total Non-Formulaic Percentage	159.6%	119.5%	96.0%	97.4%	72.7%
Non-Formulaic Portion 50% of Annual Base Salary times Total Non-Formulaic Percentage	$ 618,400	$ 276,000	$ 175,200	$ 172,800	$ 127,200

Final Bonus Determination.

At the end of fiscal year 2014, the Compensation Committee completed the evaluation of our results and the weighing of metrics discussed above to ensure that the combined formula-driven and the non-formulaic portions of the incentive bonus determinations, which are intended to reward the performance and contributions of our executive officers, were appropriate and commensurate with the accomplishments posted. In addition, the Compensation Committee reviewed the market survey information provided by L&A to ensure that the incentive bonus amounts resulting from this evaluation fully support our compensation philosophy and are closely aligned with shareholder interests. The Compensation Committee made the final bonus determinations for our named executive officers as follows:

	Mr. Saltiel	Mr. Mey	Mr. Polhamus	Mr. Smith	Mr. Baker
Annual Base Salary	$ 775,000	$ 462,000	$ 365,000	$ 355,000	$ 350,000
Approved Multiplier (Target) as % of Annual Salary	100.0%	75.0%	70.0%	70.0%	70.0%
Bonus Target Amount Target x Annual Base Salary	$ 775,000	$ 346,500	$ 255,500	$ 248,500	$ 245,000
Formulaic Portion	$ 352,000	$ 155,000	$ 116,000	$ 109,000	$ 111,000
Non-Formulaic Portion	$ 618,400	$ 276,000	$ 175,200	$ 172,800	$ 127,200
Total Bonus Amount	**$ 970,400**	**$ 431,000**	**$ 291,200**	**$ 281,800**	**$ 238,200**
Total Bonus Amount as % of Salary	125%	93%	80%	79%	68%
Total Bonus Amount as % of the Maximum Bonus Opportunity	63%	62%	57%	57%	49%

The Compensation Committee s incentive bonus recommendations were endorsed by L&A based upon its review of relevant competitive information, including analysis of incentive and performance-related bonus amounts paid by our compensation peer group for comparable jobs and of the proportion represented by bonus amounts in the total direct compensation for each benchmarked job. The bonus amounts recommended by the Compensation Committee for fiscal year 2014 range from the market 50th percentile to the market 75th percentile level in recognition of superior Company results in fiscal year 2014 and those items discussed above under the non-formulaic potion of the annual incentive bonus, as well as each officer s contribution to Company performance and are reflective of our pay for performance compensation philosophy. The proportion represented by the bonus amounts as a percentage of the total direct compensation remains within the overall competitive range. The Compensation Committee believes that the recommended fiscal year 2014 incentive bonus awards support the objectives of our compensation program.

Long-Term Stock Incentive Awards

The Compensation Committee considers stock ownership by management through stock-based compensation arrangements beneficial in aligning management s and shareholders interests. Under the provisions of our shareholder-approved Atwood Oceanics, Inc. 2013 Long-Term Incentive Plan (the 2013 Plan), the Compensation Committee has the ability to grant stock options, restricted stock and restricted stock unit awards, stock appreciation rights (SARs), and performance units to eligible employees and to grant nonqualified stock options, restricted stock and restricted stock unit awards, SARs and performance units to eligible directors.

The Compensation Committee grants long-term incentive awards to our executive officers, including our named executive officers, in line with competitive market norms based upon each officer s performance in a fiscal year. These awards are primarily designed to tie a substantial portion of each executive officer s compensation to longer-term future performance of the Company and to support the philosophy adopted by the Compensation Committee. The grant determinations are made by the Compensation Committee using, as a reference, the relevant competitive market information and recommendations provided to the Compensation

Committee by L&A, in order to provide an appropriate level of total direct compensation compared to compensation of executive officers in our compensation peer group. The Compensation Committee sets the individual grant values to reflect (a) the level of responsibility of each executive officer and his potential impact on the long-term success of the business, (b) the intent to encourage distinctive levels of long-term performance and contributions, (c) talent retention considerations as appropriate, and (d) tenure with the Company. Consistent with our at-risk performance-based pay philosophy, long-term incentive awards comprise a significant portion of our named executive officers total compensation. We do not time the release of material nonpublic information for the purpose of affecting the value of executive compensation.

Determination of Awards

For fiscal year 2014, the Compensation Committee awarded annual grants of restricted stock units and performance-based restricted stock units to our named executive officers. In determining to award performance-based restricted stock units in 2014, the Compensation Committee considered and recognized the increased level of competition for senior level talent in the offshore drilling industry and other industries in the markets in which we operate, competitive pay for performance practices, and the unprecedented execution challenges that the Company anticipates over the next several years, including delivery, contracting, manning and start-up of newbuild rigs. Furthermore, the Compensation Committee intends to ensure a strong level of alignment between the prospective compensation provided to our named executive officers and the measurable outcomes of superior longer-term performance. In so doing, the Compensation Committee determined to provide our executive officers, including our named executive officers, with meaningful incentives to focus on and achieve industry-leading share price performance for the Company relative to its major offshore drilling peers. The Compensation Committee also reviewed information and recommendations provided to the Compensation Committee by L&A, as well as relevant information provided by the Company s outside legal and tax counsel. We do not time the release of material nonpublic information for the purpose of affecting the value of executive compensation.

To determine long-term incentive awards granted in a year, the Compensation Committee first approves a target aggregate grant date fair value to be awarded to each named executive officer. The target aggregate grant date fair value is then allocated among the types of awards granted for such year. For fiscal year 2014, the Compensation Committee determined to allocate the target aggregate grant date fair value equally between restricted stock units and performance-based restricted stock units. The amount allocated to the type of award is then divided by the grant date fair value for that type of award to arrive at the number of awards for the named executive officer.

Restricted Stock Units

Restricted stock units granted to named executive officers under the 2013 Plan cliff vest 100% at the end of the three year period following the date of grant, subject to accelerated vesting upon a change-of-control.

Performance-Based Restricted Stock Units

Performance-based restricted stock units granted to named executive officers under the 2013 Plan vest on the third anniversary of the date of grant with respect to a number of shares of our common stock determined by comparing our TSR over a three-year performance period relative to the TSR of our metrics peer group composed of Diamond Offshore Drilling, Inc., Ensco plc, Noble Corporation plc, Rowan Companies plc, Seadrill Ltd. and Transocean Ltd. The Compensation Committee selected the metrics peer group due to the relative scope, complexity and profile of the Company s operations. Performance-based restricted stock units are subject to acceleration upon a change-of-control. At the end of a three-year performance period, each company in the metrics peer group is ranked from high to low based on the TSR achieved. The award payment schedule for each named executive officer is determined based on the Company s TSR rank as follows:

TSR Rank	Percentage Earned
1	200%
2	150%
3	100%
4	75%
5	50%
6	0%
7	0%

The Compensation Committee believes the performance component aligns with our compensation philosophy of rewarding performance relative to our competitors and rewarding enhancement of shareholder value.

Fiscal Year 2014 Long-Term Incentive Award Grants

In November 2013, the Compensation Committee recommended granting long-term incentive awards for fiscal year 2014 to our named executive officers as follows:

Executive Officer	Target Aggregate Grant Date Fair Value	Restricted Stock Units	Performance-Based Restricted Stock Units (1)
Robert J. Saltiel	$ 3,684,000	33,460	34,111
Mark L. Mey	$ 1,745,000	15,849	16,157
Arthur M. Polhamus	$ 760,000	6,903	7,037
Barry M. Smith	$ 740,000	6,721	6,852
Walter A. Baker	$ 720,000	6,540	6,667

(1) The performance period for performance-based restricted stock units granted for fiscal year 2014 begins January 1, 2014 and ends December 31, 2016. The award payment schedule for each named executive officer will be determined based on the Company s TSR rank as set forth in Long-Term Incentive Awards Performance-Based Restricted Stock Units above.

Fiscal Year 2015 Long-Term Incentive Award Grants

In November 2014, the Compensation Committee recommended granting long-term incentive awards for fiscal year 2015 to our named executive officers as follows:

Executive Officer	Target Aggregate Grant Date Fair Value	Restricted Stock Units	Performance-Based Restricted Stock Units (1)
Robert J. Saltiel	$ 3,879,600	51,645	52,314
Mark L. Mey	$ 1,834,000	24,414	24,730
Arthur M. Polhamus	$ 818,000	10,900	11,041
Barry M. Smith	$ 798,200	10,626	10,763
Walter A. Baker	$ 766,800	10,208	10,340

(1) The performance period for performance-based restricted stock units granted for fiscal year 2015 begins December 1, 2015 and ends November 30, 2017. The award payment schedule for each named executive officer will be determined based on the Company s TSR rank as set forth in Long-Term Incentive Awards Performance-Based Restricted Stock Units above.

For each of fiscal years 2014 and 2015, the number of restricted stock units and performance-based restricted stock units granted was obtained by dividing an amount equal to 50% of the target aggregate grant date fair value by the grant date fair value of a restricted stock unit and performance-based restricted stock unit, respectively. The grant date fair values of restricted stock units granted for fiscal years 2014 and 2015 were determined in accordance with ASC Topic 718 and are based on the fair market value of our common stock on the date of grant. The grant date fair values of performance-based restricted stock units granted for fiscal years 2014 and 2015 were determined in accordance with ASC Topic 718 and are determined using a Monte Carlo simulation. Under SEC rules, the grant date fair values exclude the impact of estimated forfeitures related to service-based vesting conditions.

Change of Control Arrangements

We believe that the competitive marketplace for executive level talent and our desire to minimize turnover and retain our executive officers, including our named executive officers, requires us to provide certain severance benefits. We also believe the provision of these benefits serves the interests of our shareholders by encouraging certain valued employees to remain employed with the Company in the event of a change of control. The Company has entered into Change of Control Agreements with each named executive officer, including Mr. Saltiel, in replacement of any prior employment or other severance agreement entered into between the Company and the executive. The agreements standardize change of control benefits for our executive officers and provide benefits that are competitive to those provided by our compensation peer group. Each agreement contains double-trigger requirements for payments relating to termination of employment other than for cause following a change of control. For more information regarding change of control arrangements, see Executive Compensation Potential Payments Upon Termination or Change of Control.

The Compensation Committee believes the provision of such change of control benefits is competitive and appropriate in light of our compensation peer group. In reaching such determination, the Compensation Committee considered L&A s change of control analysis, surveys, and reviewed the amounts payable by the compensation peer group to similarly situated executives in the event of a termination of employment in connection with a change of control.

Benefits relating to termination of employment in a post change of control employment period payable to Mr. Saltiel and the other named executive officers were considered as part of their overall compensation packages.

Perquisites and Benefits

Named executive officers are eligible to participate in the Company s benefit plans on the same terms as other employees. The Company s 401(k) Retirement Plan (the Retirement Plan) is a qualified defined contribution plan which allows employees, including named executive officers, to save for retirement through a tax-advantaged combination of employee and Company contributions. Employee contributions are matched by the Company up to 200% of the first 5% of salary contributed by the employee. Named executive officers are also eligible for participation, along with certain senior management personnel, in the non-qualified Benefits Equalization Plan, a program that allows for tax-deferred contributions in excess of allowable amounts permitted under the Retirement Plan of up to 200% of the first 5% of salary and bonus contributed by the employee. The benefits provided through elective participation in the Benefits Equalization Plan are secured through a Rabbi Trust and all vested amounts must be withdrawn in a participant s elective period not to exceed ten years commencing six months following termination of employment. Vesting in Company contributions under both the Retirement Plan and the Benefits Equalization Plan does not occur until the completion of three years of service.

The Company also provides named executive officers with perquisites and other personal benefits that the Company and the Compensation Committee believe are reasonable and consistent with its overall compensation program. Named executive officers are covered under the Company s Salary Continuation Plan, formerly named the Executive Life Insurance Plan, which provides for salary continuation to the executive s beneficiary upon the executive s death. Payments equal to 2.5 times annual salary are payable in 30 installments or, in the event of death due to accidental causes, payments equal to five times annual salary are payable in 60 installments. In addition, the Company provides each of our named executive officers the benefit of membership to a designated luncheon and exercise facility and reimbursements of up to $2,000 for a yearly, comprehensive physical examination. Certain named executive officers are also provided supplemental life insurance benefits. The increased life insurance benefits offered to our named executive officers respond to competitive considerations and to the importance of each officer to our long term success.

STOCK OWNERSHIP POLICY

In furtherance of the Board of Director s goal of promoting sound corporate governance practices, the Company s stock ownership policy assists in aligning the financial interests of the Company s directors and senior employees with those of its shareholders. We believe that it is important that directors and senior employees maintain a certain level of ownership of shares of our common stock, and this policy is designed to help achieve this objective and further highlight and promote our commitment to sound corporate governance. Executive officers and directors subject to this policy are required to achieve a minimum ownership requirement by four years from the later of (a) December 31, 2011 or (b) the date of being elected a director, being named an executive officer or otherwise being designated as a covered employee, or the date of the promotion that causes a covered employee to be subject to a greater ownership requirement. Upon achieving his or her respective minimum ownership requirement, each director or covered employee must continue to maintain the minimum ownership requirement at all times during a given calendar year and for so long as the director or covered employee remains subject to this policy.

Each director and covered employee must maintain the number of qualifying shares of common stock, as defined in the policy, with a fair market price equal to a multiple of the director s base annual retainer or the covered employee s annual base salary. For directors, the minimum ownership requirement is four times the base annual retainer. For Mr. Saltiel, the minimum ownership requirement was set at five times his annual base salary; for Mr. Mey, the minimum ownership requirement was set at four times his annual base salary; and for Messrs. Polhamus, Smith and Baker, the minimum ownership requirement was set at three times their respective annual base salary. By the first day of December of each year, directors and covered employees will be required to certify to the Compensation Committee their holdings of common stock and level of compliance with their minimum ownership requirement.

The failure by a director or covered employee to meet or to demonstrate sustained progress toward the achievement of the applicable minimum ownership requirement will result in the imposition of a restriction on sales of common stock and may result in a reduction in the value of future long term incentive grants or exclusion from future grants until compliance is achieved.

ASSESSMENT OF RISK AND RECOVERY OF COMPENSATION

Our Audit Committee and Board of Directors employ a risk management process conducted periodically to ensure that potential risks that might arise from any of our executive compensation practices and policies do not result in potential adverse impact on the Company, financially or otherwise. The Compensation Committee has reviewed the policies and guidelines underlying our executive compensation determinations and concluded that the following factors promote the creation of long-term value and thereby discourage behavior that leads to excessive or unnecessary risk:

- individual cash incentives are made within the boundaries of approved fixed maximum awards as applicable to each named executive officer;

- the short-term performance metrics considered in annual bonus determinations are supplemented with diverse performance measures;

- the members of the Compensation Committee who approve final bonus recommendations are independent; and

- named executive officers receive the majority of their total direct compensation in the form of long-term incentives with multi-year vesting to align the interests of the named executive officers with long term value creation for our shareholders.

In addition, in the event that any executive officer is in violation of our Code of Business Conduct and Ethics or Code of Ethics for the Chief Executive Officer and Senior Financial Officers or applicable law or regulations or there is a downward adjustment or restatement of corporate financial or non-financial performance results, the Compensation Committee may seek recovery of compensation paid to the executive officers involved, whether in whole or in part, or take other remedial action as appropriate, to recover repayment of any bonuses or long-term incentive awards.

TAX CONSIDERATIONS

Section 162(m) of the Code limits the deductibility of compensation paid to each of our named executive officers to $1 million annually for federal income tax purposes unless the compensation is performance-based as described in Section 162(m) and the related regulations. In designing compensation plans and making compensation decisions, the Compensation Committee considers the potential deductibility of the proposed compensation. However, the Compensation Committee may elect to approve compensation that exceeds the limit in order to ensure competitive levels of compensation for our executive officers and if it believes that such compensation is in the best interests of the Company and its shareholders. As a result, certain compensation paid to our named executive officers may not be deductible by the Company for tax purposes.

COMPENSATION AND HUMAN RESOURCES COMMITTEE REPORT

The Compensation Committee has reviewed and discussed with Company management the Compensation Discussion and Analysis included in this proxy statement. Based on that review and discussion, the Compensation Committee has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

Compensation and Human Resources Committee:

Deborah A. Beck, Chair

George S. Dotson

Jack E. Golden

Jeffrey A. Miller

James R. Montague

Phil D. Wedemeyer

January 12, 2015

EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

Name and Principal Position	Fiscal Year	Salary ($)	Bonus(1) ($)	Stock Awards(2)(3) ($)	Option Awards(4) ($)	Non-Equity Incentive Plan Compen-sation(5) ($)	Change in Pension Values and Non-qualified Deferred Compen-sation Earnings(6) ($)	All Other Compen-sation(7) ($)	Total ($)
Robert J. Saltiel	2014	765,675	618,400	3,684,000	0	352,000	0	218,877	5,638,952
President and Chief	2013	742,770	658,500	3,515,000	0	672,500	70,013	180,998	5,839,781
Executive Officer	2012	709,254	642,000	2,673,000	1,250,000	623,500	0	165,334	6,063,088
Mark L. Mey	2014	456,500	276,000	1,745,000	0	155,000	76,391	111,199	2,820,090
Executive Vice President,	2013	442,000	290,000	1,665,000	0	296,000	100,264	100,468	2,893,732
Chief Financial Officer	2012	419,692	287,100	1,292,000	450,000	274,500	34,696	102,819	2,860,807
Arthur M. Polhamus	2014	356,235	175,200	760,000	0	116,000	44,059	73,946	1,525,440
Senior Vice President,	2013	317,700	155,500	705,000	0	164,500	38,813	67,130	1,448,643
Operations	2012	278,100	142,500	722,000	225,000	137,500	13,998	65,233	1,584,331
Barry M. Smith	2014	345,004	172,800	740,000	0	109,000	47,699	63,713	1,478,216
Senior Vice President,	2013	301,877	161,000	660,000	0	159,000	62,134	59,291	1,403,302
Technical Operations	2012	257,640	151,500	690,000	225,000	128,500	44,955	44,498	1,542,093
Walter A. Baker	2014	342,560	127,200	720,000	0	111,000	19,277	61,719	1,381,756
Senior Vice President,	2013	307,600	103,500	675,000	0	156,500	15,861	56,430	1,314,891
	2012	267,800	113,500	623,000	212,500	131,500	1,973	57,593	1,407,866
General Counsel and Corporate Secretary									

(1) The amounts disclosed in this column reflect the non-formulaic portion of cash bonus awards earned for performance in the designated fiscal year but which are paid in December of the following fiscal year. The amounts for fiscal year 2014 for Messrs. Polhamus, Smith and Baker reflect an increase in the target amount of bonus from 55% to 70%. See Compensation Discussion and Analysis Components of Our Executive Compensation Program Annual Incentive Bonuses.

(2) The amounts disclosed in this column include the grant date fair value of the restricted stock and restricted stock unit awards granted to each named executive officer. Under SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. The grant date fair value of the awards is calculated using the closing price of our common stock on the date of grant. For additional information, see Note 7 to our consolidated financial statements in our 2014 Form 10-K.

(3) The amounts disclosed in this column also include the grant date fair value of performance-based restricted stock units based on the achievement of target level performance conditions of the awards. The grant date fair value of the awards is calculated using the closing price of our common stock on the date of grant. For additional information, see Note 7 to our consolidated financial statements in our 2014 Form 10-K. Assuming the highest level of performance conditions were achieved, the grant date fair value of performance-based restricted stock units granted in fiscal year 2014 would have been as follows: $3,684,000 for Mr. Saltiel; $1,745,000 for Mr. Mey; $760,000 for Mr. Polhamus; $740,000 for Mr. Smith; and $720,000 for Mr. Baker.

(4) The amounts disclosed in this column represent the aggregate grant date fair value of non-qualified stock options granted to each named executive officer. Under SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. The grant date fair value of the awards is calculated using the closing price of our common stock on the date of grant. For additional information, see Note 7 to our consolidated financial statements in our 2014 Form 10-K.

(5) The amounts disclosed in this column reflect the formulaic portion of cash bonus awards earned for performance in the designated fiscal year but which are paid in December of the following fiscal year. The amounts for fiscal year 2014 for Messrs. Polhamus, Smith and Baker reflect an increase in the target

amount of bonus from 55% to 70%. See Compensation Discussion and Analysis Components of Our Executive Compensation Program Annual Incentive Bonuses.

(6) Amounts for fiscal years 2014 and 2012 listed as zero reflect negative earnings in the amount of $60 and $11,995, respectively, for Mr. Saltiel.

(7) All other compensation for 2014 includes the following amounts:

Name	Company Contributions To Retirement Plan(A)	Company Contributions To Benefit Equalization Plan(B)	Other Compensation(C)	Total
Robert J. Saltiel	$ 26,000	$ 181,400	$ 11,477	$ 218,877
Mark L. Mey	$ 26,000	$ 77,100	$ 8,099	$ 111,199
Arthur M. Polhamus	$ 26,750	$ 39,500	$ 7,696	$ 73,946
Barry M. Smith	$ 16,416	$ 42,500	$ 4,797	$ 63,713
Walter A. Baker	$ 27,500	$ 32,500	$ 1,719	$ 61,719

(A) Amounts reflect matching contributions made for fiscal year 2014 on behalf of each named executive officer to the Company s 401(k) plan, which is qualified under applicable provisions of the Internal Revenue Code and provides for employee contributions matched by the Company at 200% of the first 5% of salary contributed by the employee (the Retirement Plan).

(B) Amounts reflect matching contributions made for fiscal year 2014 on behalf of each named executive officer to the Company s Benefit Equalization Plan, which is a non-qualified plan that permits tax-deferred contributions in excess of amounts permitted under the Retirement Plan and matching contributions of up to 200% of the first 5% of salary and bonus contributed by the employee.

(C) Amounts include: (i) payments on behalf of or reimbursements made to named executive officers during fiscal year 2014 for memberships to dining, golf or country clubs; (ii) payments on behalf of or reimbursements made to named executive officers during fiscal year 2014 of up to $2,000 for a yearly, comprehensive physical examination; and (iii) premiums paid for supplemental life insurance and accidental death and dismemberment insurance for certain named executive officers.

GRANTS OF PLAN-BASED AWARDS DURING FISCAL YEAR 2014

Name	**Grant Date**	**Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1)**			**Estimated Future Payouts Under Equity Incentive Plan Awards(2)**			**All other stock awards number of shares (#)(3)**	**Grant Date Value Of Stock and Option Awards ($)(4)**
		Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)		
Robert J. Saltiel	11/21/2013	193,750	387,500	775,000					
	11/21/2013				0	34,111	68,222		1,842,000
	11/21/2013							33,460	1,842,000
Mark L. Mey	11/21/2013	86,625	173,250	346,500					
	11/21/2013				0	16,157	32,314		872,500
	11/21/2013							15,849	872,500
Arthur M. Polhamus	11/21/2013	63,875	127,750	255,500					
	11/21/2013				0	7,037	14,074		380,000
	11/21/2013							6,903	380,000
Barry M. Smith	11/21/2013	62,125	124,250	248,500					
	11/21/2013				0	6,852	13,704		370,000
	11/21/2013							6,721	370,000
Walter A. Baker	11/21/2013	61,250	122,500	245,000					
	11/21/2013				0	6,667	13,334		360,000
	11/21/2013							6,540	360,000

(1) The amounts disclosed in these columns reflect the possible payouts under the formulaic portion of our cash bonus awards for fiscal year 2014. See Compensation Discussion and Analysis Components of Our Executive Compensation Program Annual Incentive Bonuses.

(2) The amounts disclosed in these columns reflect the potential payouts pursuant to the performance-based restricted stock units granted on the date indicated. The performance-based restricted stock units were granted pursuant to our 2013 Plan and vest three years from the date of grant based on relative total shareholder return versus a peer group for the period beginning January 1, 2014 and ending December 31, 2016. The amount of the awards disclosed above is based on the target value of each award, but the amount which vests may range from 0% to 200% of the target award is based on actual relative total shareholder return.

(3) Restricted stock units were granted pursuant to our 2013 Plan and vest three years from the date of grant, subject to acceleration of vesting upon the occurrence of certain events related to termination of employment or change of control of the Company.

(4) The amounts disclosed in this column represent the aggregate grant date fair value of the restricted stock unit awards or performance-based restricted stock units granted to each named executive officer. Under SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. The grant date fair value of the awards is calculated using the closing price of our common stock on the date of grant and assumes the achievement of target level of performance conditions for the awards. For additional information, see Note 7 to our consolidated financial statements in our 2014 Form 10-K.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END

		Option Awards				Stock Awards			
Name		Number of securities underlying unexercised options exercisable (#)	Number of securities underlying unexercised options unexercisable (#)(1)	Option exercise price ($)	Option expiration date	Number of shares or units of stock that have not vested (#)(2)	Market value of shares or units of stock that have not vested ($)(3)	Equity incentive plan awards: number of unearned shares, units or other rights that have not vested (#)	Equity incentive plan awards: market value or payout value of unearned shares, units or other rights that have not vested ($)(4)
Robert J. Saltiel		54,270	18,090	$ 37.41	12/9/2020				
		36,982	36,982	$ 41.60	12/9/2021				
						100,910	$ 4,408,758	107,217	$ 4,684,311
	Total	91,252	55,072			100,910	$ 4,408,758	107,217	$ 4,684,311
Mark L. Mey		3,579	1,193	$ 37.41	12/9/2020				
		13,314	13,314	$ 41.60	12/9/2021				
						44,383	$ 1,939,093	54,958	$ 2,401,115
	Total	16,893	14,507			44,383	$ 1,939,093	54,958	$ 2,401,115
Arthur M. Polhamus		3,328	6,656	$ 41.60	12/9/2021				
						19,814	$ 865,674	26,961	$ 1,177,926
	Total	3,328	6,656			19,814	$ 865,674	26,961	$ 1,177,926
Barry M. Smith		3,154	0	$ 35.69	12/3/2019				
		3,196	3,196	$ 37.41	12/9/2020				
		3,328	6,656	$ 41.60	12/9/2021				
						19,153	$ 836,795	25,489	$ 1,113,614
	Total	9,678	9,852			19,153	$ 836,795	25,489	$ 1,113,614
Walter A. Baker		6,286	6,286	$ 41.60	12/9/2021				
						18,831	$ 822,726	24,113	$ 1,053,497
	Total	6,286	6,286			18,831	$ 822,726	24,113	$ 1,053,497

(1) The non-qualified stock options were granted pursuant to our Amended and Restated 2007 Long-Term Incentive Plan (2007 Plan) with a term of 10 years, subject to earlier termination in certain events related to termination of employment. Each option entitles the option holder to purchase one share of common stock at an exercise price equal to the fair market value of a share of common stock on the date of grant. Twenty-five percent of such options become exercisable at the end of each of year one, two, three, and four, respectively, from the date of grant. Subject to certain conditions, the exercise price may be paid by delivery of shares of common stock owned by the option holder prior to the option exercise, and tax withholding obligations related to exercise may be paid by offset of underlying shares of common stock.

(2) These restricted stock unit awards were made pursuant to either our 2007 Plan or 2013 Plan and vest at the end of three years from the date of grant, subject to acceleration of vesting upon the occurrence of certain events related to termination of employment or change of control of the Company.

(3) With respect to restricted stock units, the amounts set forth in this column include the number of shares subject to such awards multiplied by the closing price of our common stock on September 30, 2014.

(4) With respect to performance-based restricted stock units, the amount is based on the achievement of target level performance conditions of the awards. The amounts set forth include such number of shares multiplied by the closing price of our common stock on September 30, 2014.

OPTION EXERCISES AND STOCK VESTED DURING FISCAL YEAR 2014

Name	Option Awards: Number of Shares acquired on exercise (#)	Option Awards: Value Realized on exercise ($)	Stock Awards: Number of Shares acquired on vesting (#)	Stock Awards: Value Realized on Vesting ($)(1)
Robert J. Saltiel	0	0	54,793	2,865,868
Mark L. Mey	0	0	14,504	716,724
Arthur M. Polhamus	0	0	4,924	233,398
Barry M. Smith	0	0	5,372	286,757
Walter A. Baker	0	0	2,330	105,689

(1) Represents the value of the shares on the vesting date based on the closing price of our common stock on such date.

NONQUALIFIED DEFERRED COMPENSATION

Name	Executive contributions in Fiscal Year 2014 ($)(1)	Registrant contributions in Fiscal Year 2014 ($)(1)	Aggregate earnings in Fiscal Year 2014 ($)(2)	Aggregate withdrawals/ Distributions ($)	Aggregate balance at September 30, 2014($)(1)
Robert J. Saltiel	105,543	181,400	0		960,237
Mark L. Mey	113,106	77,100	76,391		905,040
Arthur M. Polhamus	147,624	39,500	44,059		559,755
Barry M. Smith	33,250	42,500	47,699		511,558
Walter A. Baker	43,128	32,500	19,277		238,430

(1) Contributions were made to a Rabbi Trust under our Benefits Equalization Plan.

(2) Amounts listed as zero reflect negative earnings in the amount of $60 for Mr. Saltiel.

Potential Payments Upon Termination or Change of Control

Executive Change of Control Agreements. A form of Executive Change of Control Agreement (the Change of Control Agreement) was adopted by the Board and entered into by each current executive officer of the Company in fiscal year 2012 in replacement of any employment, executive or other change of control agreement in effect at such time. In January 2015, the Change of Control Agreements for Messrs. Mey, Polhamus, Smith and Baker were amended in connection with their promotions to increase the change in control multiple from 2.5 to 2.75 for Mr. Mey and from 2.0 to 2.5 for each of Messrs. Polhamus, Smith and Baker.

The Change of Control Agreement addresses the terms of executive employment and compensation in the event of a termination of employment due to a change of control of the Company. Each agreement contains double-trigger requirements for payments relating to termination of employment other than for cause following a change of control. The agreement includes a three-year evergreen term in that the agreement automatically extends so as to cover a three-year period from any date then in effect until the Company has given notice to the executive that the term will no longer be so extended; provided that, prior to a change of control, the agreement will terminate if the executive s employment is terminated for any reason. If a change of control occurs during the term of the Change of Control Agreement, the term will end on the later of the date that is two years after the change of control or the date the Company satisfies its obligations under the agreement.

Under the Change of Control Agreement, if the Company terminates the executive s employment without cause or the executive terminates the executive s employment for good reason (each as defined in the agreement) within 24 months after a change of control of the Company, the Company will be required to pay to

the executive in a lump sum (i) prorated amounts of the executive s accrued salary, bonus and vacation (the Accrued Amounts) and (ii) an amount equal to 2.5 times for Messrs. Polhamus, Smith and Baker, 2.75 times in the case of Mr. Mey, or 3.0 times in the case of Mr. Saltiel, the sum of (a) the executive s annual salary plus (b) the executive s target annual bonus.

In addition, following such termination, the executive and the executive s spouse and/or family, as applicable, will be entitled to continued participation in the Company s welfare benefit plans, policies and programs for a period of 24 months (the Welfare Continuation Benefit) and any outstanding stock options held by the executive will remain exercisable for one year after termination; provided that in no event will any stock options remain exercisable later than the earlier of (i) the original expiration date of such stock options or (ii) the tenth anniversary of the original grant date for such stock options. If the executive s employment is terminated due to disability within 24 months after a change of control of the Company, the Company will be required to pay to the executive the Accrued Amounts and provide the Welfare Continuation Benefit. If the executive s employment is terminated due to death within 24 months after a change of control of the Company, the Company will be required to pay to the executive s estate the Accrued Amounts and provide to executive s spouse and/or family, as applicable, the Welfare Continuation Benefit. With respect to excise taxes on any parachute payment under the Change of Control Agreement, the agreement provides that the executive will be liable for such excise taxes; provided, however, that if reduction of the payments under the agreement to avoid excise taxes would result in a larger net after-tax payment to the executive, the payments under the agreement will be reduced.

Stock Awards. The terms of the Company s various long-term incentive plans provide that awards granted under the plans shall be immediately vested, fully earned and exercisable upon the occurrence of a change of control and any restriction period shall terminate immediately. The terms of performance-based restricted stock units provide that such awards will immediately vest at the target level of the awards and be fully earned and exercisable upon the occurrence of a change of control.

Benefit Equalization Plan. Each of the named executive officers participates in our Benefit Equalization Plan, which permits the executive to make tax deferred contributions, including with respect to amounts that exceed certain Code limits. In addition, we make matching contributions on the amount the executive defers equal to up to 200% of the first 5% of salary and bonus contributed by the executive in excess of the Code limits applicable to our Retirement Plan. Upon a change of control, all amounts deferred under the Benefit Equalization Plan become payable regardless of whether the executive terminates employment. Under the Benefit Equalization Plan, a change of control is defined in accordance with Section 409A of the Code as a change in the ownership or effective control of the Company or in the ownership of a substantial portion of the assets of the Company.

Salary Continuation Plan. Certain executive officers, including each of our named executive officers, are covered under the Company s Salary Continuation Plan, which provides that upon the death of an executive officer prior to age 70 while actively employed by the Company, a payment equal to 2.5 times annual salary or, in the event of death due to accidental causes, five times annual salary, will be payable to the executive s beneficiary in 30 or 60 installments, respectively. In 2012, Board of Directors amended the Salary Continuation Plan to discontinue eligibility for newly elected executive officers.

Potential Payments Table

The information below describes and quantifies certain compensation that would become payable under existing plans and arrangements if the executive s employment had terminated on September 30, 2014, given the executive s compensation as of such date and, if applicable, based on the closing price of our common stock on September 30, 2014. The following table reflects the Change of Control Agreements in place as of September 30, 2014, which included change in control multiples of 2.0 for Messrs. Polhamus, Smith and Baker, 2.5 for Mr. Mey, and 3.0 for Mr. Saltiel. Due to the number of factors that affect the nature and amount of any benefits provided upon the events discussed below, any actual amounts paid or distributed may be different than the estimates presented in the table. Factors that could affect these amounts include the timing during the year of any such event and our stock price.

Executive	Benefit	Change of Control without Termination(1)	Change of Control with Termination	Termination by Executive For Good Reason(2)	Retirement	Death or Disability(3)
Robert J. Saltiel	Salary	$ 0	$ 2,325,000	$ 2,325,000		$ 1,937,500
	Bonus	$ 0	$ 2,325,000	$ 2,325,000		$ 0
	Benefit Continuation	$ 0	$ 39,145	$ 39,145		$ 0
	Stock Awards (4)	$ 9,093,069	$ 9,093,069	$ 9,093,069		$ 0
	Option Awards (5)	$ 190,898	$ 190,898	$ 190,898		$ 0
	TOTAL	**$ 9,283,966**	**$ 13,973,111**	**$ 13,973,111**	**$ 0**	**$ 1,937,500**
Mark L. Mey	Salary	$ 0	$ 1,155,000	$ 1,155,000		$ 1,155,500
	Bonus	$ 0	$ 866,250	$ 866,250		$ 0
	Benefit Continuation	$ 0	$ 39,839	$ 39,839		$ 0
	Stock Awards (4)	$ 4,340,208	$ 4,340,208	$ 4,340,208		$ 0
	Option Awards (5)	$ 35,318	$ 35,318	$ 35,318		$ 0
	TOTAL	**$ 4,375,527**	**$ 6,436,616**	**$ 6,436,616**	**$ 0**	**$ 1,155,500**
Arthur M. Polhamus	Salary	$ 0	$ 730,000	$ 730,000		$ 912,500
	Bonus	$ 0	$ 511,000	$ 511,000		$ 0
	Benefit Continuation	$ 0	$ 12,468	$ 12,468		$ 0
	Stock Awards (4)	$ 2,043,600	$ 2,043,600	$ 2,043,600		$ 0
	Option Awards (5)	$ 13,911	$ 13,911	$ 13,911		$ 0
	TOTAL	**$ 2,057,511**	**$ 3,310,979**	**$ 3,310,979**	**$ 0**	**$ 912,500**
Barry M. Smith	Salary	$ 0	$ 710,000	$ 710,000		$ 887,500
	Bonus	$ 0	$ 497,000	$ 497,000		$ 0
	Benefit Continuation	$ 0	$ 36,601	$ 36,601		$ 0
	Stock Awards (4)	$ 1,950,409	$ 1,950,409	$ 1,950,409		$ 0
	Option Awards (5)	$ 33,982	$ 33,982	$ 33,982		$ 0
	TOTAL	**$ 1,984,391**	**$ 3,227,992**	**$ 3,227,992**	**$ 0**	**$ 887,500**
Walter A. Baker	Salary	$ 0	$ 700,000	$ 700,000		$ 875,000
	Bonus	$ 0	$ 490,000	$ 490,000		$ 0
	Benefit Continuation	$ 0	$ 39,839	$ 39,839		$ 0
	Stock Awards (4)	$ 1,876,223	$ 1,876,223	$ 1,876,223		$ 0
	Option Awards (5)	$ 13,138	$ 13,138	$ 13,138		$ 0
	TOTAL	**$ 1,889,361**	**$ 3,119,200**	**$ 3,119,200**	**$ 0**	**$ 875,000**

(1) Upon a change of control, the terms of the long-term incentive plans of the Company provide that all equity awards shall immediately vest and be fully earned and exercisable.

(2) This column reflects amounts payable to an executive upon voluntary termination for good reason following a change of control.

(3) Under the terms of the Salary Continuation Plan, upon death, each executive officer is entitled to 2.5 times annual salary or, if death is due to accidental causes, five times annual salary, payable to the executive s beneficiary in 30 or 60 installments, respectively.

(4) The amounts in these rows reflect the product of the closing price of our common stock as of September 30, 2014 and the number of stock awards for each executive that have not vested as of September 30, 2014.

(5) The amounts in these rows assume full exercise of all options not exercisable as of September 30, 2014. The amounts reflect the product of such amount and the difference between the closing price of our common stock on September 30, 2014 and the applicable option exercise price.

PROPOSAL NO. 3

RATIFICATION OF INDEPENDENT AUDITORS

General

The Audit Committee of our Board of Directors has selected PricewaterhouseCoopers LLP to serve as our independent auditors for fiscal year 2015. Although it is not required to do so, our Board of Directors wishes to submit the selection of PricewaterhouseCoopers LLP for ratification by our shareholders at the Annual Meeting. Even if this selection is ratified by shareholders at the Annual Meeting, the Audit Committee may in its discretion change the appointment at any time during the year if it determines that such a change would be in the best interests of our shareholders. If our shareholders do not ratify the selection of PricewaterhouseCoopers LLP, the Audit Committee will reconsider its selection. PricewaterhouseCoopers LLP will have representatives present at the shareholders meeting who will have the opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Vote Required

Ratification of the appointment of PricewaterhouseCoopers LLP as the Company s independent auditors requires the affirmative vote of the holders of a majority of the shares of common stock present or represented by proxy who are entitled to vote, and who voted for or against the proposal, at a meeting at which a quorum is present. Abstentions and broker non-votes will have no effect the outcome of the ratification of the appointment of PricewaterhouseCoopers LLP as the Company s independent auditors.

Recommendation of the Board

The Board of Directors recommends a vote FOR ratification of the appointment of PricewaterhouseCoopers LLP as the Company s independent auditors.

AUDIT COMMITTEE REPORT

Management is primarily responsible for the Company s financial statements and the reporting process, including the systems of internal controls. PricewaterhouseCoopers LLP, the Company s independent registered public accounting firm, is responsible for performing an independent integrated audit of the Company s consolidated financial statements and internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board and for issuing a report on those statements and the Company s effectiveness of internal control over financial reporting. As the Audit Committee, we oversee the financial reporting process and internal control system on behalf of the Board of Directors. The Audit Committee met in person four times, with an additional four conference call meetings, during fiscal year 2014 for a total of eight meetings. At various times during the 2014 fiscal year, the Audit Committee met with PricewaterhouseCoopers LLP and the internal auditors, with and without management present.

In the course of fulfilling our oversight responsibilities, we reviewed and discussed the audited financial statements, as well as Management s Discussion and Analysis, included in the Company s Annual Report on Form 10-K for the fiscal year ended September 30, 2014, with management and PricewaterhouseCoopers LLP.

This review included a discussion of, among others:

- All critical accounting policies followed by the Company;
- The reasonableness of significant financial reporting issues and judgments made in connection with the preparation of the Company s financial statements, including the quality of the Company s accounting principles;
- The integrity and effectiveness of the Company s disclosure controls;
- The clarity and completeness of financial disclosures;
- The adequacy of internal controls that could significantly affect the Company s financial statements;
- Items that could be accounted for using alternative treatments within GAAP;
- Any significant deficiencies in internal control over financial reporting raised by PricewaterhouseCoopers LLP during its audit of the Company s financial statements and internal control over financial reporting; and
- The potential effects of regulatory and accounting initiatives, as well as any off balance sheet structures, on the Company s financial statements.

Based on the review and discussions referred to above, we recommended to the Board of Directors that the audited financial statements referred to above be included in the Company s 2014 Form 10-K.

We have discussed with PricewaterhouseCoopers LLP the matters required to be discussed by PCAOB Auditing Standard No.16, *Communications With Audit Committees*, as modified or supplemented, by the Auditing Standards Board of the American Institute of Certified Public Accountants.

We have received and reviewed audit and non-audit fees paid to PricewaterhouseCoopers LLP during 2014, including those pre-approved pursuant to the Company s policy and in compliance with PCAOB Rule 3524. We reviewed and approved the Company s policies regarding the provision of non-audit services by PricewaterhouseCoopers LLP to the Company and the hiring of employees of PricewaterhouseCoopers LLP by the Company.

We reviewed the independence of PricewaterhouseCoopers LLP from the Company and its management. This review included receipt and review of independence communications from PricewaterhouseCoopers LLP required by the PCAOB s Rule 3526.

As the Audit Committee, we approved the appointment of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm. In connection with that approval, we

- reviewed the scope of an overall plan for the annual audit for 2015;
- approved an estimate of audit related fees to be provided by PricewaterhouseCoopers LLP; and
- considered PricewaterhouseCoopers LLP s description of their quality control procedures.

Additionally, we

- reviewed the scope of the internal audit plan for 2015;
- reviewed the adequacy of certain financial policies;
- reviewed and discussed the results of meetings of the Company s Disclosure Committee;
- on a quarterly basis, reviewed the Company s financial results prior to their public issuance;
- reviewed the Company s compliance with certain legal and regulatory requirements;
- reviewed the performance of the internal audit function;
- reviewed significant legal developments as described by management of the Company; and
- reviewed all complaints in accordance with the Company s Whistleblower Policy.

Audit Committee:

Deborah A. Beck

George S. Dotson

Jack E. Golden

Jeffrey A. Miller

James R. Montague

Phil D. Wedemeyer, Chair

January 12, 2015

AUDIT FIRM FEE SUMMARY

During fiscal years 2014 and 2013, PricewaterhouseCoopers LLP was our independent registered public accounting firm, and it provided services in the following categories and amounts.

	Fiscal Year	
	2014	**2013**
Audit Fees (1)	$ 1,424,313	$ 1,387,611
Audit-Related Fees (2)	$ 85,000	$ 58,700
Tax Fees (3)	$ 405,406	$ 518,113
All Other Fees (4)	$ 0	$ 36,190
Total	$ 1,914,719	$ 2,000,614

(1) Amounts include fees and expenses for professional services rendered for the audit of the consolidated financial statements and audit of internal control over financial reporting of the Company, as well as statutory audit fees. The amounts for 2014 also included expenses incurred related to visits to our foreign locations. The amounts for 2013 also include fees related to the delivery of a comfort letter and fees related to registration statement filings.

(2) Amount includes fees for consultations related to our responses to SEC comment letters.

(3) Amount relates to tax compliance, business planning and restructuring services connected with our foreign locations.

(4) Amount includes fees related to a system pre-implementation review and software licensing fees.

The Audit Committee approves the engagement of our independent registered public accounting firm to render audit or non-audit services prior to the engagement based upon a proposal by such firm and an estimate of fees and expected scope of engagement.

EQUITY COMPENSATION PLANS

The table below provides information relating to our equity compensation plans as of September 30, 2014, all of which have been approved by our shareholders:

Number of shares of common stock to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of shares of common stock available for future issuance under equity compensation plans (excluding securities to be issued upon exercise of outstanding options)(1)	Weighted-average remaining term of outstanding options
833,318	$33.52	1,939,006	5.0

(1) As of September 30, 2014, there were 885,710 unvested awards of restricted stock units and performance-based restricted stock units outstanding which have been excluded from the number of shares of common stock available for future issuance.

ADDITIONAL INFORMATION

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our officers and directors, and persons who own more than 10% of a registered class of our equity securities, to file reports of ownership and changes in ownership with the SEC. Such persons are required to furnish us with copies of all Section 16(a) reports or forms they file.

Based solely on our review of the copies of such forms we have received, and written representations from certain reporting persons that no reports on Form 5 were required for those persons, we believe that, during the period from October 1, 2013 through September 30, 2014, all filing requirements applicable to our officers, directors and shareholders owning greater than 10% of our outstanding common stock were complied with.

Shareholder Proposals

Shareholder Proposals in the Proxy Statement. Proposals from our shareholders intended to be included in our proxy statement for the 2016 Annual Meeting of Shareholders must be received at our principal executive offices (directed to our Corporate Secretary at the address indicated on the first page of this proxy statement) no later than September 14, 2015 and must comply with the requirements of the proxy rules promulgated by the SEC in order to be included in the proxy statement and form of proxy related to that meeting.

Shareholder Proposals and Nominations for Directors to be Presented at Annual Meeting. Our By-laws permit shareholders to propose business to be considered or to nominate directors for election by the shareholders at our annual meeting. To propose business or to nominate a director, the shareholder must deliver a notice to the Corporate Secretary not earlier than October 21, 2015 and not later than November 20, 2015 and must comply with the advance notice requirements set forth in our By-laws and with the requirements of the proxy rules promulgated by the SEC. A copy of our By-laws may be found on our website at *www.atwd.com* under Investor Information Corporate Governance and is available upon request to the Corporate Secretary, Atwood Oceanics, Inc., 15011 Katy Freeway, Suite 800, Houston, Texas 77094.

Other Matters

Management does not intend to bring any other matters before the meeting and has not been informed that any matters are to be presented by others. In the event any other matters properly come before the meeting, the persons named in the enclosed form of proxy will vote the proxies under discretionary authority therein in accordance with their judgment on such matters.

Your vote is very important. It is important that your shares be represented. Regardless of whether you plan to attend the meeting in person, please take a moment now to vote your proxy over the Internet, by telephone, or by completing and signing the form of proxy and promptly returning it in the envelope provided. **We will provide, without charge, upon written request of any shareholder, a copy of our 2014 Annual Report to Shareholders, including consolidated financial statements and financial statement schedules. Please direct such request to the Corporate Secretary, Atwood Oceanics, Inc., 15011 Katy Freeway, Suite 800, Houston, Texas 77094, 281-749-7800.**

Walter A. Baker

Senior Vice President, General Counsel

and Corporate Secretary

Houston, Texas

January 12, 2015

PROXY

ATWOOD OCEANICS, INC.

ANNUAL MEETING OF SHAREHOLDERS

FEBRUARY 18, 2015, 12:00 P.M.

THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS

The undersigned hereby appoints Mark L. Mey and Walter A. Baker, or either of them, as proxies, each with the power to appoint a substitute, and hereby authorizes them to represent and to vote, as designated below, all the shares of common stock, par value $1.00 per share, of Atwood Oceanics, Inc., held of record by the undersigned as of the close of business on December 19, 2014, at the Annual Meeting of Shareholders to be held on February 18, 2015 or any adjournment or postponement thereof.

1. To elect the following director nominees:

DEBORAH A. BECK	HANS HELMERICH	ROBERT J. SALTIEL
GEORGE S. DOTSON	JEFFREY A. MILLER	PHIL D. WEDEMEYER
JACK E. GOLDEN	JAMES R. MONTAGUE	

¨ FOR all nominees listed ¨ WITHHOLD authority to vote for all nominees listed ¨ FOR all except
(INSTRUCTION: To withhold authority to vote for any individual nominee, mark FOR all except and write the name(s) of the nominee(s) on the line below.)

2. To approve, by a shareholder non-binding, advisory vote, the compensation of our named executive officers:

¨ FOR ¨ AGAINST ¨ ABSTAIN

3. To ratify the appointment of PricewaterhouseCoopers LLP as our independent auditors for fiscal year 2015:

¨ FOR ¨ AGAINST ¨ ABSTAIN

4. To transact such other business as may properly come before the meeting or any adjournments thereof.

(see reverse side)

This Proxy, when properly executed, will be voted in the manner directed herein by the undersigned shareholder.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON FEBRUARY 18, 2015.

A COPY OF THE PROXY STATEMENT, THIS FORM OF PROXY, AND THE ATWOOD OCEANICS, INC. 2014 ANNUAL REPORT TO SHAREHOLDERS ARE AVAILABLE AT *www.proxyvote.com*.

If no direction is made, the Proxy will be voted in accordance with our Board of Directors recommendations.

Please sign exactly as name appears hereon.

SIGNATURE (Please sign within box) DATE

SIGNATURE (Joint Owners) DATE

NOTE: When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. Joint owners should each sign personally. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

PLEASE MARK IN BLUE OR BLACK INK, SIGN, DATE AND RETURN THE PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.