

**Pacific Drilling S.A.**  
**Audit Committee Charter**

**A. PURPOSE**

The Audit Committee of Pacific Drilling S.A. (the “Company”) is a standing committee of the Board of Directors. The primary objective of the Audit Committee is to assist the Board of Directors’ oversight of: the Company’s accounting practices; the integrity of the Company’s financial statements; the Company’s compliance with legal and regulatory requirements; the qualifications, independence, and performance of the Company’s registered public accounting firm (the “independent auditor”); and the internal audit function.

**B. MEMBERSHIP, STRUCTURE, AND ADMINISTRATION**

1. **Size and Member Qualifications** - The Audit Committee shall consist of at least three members of the Board of Directors, all of whom shall be independent of management and the Company and shall satisfy the independence requirements as defined, by any applicable law. Each member of the Audit Committee shall be financially literate, as such qualification is interpreted by the Board of Directors in its business judgment, or must become financially literate within a reasonable period of time after his or her appointment to the Audit Committee. At least one member of the Audit Committee shall have sufficient accounting or related financial management expertise to be deemed an “audit committee financial expert” as determined by the business judgment of the Board of Directors.
2. **Board of Directors Authority** - Members of the Audit Committee shall be appointed by the Board of Directors. The Audit Committee shall report regularly to the Board of Directors. Unless otherwise determined by the Board of Directors, no member of the Audit Committee may serve on the audit committee of more than two other public companies. The Board of Directors may remove members of the Audit Committee from such committee with or without cause.
3. **Chair** - Unless the Board of Directors elects a Chair of the Audit Committee, the Audit Committee shall elect one by majority vote.
4. **Compensation** - The compensation of the Audit Committee members shall be as determined by the Board of Directors. No member of the Audit Committee may receive, directly or indirectly, any compensation from the Company other than director’s fees (in cash and/or company shares or options or in-kind consideration).
5. **Meetings** - The Audit Committee shall meet on a schedule and in a manner the Audit Committee shall establish. A majority of the members of the Audit Committee shall constitute a quorum. The Audit Committee may also act by unanimous written consent in lieu of a meeting. Periodically, the Audit Committee shall meet separately with: the independent auditor, members of the Company’s management, and the Company’s internal auditor. A special meeting may be called on not less than 24 hours notice, at any time by the Chairman. The Audit Committee shall keep such records of its meetings as it shall deem appropriate.
6. **Subcommittees** - The Audit Committee may form and delegate authority to one or more subcommittees as it deems appropriate from time to time under the circumstances.

7. **Audit Committee Authority** - The Audit Committee shall maintain unrestricted communication with the independent auditors, the Company's internal audit function personnel, counsel and financial management to assure that each understands and accepts its responsibilities for direct communication with the Audit Committee as appropriate. The Audit Committee shall have full access to the books and records of the Company, as well as full access to interview employees, if necessary. The Chairman of the Audit Committee shall have the authority to direct the Company's internal audit function to carry out such special audit projects as, in the Chairman's judgment, are warranted.
8. **Charter Evaluations** - The Audit Committee shall maintain this Charter and shall, at least annually and otherwise as conditions dictate, review and reassess the Charter. The Audit Committee shall obtain the approval of the Board of Directors for all revisions or changes to the Charter.

**C. RESPONSIBILITIES AND DUTIES**

1. **General** - The Audit Committee shall discharge its responsibilities and shall assess the information provided by the Company's management, the internal auditor and the independent auditors, in accordance with its business judgment. Management is responsible for the preparation, presentation, and integrity of the Company's financial statements, for the appropriateness of the accounting principles and the reporting policies that are used by the Company and for establishing and maintaining adequate internal control over financial reporting. The independent auditors are responsible for auditing the Company's financial statements and the Company's internal control over financial reporting and for reviewing the Company's unaudited interim financial statements. The authority and responsibilities set forth in this Charter do not reflect or create any duty or obligation of the Audit Committee to plan or conduct any audit, to determine or certify that the Company's financial statements are complete, accurate, fairly presented, or in accordance with generally accepted accounting principles or applicable law, or to guarantee the independent auditor's report.

**2. Oversight of Independent Auditors**

- a. **Selection and Reporting** - The Audit Committee shall be directly responsible for appointing, evaluating and, when necessary, terminating the independent auditors. The Audit Committee is also directly responsible for oversight of the independent auditor's work, including the resolution of disagreements between Company, management and the independent auditors regarding financial reporting. The independent auditors shall report directly to the Audit Committee.
- b. **Compensation** - The Audit Committee shall take direct responsibility for setting compensation of the independent auditors. The Audit Committee is empowered, without further action by the Board of Directors, to cause the Company to pay the compensation of the independent auditor established by the Audit Committee.
- c. **Independence** - On a periodic but no less frequently than annual basis, the Audit Committee shall obtain from the independent auditors a formal written statement delineating all their relationships with the Company or professional services that may impact their objectivity and independence. In addition, the Audit Committee shall review with the independent auditors the nature and

scope of any disclosed relationships or professional services and any appropriate actions necessary to ensure the continuing independence of the auditors.

- d. Quality-Control Report – At least annually, the Audit Committee shall obtain and review a report by the independent auditors describing:
- the internal quality-control procedures at the independent auditor’s firm; and
  - any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditor’s firm, or by any inquiry or investigation by any governmental or professional authorities, within the preceding five years, relating to one or more independent audits carried out by the independent auditor’s firm, and any steps taken to deal with any such issues.
- e. Pre-approval of Services – The Audit Committee shall pre-approve all audit services to be provided to the Company, whether provided by the principal auditor or other firms, and all other services (review, attest and non-audit) to be provided to the Company by the independent auditor; provided, however, that de minimis non-audit services may instead be approved in accordance with applicable rules and regulations. The Audit Committee shall cause the Company to comply with any applicable disclosure requirements regarding approval by the Audit Committee of any non-audit services to be performed by the independent auditor. Any decision of a subcommittee to pre-approve audit or non-audit services shall be presented to the full Audit Committee at its next scheduled meeting.
- f. Review Scope of Services – The Audit Committee shall meet with the independent auditors and financial management of the Company to review the scope of the proposed audit and quarterly reviews for the current year and the procedures to be utilized.
- g. Discussion of Independent Auditors’ Comments and Recommendations – The Audit Committee shall meet with the independent auditors to review their comments and recommendations with respect to:
- internal accounting controls;
  - audit difficulties, including restrictions on the scope of the independent auditors’ activities or access to requested information or significant disagreements with management;
  - analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods;
  - the effect of regulatory and accounting initiatives, as well as off balance sheet structures; and
  - other matters relating to the accounting procedures and records of the Company.

The Audit Committee shall also review with the independent auditors the consideration given by management to such and any corrective action taken by management with respect thereto.

- h. Interim Financial Information – The Audit Committee shall direct the independent auditor to use its best efforts to perform all reviews of interim financial information prior to disclosure by the Company of such information and to discuss promptly with the Audit Committee and the Chief Financial Officer any matters identified in connection with the auditor’s review of interim financial information that are required to be discussed by applicable auditing standards.

### **3. Review of Financial Data and Disclosures**

- a. Review of Quarterly Reviewed and Annual Audited Financial Data – The Audit Committee shall meet to review and discuss the financial data to be included in the Company’s quarterly financial statements and annual report; any accompanying opinions of the independent auditors; and any matters required to be discussed by applicable auditing standards. The Audit Committee shall discuss such items with financial management and the independent auditors and shall report thereon to the Board of Directors prior to the release, by public filing or other public disclosure, of earnings.
- b. Review of Auditor Reports - The Audit Committee shall review and evaluate reports required to be made by the independent auditor pursuant to critical accounting policies and practices; alternative treatments of financial information within generally accepted accounting principles that have been discussed with Company management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and other material written correspondence between Company management and the independent auditor, such as a management letter or schedule of unadjusted differences.

### **4. Review of Internal Reports and Processes**

- a. Review of Internal Audit Function - The Audit Committee shall review and evaluate the activities and recommendations of the Company’s internal audit function and the responses of the Company to such recommendations, including the independence and authority of the function. The Audit Committee is responsible to review the scope of the internal audit function as well as its staffing and compensation.
- b. Oversight of Company’s Internal Control Processes - The Audit Committee shall coordinate the Board of Director’s oversight of the Company’s significant internal control processes, including the process of preparing the interim and annual financial results; disclosure controls and procedures; internal audit function; and code of business conduct and ethics.
- c. Personnel Review – The Audit Committee shall review and evaluate the succession planning of the Company’s senior financial management.
- d. Procedure for Complaints - The Audit Committee shall establish procedures to provide for (i) receiving, tracking, retaining and treating complaints received by the Company regarding employee reports of conflicts in interest; unethical or illegal activities; or accounting, accounting controls, auditing matters and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding such matters. The Audit Committee shall establish procedures for the reporting of such matters, when significant, to the Board of Directors.

- e. Discussion with Company Counsel - The Audit Committee shall review periodically legal, environmental, code of ethics, and related matters with the Company's legal counsel.
- f. Hiring Policies - The Audit Committee shall establish policies regarding the hiring of employees or former employees of the Company's independent auditors.
- g. Risk Management - The Audit Committee shall discuss the Company's policies with respect to risk assessment and risk management, including guidelines and policies to govern the process by which the Company's exposure to risk is handled. The Audit Committee should also discuss the Company's major financial risk exposures and steps taken by management to monitor and control such exposures.
- h. Related Party Transactions - The Audit Committee shall review and approve the Company's policies and procedures for reviewing and approving related party transactions and, to the extent no other policy or procedure applies to a particular proposed related party transaction, the Audit Committee shall have the authority to review and approve such transaction.

## **5. Administration**

- a. Audit Committee Independence – The Audit Committee shall make inquiry of each member of the Audit Committee to confirm compliance with independence requirements as defined by relevant laws and regulations to the extent applicable to the Company.
- b. Outside Consultants - The Audit Committee shall retain independent counsel or consultants if necessary to carry out its responsibilities. The Audit Committee is empowered, without further action by the Board of Directors, to cause the Company to pay the compensation of such advisors.
- c. Administrative Expenses – The Audit Committee is empowered, without further action by the Board of Directors, to cause the Company to pay the ordinary administrative expenses of the Audit Committee that are necessary or appropriate to carry out its duties.
- d. Report to Board of Directors - The Audit Committee shall report, no less frequently than annually or more frequently as circumstances require, to the Board of Directors concerning the Audit Committee's actions since the previous report and the Audit Committee's agenda for the ensuing year, which report shall contain recommendations as appropriate.
- e. Annual Self-Evaluation – At least annually, the Audit Committee shall evaluate its own performance.

## **6. Other Responsibilities**

- a. Review of Other Outside Reports - The Audit Committee shall review reports received from regulators and other legal and regulatory matters that have been brought to the attention of the Audit Committee and that may have a material effect on the financial statements or related company compliance policies.
- b. Other investigations - The Audit Committee shall conduct or authorize investigations into any matter brought to the Audit Committee's attention within

the scope of its duties, including anything as may be referred to the Audit Committee by the Board of Directors.

- c. Other Matters - The Audit Committee shall consider such other matters in relation to the financial affairs of the Company as the Audit Committee may, in its discretion, determine to be advisable.
- d. Additional Duties – The Audit Committee shall have such other duties as may be delegated from time to time by the Board of Directors.