

ATWOOD OCEANICS INC
Form S-3ASR
August 10, 2010

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As filed with the Securities and Exchange Commission on August 10, 2010

Registration No. 333-_____

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933
ATWOOD OCEANICS, INC.**

(Exact name of registrant as specified in its charter)

TEXAS

(State or other jurisdiction of incorporation or organization)

**Internal Revenue Service Employer Identification No. 74-1611874
15835 Park Ten Place Drive
Houston, Texas 77084
(281)749-7800**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Michael A. Campbell
Vice President - Controller
Atwood Oceanics, Inc.
15835 Park Ten Place Drive
Houston, Texas 77084
(281)749-7800**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copy to:

**W. Garney Griggs, Esq.
Strasburger & Price, LLP
1401 McKinney, Suite 2200
Houston, Texas 77010-4035
(713)951-5600**

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this Registration Statement, as determined in light of market conditions and other factors.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box:

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering:

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering:

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box:

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box: o

Indicate by check mark whether the registrant is a large accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-Accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered ⁽⁷⁾	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, par value \$1.00, including associated preferred stock purchase rights ⁽¹⁾	(5)	(5)	\$ 500,000,000 ⁽⁶⁾	\$ 35,650.00
Preferred Stock ⁽²⁾				
Debt Securities ⁽³⁾				
Warrants ⁽⁴⁾				
Total			\$ 500,000,000	\$ 35,650.00

1) Subject to note (5) below, we are registering an indeterminate number of shares of common stock and associated preferred stock purchase rights that we may issue from time to time at indeterminate prices, including shares issuable upon conversion of preferred stock that is convertible into common stock, and including

shares issuable upon exercise of warrants.

- 2) Subject to note (5) below, we are registering an indeterminate number of shares of preferred stock that we may issue from time to time at indeterminate prices. Shares of preferred stock may be convertible into shares of common stock
- 3) (Subject to note (5) below, we are registering an indeterminate amount of debt securities that we may issue from time to time at indeterminate prices.
- 4) Subject to note (5) below, we are registering an indeterminate number of warrants that we may issue from time to time at indeterminate prices entitling the holder to purchase shares of common stock.
- 5) Not applicable pursuant to

General

Instruction II.E
of Form S-3 of
the Securities
Act of 1933, as
amended.

- 6) Represents the principal amount of any debt securities issued at, or at a premium to, their principal amounts, and the issue price rather than the principal amount of any debt securities issued at an original issue discount; the liquidation preference of any preferred stock; the offering price of any common stock; the issue price of any warrants; and the exercise price of any warrants; all of which together will not exceed \$500,000,000. Pursuant to Rule 457(o), the registration fee is calculated on the aggregate maximum offering price of the common stock, preferred stock, debt securities, and warrants. The registration fee

was calculated at the statutory rate of \$71.30 per \$1,000,000 of securities registered.

- 7) Pursuant to Rule 416, this Registration Statement also covers an indeterminate number of shares of common stock that may be issued as a result of stock splits, stock dividends, or similar transactions.
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Atwood Oceanics, Inc.

\$500,000,000

Common Stock,

Preferred Stock,

Debt Securities,

and/or Warrants to purchase Common Stock

By this prospectus, or a supplement to this prospectus, we may from time to time offer up to \$500,000,000 in the aggregate reflecting the initial offering price of common stock, preferred stock, debt securities, and/or warrants to purchase our common stock. The prospectus provides you with a general description of these securities.

This prospectus describes only the general terms of these securities and the general manner in which we will offer the securities. We will provide the specific terms of these securities in supplements to this prospectus.

Our common stock is listed on the New York Stock Exchange under the symbol **ATW**. The last reported sale price of our common stock on August 9, 2010 was \$27.66 per share.

We may offer these securities to or through underwriters, and also to other purchasers or through agents. The names of the underwriters, if any, will be set forth in a prospectus supplement. The prospectus supplement may also update or change the information contained in this prospectus. You should read this prospectus and any related prospectus supplement carefully before you invest in our securities. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Investing in our common stock involves risks. You should carefully consider and evaluate all of the information contained in the prospectus, any prospectus supplement, and in the documents incorporated into this prospectus by reference before you decide to purchase our securities. In particular, you should consider the risks described in Risk Factors at page 6 of this prospectus or in any prospectus supplement and in the documents incorporated into this prospectus before making a decision to invest in our securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Prospectus dated August 10, 2010.

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ABOUT THIS PROSPECTUS

This prospectus is part of an automatic registration statement that we filed with the SEC as a well-known seasoned issuer as defined in Rule 405 under the Securities Act of 1933, as amended (the Securities Act), using a shelf registration process. Under this shelf registration process, we may offer from time to time any combination of the securities described in this prospectus in one or more offerings up to a total dollar amount of \$500,000,000. This prospectus provides you with a general description of the securities that we may offer. Each time we offer securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add to or update other information contained in this prospectus. You should read both this prospectus and the accompanying prospectus supplement, together with additional information described below under the headings Available Information and Documents Incorporated by Reference.

As used in this prospectus generally, the terms Atwood, the Company, we, our or us means Atwood Oceanic and its direct or indirect subsidiaries, except where the context indicates otherwise. Our principal executive office is located at 15835 Park Ten Place Drive, Houston, Texas 77084 and our phone number is (281)749-7800. Our internet address is www.atwd.com. Information on our website is not part of this prospectus.

YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS OR ANY PROSPECTUS SUPPLEMENT. WE HAVE NOT AUTHORIZED ANYONE ELSE TO PROVIDE YOU WITH DIFFERENT INFORMATION. WE ARE NOT MAKING AN OFFER OF THESE SECURITIES IN ANY STATE WHERE THE OFFER IS NOT PERMITTED. YOU SHOULD NOT ASSUME THAT THE INFORMATION IN THIS PROSPECTUS OR ANY PROSPECTUS SUPPLEMENT IS ACCURATE AS OF ANY DATE OTHER THAN THE DATE ON THE FRONT OF THAT DOCUMENT. OUR BUSINESS, FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS MAY HAVE CHANGED SINCE THOSE DATES.

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SUMMARY

This summary highlights some basic information from the prospectus. It likely does not contain all of the information that is important to you. You should carefully read the entire prospectus, any supplemental prospectus, and the other documents incorporated by reference to understand fully the terms of the offering, as well as other considerations that are important to you.

THE COMPANY

We are engaged in the international offshore drilling of exploratory and developmental oil and gas wells, and related support, management and consulting services. We are headquartered in Houston, Texas, USA, and were incorporated as a Texas corporation in 1968. We commenced operations in 1970. Our fleet currently consists of nine active, wholly-owned drilling units. Our principal executive office is located at 15835 Park Ten Place Drive, Houston, Texas 77084 and our phone number is (281)749-7800.

THE OFFERING

Common Stock, Preferred Stock, Debt Securities, and Warrants to Purchase Common Stock

We may issue, in one or more offerings, up to \$500,000,000 of any combination of common stock, preferred stock, debt securities, or warrants to purchase common stock.

Common Stock. We may issue shares of our common stock from time to time. Our amended and restated certificate of incorporation authorizes us to issue up to 90,000,000 shares of common stock, par value \$1.00 per share. As of August 9, 2010, we have 64,443,000 shares of common stock outstanding. Holders of our common stock are entitled to one vote for each share on all matters submitted to a vote of our stockholders. Holders of at least one-tenth of all shares entitled to vote may call a meeting. We have no plans to pay any cash dividends on our common stock in the near future. Subject to our creditors and to any preferential rights of any then outstanding preferred stock, in the event we liquidate, dissolve or wind up our affairs, the holders of our common stock will share ratably, according to the number of shares held, in our remaining assets, if any.

Our rights agreement is an anti-takeover device, or "poison-pill", which is designed to fend off a change in control that our board of directors does not believe to be in our best interest. Each share of common stock issued while the rights agreement remains in effect will be associated with a preferred stock purchase right, which rights currently expire November 5, 2012.

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Preferred Stock. We may issue shares of our preferred stock from time to time. Our amended and restated certificate of incorporation authorizes us to issue, without stockholder approval, up to 1,000,000 shares of preferred stock, without par value, as to which our board of directors may fix the designation, terms, and relative rights and preferences. As of the date of this prospectus, we have not issued any preferred stock, however, our board of directors has designated 500,000 shares as a class of preferred stock, Series A Junior Participating Preferred Stock, in connection with our rights agreement.

Debt Securities. We may issue debt securities from time to time, in one or more series. We could issue debt securities under an indenture. Unless otherwise described in a supplemental prospectus, the debt securities will be our general unsecured obligations and will rank equally and ratably with all of our other senior unsecured and unsubordinated indebtedness, and will be issued in fully registered form and in denominations of \$1,000 and integral multiples thereof.

Warrants. We may issue from time to time warrants for the purchase of common stock independently or together with other securities. The warrants may be attached to or separate from the other securities. We may issue warrants in one or more series. Unless otherwise specified in a prospectus supplement, the warrants will be represented by certificates, and exchanged under the terms outlined in the warrant agreement.

Use of proceeds

Unless we state otherwise in a prospectus supplement, we will use the net proceeds from the sale of securities sold by us for general corporate purposes, which may include the repayment of debt, acquisitions, capital expenditures and working capital.

Risk Factors

See the Risk Factors section beginning on page 6 of this prospectus, as well as any other cautionary statements throughout or incorporated by reference in this prospectus, before investing in us.

New York Stock Exchange symbol

ATW

Ratio of Earnings to Fixed Charges

See the Ratio of Earnings to Fixed Charges section on page 18 of this prospectus.

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THE COMPANY

We are engaged in the international offshore drilling of exploratory and developmental oil and gas wells, and related support, management and consulting services. We are headquartered in Houston, Texas, USA, and were incorporated as a Texas corporation in 1968. We commenced operations in 1970.

Our fleet currently consists of nine active, wholly-owned drilling units:
three semisubmersibles capable of drilling in up to 5,000 feet of water;

one semisubmersible capable of drilling in up to 2,000 feet of water;

one 400 foot cantilever jack-up;

one 350 foot cantilever jack-up;

one 300 foot cantilever jack-up;

one semisubmersible self-erecting tender-assist rig; and

one submersible.

Each type of drilling rig is designed for different purposes and applications, for operations in different water depths, bottom conditions, environments and geographical areas, and for different drilling and operating requirements. We have two semisubmersible drilling units, the ATWOOD OSPREY, a conventionally moored 6,000 foot water depth unit, and a to-be-named, dynamically positioned 10,000 foot water depth unit under construction with scheduled delivery in early 2011 and mid-2012, respectively.

Since fiscal year 1997, we have invested approximately \$1.5 billion in upgrading seven mobile offshore drilling units; constructing two ultra-premium jack-up units, the ATWOOD BEACON and ATWOOD AURORA; and funding the ongoing construction of our two new semi-submersible drilling rigs.

During our forty-two year history, the majority of our drilling units have operated outside of United States waters, and we have conducted drilling operations in most of the major offshore exploration areas of the world. Our current worldwide operations include nine premium offshore mobile drilling units located in five regions of the world offshore Southeast Asia, offshore Africa, offshore Australia, the Mediterranean Sea and the U.S. Gulf of Mexico. Approximately 97%, 97%, and 93% of our contract revenues were derived from foreign operations in fiscal years 2009, 2008 and 2007, respectively. During the first three quarters of fiscal year 2010, 98% of our contract revenues were derived from foreign operations. The submersible RICHMOND is our only drilling unit currently working in United States waters. We support our operations from our Houston headquarters and offices currently located in Australia, Malaysia, Malta, Egypt, Indonesia, Singapore and the United Kingdom.

RISK FACTORS

An investment in our securities involves significant risks. You should carefully consider the risk factors described below before deciding whether to invest in our securities. The risks and uncertainties described below are not the only ones we face. You should also carefully read and consider all of the information we have included, or incorporated by reference, in this prospectus, before you decide to invest in our securities. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business.

RECENT EVENTS IN THE U.S. GULF OF MEXICO MAY ADVERSELY IMPACT OUR OPERATIONS AND FINANCIAL CONDITION.

On April 20, 2010, an explosion and fire at the Macondo well, a deepwater U.S. Gulf of Mexico offshore drilling location, resulted in 11 deaths, multiple personal injuries and significant property damage and pollution. As a result of this incident, hydrocarbons flowed from the well resulting in significant pollution and contamination. The U.S. Department of Interior issued a memorandum imposing a temporary moratorium on deepwater drilling on the outer continental shelf. Although the subject of ongoing litigation, the moratorium presently extends to November 30, 2010.

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At this time, we cannot predict what, if any, impact this incident may have on the regulation of offshore oil and gas exploration and development activity, the cost or availability of insurance coverage to cover the risks of such operations, the technical requirements or certifications of rigs or what actions may be taken by our customers, governmental agencies, or other industry participants in response to the incident. Currently, we are performing a comprehensive review of all operating policies and procedures, the technical specifications and certifications of key equipment components and the training certification of all relevant personnel; however, we believe all of our rigs satisfy current technical requirements and certifications, if any, required to operate in the jurisdictions where they currently operate, but can give no assurance that in the future they will satisfy new technical requirements or certifications, if any, or that the costs to satisfy such technical requirements or certifications, if any, would not materially affect our financial condition and operating results. Changes in laws or regulations regarding offshore oil and gas exploration and development activities, the cost or availability of insurance, and decisions by customers, governmental agencies, or others industry participants could reduce demand for our services or increase our costs of operations, which could have a negative impact on our financial condition and operating results, but we cannot reasonably or reliably estimate that such changes will occur, when they will occur, or if they will impact us. **WE RELY ON THE OIL AND NATURAL GAS INDUSTRY, AND VOLATILE OIL AND NATURAL GAS PRICES IMPACT DEMAND FOR OUR SERVICES.**

Demand for our services depends on activity in offshore oil and natural gas exploration, development and production. The level of exploration, development and production activity is affected by factors such as:

prevailing oil and natural gas prices;

expectations about future prices;

the cost of exploring for, producing and delivering oil and natural gas and the availability of financing for such costs;

the sale and expiration dates of available offshore leases;

worldwide demand for petroleum products;

current availability of oil and natural gas resources;

the rate of discovery and rate of depletion of new oil and natural gas reserves in offshore areas;

local and international political and economic conditions;

technological advances;

ability of oil and natural gas companies to generate or otherwise obtain funds for capital;

the ability of the Organization of Petroleum Exporting Countries, or OPEC, to set and maintain production levels and pricing;

political or other disruptions that limit exploration, development and production in oil-producing countries;

the level of production by non-OPEC countries; and

laws and governmental regulations that restrict exploration and development of oil and natural gas in various jurisdictions.

During recent years, the level of offshore exploration, development and production activity and more recently the price for oil and natural gas has been volatile. Such volatility is likely to continue in the future.

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A decline in the worldwide demand for oil and natural gas or prolonged low oil or natural gas prices in the future would likely result in reduced exploration and development of offshore areas and a decline in the demand for our services. Even during periods of high prices for oil and natural gas, companies exploring for oil and gas may cancel or curtail programs, or reduce their levels of capital expenditures for exploration and production for a variety of reasons. Any such decrease in activity is likely to reduce our dayrates and our utilization rates and, therefore, could have a material adverse effect on our financial condition, results of operations and cash flows.

RIG CONVERSIONS, UPGRADES OR NEWBUILDS MAY BE SUBJECT TO DELAYS AND COST OVERRUNS.

From time to time we may undertake to increase our fleet capacity through conversions or upgrades to rigs or through new construction. These projects are subject to risks of delay or cost overruns inherent in any large construction project resulting from numerous factors, including the following:

shortages of equipment, materials or skilled labor;

unscheduled delays in the delivery of ordered materials and equipment;

unanticipated cost increases;

weather interferences;

difficulties in obtaining necessary permits or in meeting permit conditions;

design and engineering problems;

shipyard failures; and

risks involved in the construction of a dynamically positioned semisubmersible drilling unit without a contract.

Project delays may affect our ability to meet contractual commitments as well as the commencement of operations of our drilling units following delivery. The ATWOOD OSPREY, scheduled for delivery in early 2011, has a contract with Chevron Australia Pty. Ltd. which could be canceled by our customer if the rig has not commenced operations by January 31, 2012.

OPERATING HAZARDS INCREASE OUR RISK OF LIABILITY; WE MAY NOT BE ABLE TO FULLY INSURE AGAINST THESE RISKS.

Our operations are subject to various operating hazards and risks, including:

catastrophic marine disaster;

adverse sea and weather conditions;

mechanical failure;

navigation errors;

collision;

oil and hazardous substance spills, containment and clean up;

labor shortages and strikes;

damage to and loss of drilling rigs and production facilities; and

war, sabotage, terrorism, and piracy.

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These risks present a threat to the safety of personnel and to our rigs, cargo, equipment under tow and other property, as well as the environment. Our operations and those of others could be suspended as a result of these hazards whether the fault is ours or that of a third party. In certain circumstances, governmental authorities may suspend drilling operations as a result of these hazards and our customers may cancel or terminate their contracts. Third parties may have significant claims against us for damages due to personal injury, death, property damage, pollution and loss of business if such event were to occur in our operations.

We maintain insurance coverage against the casualty and liability risks listed above. We also have business interruption coverage for interruptions in excess of 45 days upon the occurrence of certain events. We believe our insurance is adequate, and we have never experienced a loss in excess of policy limits. However, we may not be able to renew or maintain our existing insurance coverage at commercially reasonable rates or at all. Additionally, there is no assurance that our insurance coverage will be adequate to cover future claims that may arise.

THE INTENSE PRICE COMPETITION AND VOLATILITY OF OUR INDUSTRY, WHICH IS MARKED BY PERIODS OF LOW DEMAND, EXCESS RIG AVAILABILITY AND LOW DAYRATES, COULD HAVE AN ADVERSE EFFECT ON OUR REVENUES, PROFITABILITY AND CASH FLOWS.

The contract drilling business is highly competitive with numerous industry participants. The industry has experienced consolidation in recent years and may experience additional consolidation. Recent mergers among oil and natural gas exploration and production companies have reduced the number of available customers.

Drilling contracts are, for the most part, awarded on a competitive bid basis. Price competition is often the primary factor in determining which qualified contractor is awarded a job, although rig availability and the quality and technical capability of service and equipment are also factors. We compete with approximately ten other drilling contractors, most of which are substantially larger and have appreciably greater resources than us.

The industry in which we operate historically has been volatile, marked by periods of low demand, excess rig supply and low dayrates, followed by periods of high demand, low rig availability and increasing dayrates. Periods of excess rig supply intensify the competition in the industry and often result in rigs being idled. Several markets in which we operate are currently oversupplied. Based upon the recent events in the U.S. Gulf of Mexico, additional rigs may be relocated to markets in which we operate, which could result in or exacerbate excess rig supply and lower day rates in those markets. Lower utilization and dayrates in one or more of the regions in which we operate would adversely affect our revenues and profitability. Prolonged periods of low utilization and dayrates could also result in the recognition of impairment charges on certain of our drilling rigs if future cash flow estimates, based upon information available to management at the time, indicate that the carrying value of these rigs may not be recoverable. We may be required to idle rigs or to enter into lower-rate contracts in response to market conditions in the future. **WE RELY HEAVILY ON A SMALL NUMBER OF CUSTOMERS AND THE LOSS OF A SIGNIFICANT CUSTOMER COULD HAVE AN ADVERSE IMPACT ON OUR FINANCIAL RESULTS.**

Our contract drilling business is subject to the usual risks associated with having a limited number of customers for our services. Noble Energy Mediterranean, Ltd., Woodside Energy Ltd. and Sarawak Shell Bhd. provided approximately 26%, 20% and 14%, respectively, of our consolidated revenues in fiscal year 2009. Our results of operations could be materially adversely affected if any of our major customers terminate their contracts with us, fail to renew our existing contracts or refuse to award new contracts to us.

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WE MAY SUFFER LOSSES IF OUR CUSTOMERS TERMINATE OR SEEK TO RENEGOTIATE THEIR CONTRACTS.

Certain of our contracts with customers may be cancelable upon specified notice at the option of the customer. However, in such cases, these contracts would require the customer to pay a specified early termination payment upon cancellation, but such payments may not fully compensate us for the loss of the contract. Contracts customarily provide for either automatic termination or termination at the option of the customer in the event of total loss of the drilling rig or if drilling operations are suspended for extended periods of time by reason of excessive rig downtime for repairs, or other specified conditions, including force majeure. Early termination of a contract may result in a rig being idle for an extended period of time. Our revenues may be adversely affected by customers' early termination of contracts, especially if we are unable to recontract the affected rig within a short period of time. During depressed market conditions, a customer may no longer need a rig that is currently under contract or may be able to obtain a comparable rig at a lower daily rate. As a result, customers may seek to renegotiate the terms of their existing drilling contracts or avoid their obligations under those contracts. The renegotiation of a number of our drilling contracts could adversely affect our financial position, results of operations and cash flows.

WE COULD INCUR DIFFICULTY IN FUNDING OUR CURRENT OR FUTURE RIG CONSTRUCTION, RIG ACQUISITION OR RIG UPGRADE PROGRAMS OR FUTURE DRILLING OPERATIONS IF WE ARE UNABLE TO OBTAIN A SUFFICIENT AMOUNT OF FINANCING OR IF ONE OR MORE MEMBERS OF OUR BANK GROUP SHOULD FAIL.

Historically, we have utilized bank group financing to fund our rig construction, rig acquisition and rig upgrade programs and, if needed, a portion of drilling operations. The inability to obtain a sufficient amount of financing or the inability of one or more of the bank group members to provide committed funding could adversely affect our ability to complete any rig construction, rig acquisition, rig upgrade programs or drilling operations. To date, we have been able to obtain adequate bank group financing to fund all of our commitments.

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WE ARE SUBJECT TO OPERATING RISKS SUCH AS BLOWOUTS AND WELL FIRES THAT COULD RESULT IN PERSONAL INJURY OR DEATH, PROPERTY DAMAGE OR LOSS AND ENVIRONMENTAL DAMAGE.

Our drilling operations are subject to many hazards that could increase the likelihood of accidents. Accidents can result in:

costly delays or cancellations of drilling operations;

serious damage to, or destruction of, equipment;

personal injury or death;

significant impairment of producing wells or underground geological formations; or

major environmental damage.

Our offshore drilling operations are also subject to marine hazards, either at offshore sites or while drilling equipment is under tow, such as vessel capsizings, collisions or groundings. In addition, raising and lowering jack-up drilling rigs and offshore drilling platforms whose three legs independently penetrate the ocean floor, flooding semisubmersible ballast tanks to help place the floating drilling unit over the well site and drilling into high-pressure formations are complex, hazardous activities, and we can encounter problems.

We have had accidents in the past due to some of the hazards described above. Because of the ongoing hazards associated with our operations:

we may experience a higher number of accidents in the future than expected;

our insurance coverage may prove inadequate to cover losses that are greater than anticipated;

our insurance deductibles may increase; or

our insurance premiums may increase to the point where maintaining our current level of coverage is prohibitively expensive or we may be unable to obtain insurance at all.

Any future accidents could yield future operating losses and have a significant adverse impact on our business. **OUR RESULTS OF OPERATIONS WILL BE ADVERSELY AFFECTED IF WE ARE UNABLE TO SECURE CONTRACTS FOR OUR DRILLING RIGS ON ECONOMICALLY FAVORABLE TERMS.**

The drilling markets in which we compete frequently experience significant fluctuations in the demand for drilling services, as measured by the level of exploration and development expenditures, and the supply of capable drilling equipment. In response to fluctuating market conditions, we can, as we have done in the past, relocate drilling rigs from one geographic area to another, but only when such moves are economically justified. If demand for our rigs declines, rig utilization and dayrates are generally adversely affected, which in turn, would adversely affect our revenues.

FAILURE TO OBTAIN AND RETAIN KEY PERSONNEL COULD IMPEDE OUR OPERATIONS.

We depend to a significant extent upon the efforts and abilities of our executive officers and other key management personnel. There is no assurance that these individuals will continue in such capacity for any particular period of time. The loss of the services of one or more of our executive officers or key management personnel could adversely affect our operations.

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GOVERNMENT REGULATION AND ENVIRONMENTAL RISKS REDUCE OUR BUSINESS OPPORTUNITIES AND INCREASE OUR COSTS.

We must comply with extensive government regulation in the form of international conventions, federal, state and local laws and regulations in jurisdictions where our vessels operate and are registered. These conventions, laws and regulations govern oil spills and matters of environmental protection, worker health and safety, and the manning, construction and operation of vessels, and vessel and port security. We believe that we are in material compliance with all applicable environmental, health and safety and vessel and port security laws and regulations. We are not a party to any pending governmental litigation or similar proceeding, and we are not aware of any threatened governmental litigation or proceeding which, if adversely determined, would have a material adverse effect on our financial condition or results of operations. However, the risks of incurring substantial compliance costs, liabilities and penalties for non-compliance are inherent in our industry. Compliance with environmental, health and safety and vessel and port security laws increases our costs of doing business. Additionally, environmental, health and safety and vessel and port security laws change frequently, and based upon the recent events in the U.S. Gulf of Mexico, we expect that compliance costs will rise as a result of increased governmental and industry regulations and scrutiny. Therefore, we are unable to predict the future costs or other future impact of environmental, health and safety, and vessel and port security laws on our operations. There is no assurance that we can avoid significant costs, liabilities and penalties imposed as a result of governmental regulation in the future.

OUR RELIANCE ON FOREIGN OPERATIONS EXPOSES US TO ADDITIONAL RISKS NOT GENERALLY ASSOCIATED WITH DOMESTIC OPERATIONS, WHICH COULD HAVE AN ADVERSE EFFECT ON OUR OPERATIONS OR FINANCIAL RESULTS.

During the past five years, we derived substantially all of our revenues from foreign sources. We, therefore, face risks inherent in conducting business internationally, such as:

- legal and governmental regulatory requirements;
- difficulties and costs of staffing and managing international operations;
- language and cultural differences;
- potential vessel seizure or nationalization of assets;
- import-export quotas or other trade barriers;
- renegotiation or nullification of existing contracts;
- difficulties in collecting accounts receivable and longer collection periods;
- foreign and domestic monetary policies;
- political and economic instability;
- terrorist acts, piracy, war and civil disturbances;
- assault on property or personnel;
- travel limitations or operational problems caused by public health threats;
- imposition of currency exchange controls;

potentially adverse tax consequences, including those due to changes in laws or interpretation of existing laws; or

currency exchange rate fluctuations.

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In the past, these conditions or events have not materially affected our operations. However, we cannot predict whether any such conditions or events might develop in the future. Also, we organized our subsidiary structure and our operations, in part, based on certain assumptions about various foreign and domestic tax laws, currency exchange requirements, and capital repatriation laws. While we believe our assumptions are correct, there can be no assurance that taxing or other authorities will reach the same conclusion. If our assumptions are incorrect, or if the relevant countries change or modify such laws or the current interpretation of such laws, we may suffer adverse tax and financial consequences, including the reduction of cash flow available to meet required debt service and other obligations. Any of these factors could materially adversely affect our international operations and, consequently, our business, operating results and financial condition.

WE MAY SUFFER LOSSES AS A RESULT OF FOREIGN EXCHANGE RESTRICTIONS AND FOREIGN CURRENCY FLUCTUATIONS.

A significant portion of the contract revenues of our foreign operations are paid in U.S. Dollars; however, some payments are made in foreign currencies. As a result, we are exposed to currency fluctuations and exchange rate risks as a result of our foreign operations. To minimize the financial impact of these risks when we are paid in foreign currency, we attempt to match the currency of operating costs with the currency of contract revenue. However, any increase in the value of the U.S. Dollar in relation to the value of applicable foreign currencies could adversely affect our operating revenues when translated into U.S. Dollars. To date, currency fluctuations have not had a material impact on our financial condition or results of operations.

WE ARE SUBJECT TO WAR, SABOTAGE, TERRORISM AND PIRACY, WHICH COULD HAVE AN ADVERSE EFFECT ON OUR BUSINESS.

The terrorist attacks of September 11, 2001, have had a continuing impact, including those related to the current United States military campaigns in Afghanistan and Iraq, on the energy industry. It is unclear what impact the current United States military campaigns or possible future campaigns will have on the energy industry in general, or us in particular, in the future. Uncertainty surrounding retaliatory military strikes or a sustained military campaign may affect our operations in unpredictable ways, including changes in the insurance markets, disruptions of fuel supplies and markets, particularly oil, and the possibility that infrastructure facilities, including pipelines, production facilities, refineries, electric generation, transmission and distribution facilities, could be direct targets of, or indirect casualties of, an act of terror. War or risk of war may also have an adverse effect on the economy.

The terrorist attacks resulted in a hardening of the insurance market. We maintain insurance coverage against casualty risks and have renewed our primary insurance program through June 30, 2011. We will evaluate the need to maintain this coverage as it applies to our drilling fleet in the future. We believe our insurance is adequate, and we have never experienced a loss in excess of policy limits. Current policy limits in place for the period July 1, 2010 through June 30, 2011 range from a low of \$35 million for the RICHMOND to a high of \$275 million for the ATWOOD HUNTER and the ATWOOD EAGLE. When delivered in 2011, the ATWOOD OSPREY will have a policy limit of approximately \$550 million. There is no assurance that our insurance coverage will be available or affordable and, if available, whether it will be adequate to cover future claims that may arise.

Instability in the financial markets as a result of war, sabotage, terrorism or piracy could also affect our ability to raise capital and could also adversely affect the oil, gas and power industries and restrict their future growth.

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THE SUBSTANTIAL EQUITY INTEREST OWNED BY CERTAIN SHAREHOLDERS MAY LIMIT THE ABILITY OF OTHER SHAREHOLDERS TO INFLUENCE THE OUTCOME OF DIRECTOR ELECTIONS AND OTHER MATTERS REQUIRING SHAREHOLDER APPROVAL.

As of August 6, 2010, Helmerich & Payne International Drilling Co. owns of record and beneficially 8,000,000 shares, or approximately 12% of the issued and outstanding shares of our common stock. One of our directors, Hans Helmerich, is an executive officer of Helmerich & Payne, Inc. (H&P) the parent company of Helmerich & Payne International Drilling Co. The beneficial ownership of our common stock and membership of an officer of H&P on our board may enable H&P to exercise some influence over the election of directors and other corporate matters requiring shareholder or board of directors approval.

FUTURE SALES OF OUR COMMON STOCK BY HELMERICH & PAYNE INTERNATIONAL DRILLING CO. OR ANY OTHER LARGE SHAREHOLDER COULD ADVERSELY AFFECT OUR MARKET PRICE.

Helmerich & Payne International Drilling Co. has advised us that, consistent with its pursuit of a strategy of focusing on its core drilling business, it intends to evaluate its entire investment portfolio, which includes shares of our common stock, and its cash requirements on a continuous basis and that it may seek to dispose of all or a portion of the shares of our common stock owned by it when and as necessary, from time to time, to fund its corporate needs. Until the sale of all of the shares of common stock owned by Helmerich & Payne International Drilling Co. or any other large shareholder are sold, we will or may have a large number of shares of common stock outstanding and available for resale beginning at various points in the future. Sales of a substantial number of shares of our common stock in the public market, or the possibility that these sales may occur, could also make it more difficult for us to sell new issue common stock or other equity securities in the future at a time and at a price that we deem appropriate. ANTI-TAKEOVER PROVISIONS IN OUR AMENDED AND RESTATED CERTIFICATE OF FORMATION, SECOND AMENDED AND RESTATED BYLAWS AND RIGHTS PLAN COULD MAKE IT DIFFICULT FOR HOLDERS OF OUR COMMON STOCK TO RECEIVE A PREMIUM FOR THEIR SHARES UPON A CHANGE OF CONTROL.

Holders of the common stock of acquisition targets often receive a premium for their shares upon a change of control. Texas law and the following provisions, among others, of our certificate of formation, second amended and restated bylaws and rights plan, all as amended from time to time, could have the effect of delaying or preventing a change of control and could prevent holders of our common stock from receiving such a premium:

We are subject to a provision of Texas corporate law that prohibits us from engaging in a business combination with any shareholder for three years from the date that person became an affiliated shareholder by beneficially owning 20% or more of our outstanding common stock, unless specified conditions are met.

Special meetings of shareholders may not be called by anyone other than our chairman of the board of directors, president, or the holders of at least one-tenth of all shares issued, outstanding, and entitled to vote.

Our board of directors has the authority to issue up to 1,000,000 shares of blank-check preferred stock and to determine the voting rights and other privileges of these shares without any vote or action by our shareholders.

We have issued poison pill rights to purchase Series A Junior Participating Preferred Stock under our rights plan, whereby the ownership of our shares by a potential acquirer can be significantly diluted by the sale at a significant discount of additional shares of our common stock to all other shareholders, which could discourage unsolicited acquisition proposals.

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CLIMATE CHANGE, CLIMATE CHANGE REGULATIONS AND GREENHOUSE EFFECTS MAY ADVERSELY IMPACT OUR OPERATIONS AND MARKETS.

There is a concern that emissions of greenhouse gases (GHG) alter the composition of the global atmosphere in ways that affect the global climate. Climate change, including the impact of global warming, may create physical and financial risk. Physical risks from climate change include an increase in sea level and changes in weather conditions. Given the maritime nature of our business, we do not believe that physical climate change is likely to have a material adverse effect on us.

Financial risks relating to climate change are likely to arise from increasing legislation and regulation, as compliance with any new rules could be difficult and costly. United States federal legislation has been proposed in Congress to reduce GHG emissions. While little progress has been made on these proposals, federal legislation limiting GHG emissions may be imposed in the United States. Foreign jurisdictions are addressing climate changes by legislation or regulation. If such legislation is enacted, increased energy, environmental and other costs and capital expenditures could be necessary to comply with the limitations. Unless and until legislation is enacted and its terms are known, we cannot reasonably or reliably estimate its impact on our financial condition, operating performance or ability to compete.

Adverse impacts upon the oil and gas industry relating to climate change may also affect us as demand for our services depends on the level of activity in offshore oil and natural gas exploration, development and production. Although we do not expect that demand for oil and gas will lessen dramatically over the short term, in the long term global warming may reduce the demand for oil and gas or increased regulation of GHG may create greater incentives for use of alternative energy sources. Any long term material adverse effect on the oil and gas industry may have a material adverse effect on our financial condition and operating results, but we cannot reasonably or reliably estimate that it will occur, when it will occur or that it will impact us.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Statements included in this report and the documents incorporated herein by reference which are not historical facts (including any statements concerning plans and objectives of management for future operations or economic performance, or assumptions related thereto) are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In addition, we and our representatives may from time to time make other oral or written statements which are also forward-looking statements.

These forward-looking statements are made based upon management's current plans, expectations, estimates, assumptions and beliefs concerning future events impacting us and therefore involve a number of risks and uncertainties. We caution that forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in the forward-looking statements.

Important factors that could cause our actual results of operations, financial conditions or cash flows to differ include, but are not necessarily limited to:

our dependence on the oil and gas industry;

the operational risks involved in drilling for oil and gas;

the occurrence of a major operation incident which could significantly damage a rig or result in the total loss of a rig;

the future implications on the offshore drilling industry resulting from the Macondo well incident in the U.S. Gulf of Mexico and the U.S. Department of Interior temporary moratorium on deepwater drilling;

risks associated with the current global economic crisis and its impact on capital markets, liquidity, and financing of future drilling activity;

changes in rig utilization and dayrates in response to the level of activity in the oil and gas industry, which is significantly affected by indications and expectations regarding the level and volatility of oil and gas prices, which in turn are affected by political, economic and weather conditions affecting or potentially affecting regional or worldwide demand for oil and gas, actions or anticipated actions by OPEC, inventory levels, deliverability constraints, and future market activity;

the extent to which customers and potential customers continue to pursue deepwater drilling;

exploration success or lack of exploration success by our customers and potential customers;

the highly competitive and volatile nature of our business, with periods of low demand and excess rig availability;

the impact of government suspension or limitation of drilling operations and increased governmental or industry regulation as a result of recent events in the U.S. Gulf of Mexico;

the impact of possible disruption in operations due to terrorism, acts of piracy, embargoes, war or other military operations;

our ability to enter into and the terms of future drilling contracts;

the availability of qualified personnel;

our failure to retain the business of one or more significant customers;

the termination or renegotiation of contracts by customers;

the availability of adequate insurance at a reasonable cost;

the occurrence of an uninsured loss;

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the risks of international operations, including possible economic, political, social or monetary instability, and compliance with foreign laws;

the effect public health concerns could have on our international operations and financial results;

compliance with environmental laws or any breach which could result in a potential damage claim;

the incurrence of secured debt or additional unsecured indebtedness or other obligations by us or our subsidiaries;

the adequacy of sources of liquidity for our operations and those of our customers;

currently unknown rig repair needs and/or additional opportunities to accelerate planned maintenance expenditures due to presently unanticipated rig downtime;

higher than anticipated accruals for performance-based compensation due to better than anticipated performance by us, higher than anticipated severance expenses due to unanticipated employee terminations, higher than anticipated legal and accounting fees due to unanticipated financing or other corporate transactions, and other factors that could increase general and administrative expenses;

the actions of our competitors in the offshore drilling industry, which could significantly influence rig dayrates and utilization;

changes in the geographic areas in which our customers plan to operate or the tax rate in such jurisdiction, which in turn could change our expected effective tax rate;

changes in oil and gas drilling technology or in our competitors' drilling rig fleets that could make our drilling rigs less competitive or require major capital investments to keep them competitive;

rig availability;

the effects and uncertainties of legal and administrative proceedings and other contingencies;

the impact of governmental laws and regulations and the uncertainties involved in their administration and the associated access to offshore acreage for drilling activities;

changes in accepted interpretations of accounting guidelines and other accounting pronouncements and tax laws;

risks involved in the construction of a dynamically positioned semisubmersible drilling unit without a contract;

although our current long-term contract commitments do not provide for early termination due to market deterioration, the risk that customers could seek to amend some of these contracts due to market decline which could alter the timing and amount of our current contracted cash flows;

the risks involved in the construction, upgrade, and repair of our drilling units including project delays affecting our ability to meet contractual commitments, as well as commencement of operations of our drilling units following delivery; and

such other factors as may be discussed in this report and our other reports filed with the Securities and Exchange Commission, or SEC.

These factors are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on future results. The words believe, impact, intend, estimate, anticipate, plan and similar expressions identify forward-looking statements. When considering any forward-looking statement, you should also keep in mind the risk factors described under the section entitled Risk Factors beginning on page 6 of this prospectus and any other risk factors described in an applicable prospectus supplement. Undue reliance should not be placed on these forward-looking statements, which are applicable only on the date hereof. Neither we nor our representatives have a general obligation to revise or update these forward-looking statements to reflect events or circumstances that arise after the date hereof or to reflect the occurrence of unanticipated events.

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Unless we state otherwise in a prospectus supplement, we will use the net proceeds from the sale of securities sold by us for general corporate purposes, which may include the repayment of debt, acquisitions, capital expenditures and working capital. We may temporarily invest funds we receive from the sale of securities by us that we do not immediately need for these purposes.

RATIO OF EARNINGS TO FIXED CHARGES

Our ratio of earnings to fixed charges for the periods indicated below was as follows:

Years Ended September 30,					9 Months Ended June 30, 2010
2005	2006	2007	2008	2009	2010
4.5	14.3	37.3	61.3	27.0	47.7

Our ratios of earnings to fixed charges are calculated by dividing earnings by fixed charges for the period indicated, where:

earnings, is defined as consolidated income or loss from continuing operations plus income taxes, minority interest and fixed charges, except capitalized interest; and

fixed charges, is defined as consolidated interest on indebtedness, including capitalized interest, amortization of debt discount and issuance cost, and the estimated portion of rental expense deemed to be equivalent to interest.

Because we have no preferred stock issued and outstanding, dividends relating to preferred stock are not included in the calculation of fixed charges.

DESCRIPTION OF COMMON STOCK**GENERAL**

Our amended and restated certificate of formation, as amended from time to time, authorize us to issue up to 90,000,000 shares of common stock, par value \$1.00 per share, and up to 1,000,000 shares of preferred stock, without par value. As of August 9, 2010, an aggregate of 64,443,000 shares of common stock and no shares of preferred stock were outstanding. Our common stock is listed on the New York Stock Exchange under the symbol ATW. We have summarized certain provisions of our amended and restated certificate of formation and second amended and restated bylaws below, but you should read our amended and restated certificate of formation and second amended and restated bylaws for a more complete description of the rights of holders of our common stock.