

ROWAN COMPANIES INC

Form 424B5

July 16, 2009

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**Filed Pursuant to Rule 424(b)(5)**  
**Registration No. 333-160579**

**CALCULATION OF REGISTRATION FEE**

<b>Title of Each Class of Securities to be Registered</b>	<b>Amount to be Registered</b>	<b>Proposed Maximum Offering Price per Unit</b>	<b>Proposed Maximum Aggregate Offering Price</b>	<b>Amount of Registration Fee</b>
77/8% Senior Notes due 2019	\$ 500,000,000	99.341%	\$ 496,705,000	\$ 27,716.14(1)

(1) This amount is calculated in accordance with Rule 457(r) of the Securities Act of 1933, as amended.

PROSPECTUS SUPPLEMENT  
(To Prospectus dated July 15, 2009)

**\$500,000,000**

**Rowan Companies, Inc.**

77/8% Senior Notes due 2019

We are offering \$500 million of our 77/8% Senior Notes due 2019. We will pay interest on the notes on February 1 and August 1 of each year, commencing on February 1, 2010. The notes will mature on August 1, 2019.

We may elect to redeem any or all of the notes at any time for an amount equal to 100% of the principal amount of the notes redeemed plus a make-whole premium plus accrued but unpaid interest to the redemption date.

The notes will be our unsecured senior obligations and will rank equal in right to all our existing and future unsecured senior indebtedness, and will be effectively junior to our existing and future secured indebtedness to the extent of collateral securing that debt. The notes will be structurally junior to the indebtedness and other liabilities of our subsidiaries.

We do not intend to apply for listing of the notes on any securities exchange or for inclusion of the notes in any automated quotation system. Currently, there is no public market for the notes.

*See Risk Factors beginning on page S-10 to read about important factors you should consider before buying the notes.*

	<b>Per Note</b>	<b>Total</b>
Price to the public <sup>(1)</sup>	99.341%	\$ 496,705,000
Underwriting discounts and commissions	0.650%	\$ 3,250,000

Proceeds to us (before expenses) <sup>(1)</sup>	98.691%	\$ 493,455,000
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<sup>(1)</sup> Plus accrued interest, if any, from July 21, 2009.

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

We expect that delivery of the notes will be made to investors in book-entry form on or about July 21, 2009 through The Depository Trust Company.

*Joint Book-Running Managers*

**Barclays Capital**

**Goldman, Sachs & Co.**

**Citi**

**Deutsche Bank Securities**

**Wells Fargo Securities**

Prospectus Supplement dated July 15, 2009

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**You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it.**

**We are not, and the underwriters are not, making an offer to sell the notes in any jurisdiction where the offer or sale is not permitted.**

**You should assume that the information appearing in this prospectus supplement and the accompanying prospectus is accurate only as of the respective dates on the front of those documents or earlier dates specified herein or therein. Our business, financial condition, results of operations and prospects may have changed since those dates.**

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

This prospectus supplement and the accompanying prospectus are part of a universal shelf registration statement on Form S-3 that we filed with the Securities and Exchange Commission, or the SEC. Under the shelf registration process, we may sell any combination of capital stock, debt securities, warrants or units in one or more offerings from time to time. In the accompanying prospectus, we provide you a general description of the securities we may offer from time to time under our shelf registration statement. This prospectus supplement describes the specific details regarding this offering, including the price, the aggregate principal amount of debt being offered and the risks of investing in our securities. This prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein include important information about us, the notes being offered and other information you should know before investing.

Unless otherwise indicated or the context otherwise requires, in this prospectus supplement, all references to Rowan Companies, Rowan, we, us or our refer to Rowan Companies, Inc. and its direct and indirect subsidiaries on a consolidated basis.

**INCORPORATION BY REFERENCE**

The SEC allows us to incorporate by reference the information that we file with them, which means that we can disclose important information to you by referring you to other documents filed separately with the SEC. The information incorporated by reference is an important part of this prospectus supplement and the accompanying prospectus, and information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference the following documents and all documents that we subsequently file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (other than information furnished rather than filed):

our Annual Report on Form 10-K for the year ended December 31, 2008, as filed with the SEC on March 2, 2009;

our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009, as filed with the SEC on May 11, 2009;

our Current Reports on Form 8-K and 8-K/A, as filed with the SEC on January 26, 2009, February 9, 2009, March 2, 2009, March 9, 2009, March 10, 2009, May 11, 2009, May 12, 2009, June 1, 2009, June 22, 2009 and June 26, 2009; and

the description of our common stock contained in our registration statements filed pursuant to Section 12 of the Exchange Act, including any amendment or report filed for the purpose of updating such description.

**FORWARD-LOOKING STATEMENTS**

This prospectus supplement includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and the Private Securities Litigation Reform Act of 1995 about us that are subject to risks and uncertainties. All statements other than statements of historical fact included in this document are forward-looking statements. Forward-looking statements may be found under Prospectus Supplement Summary, Risk Factors and elsewhere in this document regarding our financial position, business strategy, possible or assumed

future results of operations, and other plans and objectives for our future operations.

Forward-looking statements are subject to risks and uncertainties. Although we believe that in making such statements our expectations are based on reasonable assumptions, such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those projected.

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Except for our obligation to disclose material information under U.S. federal securities laws, we do not undertake any obligation to release publicly any revisions to any forward-looking statements, to report events or circumstances after the date of this prospectus supplement, or to report the occurrence of unanticipated events.

Statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as will, would, should, plans, likely, expects, anticipates, intends, believes, estimates, expressions, are forward-looking statements. The following important factors, in addition to those discussed under the caption Risk Factors and elsewhere in this document, could affect the future results of the energy industry in general, and us in particular, and could cause those results to differ materially from those expressed in or implied by such forward-looking statements:

- demand for drilling services in the United States and abroad;
- demand for oil, natural gas and other commodities;
- oil and natural gas prices;
- the level of exploration and development expenditures by national oil companies, major international oil companies and large investment-grade exploration and production companies;
- the willingness and ability of the Organization of Petroleum Exporting Countries, or OPEC, to limit production levels and influence prices;
- the level of production in non-OPEC countries;
- the general economy, including inflation;
- the condition of the capital markets;
- weather conditions in our principal operating areas, including possible disruption of exploration and development activities due to hurricanes and other severe weather conditions;
- environmental and other laws and regulations;
- policies of various governments regarding exploration and development of their oil and natural gas reserves;
- domestic and international tax policies;
- political and military conflicts and the effects of terrorism;
- advances in exploration and development technology; and
- consolidation of our customer base.

All written and oral forward-looking statements attributable to us are expressly qualified in their entirety by such factors. For additional information with respect to these factors, see Incorporation by Reference.

**NON-GAAP FINANCIAL MEASURES**



The SEC has adopted rules to regulate the use of non-GAAP financial measures, such as EBITDA and Adjusted EBITDA, that are derived on the basis of methodologies other than in accordance with generally accepted accounting principles, or GAAP. EBITDA is a non-GAAP financial measure that complies with the Securities Act regulations when it is defined as net income (the most directly comparable GAAP financial measure) before interest, taxes, depreciation and amortization. We define EBITDA in this prospectus supplement accordingly.

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Adjusted EBITDA is another non-GAAP financial measure, which we define to be EBITDA as adjusted for (i) gain on disposals of property and equipment, (ii) material charges and other operating expenses (including in 2008, inventory valuation charges, goodwill impairment, professional fees related to the suspended monetization of LeTourneau Technologies, Inc., impairment charges due to the cancellation of construction on a jack-up rig and severance payments; in 2006, such charges included a charge in anticipation of payments made in 2007 related to a Department of Justice investigation), (iii) gain on hurricane-related events and (iv) other income (expense), which includes unrealized foreign currency translation gains and losses. We present EBITDA and Adjusted EBITDA because we believe that our lenders consider them to be important supplemental measures of our performance and believe they are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. We believe EBITDA and Adjusted EBITDA are appropriate supplemental measures of debt service capacity, because cash expenditures on interest are, by definition, available to pay interest, and tax expense is inversely correlated to interest expense because tax expense goes down as deductible interest expense goes up; depreciation and amortization are non-cash charges.

EBITDA and Adjusted EBITDA have limitations as analytical tools, and you should not consider them in isolation, or as substitutes for analysis of our results as reported under GAAP. For example, these measures:

- do not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments;

- do not reflect changes in, or cash requirements for, our working capital needs;

- do not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debts; and

- do not reflect the effect of earnings or charges resulting from matters we consider not to be indicative of our ongoing operations.

In addition, although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA and Adjusted EBITDA do not reflect any cash requirements for such replacements. Other companies in our industry and in other industries may calculate EBITDA and Adjusted EBITDA differently from the way that we do, limiting their usefulness as comparative measures. Because of these limitations, EBITDA and Adjusted EBITDA should not be considered as measures of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our GAAP results and using EBITDA and Adjusted EBITDA only supplementally.

## **INDUSTRY AND MARKET DATA**

We have obtained some industry and market share data from third-party sources that we believe are reliable. In many cases, however, we have made statements in this prospectus supplement (or in documents incorporated by reference in this prospectus supplement) regarding our industry and our position in the industry based on estimates made based on our experience in the industry and our own investigation of market conditions. We believe these estimates to be accurate as of the date of this prospectus supplement. However, this information may prove to be inaccurate because of the method by which we obtained some of the data for our estimates or because this information cannot always be verified with complete certainty due to the limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties. As a result, you should be aware that the industry and market data included or incorporated by reference in this prospectus supplement, and estimates and beliefs based on that data, may not be reliable. We cannot, and the underwriters cannot, guarantee the accuracy or completeness of any such information.



**Table of Contents****PROSPECTUS SUPPLEMENT SUMMARY**

*This summary highlights information from this prospectus supplement and the accompanying prospectus to help you understand our business and an investment in the notes offered hereby. You should read carefully this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference for a more complete understanding of this offering. For more information about important risks that you should consider before making a decision to purchase notes in this offering, you should read the Risk Factors beginning on page S-10 of this prospectus supplement, as well as the Risk Factors appearing in our quarterly report on Form 10-Q for the three months ended March 31, 2009. Except in the Description of Notes section of this prospectus supplement, and unless the context requires otherwise, references to Rowan Companies, Rowan, us, we and our mean Rowan Companies together with its subsidiaries.*

**Rowan Companies, Inc.**

We are a leading international provider of contract drilling services with a focus on high-specification, premium marine jack-up rigs, which we use for both exploratory and development drilling. Depending on the particular rig and location, we are capable of drilling to depths of up to 35,000 feet in water up to 550 feet deep. Today, our offshore fleet includes 22 self-elevating mobile jack-up rigs, with nine rigs located in the Middle East, eight in the U.S. Gulf of Mexico, or GOM, two in the North Sea, one in West Africa, one in Eastern Canada and one in Mexico. One of our GOM rigs will begin operating offshore Egypt later in 2009. By the end of 2009, approximately 68% of our offshore fleet will be located in markets outside the United States. We have five additional high-specification jack-up rigs under construction with deliveries expected in 2010 and 2011. We also own and operate 32 deep-well land rigs in Texas, Louisiana, Oklahoma and Alaska.

Our manufacturing division, LeTourneau Technologies, Inc., or LTI, is an industry leader in the design and construction of jack-up rigs and has designed and built all our jack-up rigs. LTI designed all, and is building two, of our high-specification rigs under construction. LTI also designs and manufactures innovative products and systems such as premium oil and gas drilling equipment.

For the twelve months ended March 31, 2009, we had total revenues of \$2,222 million, net income of \$461 million, EBITDA of \$849 million and Adjusted EBITDA of \$902 million. Our offshore drilling services segment generated approximately 81% of our Adjusted EBITDA over the same period.

The following table summarizes our offshore jack-up rig assets:

	<b>High-Specification Jack-ups<sup>(1)</sup></b>	<b>Premium Jack-ups<sup>(2)</sup></b>	<b>Conventional Jack-ups</b>	<b>Total</b>	<b>Percentage of Fleet</b>
Middle East	3	6		9	41%
GOM	3 <sup>(3)</sup>	2	3	8	36%
North Sea	2			2	9%
Africa	1			1	5%
Mexico	1			1	5%
Canada		1		1	5%

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Total	10	9	3	22	100%
Percentage of Fleet	45%	41%	14%	100%	

- (1) Rigs that have at least two million pounds of hook load.
- (2) Cantilever jack-up rigs that have the ability to operate in water depths greater than 300 feet.
- (3) One high-specification jack-up rig is scheduled to mobilize from the GOM to Egypt later in 2009.

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### ***Competitive Strengths***

*High-Specification Jack-up Fleet Allows for Premium Day Rates and Utilization.* We believe our offshore fleet of 22 jack-up rigs, including ten high-specification rigs, is one of the youngest and most capable jack-up rig fleets in our industry. These rigs typically command higher day rates and maintain higher utilization rates compared to other lower specification jack-up rigs. Each of our ten high-specification jack-up rigs has two million pounds or greater hook load, which allows us to drill deeper and more difficult wells than conventional jack-up rigs. Currently, our high-specification rigs constitute approximately 40% of the total world-wide number of 26 rigs with similar capabilities. We also have nine premium cantilever rigs capable of drilling in water depths of up to 450 feet.

*Geographic Diversity.* We are a global company with offshore operations in the Middle East, GOM, North Sea, West Africa, Eastern Canada and Mexico. After one of our high-specification rigs moves to Egypt later in 2009, approximately 68% of our fleet will be in markets outside the United States. We believe our geographic diversity helps reduce our exposure to regional downturns, enabling us to take advantage of changing market conditions, and provides access to new and emerging markets.

*Robust Contract Backlog.* As of May 31, 2009, our contract backlog was approximately \$2.3 billion, which included \$1.35 billion in offshore drilling, \$300 million in onshore drilling and \$630 million from LTI. Approximately 90% of our offshore drilling contract backlog is with national oil companies, major international oil companies and large investment-grade exploration and production companies.

*Conservative Financial Profile.* We operate with relatively conservative levels of leverage and strong capitalization ratios. As of March 31, 2009, our ratio of total debt to total capitalization was 12.6%, and our total debt to Adjusted EBITDA ratio was 0.4x for the twelve-month period ended on that date. In line with our financial strategy of funding capital expenditures with operating cash flow, we believe cash flow from our contract backlog will allow us to continue to fund the remaining costs of our five high-specification jack-up rigs under construction.

*Experienced Management Team.* We are led by a management team with substantial experience in the offshore drilling sector as well as with our company. Matt Ralls, our President and Chief Executive Officer, spent ten years with GlobalSantaFe serving as Treasurer, Chief Financial Officer, and Chief Operating Officer until the merger of GlobalSantaFe and Transocean in November 2007. The top five members of our senior management team have on average 23 years of experience in the offshore contract drilling industry and 17 years with Rowan.

### ***Business Strategy***

#### ***International Diversification.***

We are committed to offering the highest jack-up rig drilling capabilities in the toughest operating environments throughout the world. Over the last five years, we have expanded our rig operations from primarily the GOM to the Middle East, North Sea, West Africa, Eastern Canada and Mexico. We will continue to evaluate opportunities to redeploy offshore rigs to regions around the world with strong demand for our drilling services.

#### ***Position Ourselves as the Operator of Choice for High-Specification Jack-Up Drilling Rigs.***

With a focus on high-specification, premium jack-up rigs, we offer our customers the ability to drill deep, difficult wells that are beyond the capabilities of conventional jack-up rigs. We believe we will continue to enjoy strong demand for our high-specification equipment in jack-up markets where difficult drilling conditions prevail. Our newbuild jack-up rigs will further enhance our leadership in the high-specification jack-up markets.



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### *Focus on Financially Strong Customers With Stable Drilling Needs.*

As of June 22, 2009, approximately 90% of our offshore drilling backlog was contracted with national oil companies, major international oil companies and large investment-grade exploration and production companies. We believe these customers tend to have a longer-term view on their drilling plans and capital budgets, and are therefore less likely to react to short-term fluctuations in the price of crude oil and natural gas.

### *Strong Emphasis on Safety and Environmental Compliance.*

We are committed to keeping our employees safe and protecting the environment. As national oil companies and major international oil companies increasingly scrutinize the safety and environmental compliance records of their vendors, we believe our focus and commitment to excellence in these areas will continue to attract and retain customers.

## **Second Quarter 2009 Outlook**

We do not as a matter of course make public projections as to future sales, earnings, or other results. However, in the context of this offering, our management has prepared the following outlook for the second quarter of 2009. The prospective financial information presented below was not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of our management, was prepared on a reasonable basis, reflects the best currently available estimates and judgments, and presents, to the best of management's knowledge and belief, the expected course of action and our expected future financial performance.

Neither our independent registered public accountants, nor any other independent registered public accountants, have compiled, examined or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

The following are estimates for certain key financial results that we expect for the second quarter of 2009:

total revenues of between \$477 million and \$482 million;

operating income of between \$124 million and \$130 million;

net income of between \$83 million and \$88 million;

EBITDA of between \$169 million and \$175 million; and

Adjusted EBITDA of between \$166 million and \$173 million.

Although full results for the second quarter of 2009 are not yet available, based upon information available to us and except as otherwise described in this prospectus supplement, we are not aware and do not anticipate that our results for the second quarter will be adversely affected, in the aggregate, by material or unusual adverse events, and we do not believe that, during the second quarter, we incurred material additional borrowings or other liabilities, contingent or otherwise, or defaulted under our debt covenants. Nevertheless, our actual results for the second quarter of 2009 may differ from these expectations and from the estimates disclosed above. Our expected results for this interim period are not indicative of the results that should be expected for the full fiscal year.



EBITDA and Adjusted EBITDA are supplements to GAAP financial information and should not be construed as alternatives to, or more meaningful than, GAAP financial information. See the caption titled "Non-GAAP Financial Measures" for additional qualifications regarding the use of EBITDA and Adjusted EBITDA. The following table reconciles our range of estimated net income, the most directly

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comparable GAAP financial measure, to our range of estimated EBITDA and Adjusted EBITDA for the second quarter of 2009:

	<b>Three Months Ended June 30, 2009</b> <i>(Estimated data; Dollars in millions)</i>			
Net income	between	\$ 83.3	and	\$ 87.5
Interest expense, net	between	0.1	and	0.1
Income tax expense	between	42.9	and	45.1
Depreciation and amortization	between	42.6	and	42.6
 EBITDA	 between	 \$ 168.7	 and	 \$ 175.2
Exclusions:				
Gain on disposals of property and equipment	between	\$ (0.1)	and	\$ (0.1)
Material charges and other operating expenses	between		and	
Gain on hurricane-related events	between		and	
Other, net <sup>(1)</sup>	between	(2.4)	and	(2.4)
 Adjusted EBITDA	 between	 \$ 166.3	 and	 \$ 172.8

<sup>(1)</sup> Includes unrealized foreign currency translation gains and losses.

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**The Offering**

The following summary contains basic information about the notes and is not intended to be complete. For a more complete understanding of the notes, please refer to the section of this document entitled Description of Notes. For purposes of this section of the summary and the description of notes included in this prospectus supplement, references to Rowan Companies, Rowan, issuer, us, we and our refer only to Rowan Companies, Inc. and do include its subsidiaries.

<b>Issuer</b>	Rowan Companies, Inc.
<b>Securities</b>	\$500,000,000 aggregate principal amount of 77/8% senior notes due 2019.
<b>Maturity date</b>	August 1, 2019.
<b>Interest payment dates</b>	February 1 and August 1 of each year, beginning on February 1, 2010.  Interest will accrue from July 21, 2009.
<b>Mandatory redemption</b>	We will not be required to make mandatory redemption or sinking fund payments on the notes.
<b>Optional redemption</b>	We may, at our option, redeem all or part of the notes at a make-whole price at any time.
<b>Ranking</b>	The notes will be our general unsecured, senior obligations. Accordingly, they will rank: <ul style="list-style-type: none"> <li>senior in right of payment to all of our subordinated indebtedness, if any;</li> <li><i>pari passu</i> in right of payment with any of our existing and future unsecured indebtedness that is not by its terms subordinated to the notes, including any indebtedness under our senior revolving credit facility (other than letter of credit reimbursement obligations that are secured by cash deposits);</li> <li>effectively junior to our existing and future secured indebtedness, including indebtedness under our secured notes issued pursuant to the MARAD Title XI program to finance several of our offshore drilling rigs, in each case, to the extent of the value of our assets constituting collateral securing that indebtedness; and</li> <li>effectively junior to all existing and future indebtedness and other liabilities of our subsidiaries (other than indebtedness and liabilities owed to us).</li> </ul> As of June 30, 2009, we had total indebtedness of approximately \$388 million, all of which was secured by liens on several of our offshore drilling rigs; this amount includes total indebtedness of our subsidiaries of

approximately \$131 million owed to third parties.

**Covenants**

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

create liens that secure debt;

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engage in sale and leaseback transactions; and

merge or consolidate with another company.

These covenants are subject to a number of important limitations and exceptions that are described later in this prospectus supplement under the caption "Description of Notes - Covenants."

**Ratings**

The notes have been rated BBB- by Standard & Poor's Ratings Services and Baa3 by Moody's Investors Service, Inc. A rating reflects only the view of a rating agency and is not a recommendation to buy, sell or hold the notes. Any rating can be revised upward or downward or withdrawn at any time by a rating agency if the rating agency decides that the circumstances warrant a revision.

**Use of proceeds**

We expect to receive net proceeds from this offering of approximately \$492 million, after deducting the underwriting discount and estimated offering expenses. We intend to use the net proceeds from this offering for general corporate purposes.

**Form**

The notes will be represented by registered global securities registered in the name of Cede & Co., the nominee of the depository, The Depository Trust Company, or DTC. Beneficial interests in the notes will be shown on, and transfers will be effected through, records maintained by DTC and its participants.

**Trustee**

U.S. Bank National Association.

**Governing law**

The notes and the indenture will be governed by New York law.

**Risk factors**

See "Risk Factors" for a discussion of the risk factors you should carefully consider before deciding to invest in the notes.

**Table of Contents****Summary Consolidated Historical Financial Data**

The following table sets forth summary consolidated historical financial and statistical data for the years ended December 31, 2006, 2007 and 2008, for the three months ended March 31, 2008 and 2009 and the twelve months ended March 31, 2009. The summary consolidated historical financial and statistical data presented below is derived from (i) the audited financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2008 and (ii) the unaudited financial statements and related notes included in our Quarterly Report on Form 10-Q for the three months ended March 31, 2009. The financial information for the twelve months ended March 31, 2009 was derived from the Company's financial records for the period then ended. Our Annual Report on Form 10-K for the year ended December 31, 2008 and Quarterly Report on Form 10-Q for the quarter ended March 31, 2009 are incorporated by reference herein.

You should read this financial information in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations, which are set forth in our Annual Report on Form 10-K for the year ended December 31, 2008 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009, as well as our historical financial statements and notes thereto which are incorporated by reference into this document. Historical results are not necessarily indicative of results that may be expected for any future period.

	Year Ended December 31,			Three Months Ended		Twelve
	2006	2007	2008	March 31,	2009	Months
				March 31,		Ended
				2008	2009	March 31,
						2009
	<i>(Dollars in thousands)</i>					
<b>Income statement data:</b>						
<b>Revenues</b>						
Drilling services	\$ 1,067,448	\$ 1,382,571	\$ 1,451,623	\$ 340,421	\$ 380,370	\$ 1,491,572
Manufacturing sales and services	443,286	712,450	761,113	145,068	114,438	730,483
	1,510,734	2,095,021	2,212,736	485,489	494,808	2,222,055
<b>Costs and expenses</b>						
Drilling operations	504,873	591,412	629,795	156,539	145,381	618,637
Manufacturing operations	372,219	596,541	624,815	126,164	90,808	589,459
Depreciation and amortization	89,971	118,796	141,395	33,091	40,499	148,803
Selling, general and administrative	78,243	94,905	115,226	27,399	24,576	112,403
Gain on disposals of property and equipment	(29,266)	(40,506)	(30,701)	(5,375)	(4,701)	(30,027)
Material charges and other operating expenses <sup>(1)</sup>	9,000		111,171			111,171
Gain on hurricane-related events			(37,088)			(37,088)
	1,025,040	1,361,148	1,554,613	337,818	296,563	1,513,358

<b>Income from operations</b>	485,694	733,873	658,123	147,671	198,245	708,697
<b>Other income (expense)</b>						
Interest expense	(28,321)	(25,913)	(18,624)	(5,566)	(3,143)	(16,201)
Less interest capitalized	7,756	9,977	17,426	4,839	2,764	15,351
Interest income	28,023	20,923	6,295	3,175	331	3,451
Other, net <sup>(2)</sup>	202	226	(9,129)	335	1,414	(8,050)
Other income (expense), net	7,660	5,213	(4,032)	2,783	1,366	(5,449)
<b>Income before income taxes</b>	493,354	739,086	654,091	150,454	199,611	703,248
Provision for income taxes	176,377	255,286	226,463	51,829	67,911	242,545
<b>Net income</b>	\$ 318,246 <sup>(3)</sup>	\$ 483,800	\$ 427,628	\$ 98,625	\$ 131,700	\$ 460,703

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	<b>2006</b>	<b>December 31, 2007</b>	<b>2008</b>	<b>March 31, 2008</b>	<b>2009</b>
	<i>(Dollars in thousands, except ratios)</i>				
<b>Balance sheet data:</b>					
Cash and cash equivalents	\$ 258,041	\$ 284,458	\$ 222,428	\$ 288,926	\$ 192,792
Total assets	3,435,398	3,875,305	4,548,892	3,966,508	4,568,606
Total liabilities	1,561,352	1,526,867	1,889,076	1,513,007	1,774,293
Total equity	1,874,046	2,348,438	2,659,816	2,453,501	2,794,313
Total debt	550,326	485,404	420,482	466,697	401,775

	<b>Year Ended December 31,</b>			<b>Three Months Ended March 31,</b>		<b>Twelve Months Ended March 31,</b>
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2008</b>	<b>2009</b>	<b>2009</b>
	<i>(Dollars in thousands, except ratios)</i>					

**Other financial data and key credit statistics:**

Net cash provided by operating activities	\$ 292,069	\$ 432,543	\$ 694,469	\$ 108,646	\$ 77,276	\$ 663,099
Net cash used in investing activities	(596,077)	(310,757)	(681,498)	(89,500)	(88,321)	(680,319)
Net cash used in financing activities	(113,854)	(95,369)	(75,001)	(14,678)	(18,591)	(78,914)
EBITDA <sup>(4)</sup>	\$ 577,136	\$ 852,895	\$ 790,389	\$ 181,097	\$ 240,158	\$ 849,450
Adjusted EBITDA <sup>(4)</sup>	\$ 556,668	\$ 812,163	\$ 842,900	\$ 175,387	\$ 234,043	\$ 901,556
Ratio of total debt to Adjusted EBITDA	0.99	0.60	0.50	2.66	1.72	0.45
Ratio of Adjusted EBITDA to total interest	19.66	31.34	45.26	31.51	74.46	55.65
Ratio of earnings to fixed charges <sup>(5)</sup>	15.3	23.8	28.4	22.7	50.1	34.5

(1) The 2008 amount includes: \$62.4 million of inventory valuation charges, a \$13.6 million charge for goodwill impairment, \$12.7 million for professional fees related to the suspended LTI monetization, an \$11.8 million impairment charge due to the cancellation of construction of a jack-up rig and \$10.7 million for severance payments. The 2006 amount reflects a \$9.0 million charge in anticipation of payments made in 2007 related to a Department of Justice investigation.

(2) Includes unrealized foreign currency translation gains and losses.

(3) Net income in 2006 includes approximately \$1.3 million from discontinued operations, net of taxes.

(4)



EBITDA is a non-GAAP financial measure that we define as net income before interest, taxes, depreciation and amortization. Adjusted EBITDA is another non-GAAP financial measure, which we define as EBITDA as adjusted for (i) gain on disposals of property and equipment, (ii) material charges and other operating expenses (including in 2008, inventory valuation charges, goodwill impairment, professional fees related to the suspended monetization of LeTourneau Technologies, Inc., impairment charges due to the cancellation of construction of a jack-up rig and severance payments; in 2006, such charges included a charge in anticipation of payments made in 2007 related to a Department of Justice investigation), (iii) gain on hurricane-related events and (iv) other income (expense), which includes unrealized foreign currency translation gains and losses. As used and defined by us, EBITDA and Adjusted EBITDA may not be comparable to similarly titled measures employed by other companies and is not a measure of performance calculated in accordance with GAAP. EBITDA and Adjusted EBITDA should not be considered in isolation or as substitutes for operating income, net income or loss, cash flows provided by operating, investing and financing activities, or other income or cash flow statement data prepared in accordance with GAAP. However, our management believes EBITDA and Adjusted EBITDA are useful to an investor in evaluating our operating performance because these measures:

are widely used by investors in the energy industry to measure a company's operating performance without regard to items excluded from the calculation of such terms, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired, among other factors;

help investors more meaningfully evaluate and compare the results of our operations from period to period by removing the effect of our capital structure and asset base from our operating structure; and

are used by our management for various purposes, including as measures of operating performance, in presentations to our board of directors, as a basis for strategic planning and forecasting and as components for setting incentive compensation.

There are significant limitations to using EBITDA and Adjusted EBITDA as measures of performance, including the inability to analyze the effect of certain recurring and non-recurring items that materially affect our net income or loss, and the lack

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of comparability of results of operations of different companies. The following table reconciles our net income, the most directly comparable GAAP financial measure, to EBITDA and Adjusted EBITDA:

	Year Ended December 31,			Three Months Ended		Twelve
	2006	2007	2008	March 31, 2008	2009	Months Ended March 31, 2009
Net income	\$ 318,246	\$ 483,800	\$ 427,628	\$ 98,625	\$ 131,700	\$ 460,703
Interest, net	(7,458)	(4,987)	(5,097)	(2,448)	48	(2,601)
Income tax expense	176,377	255,286	226,463	51,829	67,911	242,545
Depreciation and amortization	89,971	118,796	141,395	33,091	40,499	148,803
<b>EBITDA</b>	<b>\$ 577,136</b>	<b>\$ 852,895</b>	<b>\$ 790,389</b>	<b>\$ 181,097</b>	<b>\$ 240,158</b>	<b>\$ 849,450</b>
Exclusions:						
Gain on disposals of property	\$ (29,266)	\$ (40,506)	\$ (30,701)	\$ (5,375)	\$ (4,701)	\$ (30,027)
Material charges and other operating expenses <sup>(a)</sup>	9,000		111,171			111,171
Gain on hurricane- related events			(37,088)			(37,088)
Other net <sup>(b)</sup>	(202)	(226)	9,129	(335)	(1,414)	8,050
<b>Adjusted EBITDA</b>	<b>\$ 556,668</b>	<b>\$ 812,163</b>	<b>\$ 842,900</b>	<b>\$ 175,387</b>	<b>\$ 234,043</b>	<b>\$ 901,556</b>

(a) See footnote (1) above.

(b) See footnote (2) above.

(5) For each of the periods presented there were no outstanding shares of preferred stock.

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**RISK FACTORS**

*An investment in the notes involves risks. You should consider carefully the risk factors included below and under the caption **Risk Factors** in our Quarterly Report on Form 10-Q for the three months ended March 31, 2009, together with all of the other information included in, or incorporated by reference into, this prospectus supplement and the accompanying prospectus, when evaluating an investment in the notes.*

**Risks relating to the notes**

***We may not be able to generate enough cash flow to meet our debt obligations.***

We expect our earnings and cash flow to vary significantly from year to year due to the cyclical nature of our industry. As a result, the amount of debt that we can manage in some periods may not be appropriate for us in other periods. In addition, our future cash flow may be insufficient to meet our debt obligations and commitments, including the notes. Any insufficiency could adversely affect our business. A range of economic, competitive, business and industry factors will affect our future financial performance, and, as a result, our ability to generate cash flow from operations and to pay our debt, including the notes. Many of these factors, such as oil and gas prices, economic and financial conditions in our industry and the global economy or initiatives of our competitors, are beyond our control.

As of June 30, 2009, our total indebtedness was approximately \$388 million (all of which was secured indebtedness in the form of secured notes issued pursuant to the MARAD Title XI program to finance several of our offshore rigs), and we had \$155 million in additional borrowing capacity under our senior revolving credit facility, which if borrowed would rank equal in right of payment to the notes.

If we do not generate enough cash flow from operations to satisfy our debt obligations, we may have to undertake alternative financing plans, such as:

- refinancing or restructuring our debt;
- selling assets;
- reducing or delaying capital investments; or
- seeking to raise additional capital.

However, any alternative financing plans that we undertake, if necessary, may not allow us to meet our debt obligations. Our inability to generate sufficient cash flow to satisfy our debt obligations, including our obligations under the notes, or to obtain alternative financing, could materially and adversely affect our business, financial condition, results of operations and prospects.

Our debt could have important consequences to you. For example, it could:

- increase our vulnerability to general adverse economic and industry conditions;
- limit our ability to fund future working capital and capital expenditures, to engage in future acquisitions or development activities, or to otherwise realize the value of our assets and opportunities fully because of the need to dedicate a substantial portion of our cash flow from operations to

payments of interest and principal on our debt or to comply with any restrictive terms of our debt;

limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;

impair our ability to obtain additional financing in the future; and

place us at a competitive disadvantage compared to our competitors that have less debt.

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In addition, if we fail to comply with the covenants or other terms of any agreements governing our debt, our lenders will have the right to accelerate the maturity of that debt and foreclose upon the collateral, if any, securing that debt. Realization of any of these factors could adversely affect our financial condition.

***The notes will be unsecured and effectively subordinated to our existing and future secured indebtedness and structurally subordinated to any existing or future indebtedness and other liabilities of our subsidiaries.***

The notes will be general unsecured senior obligations ranking effectively junior in right of payment to all our existing and future secured debt to the extent of the value of the collateral securing the debt. As of June 30, 2009, we had approximately \$388 million in secured debt outstanding.

If we are declared bankrupt, become insolvent or are liquidated or reorganized, any secured debt of ours will be entitled to be paid in full from our assets securing that debt, before any payment may be made with respect to the notes. Holders of the notes will participate ratably in our remaining assets with all holders of our unsecured indebtedness that does not rank junior to the notes, including all of our other general creditors, based upon the respective amounts owed to each holder or creditor. In any of the foregoing events, there may not be sufficient assets to pay amounts due on the notes. As a result, holders of the notes would likely receive less, ratably, than holders of secured indebtedness.

In addition, creditors of current and future subsidiaries will have claims, with respect to the assets of those subsidiaries, that rank structurally senior to the notes. In the event of any distribution or payment of assets of such subsidiaries in any dissolution, winding up, liquidation, reorganization, or other bankruptcy proceeding, the claims of those creditors must be satisfied prior to making any such distribution or payment to us in respect of our direct or indirect equity interests in such subsidiaries. As of June 30, 2009, our subsidiaries had approximately \$131 million in debt owed to third parties.

***We may be able to incur substantially more debt. This could exacerbate the risks associated with our indebtedness.***

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. The terms of our indenture do not prohibit us or our subsidiaries from doing so. As of June 30, 2009, we had \$155 million in additional borrowing capacity under our senior revolving credit facility. Any additional borrowings under our senior revolving credit facility (other than secured reimbursement obligations in respect of letters of credit) would rank equal in right of payment with the notes. Creditors under this facility, as well as the holders of any other future debt we may incur that ranks equally in right of payment with the notes, will be entitled to share ratably with the holders of the notes in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of our company. In addition, the holders of our previously issued Title XI notes (of which approximately \$388 million in aggregate principal amount was outstanding, in multiple series, at June 30, 2009) would be entitled to foreclose on the assets constituting collateral securing such indebtedness and thereafter, to the extent of any remaining obligations, share ratably with the holders of the notes in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of our company. Consequently, such secured indebtedness ranks effectively senior to the notes to the extent of the value of the collateral securing the secured indebtedness. These circumstances may have the effect of reducing the amount of funds available for payment to you in respect of our obligations under the notes.

If we increase our debt levels, the related risks that we and our subsidiaries now face could intensify. Our level of indebtedness may prevent us from engaging in certain transactions that might otherwise be beneficial to us by limiting our ability to obtain additional financing, limiting our flexibility in operating our business or otherwise. In addition, we could be at a competitive disadvantage against other less leveraged competitors that have more cash flow to devote

to their

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business. Any of these factors could result in a material adverse effect on our business, financial condition, results of operations, business prospects and ability to satisfy our obligations under the notes.

***A financial failure by us or our subsidiaries may result in the assets of any or all of those entities becoming subject to the claims of all creditors of those entities.***

A financial failure by us or our subsidiaries could affect payment of the notes if a bankruptcy court were to substantively consolidate us and our subsidiaries. If a bankruptcy court substantively consolidated us and our subsidiaries, the assets of each entity would be subject to the claims of creditors of all entities. This would expose you not only to the usual impairments arising from bankruptcy, but also to potential dilution of the amount ultimately recoverable because of the larger creditor base. Furthermore, forced restructuring of the notes could occur through the cram-down provision of the bankruptcy code. Under this provision, the notes could be restructured over your objections as to their general terms, primarily interest rate and maturity.

***Your ability to transfer the notes may be limited by the absence of an active trading market, and an active trading market may not develop for the notes.***

The notes are a new issue of securities for which there is no established trading market. An active trading market may not develop for the notes. Subsequent to their initial issuance, the notes may trade at a discount from their initial offering price, depending upon prevailing interest rates, the market for similar notes, our operating performance and financial condition and other factors.

***Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.***

Borrowings under our senior revolving credit facility bear interest at variable rates and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase although the amount borrowed remained the same, and our net income and cash available for servicing our indebtedness would decrease.

***We may dispose of our investment in LTI or our land rig drilling business to the detriment of the noteholders.***

In 2008 we made a decision to attempt to monetize our investment in our manufacturing subsidiary, LTI. In November 2008, we announced that recent capital markets and commodity price weakness had adversely affected opportunities for monetizing or otherwise disposing of our investment in our manufacturing operations for adequate value, and that we were not pursuing any further negotiations with potential partners at that time. However, we will continue to evaluate on an ongoing basis any and all strategic options, including the possible sale, spin-off, merger or other means of disposing of our interests in LTI or our land rig drilling operations, which, if consummated, could adversely affect our creditors depending on the nature of the transaction and how much of our overall business is attributable to these operations at the time of its monetization or disposition. For example, under certain circumstances, if we were to spin-off LTI or our land rig operations in the form of a stock dividend or other distribution, our stockholders might be benefited by such transaction to the detriment of our creditors, including investors in the notes.

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**USE OF PROCEEDS**

We will receive net proceeds from this offering of approximately \$492 million, after deducting the underwriting discount and estimated offering expenses. We intend to use the net proceeds from this offering for general corporate purposes.

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**Table of Contents****CAPITALIZATION**

The following table sets forth our capitalization and cash balance as of March 31, 2009:

on an actual basis; and

as adjusted to give effect to the issuance and sale of \$500 million in aggregate principal amount of senior notes in this offering and application of the estimated net proceeds for general corporate purposes.

This table is unaudited and should be read together with our historical financial statements and the accompanying notes incorporated by reference into this prospectus supplement and the accompanying prospectus.

	<b>As of March 31, 2009</b>	
	<b>Actual</b>	<b>As Adjusted for this Offering</b>
	<i>(Dollars in millions)</i>	
<b>Cash and cash equivalents</b>	\$ 192.8 <sup>(1)</sup>	\$ 684.8
<b>Long-term debt:</b>		
Senior revolving credit facility		
6.94% Title XI note payable; secured by the <i>Gorilla V</i>	8.4	8.4
6.15% Title XI note payable; secured by the <i>Gorilla V</i>	10.8	10.8
5.88% Title XI note payable; secured by the <i>Gorilla VI</i>	42.7	42.7
2.80% Title XI note payable; secured by the <i>Gorilla VII</i>	77.3	77.3
Floating-rate Title XI note payable; secured by the <i>Bob Palmer</i>	130.1	130.1
4.33% Title XI note payable; secured by the <i>Scooter Yeargain</i>	63.8	63.8
Floating-rate Title XI note payable; secured by the <i>Bob Keller</i>	68.7	68.7
New senior notes offered hereby		500.0
<b>Total long-term debt</b>	401.8 <sup>(1)</sup>	901.8
<b>Total stockholders equity</b>	2,794.3	2,794.3
<b>Total capitalization</b>	\$ 3,196.1	\$ 3,696.1

<sup>(1)</sup> As of June 30, 2009, our cash and cash equivalents totaled approximately \$214.3 million and our total long-term debt was \$388.0 million.

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

The following table sets forth our ratio of earnings to fixed charges for the periods indicated on a consolidated historical basis.

	Year Ended December 31,			Three Months Ended	
	2006	2007	2008	2008	2009
	<i>(Dollars in thousands, except ratios)</i>				
<b>Earnings</b>					
Income (loss) before income taxes	\$ 493,354	\$ 739,086	\$ 654,091	\$ 150,454	\$ 199,611
Fixed charges (see below)	34,112	32,107	23,304	6,736	4,025
Interest capitalized	(7,756)	(9,977)	(17,426)	(4,839)	(2,764)
Amortization of capitalized interest	2,520	2,634	2,776	650	803
Total adjusted earnings available for payment of fixed charges	\$ 522,230	\$ 763,850	\$ 662,745	\$ 153,001	\$ 201,675
<b>Fixed charges<sup>(a)</sup></b>					
Interest expensed and capitalized	\$ 28,321	\$ 25,913	\$ 18,624	\$ 5,566	\$ 3,143
Amortization of capitalized expenses related to indebtedness	1,057	1,057	1,057	264	264
Rental expense representative of interest factor	4,734	5,137	3,623	906	618
Total fixed charges	\$ 34,112	\$ 32,107	\$ 23,304	\$ 6,736	\$ 4,025
Ratio of earnings to fixed charges	15.3	23.8	28.4	22.7	50.1

(a) For each of the periods presented there were no outstanding shares of preferred stock.

**Table of Contents****BUSINESS**

*The following description of our business does not purport to be comprehensive. You should read the documents incorporated by reference in this document prior to making an investment decision. For additional information concerning our business, operations and affairs, you should refer to the incorporated documents, including, but not limited to, our Annual Report on Form 10-K for the year ended December 31, 2008.*

We are a leading international provider of contract drilling services with a focus on high-specification, premium marine jack-up rigs, which we use for both exploratory and development drilling. Depending on the particular rig and location, we are capable of drilling to depths of up to 35,000 feet in water up to 550 feet deep. Today, our offshore fleet includes 22 self-elevating mobile jack-up rigs, with nine rigs located in the Middle East, eight in the U.S. Gulf of Mexico, or GOM, two in the North Sea, one in West Africa, one in Eastern Canada and one in Mexico. One of our GOM rigs will begin operating offshore Egypt later in 2009. By the end of 2009, approximately 68% of our offshore fleet will be located in markets outside the United States. We have five additional high-specification jack-up rigs under construction with deliveries expected in 2010 and 2011. We also own and operate 32 deep-well land rigs in Texas, Louisiana, Oklahoma and Alaska.

Our manufacturing division, LeTourneau Technologies, Inc., or LTI, is an industry leader in the design and construction of jack-up rigs and has designed and built all our jack-up rigs. LTI designed all, and is building two, of our high-specification rigs under construction. LTI also designs and manufactures innovative products and systems such as premium oil and gas drilling equipment.

For the twelve months ended March 31, 2009, we had total revenues of \$2,222 million, net income of \$461 million, EBITDA of \$849 million and Adjusted EBITDA of \$902 million. Our offshore drilling services segment generated approximately 81% of our Adjusted EBITDA over the same period.

The following table summarizes our offshore jack-up rig assets:

	<b>High-Specification Jack-ups<sup>(1)</sup></b>	<b>Premium Jack-ups<sup>(2)</sup></b>	<b>Conventional Jack-ups</b>	<b>Total</b>	<b>Percentage of Fleet</b>
Middle East	3	6		9	41%
GOM	3 <sup>(3)</sup>	2	3	8	36%
North Sea	2			2	9%
Africa	1			1	5%
Mexico	1			1	5%
Canada		1		1	5%
Total	10	9	3	22	100%
Percentage of Fleet	45%	41%	14%	100%	

<sup>(1)</sup> Rigs that have at least two million pounds of hook load.

<sup>(2)</sup> Cantilever jack-up rigs that have the ability to operate in water depths greater than 300 feet.

- (3) One high-specification jack-up rig is scheduled to mobilize from the GOM to Egypt later in 2009.

***Competitive Strengths***

*High-Specification Jack-up Fleet Allows for Premium Day Rates and Utilization.* We believe our offshore fleet of 22 jack-up rigs, including ten high-specification rigs, is one of the youngest and most capable jack-up rig fleets in our industry. These rigs typically command higher day rates and maintain higher utilization rates compared to other lower specification jack-up rigs. Each of our ten high-specification jack-up rigs has two million pounds or greater hook load, which allows us to drill deeper and more difficult wells than conventional jack-up rigs. Currently, our high-specification rigs constitute approximately 40% of the total world-wide number of 26 rigs with similar capabilities. We also have nine premium cantilever rigs capable of drilling in water depths of up to 450 feet.

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*Geographic Diversity.* We are a global company with offshore operations in the Middle East, GOM, North Sea, West Africa, Eastern Canada and Mexico. After one of our high-specification rigs moves to Egypt later in 2009, approximately 68% of our fleet will be in markets outside the United States. We believe our geographic diversity helps reduce our exposure to regional downturns, enabling us to take advantage of changing market conditions, and provides access to new and emerging markets.

*Robust Contract Backlog.* As of May 31, 2009, our contract backlog was approximately \$2.3 billion, which included \$1.35 billion in offshore drilling, \$300 million in onshore drilling and \$630 million from LTI. Approximately 90% of our offshore drilling contract backlog is with national oil companies, major international oil companies and large investment-grade exploration and production companies.

*Conservative Financial Profile.* We operate with relatively conservative levels of leverage and strong capitalization ratios. As of March 31, 2009, our ratio of total debt to total capitalization was 12.6%, and our total debt to Adjusted EBITDA ratio was 0.4x for the twelve-month period ended on that date. In line with our financial strategy of funding capital expenditures with operating cash flow, we believe cash flow from our contract backlog will allow us to continue to fund the remaining costs of our five high-specification jack-up rigs under construction.

*Experienced Management Team.* We are led by a management team with substantial experience in the offshore drilling sector as well as with our company. Matt Ralls, our President and Chief Executive Officer, spent ten years with GlobalSantaFe serving as Treasurer, Chief Financial Officer, and Chief Operating Officer until the merger of GlobalSantaFe and Transocean in November 2007. The top five members of our senior management team have on average 23 years of experience in the offshore contract drilling industry and 17 years with Rowan.

## ***Business Strategy***

### *International Diversification.*

We are committed to offering the highest jack-up rig drilling capabilities in the toughest operating environments throughout the world. Over the last five years, we have expanded our rig operations from primarily the GOM to the Middle East, North Sea, West Africa, Eastern Canada and Mexico. We will continue to evaluate opportunities to redeploy offshore rigs to regions around the world with strong demand for our drilling services.

### *Position Ourselves as the Operator of Choice for High-Specification Jack-Up Drilling Rigs.*

With a focus on high-specification, premium jack-up rigs, we offer our customers the ability to drill deep, difficult wells that are beyond the capabilities of conventional jack-up rigs. We believe we will continue to enjoy strong demand for our high-specification equipment in jack-up markets where difficult drilling conditions prevail. Our newbuild jack-up rigs will further enhance our leadership in the high-specification jack-up markets.

### *Focus on Financially Strong Customers With Stable Drilling Needs.*

As of June 22, 2009, approximately 90% of our offshore drilling backlog was contracted with national oil companies, major international oil companies and large investment-grade exploration and production companies. We believe these customers tend to have a longer-term view on their drilling plans and capital budgets, and are therefore less likely to react to short-term fluctuations in the price of crude oil and natural gas.

### *Strong Emphasis on Safety and Environmental Compliance.*

We are committed to keeping our employees safe and protecting the environment. As national oil companies and major international oil companies increasingly scrutinize the safety and

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environmental compliance records of their vendors, we believe our focus and commitment to excellence in these areas will continue to attract and retain customers.

***Drilling Segment*****Offshore Operations**

Rowan operates large, high-specification type jack-up rigs capable of drilling to depths of up to 35,000 feet in maximum water depths ranging from 250 to 550 feet, depending on the size of the rig and its location. Our jack-ups are designed with a floating hull that is fully equipped to serve as a drilling platform supported by three independently elevating legs. The rig is towed to the drilling site where the legs are lowered until they penetrate the ocean floor, and the hull is jacked up to the elevation required to drill the well. Each of our jack-ups was designed and built by LTI.

We have significantly upgraded our jack-up fleet over the past decade to better serve the needs of the industry for drilling in harsher environments and we are particularly well positioned to serve the niche market for high-pressure/high-temperature (HPHT) offshore gas wells. All of our rigs feature top-drive drilling systems, solids control equipment, AC power and mud pumps that greatly accelerate the drilling process, and most have been designed or upgraded to handle the toughest environmental criteria. At June 22, 2009, Rowan's offshore drilling fleet included the following:

	Rig Class	Maximum Depth (Feet)		In-Service	Location
		Water	Drilling		
<b>High-Spec Rigs:</b>					
J.P. Bussell	Tarzan	300	35,000	2008	GOM
Rowan-Mississippi	240C	400	35,000	2008	GOM
Hank Boswell	Tarzan	300	35,000	2006	Middle East
Bob Keller	Tarzan	300	35,000	2005	Middle East
Scooter Yeargain	Tarzan	300	35,000	2004	Middle East
	Super Gorilla				
Bob Palmer	XL	550	35,000	2003	GOM
Rowan Gorilla VII	Super Gorilla	475	35,000	2002	West Africa
Rowan Gorilla VI	Super Gorilla	475	35,000	2000	North Sea
Rowan Gorilla V	Super Gorilla	475	35,000	1998	North Sea
Rowan Gorilla IV	Gorilla	450	35,000	1986	Mexico
<b>High-Spec Rigs Under Construction:</b>					
Rowan EXL #3	EXL	350	35,000	TBD	
Rowan EXL #2	EXL	350	35,000	TBD	
Rowan EXL #1	EXL	350	35,000	TBD	
Joe Douglas	240C	400	35,000	TBD	
Ralph Coffman	240C	400	35,000	TBD	
<b>Premium Rigs:</b>					
Rowan Gorilla III	Gorilla	450	30,000	1984	Eastern Canada
Rowan Gorilla II	Gorilla	450	30,000	1984	GOM
Rowan-California	116-C	300	30,000	1983	Middle East
Cecil Provine	116-C	300	30,000	1982	GOM
Gilbert Rowe	116-C	350	30,000	1981	Middle East





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	Rig Class	Maximum Depth (Feet)		In-Service	Location
		Water	Drilling		
Arch Rowan	116-C	350	30,000	1981	Middle East
Charles Rowan	116-C	350	30,000	1981	Middle East
Rowan-Paris	116-C	350	30,000	1980	Middle East
Rowan-Middletown	116-C	350	30,000	1980	Middle East
<b>Conventional Rigs:</b>					
Rowan-Juneau	116-S	250	30,000	1977	GOM
Rowan-Alaska	84-S	350	30,000	1975	GOM
Rowan-Louisiana	84-S	350	30,000	1975	GOM

Cantilever jack-ups can extend a portion of the sub-structure containing the drilling equipment over fixed production platforms to perform drilling operations with a minimum of interruption to production. The skid-off technology employed by our conventional jack-ups allows the rig-floor drilling equipment to be skidded out over the top of a fixed platform, enabling these slot type jack-up rigs to be used on drilling assignments that would otherwise require a cantilever jack-up or platform rig.

Our *Gorilla* class rigs, designed in the early 1980s as a heavier-duty class of jack-up rig, are capable of operating in water depths up to 450 feet in benign environments and up to 328 feet in extremely hostile environments (winds up to 100 miles per hour and seas up to 90 feet) such as in the North Sea and offshore eastern Canada. *Gorillas II* and *III* can drill to 30,000 feet, and *Gorilla IV* is equipped to reach 35,000 feet.

Our four *Super Gorilla* class rigs were built from 1998 to 2003 and are enhanced versions of our *Gorilla* class rigs featuring simultaneous drilling and production capabilities. These rigs can operate in water depths up to 475 feet in benign environments and up to 400 feet in extremely hostile environments. The *Bob Palmer* (formerly the *Gorilla VIII*) is an enhanced version of the *Super Gorilla* class jack-up designated a *Super Gorilla XL*. With 713 feet of leg, 139 feet more than the *Super Gorillas*, and 30% larger spud cans, this rig can operate in water depths up to 550 feet in relatively benign environments like the Gulf of Mexico or in water depths up to 400 feet in the hostile environments of the North Sea, offshore eastern Canada and West Africa.

Our *Tarzan* class rigs were specifically designed for deep-well drilling in up to 300 feet of water in benign environments. The first *Tarzan* class rig, the *Scooter Yeargain*, was completed in 2004, and was followed by the *Bob Keller* in 2005 and the *Hank Boswell* in 2006. Our fourth *Tarzan* class rig, the *J.P. Bussell*, was completed in the fourth quarter of 2008.

In late 2005, our Board of Directors approved the design and construction of a new class of jack-up rig to be built by LTI at its Vicksburg, Mississippi shipyard. The *240C* class was designed specifically to target the market for high-pressure/high-temperature drilling in water depths up to 400 feet, and was envisioned to be the replacement for the industry's current fleet of *116C* class rigs, which have been the workhorse of the global drilling industry for almost 30 years. Construction of the first *240C*, the *Rowan-Mississippi*, was completed in the fourth quarter of 2008, and the second rig, the *Ralph Coffman*, is scheduled to be delivered in the first quarter of 2010. Two additional *240C* jack-ups were initially approved but were postponed indefinitely due to market conditions. On June 25, 2009, we announced that we would re-commence construction on the third *240C* rig with delivery expected in the third quarter of 2011.

Keppel AmFELS, Inc., or Keppel, is currently constructing three *EXL* (formerly *Super 116E*) class rigs at its Brownsville, Texas shipyard, with delivery expected in 2010 and 2011. The *EXL* will employ the latest technology to enable drilling of high-pressure/high-temperature and extended-reach wells in most prominent jack-up markets

throughout the world, and will be equipped with the hook load and horsepower required to efficiently drill beyond 30,000 feet.

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### **Onshore Operations**

Rowan has drilling equipment and personnel available on a contract basis for exploration and development of onshore areas. At June 22, 2009, our fleet consisted of 32 deep-well land rigs, located in Texas, Louisiana, Oklahoma, and Alaska. Specifically, 26 of our land rigs are 2,000 HP or greater and capable of drilling wells to 35,000 feet; 19 are AC drive.

Our drilling contracts generally receive a fixed day rate and are typically well-to-well, multiple-well or for a fixed term generally ranging from one month to four years currently, 16 of the 28 marketed rigs are on term contracts.

This segment has consistently generated positive earnings, and management anticipates that it will manage the business to remain cash flow positive with minimal capital investment.

### **Manufacturing Operations**

LTI, which conducts the Manufacturing operations for Rowan, has two operating segments: Drilling Products and Systems and Mining, Forestry and Steel Products, each of which serve markets that require large-scale, steel-intensive, high-load bearing products and related parts and services.

#### **Drilling Products and Systems**

Our Drilling Products and Systems segment built the first jack-up drilling rig in 1955, and has since designed or built more than 200 units, including all 22 of our jack-up rigs. This segment completed construction of our first 240C class jack-up rig and our fourth *Tarzan* class jack-up rig in November 2008; it is currently constructing two additional 240C class jack-up rigs at LTI's Vicksburg, Mississippi shipyard for delivery in the first quarter of 2010 and third quarter of 2011, respectively, and will provide the rig kit (design, legs, jacking system, cranes and other equipment) and drilling equipment for each of the *EXL* class jack-ups being built for Rowan by Keppel.

Drilling Products and Systems also designs and manufactures primary drilling equipment in a wide range of sizes, including mud pumps, top drives, drawworks and rotary tables, as well as variable-speed motors, variable-frequency drive systems and other electrical components for the oil and gas, marine, mining and dredging industries. In 2006, we began providing complete land rigs and related drilling equipment packages.

#### **Mining, Forestry and Steel Products**

Our Mining, Forestry and Steel Products segment manufactures heavy equipment such as large wheeled front-end loaders, diesel-electric powered log stackers and steel plate products. Our mining loaders feature bucket capacities up to 53 cubic yards, which are the largest in the industry. LTI loaders are generally used in coal, copper, and iron ore mines, and utilize a proprietary diesel-electric drive system with digital controls. This system allows large, mobile equipment to stop, start and reverse direction without gear shifting and high-maintenance braking. LTI's wheeled loaders can load rear-dump trucks in the 85-ton to 400-ton range. Our log stackers offer either two- or four-wheel drive configurations and load capacities ranging from 35 to 55 tons.

From our mini-mill in Longview, Texas, we recycle scrap metal and produce carbon, alloy and tool steel plate products for internal needs as well as external customers. We concentrate on niche markets that require higher-end steel grades, including mold steels, aircraft-quality steels and steels resistant to hydrogen-induced cracking.

#### **Customers**

Our customers consist of national oil companies, major international oil companies and large investment-grade exploration and production companies. During 2008, one customer of our Drilling segment, Saudi Aramco, accounted for 15% of our consolidated revenues, an increase from 13% in 2007.

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**Table of Contents****MANAGEMENT***Directors, executive officers and key management of the company*

The following table sets forth certain information with respect to the members of our board of directors and our executive officers.

<b>Name</b>	<b>Age</b>	<b>Position</b>
R. G. Croyle	66	Director
William T. Fox III	63	Director
Sir Graham Hearne	71	Director
Thomas R. Hix	61	Director
Robert E. Kramek	69	Director
Frederick R. Lausen	71	Director
H. E. Lentz	64	Chairman of the Board and Director
Lord Moynihan	53	Director
P. Dexter Peacock	67	Director
John J. Quicke	59	Director
W. Matt Ralls	59	President and Chief Executive Officer and Director
Lawrence J. Ruisi	61	Director
John L. Buvens	53	Executive Vice President, Legal
Mark A. Keller	57	Executive Vice President, Business Development
David P. Russell	48	Executive Vice President, Drilling Operations
J. Kevin Bartol	50	Vice President, Strategic Planning
Barbara A. Carroll	54	Vice President, Health, Safety and Environmental Affairs
Michael J. Dowdy	49	Vice President, Engineering
Daniel C. Eckermann <sup>(1)</sup>	61	Vice President, Manufacturing
William H. Wells	47	Vice President, Finance and Chief Financial Officer
Terry D. Woodall	60	Vice President, Human Resources
George C. Jones	43	Compliance Officer
Gregory M. Hatfield	40	Controller
Melanie M. Trent	44	Corporate Secretary

<sup>(1)</sup> Mr. Eckermann also serves as President and Chief Executive Officer of LTI.

**Board of Directors**

The following provides brief biographical information of members of our board of directors.

**R.G. Croyle** was formerly Vice Chairman and Chief Administrative Officer of the Company from August 2002 until his retirement in December 2006. Mr. Croyle also serves on the boards of Boots & Coots, Inc. and Magellan Midstream Holdings GP, LLC.

**William T. Fox III** was formerly Managing Director responsible for the global energy and mining businesses of Citigroup, a corporate banking firm, from 1994 until his retirement in 2003.

**Sir Graham Hearne** was formerly Chairman of Enterprise Oil plc, an oil and gas exploration and production company, from 1991 until his retirement in 2002, and prior to that Chief Executive Officer of Enterprise Oil from 1984 to 1991. He also serves as the non-executive chair of Catlin Group

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Limited, Braemar Shipping Services Group plc and Stratic Energy Corporation. He is a non-executive director of N. M. Rothschilds & Sons Ltd. and Wellstream Holdings plc.

**Thomas R. Hix** has been a business consultant since January 2003. Mr. Hix was Senior Vice President of Finance and Chief Financial Officer of Cooper Cameron Corporation, an oil and gas products and services company, from 1995 to 2003 and prior to that, Senior Vice President of Finance, Treasurer and Chief Financial Officer of The Western Company of North America, an oil and gas services company, from 1993 to 1995. He serves on the boards of El Paso Corporation and Health Care Service Corporation.

**Robert E. Kramek** was formerly President of the Society of Naval Architects and Marine Engineers from 2006 to 2008, and prior to that, was President, Chief Operating Officer and Director of the American Bureau of Shipping, or ABS, from 2003 through 2006. Mr. Kramek joined ABS in 1998 after serving as Commandant of the United States Coast Guard, from which he retired as a Four Star Admiral.

**Frederick R. Lausen** was formerly Vice President of Davis Petroleum, Inc., an oil and gas exploration and production company, and retired in 2002.

**H.E. Lentz** has been Chairman of the Board since January 2009 and has been a Managing Director at Lazard Ltd., a financial advisory and asset management firm, since June 2009. From September 2008 to March 2009, he served as Managing Director of Barclays Capital, an investment banking firm and successor to Lehman Brothers. Mr. Lentz was previously Managing Director of Lehman Brothers from 1993 to 2002 and a consultant to Lehman in 2003 and Advisory Director of Lehman from 2004 to September 2008. He also serves on the boards of Peabody Energy Corp. and CARBO Ceramics, Inc.

**Lord Moynihan** has been Executive Chairman of Pelamis Wave Energy since August 2005 and has been Senior Partner of London-based CMA, an energy advisory firm, since 1993. Lord Moynihan also served as Executive Director of Clipper Windpower Inc. and Chairman of Clipper Windpower Europe Limited, a wind turbine technology company, from 2004 to 2007. He has been an active member of the House of Lords since 1997 and is currently the Chairman of the British Olympic Association.

**P. Dexter Peacock** was formerly Managing Partner of Andrews Kurth LLP, a law firm, from which he retired as a Partner in 1997. Mr. Peacock has served Of Counsel to Andrews Kurth since 1997. He serves on the board of Cabot Oil & Gas Corporation.

**John J. Quicke** has been Managing Director and operating partner of Steel Partners LLC, a global management firm, since September 2005. Prior to this, Mr. Quicke was Vice Chairman and Executive Officer (March 2004 to March 2005) and director (1993 to March 2005) of Sequa Corporation, a diversified industrial company. Previously, he served as President and Chief Operating Officer of Sequa from 1993 to February 2004. Mr. Quicke also serves on the boards of Adaptec, Inc. and WHX Corporation.

**W. Matt Ralls** has been President and Chief Executive Officer of the Company since January 2009. From June 2005 until his retirement in November 2007, Mr. Ralls served as Executive Vice President and Chief Operating Officer of GlobalSantaFe Corporation. Prior to that time, Mr. Ralls served as Senior Vice President and Chief Financial Officer of GlobalSantaFe Corporation. He also serves on the board of directors of Complete Production Services.

**Lawrence J. Ruisi** has been a private investor and consultant since 2002. Mr. Ruisi was formerly President and Chief Executive Officer of Loews Cineplex Entertainment from 1998 to 2002 and Executive Vice President of Sony Pictures Entertainment from 1991 to 1998. He also serves on the boards of Adaptec, Inc. and Hughes Communications, Inc.





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### **Executive Officers**

The following provides brief biographical information of our executive officers and certain key management personnel.

**John L. Buvens** has been Executive Vice President, Legal since January 2007. From April 2003 to January 2007, Mr. Buvens served as Senior Vice President, Legal.

**Mark A. Keller** has been Executive Vice President, Business Development since January 2007. Prior to that time, Mr. Keller served as Senior Vice President, Marketing.

**David P. Russell** has been Executive Vice President, Drilling Operations since January 2007. From January 2005 to January 2007, Mr. Russell served as Vice President, Drilling. Prior to that time, Mr. Russell served as Vice President, Rowan Drilling Company, Inc., a Rowan subsidiary.

**J. Kevin Bartol** has been Vice President, Strategic Planning since June 2007. From January 2007 to June 2007, Mr. Bartol served as a consultant to the Company on strategic initiatives. Prior to that time, Mr. Bartol was Chief Financial Officer of Jindal United Steel Corp (from June 2004 to August 2006), worked on various consulting projects from March 2003 to June 2004 and was Chief Operating Officer of Network International (from September 1999 to March 2003).

**Barbara A. Carroll** has been Vice President, Health, Safety and Environmental Affairs since May 2008. From October 2007 to May 2008, Ms. Carroll served as Vice President, Environmental Affairs. From July 2006 to October 2007, Ms. Carroll served as a consultant to the Company. Prior to that time, Ms. Carroll was Vice President of Environmental, Health and Safety for TEPPCO Partners, LLP.

**Michael J. Dowdy** has been Vice President, Engineering since April 2006. Prior to that time, Mr. Dowdy was Chief Engineer, Marine Group for LTI.

**Daniel C. Eckermann** has been Vice President, Manufacturing since 1996. Mr. Eckermann also serves as President of our manufacturing subsidiary, LTI.

**William H. Wells** has been Vice President, Finance and Chief Financial Officer since January 2007. From May 2005 to January 2007, Mr. Wells served as Vice President, Finance and Treasurer. For more than five years prior to that time, Mr. Wells served as the Company's Controller.

**Terry D. Woodall** has been Vice President, Human Resources since July 2005. Prior to that time, Mr. Woodall was Manager, U.S. Employee Services for Schlumberger.

**George C. Jones** has been Compliance Officer since July 2007. From July 2006 to July 2007, Mr. Jones served as Senior Corporate Counsel. Prior to that time, Mr. Jones practiced corporate law at Andrews Kurth LLP.

**Gregory M. Hatfield** has been Controller since May 2005. Prior to that time, Mr. Hatfield served as Corporate Accountant.

**Melanie M. Trent** has been Corporate Secretary since January 2007. From January 2007 to January 2009, Ms. Trent also served as Special Assistant to the CEO. From October 2005 to January 2007, Ms. Trent served as Corporate Secretary and Compliance Officer. From 2004 to September 2005, Ms. Trent performed contract legal services, primarily for Jindal United Steel Corp., a Baytown, Texas steel mill company. From 1998 to September 2002,

Ms. Trent worked at Reliant Energy, Incorporated, as the Senior Aide to the CEO (1999-2001) and then as Vice President Investor Relations.

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**DESCRIPTION OF OUR OTHER INDEBTEDNESS**

**Senior Revolving Credit Facility**

On June 23, 2008, we entered into a three-year \$155 million senior revolving credit facility, which we intend to use, as necessary, for general corporate purposes, including capital expenditures and debt service requirements. We may, subject to lender consent, increase the size of the facility up to \$250 million. The underlying credit agreement limits new borrowings, requires minimum cash flows, provides that the facility will not be available in the event of a material adverse change in the Company's condition, operations, business, assets, liabilities or ability to perform, and otherwise contains restrictions as detailed below. Certain of our subsidiaries agreed to act as guarantors of our obligations under the credit agreement. On July 7, 2008, Rowan borrowed \$80 million under the credit facility to complete the *Cecil Provine* purchase, and repaid such amount in full on August 4, 2008. The Company had no borrowings outstanding under the credit facility at June 30, 2009.

Pursuant to this credit facility, we will be required to deposit into a cash collateral account an amount of cash equal to 103% of the aggregate outstanding undrawn amount of any letters of credit issued by a lender under the credit agreement plus the aggregate unpaid amount of all of Rowan's payment obligations under drawn letters of credit issued under the credit agreement

on or prior to the fifth day prior to the earlier of June 23, 2011 and the termination in whole of the revolving commitments under the credit agreement, or the Maturity Date, for each letter of credit having an expiration date beyond the Maturity Date; or

on the date of termination of the revolving commitments under the credit agreement pursuant to particular sections of the agreement, for all outstanding letters of credit.

We assume all risks of the acts or omissions of any beneficiary or transferee of any letter of credit with respect to its or any credit party's use of such letter of credit. To the extent any such cash collateral account is established, we have promised to pledge to the administrative agent a first priority security interest in such account, the funds within such account and the proceeds from such account as security for the payment of the letter of credit obligations under the credit agreement. With certain exceptions for surplus amounts above our letter of credit exposure when no event of default exists under the credit agreement, we will have no access and no rights to withdrawal from such cash collateral accounts. We are obligated to reimburse each lender for any and all drawings under letters of credit issued under the credit agreement, whether for our benefit or the benefit of a subsidiary.

We were in compliance with each of our debt covenants at June 30, 2009 and, based on projections, we do not expect to encounter difficulty complying in the following twelve-month period. Our most onerous financial covenant is the requirement to maintain at least \$25 million of unrestricted cash. At June 30, 2009, we had \$189 million of cash in excess of that requirement and another \$155 million available for borrowings under our revolving credit facility.

The senior revolving credit facility, as amended, contains negative covenants that limit our ability, as well as the ability of our subsidiaries, among other things, to incur additional debt, guarantee other indebtedness, create or assume liens on its property, make acquisitions, enter into agreements that restrict or bar the ability to create or incur liens to secure obligations or otherwise interfere with the ability of subsidiaries to make payments under the credit agreement, use of proceeds and letters of credit under the credit agreement, merge or consolidate, sell all or substantial parts of the assets of material subsidiaries, as defined in the credit agreement (with carve outs for the potential sale or disposition of LTI), sale of assets, transactions with affiliates, make certain distributions of cash or property, change the nature of

our business or operations, change any accounting policies or fiscal periods, or enter into hedging arrangements. In addition, we are required to maintain a Funded Leverage Ratio at the end of each fiscal quarter of less than or equal to 35%, where the Funded Leverage Ratio is defined as the ratio of most types of our and our subsidiaries

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debt to the sum of such debt plus our consolidated shareholders' equity as of the date of determination, determined in accordance with GAAP. We are also required to maintain an Interest Coverage Ratio of greater than or equal to 3.00 to 1.00, where the Interest Coverage Ratio is defined as the ratio of our consolidated EBITDA (as defined within the credit agreement) for the four quarterly fiscal periods then ended to our consolidated interest for the four quarterly fiscal periods then ended.

Rowan's \$1.0 million of Series C Floating Rate Subordinated Convertible Debentures outstanding at December 31, 2008 are ultimately convertible into common stock at the rate of \$28.25 per share for each \$1,000 principal amount of debenture through April 27, 2010. The Company's outstanding subordinated convertible debentures were originally issued in exchange for promissory notes containing provisions for setoff, protecting Rowan against any credit risk. Accordingly, the debentures and notes, and the related interest amounts, have been offset in the consolidated financial statements pursuant to Financial Accounting Standards Board Interpretation No. 39.

**Title XI Secured Notes**

Rowan's first two *Tarzan* class jack-up rigs and each of our four *Super Gorilla* class rigs were substantially financed through long-term bank loans guaranteed by the U.S. Department of Transportation's Maritime Administration, or MARAD, pursuant to the provisions of Title XI of the Merchant Marine Act of 1936, as amended. Under the MARAD Title XI program, we obtained financing as a reimbursement for qualifying expenditures up to a pre-approved limit and based upon actual construction progress. Outstanding borrowings initially bear a floating rate of interest but must become fixed-rate obligations, and the notes require semi-annual payments of principal and accrued interest. The unpaid interest and principal under each Title XI note is guaranteed by the U.S. government, and in return the notes are secured by a preferred mortgage on certain rigs, the charter hire and contract drilling revenues from these rigs, proceeds from insurance with respect to these rigs, and other types of collateral related to these rigs.

Our debt agreements contain provisions that require minimum levels of working capital and stockholders' equity and limit the amount of long-term debt and, in the event of noncompliance, restrict investment activities, asset purchases and sales, lease obligations, borrowings and mergers or acquisitions. Our debt agreements also specify the minimum insurance coverage for our financed rigs. The extent of hurricane damage sustained throughout the Gulf Coast area in recent years has dramatically increased the cost and reduced the availability of insurance coverage for windstorm losses. During our April 2006 policy renewal, we determined that windstorm coverage meeting the requirements of our existing debt agreements was cost-prohibitive. We obtained from MARAD a waiver of the original insurance requirements in return for providing additional security. In 2008, the additional security provisions were modified and our restricted cash requirement was eliminated. In addition, our unrestricted cash requirement was reduced from \$31 million to \$25 million. We remain subject to restrictions on the use of certain insurance proceeds should we experience further losses. Each of these security provisions will be released by MARAD if we are able to obtain windstorm coverage that satisfies the original terms of our debt agreements.

Our outstanding debt at June 30, 2009 was comprised as follows: \$192.2 million of fixed-rate notes bearing a weighted average annual interest rate of 4.34%, and \$195.8 million of floating-rate notes bearing a weighted average annual interest rate of 0.62%. The floating-rate notes consist of outstanding *Bob Palmer* and *Bob Keller* borrowings, which bear interest at a short-term commercial paper rate plus .25% and .15%, respectively. Rowan may fix these interest rates at any time and must fix them by July 15, 2011 and August 31, 2009, respectively. Thus, Rowan believes that its exposure to risk of earnings loss due to changes in market interest rates is limited.

The following summarizes the material terms of each of our Title XI borrowings at June 30, 2009.

**Table of Contents****6.94% Title XI note and 6.15% Title XI note**

Rowan financed \$153.1 million of the cost of the *Gorilla V* through a floating-rate bank loan guaranteed by MARAD under its Title XI program. On July 1, 1997, the Company fixed \$67.0 million of outstanding borrowings at 6.94%. On July 1, 1998, Rowan fixed the remaining \$86.1 million principal amount at 6.15%. Principal and accrued interest on each note are payable semi-annually on each January 1 and July 1 through 2010. The *Gorilla V* is pledged as security for the government guarantees. Our 6.94% Title XI note, with an outstanding principal balance of \$8.4 million at June 30, 2009, and our 6.15% Title XI note, with an outstanding principal balance of \$10.8 million at that date, will mature on July 1, 2010.

**5.88% Title XI note**

Rowan financed \$171.0 million of the cost of the *Gorilla VI* through a floating-rate bank loan guaranteed under MARAD's Title XI program. On March 15, 2001, the Company fixed the \$156.8 million of outstanding borrowings at 5.88%. Principal and accrued interest are payable semi-annually on each March 15 and September 15 through March 2012. The *Gorilla VI* is pledged as security for the government guarantee. Our 5.88% Title XI note, with an outstanding principal balance of \$42.7 million at June 30, 2009, will mature on March 15, 2012.

**2.80% Title XI note**

Rowan financed \$185.4 million of the cost of the *Gorilla VII* through a floating-rate bank loan guaranteed under MARAD's Title XI program. On June 30, 2003, the Company fixed the \$162.2 million of outstanding borrowings at 2.80%. Principal and accrued interest are payable semi-annually on each April 20 and October 20 through 2013. The *Gorilla VII* is pledged as security for the government guarantee. Our 2.80% Title XI note, with an outstanding principal balance of \$69.5 million at June 30, 2009, will mature on October 20, 2013.

**4.33% Title XI note**

Rowan financed \$91.2 million of the cost of the *Scooter Yeargain* through a 15-year floating-rate bank loan guaranteed under MARAD's Title XI program. On June 15, 2005, the Company fixed the \$85.1 million of outstanding borrowings at 4.33%. Principal and accrued interest are payable semi-annually on each May 1 and November 1 through May 2019. The *Scooter Yeargain* is pledged as security for the government guarantee. Our 4.33% Title XI note, with an outstanding principal balance of \$60.8 million at June 30, 2009, will mature on May 1, 2019.

**Floating-rate Title XI note secured by the Bob Palmer**

Rowan financed \$187.3 million of the cost of the *Bob Palmer* through a floating-rate bank loan guaranteed under MARAD's Title XI program. The Company may fix the interest rate at any time and must fix the rate on all outstanding principal amounts by July 15, 2011. Principal and accrued interest are payable semi-annually on each January 15 and July 15 through 2021. The *Bob Palmer* is pledged as security for the government guarantee. At June 30, 2009, our \$130.1 million of outstanding floating-rate Title XI notes secured by the *Bob Palmer* bore interest at an annual rate of 0.65%. Once the floating interest rate is fixed, these fixed-rate notes will mature on July 15, 2021.

**Floating-rate Title XI note secured by the Bob Keller**

Rowan financed \$89.7 million of the cost of the *Bob Keller* through a 15-year floating-rate bank loan guaranteed under MARAD's Title XI program. Rowan may fix the interest rate at any time and must fix the rate on all outstanding principal by August 31, 2009. Principal and accrued interest are payable semi-annually on each May 10 and November 10 through May 2020. The *Bob Keller* is pledged as security for the government guarantee. At June 30,

2009, our \$65.7 million of outstanding floating-rate Title XI notes secured by the *Bob Keller* bore interest at an annual rate of 0.55%. Once the floating interest rate is fixed, these fixed-rate notes will mature on May 10, 2020.

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**DESCRIPTION OF NOTES**

The following description of the particular terms of the notes supplements the general description of the debt securities included in the accompanying prospectus. You should review this description together with the description of the debt securities included in the accompanying prospectus. To the extent this description is inconsistent with the description in the accompanying prospectus, this description will control and replace the inconsistent description in the accompanying prospectus.

You can find the definitions of certain terms used in this description of notes under the subheading Definitions. As used in this description, the words Rowan, we, us and our refer to Rowan Companies, Inc., and not to any of its subsidiaries or affiliates.

At the closing of this offering, we will enter into an indenture between us and U.S. Bank National Association, as trustee, pursuant to which we may issue multiple series of debt securities from time to time. We will issue the notes under this indenture, as amended and supplemented by a supplemental indenture setting forth the specific terms of the notes. In this description, when we refer to the indenture, we mean that indenture as so amended and supplemented by that supplemental indenture.

We have summarized some of the material provisions of the notes and the indenture below. The summary supplements the description of the indenture contained in the accompanying prospectus, and we encourage you to read that description for additional material provisions that may be important to you. We also urge you to read the indenture because it, and not this description, defines your rights as a holder of notes. You may request copies of the indenture from us as set forth under Additional Information. Capitalized terms defined in the accompanying prospectus and the indenture have the same meanings when used in this prospectus supplement. The terms of the notes include those expressly set forth in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended.

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

**Brief Description of the Notes**

The notes will be:

general unsecured, senior obligations of Rowan;

*pari passu* in right of payment with all existing and future senior Indebtedness of Rowan, including indebtedness under our senior revolving credit facility (other than letter of credit reimbursement obligations that are secured by cash deposits);

senior in right of payment to all future subordinated Indebtedness of Rowan;

effectively subordinate in right of payment to all existing and future secured Indebtedness of Rowan, including indebtedness under our secured notes issued pursuant to the MARAD Title XI program to finance several of our offshore drilling rigs, in each case, to the extent of the collateral securing such Indebtedness; and



effectively subordinate in right of payment to all existing and future Indebtedness and other liabilities of Rowan's Subsidiaries (other than Indebtedness and liabilities owed to us).

**Principal, Maturity and Interest**

Initially, we will issue \$500 million aggregate principal amount of notes. The indenture will provide for the issuance of additional notes (the *additional notes*), without limitation as to aggregate principal amount. If issued, the additional notes would have terms and conditions identical to the notes issued in this offering. Any additional notes will be part of the same issue as the notes offered

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hereby and will vote on all matters with the notes offered in this offering. The notes will mature on August 1, 2019.

Interest on the notes will accrue at the rate of 77/8% per annum and will be payable semi-annually in arrears on February 1 and August 1, commencing on February 1, 2010. Interest on overdue principal and interest on overdue interest, if any, will accrue at the applicable interest rate on the notes. We will make each interest payment to the holders of record of the notes as of the immediately preceding January 15 and July 15. Interest on the notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

## **Form, Denomination and Registration of Notes**

The notes will be issued in registered form, without interest coupons, in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The notes will be represented by a global note.

## **Transfer and Exchange**

A holder may transfer or exchange notes in accordance with the indenture. The registrar and the trustee may require such holder, among other things, to furnish appropriate endorsements and transfer documents and we may require such holder to pay any taxes and fees required by law or permitted by the indenture. We are not required to transfer or exchange any notes selected for redemption. Also, we are not required to transfer or exchange any notes in respect of which a notice of redemption has been given or for a period of 15 days before a selection of the notes to be redeemed.

No service charge will be imposed in connection with any transfer or exchange of any note, but Rowan may in general require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith.

## **Paying Agent and Registrar**

The trustee will initially act as paying agent and registrar for the notes. We may change the paying agent or registrar without prior notice to the holders of the notes, and we or any of our Subsidiaries may act as paying agent or registrar.

## **Optional Redemption**

The notes will be redeemable, in whole or in part, at our option at any time. The redemption price for the notes to be redeemed will equal the greater of the following amounts, plus, in each case, accrued and unpaid interest to the redemption date:

100% of the principal amount of such notes; or

as determined by the Quotation Agent (as defined below), the sum of the present values of the remaining scheduled payments of principal and interest on such notes (not including any portion of any payments of interest accrued as of the redemption date) discounted to the redemption date on a semi-annual basis at the Adjusted Treasury Rate (as defined below) plus 50 basis points.

The redemption price will be calculated assuming a 360-day year consisting of twelve 30-day months.

*Adjusted Treasury Rate* means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of the principal amount) equal to



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the Comparable Treasury Price for that redemption date. The Adjusted Treasury Rate will be calculated on the third business day preceding the redemption date.

*Comparable Treasury Issue* means the U.S. Treasury security selected by the applicable Quotation Agent as having a maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of those notes.

*Comparable Treasury Price* means, with respect to any redemption date, (A) the average of four Reference Treasury Dealer Quotations for that redemption date, after excluding the highest and lowest of those Reference Treasury Dealer Quotations, or (B) if Rowan obtains fewer than four such Reference Treasury Dealer Quotations, the average of all of those quotations.

*Quotation Agent* means the Reference Treasury Dealer appointed by us for the notes.

*Reference Treasury Dealer* means:

Barclays Capital Inc. and Goldman, Sachs & Co. and their successors; *provided* that, if any ceases to be a primary U.S. Government securities dealer ( *Primary Treasury Dealer* ), we will substitute another Primary Treasury Dealer; and

any other Primary Treasury Dealers selected by us.

*Reference Treasury Dealer Quotation* means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 5:00 p.m. (New York City time) on the third business day preceding that redemption date.

We will mail notice of any redemption at least 30 days but not more than 60 days before the redemption date to each holder of the notes to be redeemed. If we elect to partially redeem the notes, the Trustee may select the notes to be redeemed by such method the Trustee considers fair and appropriate; *provided* however that no notes of a principal amount of \$2,000 or less shall be redeemed in part.

Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or portions of the notes called for redemption.

## **Open Market Purchases; No Mandatory Redemption or Sinking Fund**

We may at any time and from time to time purchase notes in the open market or otherwise, in each case without any restriction under the indenture. We are not required to make mandatory redemption or sinking fund payments with respect to the notes.

## **Selection and Notice**

If less than all of the notes are to be redeemed at any time, selection of such notes for redemption will be made by the trustee in compliance with the requirements of the principal national securities exchange, if any, on which the notes are listed, or, if the notes are not so listed, on a *pro rata* basis, by lot or by such method as the trustee shall deem fair and appropriate; *provided* that no notes of \$2,000 or less shall be redeemed in part. Notices of redemption with respect to the notes shall be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each

holder of notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the notes or a satisfaction and discharge of the Indenture.

If any note is to be redeemed in part only, the notice of redemption that relates to such note shall state the portion of the principal amount thereof to be redeemed. A new note in principal

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amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on the notes or portions of the notes called for redemption. Any redemption or notice of redemption may, at Rowan's discretion, be subject to one or more conditions precedent.

## **Additional Covenants**

With respect to the notes, the indenture will contain the following covenants, in addition to the covenants and other provisions described in the accompanying prospectus under the captions "Description of Debt Securities - Covenants" and "Description of Debt Securities - Merger and Sale of Assets."

## ***Limitation on Liens***

We have agreed that we or any Subsidiary will issue, assume or guarantee Indebtedness for borrowed money secured by a lien upon a Principal Property only if we secure the notes equally and ratably with or prior to the Indebtedness secured by that lien. If we so secure the notes, we have the option to secure any of our other Indebtedness or obligations equally and ratably with or prior to the Indebtedness secured by the lien and, accordingly, equally and ratably with the notes. This covenant has exceptions that permit:

- (1) liens existing on the date the notes are first issued;
- (2) liens on any entity's property or assets existing at the time we acquire such entity or its property or assets, or at the time such entity becomes a Subsidiary;
- (3) intercompany liens in favor of us or any Subsidiary;
- (4) liens on assets either:
  - (a) securing all or part of the cost of acquiring, constructing, improving, developing or repairing the assets; or
  - (b) securing Indebtedness incurred to finance the acquisition of the assets or the cost of constructing, improving, developing, expanding or repairing the assets and commencing commercial operation of the assets if the applicable Indebtedness was incurred prior to, at the time of or within 24 months after the acquisition, or completion of construction, improvement, development, expansion or repair of the assets or their commencing commercial operation;
- (5) liens in favor of governmental entities to secure (a) payments under any contract or statute to secure progress or advance payments or (b) industrial development, pollution control or similar indebtedness;
- (6) governmental liens under contracts for the sale of products or services;
- (7) liens imposed by law, such as mechanic's or workmen's liens;
- (8) liens under workers' compensation laws or similar legislation;
- (9) liens in connection with legal proceedings or securing taxes or other assessments;
- (10) statutory or other liens arising in the ordinary course of our business and relating to amounts that are not yet delinquent or that we are contesting in good faith;

(11) liens on stock, partnership or other equity interests in any Joint Venture or any Subsidiary that owns an equity interest in a Joint Venture to secure Indebtedness contributed or advanced solely to that Joint Venture;

(12) good faith deposits in connection with bids, tenders, contracts or leases;

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(13) deposits made in connection with maintaining self-insurance, to obtain the benefits of laws, regulations or arrangements relating to unemployment insurance, old age pensions, social security or similar matters or to secure surety, appeal or customs bonds; and

(14) any extensions, substitutions, renewals or replacements of the above-described liens.

In addition, without securing the notes as described above, we or any Subsidiary may issue, assume or guarantee Indebtedness that this covenant would otherwise restrict in a total principal amount that, when added to all of our and our Subsidiaries' other outstanding Indebtedness that this covenant would otherwise restrict and the total amount of Attributable Indebtedness outstanding for Sales and Leaseback Transactions, does not exceed a basket equal to 15% of our Consolidated Net Tangible Assets. When calculating this total principal amount, we exclude from the calculation Attributable Indebtedness from Sale and Leaseback Transactions in connection with which we have voluntarily retired debt securities issued under the indenture, Indebtedness of equal rank or Funded Indebtedness, in each case as described in clause (3) below under Limitation on Sale and Leaseback Transactions.

### ***Limitation on Sale and Leaseback Transactions***

We have agreed that we or any Subsidiary will not enter into a Sale and Leaseback Transaction, unless one of the following applies:

(1) we or that Subsidiary could incur Indebtedness in a principal amount equal to the Attributable Indebtedness for that Sale and Leaseback Transaction and, without violating the Limitation on Liens covenant, could secure that Indebtedness by a lien on the property to be leased without equally or ratably securing the notes;

(2) after the issuance of the notes and within the period beginning nine months before the closing of the Sale and Leaseback Transaction and ending nine months after such closing, we or any Subsidiaries have expended for property used or to be used in the ordinary course of business an amount equal to all or a portion of the net proceeds of the transaction, and we have elected to designate that amount as a credit against that transaction (with any amount not so designated to be applied as set forth in (3) below or as otherwise permitted); or

(3) during the nine-month period after the effective date of the Sale and Leaseback Transaction, we have applied to the voluntary defeasance or retirement of any debt securities under the indenture, any Indebtedness of equal rank to the notes or any Funded Indebtedness, an amount equal to the net proceeds of the sale or transfer of the property leased in the Sale and Leaseback Transaction (or, if greater, the fair value of that property at the time of the Sale and Leaseback Transaction as determined by our board of directors) adjusted to reflect the remaining term of the lease and any amount expended as set forth in clause (2) above.

### **Additional Event of Default**

With respect to the notes, the occurrence of any of the following events shall, in addition to the other events or circumstances described as Events of Default under the caption Description of Debt Securities Events of Default in the accompanying prospectus, constitute an Event of Default: default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness of us or any of our Significant Subsidiaries (or the payment of which is guaranteed by us or any of our Significant Subsidiaries), whether such Indebtedness or guarantee now exists or is created after the date of issuance of the notes, if (a) that default (x) is caused by a failure to pay principal of or premium, if any, or interest on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a Payment Default), or (y) results in the acceleration of such Indebtedness prior to its express maturity, and (b) in each case described in clauses (x) or (y) above, the principal amount of





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any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates \$35.0 million or more.

## **Definitions**

*Attributable Indebtedness* means the present value of the rental payments during the remaining term of the lease included in the Sale and Leaseback Transaction. To determine that present value, we use a discount rate equal to the lease rate of the Sale and Leaseback Transaction. For these purposes, rental payments do not include any amounts we are required to pay for taxes, maintenance, repairs, insurance, assessments, utilities, operating and labor costs and other items that do not constitute payments for property rights. In the case of any lease that we may terminate by paying a penalty, if the net amount would be reduced if we terminated the lease on the first date that it could be terminated, then this lower net amount will be used, in which case, the net amount shall also include the amount of the penalty, but no rent shall be considered as required to be paid under such lease subsequent to the final date upon which it may be so terminated.

*Capital Lease Obligation* means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet in accordance with GAAP, and the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

*Capital Stock* means:

- (1) in the case of a corporation, corporate stock;
- (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and
- (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

*Consolidated Net Tangible Assets* of any Person means the total amount of assets (after deducting applicable reserves and other properly deductible items) of such Person and its consolidated Subsidiaries *less*:

all current liabilities (excluding liabilities that are extendable or renewable at our option to a date more than 12 months after the date of calculation and excluding current maturities of long-term indebtedness); and

all goodwill, trade names, trademarks, patents, unamortized indebtedness discount and expense and other like intangible assets.

Consolidated Net Tangible Assets of any Person shall be based on the most recently available consolidated quarterly balance sheet of such Person, and shall be calculated in accordance with GAAP.

*Exchange Act* means the Securities Exchange Act of 1934, as amended.

*Funded Indebtedness* means all Indebtedness that matures on or is renewable to a date more than one year after the date the Indebtedness is incurred.

*GAAP* means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants, the opinions and pronouncements of the Public Company Accounting Oversight Board and in the statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the

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accounting profession, which are in effect from time to time. All computations based on GAAP contained in the indenture will be computed in conformity with GAAP.

*Indebtedness* means:

all indebtedness for borrowed money (whether full or limited recourse);

all obligations evidenced by bonds, debentures, notes or other similar instruments;

all obligations under letters of credit or other similar instruments, other than standby letters of credit, performance bonds and other obligations issued in the ordinary course of business, to the extent not drawn or, to the extent drawn, if such drawing is reimbursed not later than the third business day following demand for reimbursement;

all obligations to pay the deferred and unpaid purchase price of property or services, except trade payables and accrued expenses incurred in the ordinary course of business;

all Capital Lease Obligations;

all Indebtedness of others secured by a lien on any asset of the person in question (provided that if the obligations so secured have not been assumed in full or are not otherwise fully the person's legal liability, then such obligations may be reduced to the value of the asset or the liability of the person); and

all Indebtedness of others (other than endorsements in the ordinary course of business) guaranteed by the person in question to the extent of such guarantee.

*Joint Venture* means any partnership, corporation or other entity in which up to and including 50% of the partnership interests, outstanding voting stock or other equity interests is owned, directly or indirectly, by Rowan and/or one or more Subsidiaries of Rowan. A Joint Venture is not treated as a Subsidiary.

*Person* means any individual, corporation, partnership, joint venture, association, joint stock company, trust, limited liability company, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

*Principal Property* means any drilling rig, or integral portion thereof, owned or leased by us or any Subsidiary and used for drilling offshore oil and gas wells, which, in the opinion of our board of directors, is of material importance to the business of us and our Subsidiaries taken as a whole, but no such drilling rig, or portion thereof, shall be deemed of material importance if its net book value (after deducting accumulated depreciation) is less than 2% of our Consolidated Net Tangible Assets.

*Sale and Leaseback Transaction* means any arrangement with anyone under which we or any Subsidiary leases any Principal Property that we or that Subsidiary has or will sell or transfer to that person. This term excludes the following:

temporary leases for a term of not more than five years;

intercompany leases between us and a Subsidiary or between two or more of Subsidiaries; and

leases of a Principal Property executed by the time of or within 12 months after the acquisition, the completion of construction, alteration, improvement or repair, or the commencement of commercial operation of the Principal Property.

*Subsidiary* means, with respect to any Person,

(1) any corporation, association or other business entity of which more than 50% of the total voting power of the Voting Stock thereof is at the time owned or controlled, directly or indirectly, by such Person; and

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(2) any partnership (a) the sole general partner or the managing general partner of which is such Person or an entity described in clause (1) and related to such Person or (b) the only general partners of which are such Person or of one or more entities described in clause (1) and related to such Person (or any combination thereof).

*Voting Stock* of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the board of directors (or similar governing body) of such Person.

## **Defeasance**

The defeasance provisions of the indenture described in the accompanying prospectus will apply to the notes. In particular, Rowan may, at its option and at any time, elect to have its obligations released with respect to the provisions of the indenture described above under Additional Covenants, and thereafter any omission to comply with such obligations or provisions will not constitute a Default or Event of Default. In the event Covenant Defeasance occurs in accordance with the indenture, the Events of Default described under clauses (3) and (4) under the caption Description of Debt Securities Events of Default in the accompanying prospectus and the additional Event of Default described above under the caption Additional Event of Default, in each case, will no longer constitute an Event of Default with respect to the notes.

## **Concerning the Trustee**

U.S. Bank National Association is the trustee under the indenture and has been appointed by Rowan as initial registrar and paying agent with regard to the notes.

## **Notices**

Notices to holders of notes will be given by mail to the holder's address as it appears in the notes register.

## **Governing Law**

The Indenture and the notes will be governed by, and construed in accordance with, the laws of the State of New York.

## **Additional Information**

Anyone who receives this prospectus supplement may obtain a copy of the indenture without charge by writing to Rowan Companies, Inc., 2800 Post Oak Boulevard, Suite 5450, Houston, Texas 77056, Attention: Director Investor Relations.

## **Book-Entry Delivery and Settlement**

### ***Global Notes***

We will issue the notes in the form of one or more permanent global notes in definitive, fully registered, book-entry form. The global notes will be deposited with or on behalf of The Depository Trust Company ( DTC ) and registered in the name of Cede & Co., as nominee of DTC, or will remain in the custody of the trustee.

### ***DTC, Clearstream and Euroclear***

Beneficial interests in the global notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Investors may hold interests in the global notes through either DTC (in the United States), Clearstream Banking, société anonyme, Luxembourg ( Clearstream ), or Euroclear Bank S.A./N.V. (the Euroclear Operator ), as operator of the Euroclear System (in Europe) ( Euroclear ), either directly if they are

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participants of such systems or indirectly through organizations that are participants in such systems. Clearstream and Euroclear will hold interests on behalf of their participants through customers' securities accounts in Clearstream's and Euroclear's names on the books of their U.S. depositories, which in turn will hold such interests in customers' securities accounts in the U.S. depositories' names on the books of DTC.

DTC has advised us as follows:

DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered under Section 17A of the Securities Exchange Act of 1934.

DTC holds securities that its participants deposit with DTC and facilitates the settlement among participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants' accounts, thereby eliminating the need for physical movement of securities certificates.

Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and other organizations.

DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries.

Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly.

The rules applicable to DTC and its direct and indirect participants are on file with the SEC.

We have provided the descriptions of the operations and procedures of DTC, Clearstream and Euroclear in this prospectus supplement solely as a matter of convenience. These operations and procedures are solely within the control of those organizations and are subject to change by them from time to time. None of us, the underwriters nor the trustee takes any responsibility for these operations or procedures, and you are urged to contact DTC, Clearstream and Euroclear or their participants directly to discuss these matters.

We expect that under procedures established by DTC:

upon deposit of the global notes with DTC or its custodian, DTC will credit on its internal system the accounts of direct participants designated by the underwriters with portions of the principal amounts of the global notes; and

ownership of the notes will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by DTC or its nominee, with respect to interests of direct participants, and the records of direct and indirect participants, with respect to interests of persons other than participants.



The laws of some jurisdictions may require that purchasers of securities take physical delivery of those securities in definitive form. Accordingly, the ability to transfer interests in the notes represented by a global note to those persons may be limited. In addition, because DTC can act only on behalf of its participants, who in turn act on behalf of persons who hold interests through participants, the ability of a person having an interest in notes represented by a global note to pledge or transfer those interests to persons or entities that do not participate in DTC's system, or otherwise

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to take actions in respect of such interest, may be affected by the lack of a physical definitive security in respect of such interest.

So long as DTC or its nominee is the registered owner of a global note, DTC or that nominee will be considered the sole owner or holder of the notes represented by that global note for all purposes under the indenture and under the notes. Except as provided below, owners of beneficial interests in a global note will not be entitled to have notes represented by that global note registered in their names, will not receive or be entitled to receive physical delivery of certificated notes and will not be considered the owners or holders thereof under the indenture or under the notes for any purpose, including with respect to the giving of any direction, instruction or approval to the trustee. Accordingly, each holder owning a beneficial interest in a global note must rely on the procedures of DTC and, if that holder is not a direct or indirect participant, on the procedures of the participant through which that holder owns its interest, to exercise any rights of a holder of notes under the indenture or the global note.

None of us, the underwriters nor the trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of notes by DTC, Clearstream or Euroclear, or for maintaining, supervising or reviewing any records of those organizations relating to the notes.

Payments on the notes represented by the global notes will be made to DTC or its nominee, as the case may be, as the registered owner thereof. We expect that DTC or its nominee, upon receipt of any payment on the notes represented by a global note, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the global note as shown in the records of DTC or its nominee. We also expect that payments by participants to owners of beneficial interests in the global note held through such participants will be governed by standing instructions and customary practice as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. The participants will be responsible for those payments.

Distributions on the notes held beneficially through Clearstream will be credited to cash accounts of its customers in accordance with its rules and procedures, to the extent received by the U.S. depository for Clearstream.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian law (collectively, the Terms and Conditions). The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding through Euroclear participants.

Distributions on the notes held beneficially through Euroclear will be credited to the cash accounts of its participants in accordance with the Terms and Conditions, to the extent received by the U.S. depository for Euroclear.

### ***Clearance and Settlement Procedures***

Initial settlement for the notes will be made in immediately available funds. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled in immediately available funds. Secondary market trading between Clearstream customers and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional eurobonds in immediately available funds.



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Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream customers or Euroclear participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by the U.S. depository; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to the U.S. depository to take action to effect final settlement on its behalf by delivering or receiving the notes in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC.

Clearstream customers and Euroclear participants may not deliver instructions directly to their U.S. depositories.

Because of time-zone differences, credits of the notes received in Clearstream or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions in the notes settled during such processing will be reported to the relevant Clearstream customers or Euroclear participants on such business day. Cash received in Clearstream or Euroclear as a result of sales of the notes by or through a Clearstream customer or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

Although DTC, Clearstream and Euroclear have agreed to the foregoing procedures to facilitate transfers of the notes among participants of DTC, Clearstream and Euroclear, they are under no obligation to perform or continue to perform such procedures and such procedures may be changed or discontinued at any time.

***Certificated Notes***

We will issue certificated notes to each person that DTC identifies as the beneficial owner of the notes represented by the global notes upon surrender by DTC of the global notes if:

DTC notifies us that it is no longer willing or able to act as a depository for the global notes, and we have not appointed a successor depository within 90 days of that notice;

an event of default has occurred and is continuing, and DTC requests the issuance of certificated notes; or

we determine not to have the notes represented by a global note.

Neither we nor the trustee will be liable for any delay by DTC, its nominee or any direct or indirect participant in identifying the beneficial owners of the related notes. We and the trustee may conclusively rely on, and will be protected in relying on, instructions from DTC or its nominee for all purposes, including with respect to the registration and delivery, and the respective principal amounts, of the notes to be issued.

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**CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS**

The following discussion summarizes certain U.S. federal income tax considerations, and in the case of a non-U.S. holder (as defined below), certain U.S. federal estate tax considerations, that may be relevant to the acquisition, ownership and disposition of the notes. This discussion is based upon the provisions of the Internal Revenue Code of 1986, as amended (the Code), applicable Treasury Regulations promulgated thereunder, judicial authority and administrative interpretations, as of the date of this document, all of which are subject to change, possibly with retroactive effect, or are subject to different interpretations. We cannot assure you that the Internal Revenue Service, or IRS, will not challenge one or more of the tax consequences described in this discussion, and we have not obtained, nor do we intend to obtain, a ruling from the IRS or an opinion of counsel with respect to the U.S. federal tax consequences of acquiring, holding or disposing of the notes.

In this discussion, we do not purport to address all tax considerations that may be important to a particular holder in light of the holder's circumstances, or to certain categories of investors that may be subject to special rules, such as financial institutions, insurance companies, regulated investment companies, tax-exempt organizations, dealers in securities or currencies, U.S. holders whose functional currency is not the U.S. dollar, U.S. expatriates, or persons who hold the notes as part of a hedge, conversion transaction, straddle or other risk reduction transaction. This discussion is limited to holders who purchase the notes in this offering for a price equal to the issue price of the notes (i.e., the first price at which a substantial amount of the notes is sold other than to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and who hold the notes as capital assets (generally, property held for investment). This discussion also does not address the tax considerations arising under the laws of any foreign, state, local, or other jurisdiction.

**Investors considering the purchase of notes are urged to consult their own tax advisors regarding the application of the U.S. federal income tax laws to their particular situations and the applicability and effect of state, local or foreign tax laws and tax treaties.**

**Tax Consequences to U.S. Holders**

You are a U.S. holder for purposes of this discussion if you are a beneficial owner of a note and you are for U.S. federal income tax purposes:

an individual who is a U.S. citizen or U.S. resident alien;

a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, that was created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

an estate whose income is subject to U.S. federal income taxation regardless of its source; or

a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or that has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a United States person.

If a partnership (including an entity treated as a partnership for U.S. federal income tax purposes) holds notes, the tax treatment of a partner of the partnership generally will depend upon the status of the partner and the activities of the

partnership. If you are a partner of a partnership acquiring the notes, you are urged to consult your own tax advisor about the U.S. federal income tax consequences of acquiring, holding and disposing of the notes.

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### ***Interest on the Notes***

You will generally be required to recognize as ordinary income any stated interest paid or accrued on the notes, in accordance with your regular method of accounting for U.S. federal income tax purposes.

### ***Certain Additional Payments***

We do not intend to treat the possibility of payment of additional amounts described in **Description of Notes** **Optional Redemption** as (i) affecting the determination of the yield to maturity of the notes or giving rise to any accrual of original issue discount or recognition of ordinary income upon redemption, sale, or exchange of the notes, or (ii) resulting in the notes being treated as contingent payment debt instruments under the applicable Treasury Regulations. However, additional income will be recognized if any such additional payment is made. It is possible that the IRS may take a different position, in which case the timing, character and amount of income attributable to the notes may be different.

### ***Disposition of the Notes***

You will generally recognize capital gain or loss on the sale, redemption, exchange, retirement or other taxable disposition of a note. This gain or loss will equal the difference between your adjusted tax basis in the note and the proceeds you receive, excluding any proceeds attributable to accrued interest which will be recognized as ordinary interest income to the extent you have not previously included the accrued interest in income. The proceeds you receive will include the amount of any cash and the fair market value of any other property received for the note. Your adjusted tax basis in the note will generally equal the amount you paid for the note. The gain or loss will be long-term capital gain or loss if you held the note for more than one year at the time of the sale, redemption, exchange, retirement or other taxable disposition. Long-term capital gains of individuals, estates and trusts currently are taxed at a maximum rate of 15%. The deductibility of capital losses may be subject to limitation.

### ***Information Reporting and Backup Withholding***

Information reporting will apply to payments of interest on the notes and to the proceeds from the sale or other disposition of a note paid to you, and backup withholding (currently at a rate of 28%) may apply to payments of interest and sales proceeds unless you provide the appropriate intermediary with a taxpayer identification number, certified under penalties of perjury, as well as certain other information or otherwise establish an exemption from backup withholding. Any amount withheld under the backup withholding rules is allowable as a credit against your U.S. federal income tax liability, if any, and a refund may be obtained if the amounts withheld exceed your actual U.S. federal income tax liability and you timely provide the required information or appropriate claim form to the IRS.

### **Tax Consequences to Non-U.S. Holders**

You are a non-U.S. holder for purposes of this discussion if you are a beneficial owner of notes and for U.S. federal income tax purposes you are not a U.S. holder or a partnership (including an entity treated as a partnership for such purposes).

### ***Interest on the Notes***

Payments to you of interest on the notes generally will be exempt from withholding of U.S. federal income tax under the **portfolio interest** exemption if the interest is not effectively connected with your conduct of a U.S. trade or business, you properly certify as to your foreign status as described below, and:

you do not own, actually or constructively, 10% or more of the total combined voting power of all classes of our stock entitled to vote;

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you are not a controlled foreign corporation that is related to us (actually or constructively); and

you are not a bank whose receipt of interest on the notes is in connection with an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business.

The portfolio interest exemption and several of the special rules for non-U.S. holders described below generally apply only if you appropriately certify as to your foreign status. You can generally meet this certification requirement by providing a properly executed IRS Form W-8BEN or appropriate substitute form to us, or our paying agent. If you hold the notes through a financial institution or other agent acting on your behalf, you may be required to provide appropriate certifications to the agent. Your agent will then generally be required to provide appropriate certifications to us or our paying agent, either directly or through other intermediaries. Special rules apply to foreign partnerships, estates and trusts, and in certain circumstances certifications as to foreign status of partners, trust owners or beneficiaries may have to be provided to us or our paying agent. In addition, special rules apply to qualified intermediaries that enter into withholding agreements with the IRS.

If you cannot satisfy the requirements described above, payments of interest made to you will be subject to U.S. federal withholding tax at a 30% rate, unless you provide us with a properly executed IRS Form W-8BEN (or successor form) claiming an exemption from (or a reduction of) withholding under the benefit of an income tax treaty, or the payments of interest are effectively connected with your conduct of a trade or business in the United States and you meet the certification requirements described below. Please read *Income or gain effectively connected with a U.S. trade or business.*

### ***Disposition of Notes***

You generally will not be subject to U.S. federal income tax on any gain realized on the sale, redemption, exchange, retirement or other taxable disposition of a note unless:

the gain is effectively connected with the conduct by you of a U.S. trade or business (and, if required by an income tax treaty, is treated as attributable to a permanent establishment in the United States); or

you are an individual who has been present in the United States for 183 days or more in the taxable year of disposition and certain other requirements are met.

### ***Income or Gain Effectively Connected with a U.S. Trade or Business***

The preceding discussion of the tax consequences of the purchase, ownership and disposition of notes by you generally assumes that you are not engaged in a U.S. trade or business. If any interest on the notes or gain from the sale, exchange or other taxable disposition of the notes is effectively connected with a U.S. trade or business conducted by you (and, if required by an income tax treaty, is treated as attributable to a permanent establishment in the United States), then the income or gain will be subject to U.S. federal income tax at regular graduated income tax rates, but will not be subject to withholding tax if certain certification requirements are satisfied. You can generally meet the certification requirements by providing a properly executed IRS Form W-8ECI or appropriate substitute form to us, or our paying agent. If you are a corporation, that portion of your earnings and profits that is effectively connected with your U.S. trade or business also may be subject to a branch profits tax at a 30% rate, although an applicable income tax treaty may provide for a lower rate.

### ***U.S. Federal Estate Tax***

If you are an individual and are not a resident of the United States (as specially defined for U.S. federal estate tax purposes) at the time of your death, the notes will not be included in your estate for U.S. federal estate tax purposes provided that, at the time of your death, interest on the

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notes qualifies for the portfolio interest exemption under the rules described above (without regard to the certification requirement).

***Information Reporting and Backup Withholding***

Payments to you of interest on a note, and amounts withheld from such payments, if any, generally will be required to be reported to the IRS and to you.

United States backup withholding tax generally will not apply to payments of interest and principal on a note to a non-U.S. holder if the statement described in *Tax consequences to non-U.S. holders* Interest on the notes is duly provided by the holder or the holder otherwise establishes an exemption, provided that we do not have actual knowledge or reason to know that the holder is a United States person.

Payment of the proceeds of a disposition of a note effected by the U.S. office of a U.S. or foreign broker will be subject to information reporting requirements and backup withholding unless you properly certify under penalties of perjury as to your foreign status and certain other conditions are met or you otherwise establish an exemption. Information reporting requirements and backup withholding generally will not apply to any payment of the proceeds of the disposition of a note effected outside the United States by a foreign office of a broker. However, unless such a broker has documentary evidence in its records that you are a non-U.S. holder and certain other conditions are met, or you otherwise establish an exemption, information reporting will apply to a payment of the proceeds of the disposition of a note effected outside the United States by such a broker if it:

is a United States person;

is a foreign person that derives 50% or more of its gross income for certain periods from the conduct of a trade or business in the United States;

is a controlled foreign corporation for U.S. federal income tax purposes; or

is a foreign partnership that, at any time during its taxable year, has more than 50% of its income or capital interests owned by United States persons or is engaged in the conduct of a U.S. trade or business.

Any amount withheld under the backup withholding rules may be credited against your U.S. federal income tax liability and any excess may be refundable if the proper information is timely provided to the IRS.

**The preceding discussion of material U.S. federal income and estate tax considerations is for general information only and is not tax advice. We urge each prospective investor to consult its own tax advisor regarding the particular federal, state, local and foreign tax consequences of purchasing, holding, and disposing of our notes, including the consequences of any proposed change in applicable laws.**

**Table of Contents****UNDERWRITING**

Subject to the terms and conditions in the underwriting agreement between us and the underwriters, we have agreed to sell to each underwriter, and each underwriter has severally agreed to purchase from us, the principal amount of notes that appears opposite its name in the table below:

<b>Underwriter</b>	<b>Principal Amount</b>
Barclays Capital Inc.	\$ 225,000,000
Goldman, Sachs & Co.	125,000,000
Citigroup Global Markets Inc.	50,000,000
Deutsche Bank Securities Inc.	50,000,000
Wells Fargo Securities, LLC	50,000,000
<b>Total</b>	<b>\$ 500,000,000</b>

The obligations of the underwriters under the underwriting agreement, including their agreement to purchase notes from us, are several and not joint. The underwriting agreement provides that the underwriters will purchase all the notes if any of them are purchased.

The underwriters initially propose to offer and sell the notes at the price set forth on the cover page of this prospectus supplement. The underwriters may offer the notes to selected dealers at the public offering price minus a concession of up to 0.40% of the principal amount. In addition, the underwriters may allow, and those selected dealers may reallocate, a concession of up to 0.25% of the principal amount to certain other dealers. The underwriters may change such offering price and any other selling terms at any time without notice. The underwriters may offer and sell notes through certain of their affiliates. The offering of the notes by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

In the underwriting agreement, we have agreed to indemnify each underwriter, its affiliates, directors, officers, employees, representatives, agents and controlling persons against certain liabilities in connection with this offering, including liabilities under the Securities Act, and to contribute to payments that the underwriters may be required to make in respect thereof.

The notes are a new issue of securities for which there currently is no market. The underwriters have advised us that following the completion of this offering, they presently intend to make a market in the notes. They are not obligated to do so, however, and any market-making activities with respect to the notes may be discontinued at any time at their sole discretion without notice. In addition, such market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act. Accordingly, we cannot give any assurance as to the development of any market or the liquidity of any market for the notes.

In connection with this offering, the underwriters may engage in over-allotment, stabilizing transactions, syndicate covering transactions and penalty bids. Over-allotment involves sales in excess of the offering size, which creates a short position for the underwriters. Stabilizing transactions involve bids to purchase the notes in the open market for the purpose of pegging, fixing or maintaining the price of the notes. Syndicate covering transactions involve purchases of the notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids

permit the underwriters to reclaim a selling concession from a broker/dealer when the notes originally sold by such broker/dealer are purchased in a stabilizing or syndicate covering transaction to cover short positions. These activities by the underwriters, as well as other purchases by the underwriters for their own accounts, may stabilize, maintain or otherwise affect the market price of the notes. Any of these activities may prevent a decline in the market price of the notes, and may also cause the price of the notes to be higher than it would otherwise be in the absence of these transactions. The underwriters may conduct these transactions in the over-the-counter market or otherwise. If the underwriters commence any of these transactions, they may discontinue them at any time.

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We have agreed that until 30 days after the closing of this offering, without the prior written consent of Barclays Capital Inc. and Goldman, Sachs & Co., we will not, directly or indirectly, issue, sell, offer to sell, pledge, grant any option for the sale of, or otherwise dispose of, any securities similar to the notes, or any securities convertible into or exchangeable for the notes or any such similar securities, except for the notes sold to the underwriters pursuant to the underwriting agreement.

The underwriters and certain of their affiliates have provided and may in the future provide certain financial advisory, investment banking and commercial banking services in the ordinary course of business for us, our subsidiaries and certain of our affiliates, for which they receive customary fees and expense reimbursement. Affiliates of Barclays Capital Inc. own approximately 7% of the Company's common stock.

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each, a Relevant Member State), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date), each underwriter represented and agreed that it has not made and will not make an offer of notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the notes that has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of notes to the public in that Relevant Member State at any time:

to legal entities that are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than 43,000,000 and (3) an annual net turnover of more than 50,000,000, as shown in its last annual or consolidated accounts;

to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the representatives for any such offer; or

in any other circumstances that do not require the publication by us of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of notes to the public in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Each underwriter has also represented and agreed that:

it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) received by it in connection with the issue or sale of the notes in circumstances in which Section 21(1) of the Financial Services and Markets Act 2000 does not apply to us; and

it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

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**LEGAL MATTERS**

Andrews Kurth LLP, Houston, Texas will pass upon the validity of the notes offered hereby. Certain matters will be passed upon for the underwriters by Mayer Brown LLP, Houston, Texas.

**EXPERTS**

The financial statements incorporated in this prospectus supplement by reference from Rowan Companies, Inc. 's Annual Report on Form 10-K and the effectiveness of Rowan Companies, Inc. 's internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference. Such financial statements have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

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**PROSPECTUS**

**Rowan Companies, Inc.**

**COMMON STOCK**  
**PREFERRED STOCK**  
**SENIOR DEBT SECURITIES**  
**SUBORDINATED DEBT SECURITIES**  
**WARRANTS**  
**UNITS**

We, Rowan Companies, Inc., may offer and sell from time to time in one or more offerings the following securities:

- (1) shares of common stock;
- (2) shares of preferred stock, in one or more series, which may be convertible into or exchangeable for debt securities or common stock;
- (3) senior debt securities, which may be convertible into or exchangeable for common stock or preferred stock;
- (4) subordinated debt securities, which may be convertible into or exchangeable for common stock or preferred stock;
- (5) warrants to purchase common stock, preferred stock, debt securities or units; and/or
- (6) units consisting of any combination of common stock, preferred stock, debt securities or warrants.

This prospectus provides a general description of the securities we may offer. Supplements to this prospectus will provide the specific terms of the securities that we actually offer, including the offering prices. You should carefully read this prospectus, any applicable prospectus supplement and any information under the headings **Where You Can Find More Information** and **Incorporation by Reference** before you invest in any of these securities. This prospectus may not be used to sell securities unless it is accompanied by a prospectus supplement that describes those securities.

We may sell these securities to or through underwriters, dealers, to other purchasers and/or through agents. Supplements to this prospectus will specify the names of and arrangements with any underwriters or agents.

Our common stock is listed for trading on the New York Stock Exchange under the symbol **RDC**.

**Investing in our securities involves risks. Please read **Risk Factors** beginning on page 1 of this prospectus.**

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

The date of this prospectus is July 15, 2009.

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## ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or SEC, utilizing a “shelf” registration process. Under this shelf registration process, we may sell any combination of the securities described in this prospectus in one or more offerings from time to time. This prospectus provides you with a general description of the securities we may offer. Each time we offer to sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering and the securities offered by us in that offering. A prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and any prospectus supplement, you should rely on the information provided in the prospectus supplement. This prospectus does not contain all of the information included in the registration statement. The registration statement filed with the SEC includes exhibits that provide more details about the matters discussed in this prospectus. You should carefully read this prospectus, the related exhibits filed with the SEC and any prospectus supplement, together with the additional information described below under the headings “Where You Can Find More Information” and “Incorporation by Reference.”

**You should rely only on the information contained or incorporated by reference in this prospectus and in any accompanying prospectus supplement. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer of the securities covered by this prospectus in any jurisdiction where the offer is not permitted. You should assume that the information appearing in this prospectus, any prospectus supplement and any other document incorporated by reference is accurate only as of the date on the front cover of those documents. Our business, financial condition, results of operations and prospects may have changed since those dates.**

**Under no circumstances should the delivery to you of this prospectus or any exchange or redemption made pursuant to this prospectus create any implication that the information contained in this prospectus is correct as of any time after the date of this prospectus.**

Unless otherwise indicated or unless the context otherwise requires, all references in this prospectus to Rowan, Rowan Companies, we, us, and our mean Rowan Companies, Inc. and its wholly owned subsidiaries. In this prospectus, we sometimes refer to the senior debt securities and subordinated debt securities as debt securities and the common stock, preferred stock, debt securities, warrants, units and guarantees, collectively, as the securities.

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**WHERE YOU CAN FIND MORE INFORMATION**

We have filed a registration statement with the SEC under the Securities Act of 1933, as amended, which we refer to as the Securities Act, that registers the issuance and sale of the securities offered by this prospectus. The registration statement, including the attached exhibits, contains additional relevant information about us. The rules and regulations of the SEC allow us to omit some information included in the registration statement from this prospectus.

We file annual, quarterly, and other reports, proxy statements and other information with the SEC under the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act. Our SEC filings are available to the public through the SEC's website at <http://www.sec.gov> and are also available free of charge through our web site at <http://www.rowancompanies.com> as soon as reasonably practicable after we file them with, or furnish them to, the SEC. Other than the specific documents incorporated by reference, information on our web site is not incorporated into this prospectus or our other securities filings and does not form a part of this prospectus. You may also read and copy any materials we file with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room.

**INCORPORATION BY REFERENCE**

The SEC allows us to incorporate by reference into this prospectus information that we file with them. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be part of this prospectus. We incorporate by reference the documents listed below, other than any portions of the respective filings that were furnished (pursuant to Item 2.02 or Item 7.01 of current reports on Form 8-K or other applicable SEC rules) rather than filed:

our annual report on Form 10-K for the year ended December 31, 2008, as filed with the SEC on March 2, 2009;

our quarterly report on Form 10-Q for the quarter ended March 31, 2009, as filed with the SEC on May 11, 2009;

our current reports on Form 8-K and 8-K/A, as filed with the SEC on January 26, 2009, February 9, 2009, March 2, 2009, March 9, 2009, March 10, 2009, May 11, 2009, May 12, 2009, June 1, 2009, June 22, 2009 and June 26, 2009; and

the description of our common stock set forth in our registration statements filed pursuant to Section 12 of the Exchange Act, including any amendment or report filed for the purpose of updating such description.

All documents that we file with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus and until our offerings hereunder are completed will be deemed to be incorporated by reference into this prospectus and will be a part of this prospectus from the date of the filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference in this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or in any other subsequently filed document that also is or is deemed to be incorporated by reference in this prospectus modifies or supersedes that statement. Any statement that is modified or superseded will not constitute a part of this prospectus, except as modified or superseded.

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You may request a copy of these filings (other than an exhibit to a filing unless that exhibit is specifically incorporated by reference into that filing), at no cost, by writing to us at the following address or calling the following number:

Rowan Companies, Inc.  
2800 Post Oak Boulevard, Suite 5450  
Houston, Texas 77056  
(713) 621-7800  
Attn: Investor Relations

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**FORWARD-LOOKING STATEMENTS**

This prospectus, any accompanying prospectus supplement and other documents incorporated by reference herein and therein may contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21(E) of the Exchange Act regarding our business, financial condition, results of operations and prospects. Words such as expects, anticipates, intends, plans, believes, seeks, estimates, projects and similar expressions or variations of such words are intended to identify forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements. Although forward-looking statements contained in this prospectus reflect our good faith judgment, such statements can only be based on facts and factors currently known to us. Consequently, forward-looking statements are inherently subject to risks and uncertainties, and actual outcomes may differ materially from the results and outcomes discussed in the forward-looking statements. Further information about the risks and uncertainties that may impact us are described in Risk Factors beginning on page 1. You should read that section carefully. You should not place undue reliance on forward-looking statements, which speak only as of the date of this prospectus. We undertake no obligation to update publicly any forward-looking statements in order to reflect any event or circumstance occurring after the date of this prospectus or currently unknown facts or conditions or the occurrence of unanticipated events.

Important factors that may affect our expectations, estimates or projections include, but are not limited to, the following:

demand for drilling services in the United States and abroad;

demand for oil, natural gas and other commodities;

oil and natural gas prices;

the level of exploration and development expenditures by national oil companies, major international oil companies and large investment-grade exploration and production companies;

the willingness and ability of the Organization of Petroleum Exporting Countries, or OPEC, to limit production levels and influence prices;

the level of production in non-OPEC countries;

the general economy, including inflation;

the condition of the capital markets;

weather conditions in our principal operating areas, including possible disruption of exploration and development activities due to hurricanes and other severe weather conditions;

environmental and other laws and regulations;

policies of various governments regarding exploration and development of their oil and natural gas reserves;

domestic and international tax policies;

political and military conflicts and the effects of terrorism;  
advances in exploration and development technology; and  
consolidation of our customer base.



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**INDUSTRY AND MARKET DATA**

We have obtained some industry and market share data from third-party sources that we believe are reliable. In many cases, however, we have made statements in this prospectus (or in documents incorporated by reference in this prospectus) regarding our industry and our position in the industry based on estimates made based on our experience in the industry and our own investigation of market conditions. We believe these estimates to be accurate as of the date of this prospectus. However, this information may prove to be inaccurate because of the method by which we obtained some of the data for our estimates or because this information cannot always be verified with complete certainty due to the limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties. As a result, you should be aware that the industry and market data included or incorporated by reference in this prospectus, and estimates and beliefs based on that data, may not be reliable. We cannot, and the underwriters cannot, guarantee the accuracy or completeness of any such information.

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**ROWAN COMPANIES, INC.**

Rowan Companies, Inc. is a Delaware corporation that was first organized in 1947 and successor to a contract drilling business conducted since 1923. We are a major provider of international and domestic contract drilling services. We also own and operate a manufacturing division that produces equipment for the drilling, mining and timber industries.

We provide contract drilling services utilizing a fleet of self-elevating mobile offshore drilling platforms ( jack-up rigs ) and deep-well land drilling rigs. Our primary focus is on high-specification, premium jack-up rigs, which our customers use for exploratory and development drilling and, in certain areas, well workover operations. We conduct offshore drilling operations in various markets throughout the world, and onshore drilling operations in the United States.

Our manufacturing operations has two operating segments: Drilling Products and Systems and Mining, Forestry and Steel Products, each of which serve markets that require large-scale, steel-intensive, high-load bearing products and related parts and services.

Our primary executive offices are located at 2800 Post Oak Boulevard, Suite 5450, Houston, Texas 77056 and our telephone number is (713) 621-7800. Our Internet website is [www.rowancompanies.com](http://www.rowancompanies.com). The information contained on our web site or that can be accessed through our web site is not incorporated by reference into this prospectus, and you should not consider the information contained on our web site to be part of this prospectus.

**RISK FACTORS**

The securities to be offered by this prospectus may involve a high degree of risk. When considering an investment in any of the securities, you should consider carefully all of the risk factors described under the caption Risk Factors in our quarterly report on Form 10-Q for the quarter ending March 31, 2009 or any other document filed by us with the SEC after the date of this prospectus (including, but not limited to, subsequent Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, or amendments to such reports). If applicable, we will include in any prospectus supplement a description of those significant factors that could make the offering described in the prospectus supplement speculative or risky.

**USE OF PROCEEDS**

Unless otherwise specified in an accompanying prospectus supplement, we expect to use the net proceeds from the sale of the securities offered pursuant to this prospectus and any prospectus supplement for general corporate purposes. These purposes may include, but are not limited to:

- reduction or refinancing of debt or other corporate obligations;
- acquisitions;
- capital expenditures; and
- working capital.

The actual application of proceeds from the sale of any particular tranche of securities issued hereunder will be described in the applicable prospectus supplement relating to such tranche of securities. We may invest funds not required immediately for these purposes in marketable securities and short-term investments. The precise amount and timing of the application of these proceeds will depend upon our funding requirements and the availability and cost of other funds.

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

The following table sets forth our ratio of earnings to fixed charges and the ratio of earnings to combined fixed charges and preferred stock dividends on a consolidated basis for the periods shown. You should read these ratios of earnings to fixed charges in connection with our consolidated financial statements, including the notes to those statements, incorporated by reference into this prospectus.

	Years Ended December 31,					Three Months Ended March 31,
	2004	2005	2006	2007	2008	2009
Ratios of earnings to fixed charges(1)	2.3x	11.4x	15.3x	23.8x	28.4x	50.1x

(1) The ratio of earnings to fixed charges and preferred stock dividends is the same as the ratio of earnings to fixed charges for the periods presented because no shares of preferred stock were outstanding during these periods.

For these ratios, *earnings* means the sum of income before income taxes and fixed charges exclusive of capitalized interest, *fixed charges* means interest expensed and capitalized, amortized premiums, discounts and capitalized expenses relating to indebtedness and an estimate of the portion of annual rental expense on capital leases that represents the interest factor, and *preference dividends* means the amount of pre-tax earnings that is required to pay the dividends on outstanding preferred stock.

**DESCRIPTION OF CAPITAL STOCK**

As of the date of this prospectus, we are authorized to issue up to 150,000,000 shares of common stock, \$0.125 par value per share, and up to 5,000,000 shares of preferred stock, \$1.00 par value per share. As of March 31, 2009, we had 113,146,968 shares of common stock and no shares of preferred stock outstanding.

Each share of common stock has attached to it rights to acquire one one-hundredth of a share of Series A junior preferred stock under our stockholder rights agreement. The rights agreement provides for the distribution to our stockholders of one right for each outstanding share of common stock. Each right entitles its holder to purchase from us one one-hundredth of a share of our Series A junior preferred stock at an exercise price of \$80.00 and we have designated and reserved 1,500,000 shares of Series A junior preferred stock for issuance upon exercise of the rights. In addition, under certain circumstances, each right will entitle the holder to purchase our securities or the securities of an acquiring entity at one-half market value. The rights are exercisable only if a person or group knowingly acquires 15% or more of our outstanding common stock or makes a tender offer for 30% or more of our outstanding common stock. We may generally redeem the rights at a price of \$0.01 per right at any time until the 10th business day following public announcement that a 15% position has been acquired. The rights will expire on January 24, 2012.

The following summary of the rights, preferences and privileges of our capital stock and certificate of incorporation and bylaws does not purport to be complete and is qualified in its entirety by reference to the provisions of applicable law and to our certificate of incorporation and bylaws.

## **Common Stock**

Holders of common stock are entitled to one vote per share on all matters presented at any official meeting of Rowan stockholders. Because holders of common stock do not have cumulative voting rights, the holders of a majority of the shares of common stock can elect all of the members of the board of directors standing for election. Subject to the rights of holders of preferred stock, the holders of common stock are entitled to receive dividends in such amounts and at such times as may be declared by the board of directors out of funds legally available therefor. Upon our liquidation, dissolution or winding up, and subject to any prior rights of outstanding preferred stock, the holders of our common stock will be entitled to share pro rata in the distribution of all of our assets available for distribution to our stockholders after satisfaction of all of our liabilities and the payment of the liquidation preference of any preferred stock that may be outstanding. The common stock carries no preemptive rights and shares of common stock have no redemption, sinking

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fund or conversion privileges. All outstanding shares of common stock are duly authorized, validly issued, fully paid and non-assessable.

### **Preferred Stock**

Shares of preferred stock may be issued from time to time in one or more series and the board of directors, without further approval of stockholders, is authorized to fix the dividend rates and terms, conversion rights, voting rights, redemption rights and terms, liquidation preferences and any other rights, preferences, privileges and restrictions applicable to each series of preferred stock. The following description of the terms of the preferred stock sets forth some of the general terms and provisions of our authorized preferred stock. If we offer preferred stock under this prospectus, the terms may include the following:

the series, the number of shares offered and the stated value of the preferred stock;

the price at which the preferred stock will be issued;

the dividend rate, if any, the dates on which the dividends will be payable and other terms relating to the payment of dividends on the preferred stock;

the liquidation preference of the preferred stock;

the voting rights of the preferred stock;

whether the preferred stock is redeemable, optionally or mandatorily, or subject to a sinking fund, and the terms of any redemption or sinking fund;

whether the preferred stock is convertible into, or exchangeable for, any other securities, and the terms of any conversion; and

any additional rights, preferences, qualifications, limitations and restrictions of the preferred stock.

The description of the terms of the preferred stock is not complete and will be subject to and qualified by the certificate of designation relating to any applicable series of preferred stock.

One of the effects of undesignated preferred stock may be to enable the board of directors to render more difficult or to discourage an attempt to obtain control of us by means of a tender offer, proxy contest, merger or otherwise, and to thereby protect the continuity of our management. As a result, the issuance of shares of the preferred stock under the board of directors' authority described above may discourage bids for our common stock or may otherwise adversely affect the market price of our common stock or any other series of our preferred stock. The issuance of shares of preferred stock may also adversely affect the rights of the holders of common stock. For example, any preferred stock issued by us will rank prior to the common stock as to dividend rights and liquidation preference, and may have full or limited voting rights and may be convertible into shares of common stock or other securities.

### **Delaware Anti-Takeover Law**

As a Delaware corporation, we are subject to the provisions of Section 203 of the Delaware General Corporation Law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner.

Section 203 defines a **business combination** as a merger, asset sale or other transaction resulting in a financial benefit to the interested stockholders. Section 203 defines an **interested stockholder** as a person who, together with affiliates and associates, owns, or, in some cases, within three years prior, did own, 15% or more of the corporation's voting stock. Under Section 203, a business combination between us and an interested stockholder is prohibited unless:

our board of directors approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder prior to the date the person attained the status;

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upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of our voting stock outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned (i) by persons who are directors and also officers and (ii) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

the business combination is approved by our board of directors on or subsequent to the date the person became an interested stockholder and authorized at an annual or special meeting of the stockholders by the affirmative vote of the holders of at least 66<sup>2</sup>/<sub>3</sub>% of the outstanding voting stock that is not owned by the interested stockholder.

This provision has an anti-takeover effect with respect to transactions not approved in advance by our board of directors, including discouraging takeover attempts that might result in a premium over the market price for the shares of our common stock. With approval of our stockholders, we could amend our certificate of incorporation in the future to elect not to be governed by this anti-takeover law. This election would be effective 12 months after the adoption of the amendment and would not apply to any business combination between us and any person who became an interested stockholder on or before the adoption of the amendment.

**Provisions of Our Certificate of Incorporation and Bylaws**

Our Certificate of Incorporation provides that directors are to be elected in three classes of as nearly an equal number as possible for a term of three years. Our Bylaws provide that the board of directors shall fix the number of directors. Our Certificate of Incorporation provides that any newly created directorship resulting from an increase in the number of directors or a vacancy on the board shall be filled by vote of a majority of the remaining directors of the class in which such vacancy occurs, or by the sole remaining director of that class if only one such director remains, or by the majority vote of the remaining directors of the other two classes if there be no remaining member of the class in which the vacancy occurs. A director elected to fill a vacancy shall be elected for the remainder of the then present term of office of the class to which the director was elected. Our Bylaws also provide that special meetings of the stockholders may only be called by our board of directors, its chairman, its executive committee, our president or chief executive officer, and our Certificate of Incorporation provides that the stockholders may not act by written consent.

Our Certificate of Incorporation provides that, subject to the provisions of any series of preferred stock that may be outstanding, the approval of at least 80% of the outstanding shares of capital stock normally entitled to vote for the election of directors is required in order for Rowan to enter into a merger or similar transaction with any other entity which directly or indirectly beneficially owns 10% or more of Rowan's voting stock. This 80% vote is not required if the board of directors approved the transaction before the entity acquired its 10% interest in Rowan's voting stock, if a majority of the entity's own voting stock is owned by Rowan or if the merger was one to which the related entity is not directly or indirectly a party.

The provisions of our Bylaws and Certificate of Incorporation as described in the previous two paragraphs may not be amended without the approval of at least 80% of the outstanding shares of capital stock entitled to vote in the election of directors.



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**DESCRIPTION OF DEBT SECURITIES**

Any debt securities that we offer under a prospectus supplement will be direct, unsecured general obligations. The debt securities will be either senior debt securities or subordinated debt securities. The debt securities will be issued under one or more separate indentures between us and U.S. Bank National Association, as trustee. Senior debt securities will be issued under a senior indenture and subordinated debt securities will be issued under a subordinated indenture. Together, the senior indenture and the subordinated indenture are called indentures. The indentures will be supplemented by supplemental indentures, the material provisions of which will be described in a prospectus supplement.

As used in this description, the words we, us and our refer to Rowan Companies, Inc., and not to any of its subsidiaries or affiliates.

We have summarized some of the material provisions of the indentures below. This summary does not restate those agreements in their entirety. A form of senior indenture and a form of subordinated indenture have been filed as exhibits to the registration statement of which this prospectus is a part. We urge you to read each of the indentures because each one, and not this description, defines the rights of holders of debt securities.

Capitalized terms defined in the indentures have the same meanings when used in this prospectus.

**General**

The debt securities issued under the indentures will be our direct, unsecured general obligations. The senior debt securities will rank equally with all of our other senior and unsubordinated debt. The subordinated debt securities will have a junior position to all of our senior debt.

The following description sets forth the general terms and provisions that could apply to debt securities that we may offer to sell. A prospectus supplement relating to any series of debt securities being offered will include specific terms relating to the offering. These terms will include some or all of the following, among others:

the title and type of the debt securities;

the total principal amount of the debt securities;

the percentage of the principal amount at which the debt securities will be issued and any payments due if the maturity of the debt securities is accelerated;

the dates on which the principal of the debt securities will be payable;

the interest rate which the debt securities will bear and the interest payment dates for the debt securities;

any conversion or exchange features;

any optional redemption periods;

any sinking fund or other provisions that would obligate us to repurchase or otherwise redeem some or all of the debt securities;

any provisions granting special rights to holders when a specified event occurs;

any changes to or additional events of default or covenants;

any special tax implications of the debt securities, including provisions for original issue discount securities, if offered; and

any other terms of the debt securities.

Neither of the indentures will limit the amount of debt securities that may be issued. Each indenture will allow debt securities to be issued up to the principal amount that may be authorized by us and may be in any currency or currency unit designated by us.

Debt securities of a series may be issued in registered or global form.

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### **Covenants**

Under the indentures, we:

will pay the principal of, and interest and any premium on, the debt securities when due;

will maintain a place of payment;

will deliver a certificate to the trustee each fiscal year reviewing our compliance with our obligations under the indentures;

will preserve our corporate existence; and

will segregate or deposit with any paying agent sufficient funds for the payment of any principal, interest or premium on or before the due date of such payment.

### **Mergers and Sale of Assets**

Each of the indentures will provide that we may not consolidate with or merge into any other Person or sell, convey, transfer or lease all or substantially all of our properties and assets (on a consolidated basis) to another Person, unless:

the Person formed by or surviving any such conversion, consolidation, amalgamation or merger (if other than us) or the Person to which such sale, assignment, transfer, conveyance or other disposition has been made assumes all of our obligations under such indenture and the debt securities governed thereby pursuant to agreements reasonably satisfactory to the trustee, which may include a supplemental indenture;

we or the successor will not immediately be in default under such indenture; and

we deliver an officer's certificate and opinion of counsel to the trustee stating that such consolidation, amalgamation, merger, conveyance, sale, transfer or lease and any supplemental indenture comply with such indenture and that all conditions precedent set forth in such indenture have been complied with.

Upon the assumption of our obligations under each indenture by a successor, we will be discharged from all obligations under such indenture.

As used in the indenture and in this description, the word *Person* means any individual, corporation, company, limited liability company, partnership, limited partnership, joint venture, association, joint-stock company, trust, other entity, unincorporated organization or government or any agency or political subdivision thereof.

### **Events of Default**

*Event of default*, when used in the indentures with respect to debt securities of any series, will mean any of the following:

(1) default in the payment of any interest upon any debt security of that series when it becomes due and payable, and continuance of such default for a period of 30 days;

(2) default in the payment of the principal of (or premium, if any, on) any debt security of that series at its maturity;

(3) default in the performance, or breach, of any covenant set forth in Article Ten of the applicable indenture (other than a covenant a default in the performance of which or the breach of which is elsewhere specifically dealt with as an event of default or which has expressly been included in such indenture solely for the benefit of one or more series of debt securities other than that series), and continuance of such default or breach for a period of 60 days after there has been given, by registered or certified mail, to us by the trustee or to us and the trustee by the holders of at least 25% in principal amount of the then-outstanding debt securities of that series a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a Notice of Default thereunder;

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(4) default in the performance, or breach, of any covenant in the applicable indenture (other than a covenant set forth in Article Ten of such indenture or any other covenant a default in the performance of which or the breach of which is elsewhere specifically dealt with as an event of default or which has expressly been included in such indenture solely for the benefit of one or more series of debt securities other than that series), and continuance of such default or breach for a period of 120 days after there has been given, by registered or certified mail, to us by the trustee or to us and the trustee by the holders of at least 25% in principal amount of the then-outstanding debt securities of that series a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a Notice of Default thereunder;

(5) we, pursuant to or within the meaning of any bankruptcy law, (i) commence a voluntary case, (ii) consent to the entry of any order for relief against us in an involuntary case, (iii) consent to the appointment of a custodian of us or for all or substantially all of our property, or (iv) make a general assignment for the benefit of our creditors;

(6) a court of competent jurisdiction enters an order or decree under any bankruptcy law that (i) is for relief against us in an involuntary case, (ii) appoints a custodian of us or for all or substantially all of our property, or (iii) orders the liquidation of us, and the order or decree remains unstayed and in effect for 60 consecutive days;

(7) default in the deposit of any sinking fund payment when due; or

(8) any other event of default provided with respect to debt securities of that series in accordance with provisions of the indenture related to the issuance of such debt securities.

An event of default for a particular series of debt securities does not necessarily constitute an event of default for any other series of debt securities issued under an indenture. The trustee may withhold notice to the holders of debt securities of any default (except in the payment of principal, interest or any premium) if it considers the withholding of notice to be in the interests of the holders.

If an event of default for any series of debt securities occurs and continues, the trustee or the holders of 25% in aggregate principal amount of the debt securities of the series may declare the entire principal of all of the debt securities of that series to be due and payable immediately. If this happens, subject to certain conditions, the holders of a majority of the aggregate principal amount of the debt securities of that series can void the declaration.

Other than its duties in case of a default, a trustee is not obligated to exercise any of its rights or powers under any indenture at the request, order or direction of any holders, unless the holders offer the trustee reasonable indemnity. If they provide this reasonable indemnification, the holders of a majority in principal amount outstanding of any series of debt securities may direct the time, method and place of conducting any proceeding or any remedy available to the trustee, or exercising any power conferred upon the trustee, for any series of debt securities.

## **Amendments and Waivers**

Subject to certain exceptions, the indentures, the debt securities issued thereunder or the subsidiary guarantees may be amended or supplemented with the consent of the holders of a majority in aggregate principal amount of the then-outstanding debt securities of each series affected by such amendment or supplemental indenture, with each such series voting as a separate class (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, debt securities) and, subject to certain exceptions, any past default or compliance with any provisions may be waived with respect to each series of debt securities with the consent of the holders of a majority in principal amount of the then-outstanding debt securities of such series voting as a separate class (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, debt securities).

Without the consent of each holder of the outstanding debt securities affected, an amendment, supplement or waiver may not, among other things:

(1) change the stated maturity of the principal of, or any installment of principal of or interest on, any debt security, reduce the principal amount thereof or the rate of interest thereon or any premium

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payable upon the redemption thereof, reduce the amount of the principal of an original issue discount security that would be due and payable upon a declaration of acceleration of the maturity thereof pursuant to the applicable indenture, change the coin or currency in which any debt security or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date therefor);

(2) reduce the percentage in principal amount of the then-outstanding debt securities of any series, the consent of the holders of which is required for any such amendment or supplemental indenture, or the consent of the holders of which is required for any waiver of compliance with certain provisions of the applicable indenture or certain defaults thereunder and their consequences provided for in the applicable indenture;

(3) modify any of the provisions set forth in (i) the provisions of the applicable indenture related to the holder's unconditional right to receive principal, premium, if any, and interest on the debt securities or (ii) the provisions of the applicable indenture related to the waiver of past defaults under such indenture;

(4) waive a redemption payment with respect to any debt security; provided, however, that any purchase or repurchase of debt securities shall not be deemed a redemption of the debt securities;

(5) release any guarantor from any of its obligations under its guarantee or the applicable indenture, except in accordance with the terms of such indenture (as amended or supplemented); or

(6) make any change in the foregoing amendment and waiver provisions, except to increase any percentage provided for therein or to provide that certain other provisions of the applicable indenture cannot be modified or waived without the consent of the holder of each then-outstanding debt security affected thereby.

Notwithstanding the foregoing, without the consent of any holder of debt securities, we, the guarantors and the trustee may amend each of the indentures or the debt securities issued thereunder to:

(1) cure any ambiguity or defect or to correct or supplement any provision therein that may be inconsistent with any other provision therein;

(2) evidence the succession of another Person to us and the assumption by any such successor of our covenants therein and, to the extent applicable, of the debt securities;

(3) provide for uncertificated debt securities in addition to or in place of certificated debt securities; provided that the uncertificated debt securities are issued in registered form for purposes of Section 163(f) of the Internal Revenue Code of 1986, as amended (the "Code"), or in the manner such that the uncertificated debt securities are described in Section 163(f)(2)(B) of the Code;

(4) add a guarantee and cause any Person to become a guarantor, and/or to evidence the succession of another Person to a guarantor and the assumption by any such successor of the guarantee of such guarantor therein and, to the extent applicable, endorsed upon any debt securities of any series;

(5) secure the debt securities of any series;

(6) add to the our covenants such further covenants, restrictions, conditions or provisions as we shall consider to be appropriate for the benefit of the holders of all or any series of debt securities (and if such covenants, restrictions, conditions or provisions are to be for the benefit of less than all series of debt securities, stating that such covenants are expressly being included solely for the benefit of such series), to make the occurrence, or the occurrence and

continuance, of a default in any such additional covenants, restrictions, conditions or provisions an event of default permitting the enforcement of all or any of the several remedies provided in the applicable indenture as set forth therein, or to surrender any right or power therein conferred upon us; provided, that in respect of any such additional covenant, restriction, condition or provision, such amendment or supplemental indenture may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such an event of default or may limit the remedies



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available to the trustee upon such an event of default or may limit the right of the holders of a majority in aggregate principal amount of the debt securities of such series to waive such an event of default;

(7) make any change to any provision of the applicable indenture that does not adversely affect the rights or interests of any holder of debt securities issued thereunder;

(8) provide for the issuance of additional debt securities in accordance with the provisions set forth in the applicable indenture on the date of such indenture;

(9) add any additional defaults or events of default in respect of all or any series of debt securities;

(10) add to, change or eliminate any of the provisions of the applicable indenture to such extent as shall be necessary to permit or facilitate the issuance of debt securities in bearer form, registrable or not registrable as to principal, and with or without interest coupons;

(11) change or eliminate any of the provisions of the applicable indenture; provided that any such change or elimination shall become effective only when there is no debt security outstanding of any series created prior to the execution of such amendment or supplemental indenture that is entitled to the benefit of such provision;

(12) establish the form or terms of debt securities of any series as permitted thereunder, including to reopen any series of any debt securities as permitted thereunder;

(13) evidence and provide for the acceptance of appointment thereunder by a successor trustee with respect to the debt securities of one or more series and to add to or change any of the provisions of the applicable indenture as shall be necessary to provide for or facilitate the administration of the trusts thereunder by more than one trustee, pursuant to the requirements of such indenture;

(14) conform the text of the applicable indenture (and/or any supplemental indenture) or any debt securities issued thereunder to any provision of a description of such debt securities appearing in a prospectus or prospectus supplement or an offering memorandum or offering circular to the extent that such provision appears on its face to have been intended to be a verbatim recitation of a provision of such indenture (and/or any supplemental indenture) or any debt securities issued thereunder; or

(15) modify, eliminate or add to the provisions of the applicable indenture to such extent as shall be necessary to effect the qualification of such indenture under the Trust Indenture Act of 1939, as amended (the *Trust Indenture Act* ), or under any similar federal statute subsequently enacted, and to add to such indenture such other provisions as may be expressly required under the Trust Indenture Act.

The consent of the holders is not necessary under either indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment. After an amendment with the consent of the holders under an indenture becomes effective, we are required to mail to the holders of debt securities thereunder a notice briefly describing such amendment. However, the failure to give such notice to all such holders, or any defect therein, will not impair or affect the validity of the amendment.

## **Legal Defeasance and Covenant Defeasance**

Each indenture provides that we may, at our option and at any time, elect to have all of our obligations discharged with respect to the debt securities outstanding thereunder and all obligations of any guarantors of such debt securities discharged with respect to their guarantees ( *Legal Defeasance* ), except for:

(1) the rights of holders of outstanding debt securities to receive payments in respect of the principal of, or interest or premium, if any, on, such debt securities when such payments are due from the trust referred to below;

(2) our obligations with respect to the debt securities concerning temporary debt securities, registration of debt securities, mutilated, destroyed, lost or stolen debt securities, the maintenance of an office or agency for payment and money for security payments held in trust;

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(3) the rights, powers, trusts, duties and immunities of the trustee, and our and each guarantor's obligations in connection therewith; and

(4) the Legal Defeasance and Covenant Defeasance (as defined below) provisions of the applicable indenture.

In addition, we may, at our option and at any time, elect to have our obligations released with respect to certain provisions of each indenture, including certain provisions described in any prospectus supplement (such release and termination being referred to as *Covenant Defeasance*), and thereafter any failure to comply with such obligations or provisions will not constitute a default or event of default. In addition, in the event Covenant Defeasance occurs in accordance with the applicable indenture, any defeasible event of default will no longer constitute an event of default.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) we must irrevocably deposit with the trustee, in trust, for the benefit of the holders of the debt securities, cash in U.S. dollars, non-callable government securities, or a combination of cash in U.S. dollars and non-callable U.S. government securities, in amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, and interest and premium, if any, on, the outstanding debt securities on the stated date for payment thereof or on the applicable redemption date, as the case may be, and we must specify whether the debt securities are being defeased to such stated date for payment or to a particular redemption date;

(2) in the case of Legal Defeasance, we must deliver to the trustee an opinion of counsel reasonably acceptable to the trustee confirming that (a) we have received from, or there has been published by, the Internal Revenue Service a ruling or (b) since the issue date of the debt securities, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the holders of the outstanding debt securities will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same time as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, we must deliver to the trustee an opinion of counsel reasonably acceptable to the trustee confirming that the holders of the outstanding debt securities will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no default or event of default shall have occurred and be continuing on the date of such deposit (other than a default or event of default resulting from the borrowing of funds to be applied to such deposit);

(5) the deposit must not result in a breach or violation of, or constitute a default under, any other instrument to which we are, or any guarantor is, a party or by which we are, or any guarantor is, bound;

(6) such Legal Defeasance or Covenant Defeasance must not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than the applicable indenture) to which we are, or any of our subsidiaries is, a party or by which we are, or any of our subsidiaries is, bound;

(7) we must deliver to the trustee an officer's certificate stating that the deposit was not made by us with the intent of preferring the holders of debt securities over our other creditors with the intent of defeating, hindering, delaying or defrauding our creditors or the creditors of others;

(8) we must deliver to the trustee an officer's certificate stating that all conditions precedent set forth in clauses (1) through (6) of this paragraph have been complied with; and

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(9) we must deliver to the trustee an opinion of counsel (which opinion of counsel may be subject to customary assumptions, qualifications, and exclusions) stating that all conditions precedent set forth in clauses (2), (3) and (6) of this paragraph have been complied with.

## **Satisfaction and Discharge**

Each of the indentures will be discharged and will cease to be of further effect (except as to surviving rights of registration of transfer or exchange of debt securities and certain rights of the trustee, as expressly provided for in such indenture) as to all outstanding debt securities issued thereunder and the guarantees issued thereunder when:

(1) either (a) all of the debt securities theretofore authenticated and delivered under such indenture (except lost, stolen or destroyed debt securities that have been replaced or paid and debt securities for the payment of which money has theretofore been deposited in trust or segregated and held in trust by us and thereafter repaid to us or discharged from such trust) have been delivered to the trustee for cancellation or (b) all debt securities not theretofore delivered to the trustee for cancellation have become due and payable, will become due and payable at their stated maturity within one year, or are to be called for redemption within one year under arrangements satisfactory to the trustee for the giving of notice of redemption by the trustee in the name, and at the expense, of us, and we have irrevocably deposited or caused to be deposited with the trustee funds, in an amount sufficient to pay and discharge the entire indebtedness on the debt securities not theretofore delivered to the trustee for cancellation, for principal of and premium, if any, and interest on the debt securities to the date of deposit (in the case of debt securities that have become due and payable) or to the stated maturity or redemption date, as the case may be, together with instructions from us irrevocably directing the trustee to apply such funds to the payment thereof at maturity or redemption, as the case may be;

(2) we have paid all other sums then due and payable under such indenture by us; and

(3) we have delivered to the trustee an officer's certificate and an opinion of counsel, which, taken together, state that all conditions precedent under such indenture relating to the satisfaction and discharge of such indenture have been complied with.

## **No Personal Liability of Directors, Managers, Officers, Employees, Partners, Members and Stockholders**

No director, manager, officer, employee, incorporator, partner, member or stockholder of us or any guarantor, as such, shall have any liability for any of our obligations or those of the guarantors under the debt securities, the indentures, the guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of debt securities, upon our issuance of the debt securities and execution of the indentures, waives and releases all such liability. The waiver and release are part of the consideration for issuance of the debt securities. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the SEC that such a waiver is against public policy.

## **Denominations**

Unless stated otherwise in the prospectus supplement for each issuance of debt securities, the debt securities will be issued in denominations of \$1,000 each or integral multiples of \$1,000.

## **Paying Agent and Registrar**

The trustee will initially act as paying agent and registrar for the debt securities. We may change the paying agent or registrar without prior notice to the holders of the debt securities, and we may act as paying agent or registrar.

**Transfer and Exchange**

A holder may transfer or exchange debt securities in accordance with the applicable indenture. The registrar and the trustee may require a holder, among other things, to furnish appropriate endorsements and

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transfer documents, and we may require a holder to pay any taxes and fees required by law or permitted by the applicable indenture. We are not required to transfer or exchange any debt security selected for redemption. In addition, we are not required to transfer or exchange any debt security for a period of 15 days before a selection of debt securities to be redeemed.

## **Subordination**

The payment of the principal of and premium, if any, and interest on subordinated debt securities and any of our other payment obligations in respect of subordinated debt securities (including any obligation to repurchase subordinated debt securities) is subordinated in certain circumstances in right of payment, as set forth in the subordinated indenture, to the prior payment in full in cash of all senior debt.

We also may not make any payment, whether by redemption, purchase, retirement, defeasance or otherwise, upon or in respect of subordinated debt securities, except from a trust described under Legal Defeasance and Covenant Defeasance, if

a default in the payment of all or any portion of the obligations on any designated senior debt ( *payment default* ) occurs that has not been cured or waived, or

any other default occurs and is continuing with respect to designated senior debt pursuant to which the maturity thereof may be accelerated ( *non-payment default* ) and, solely with respect to this clause, the trustee for the subordinated debt securities receives a notice of the default (a *payment blockage notice* ) from the trustee or other representative for the holders of such designated senior debt.

Cash payments on subordinated debt securities will be resumed (a) in the case of a payment default, upon the date on which such default is cured or waived, and (b) in case of a nonpayment default, the earliest of the date on which such nonpayment default is cured or waived, the termination of the payment blockage period by written notice to the trustee for the subordinated debt securities from the trustee or other representative for the holders of such designated senior debt, the payment in full of such designated senior debt or 179 days after the date on which the applicable payment blockage notice is received. No new payment blockage period may be commenced unless and until 360 days have elapsed since the date of commencement of the payment blockage period resulting from the immediately prior payment blockage notice. No nonpayment default in respect of designated senior debt that existed or was continuing on the date of delivery of any payment blockage notice to the trustee for the subordinated debt securities will be, or be made, the basis for a subsequent payment blockage notice unless such default shall have been cured or waived for a period of no less than 90 consecutive days.

Upon any payment or distribution of our assets or securities (other than with the money, securities or proceeds held under any defeasance trust established in accordance with the subordinated indenture) in connection with any dissolution or winding up or total or partial liquidation or reorganization of us, whether voluntary or involuntary, or in bankruptcy, insolvency, receivership or other proceedings or other marshalling of assets for the benefit of creditors, all amounts due or to become due upon all senior debt shall first be paid in full, in cash or cash equivalents, before the holders of the subordinated debt securities or the trustee on their behalf shall be entitled to receive any payment by or on behalf of us on account of the subordinated debt securities, or any payment to acquire any of the subordinated debt securities for cash, property or securities, or any distribution with respect to the subordinated debt securities of any cash, property or securities. Before any payment may be made by, or on behalf of, us on any subordinated debt security (other than with the money, securities or proceeds held under any defeasance trust established in accordance with the subordinated indenture) in connection with any such dissolution, winding up, liquidation or reorganization, any payment or distribution of our assets or securities, to which the holders of subordinated debt securities or the trustee on their behalf would be entitled, shall be made by us or by any receiver, trustee in bankruptcy, liquidating

trustee, agent or other similar Person making such payment or distribution, or by the holders or the trustee if received by them or it, directly to the holders of senior debt or their representatives or to any trustee or trustees under any indenture pursuant to which any such senior debt may have been issued, as their respective interests appear, to the extent necessary to pay all such senior debt in full, in cash or cash equivalents, after



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giving effect to any concurrent payment, distribution or provision therefor to or for the holders of such senior debt.

As a result of these subordination provisions, in the event of the our liquidation, bankruptcy, reorganization, insolvency, receivership or similar proceeding or an assignment for the benefit of our creditors or a marshalling of our assets or liabilities, holders of subordinated debt securities may receive ratably less than other creditors.

## **Payment and Transfer**

Principal, interest and any premium on fully registered debt securities will be paid at designated places. Payment will be made by check mailed to the persons in whose names the debt securities are registered on days specified in the indentures or any prospectus supplement. Debt securities payments in other forms will be paid at a place designated by us and specified in a prospectus supplement.

Fully registered debt securities may be transferred or exchanged at the office of the trustee or at any other office or agency maintained by us for such purposes, without the payment of any service charge except for any tax or governmental charge.

## **Global Securities**

The debt securities of a series may be issued in whole or in part in the form of one or more global certificates that we will deposit with a depository identified in the applicable prospectus supplement. Unless and until it is exchanged in whole or in part for the individual debt securities that it represents, a global security may not be transferred except as a whole:

by the applicable depository to a nominee of the depository;

by any nominee to the depository itself or another nominee; or

by the depository or any nominee to a successor depository or any nominee of the successor.

We will describe the specific terms of the depository arrangement with respect to a series of debt securities in the applicable prospectus supplement. We anticipate that the following provisions will generally apply to depository arrangements.

When we issue a global security in registered form, the depository for the global security or its nominee will credit, on its book-entry registration and transfer system, the respective principal amounts of the individual debt securities represented by that global security to the accounts of persons that have accounts with the depository ( *participants* ). Those accounts will be designated by the dealers, underwriters or agents with respect to the underlying debt securities or by us if those debt securities are offered and sold directly by us. Ownership of beneficial interests in a global security will be limited to participants or persons that may hold interests through participants. For interests of participants, ownership of beneficial interests in the global security will be shown on records maintained by the applicable depository or its nominee. For interests of persons other than participants, that ownership information will be shown on the records of participants. Transfer of that ownership will be effected only through those records. The laws of some states require that certain purchasers of securities take physical delivery of securities in definitive form. These limits and laws may impair our ability to transfer beneficial interests in a global security.

As long as the depository for a global security, or its nominee, is the registered owner of that global security, the depository or nominee will be considered the sole owner or holder of the debt securities represented by the global security for all purposes under the applicable indenture. Except as provided below, owners of beneficial interests in a

global security:

will not be entitled to have any of the underlying debt securities registered in their names;

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will not receive or be entitled to receive physical delivery of any of the underlying debt securities in definitive form; and

will not be considered the owners or holders under the indenture relating to those debt securities.

Payments of the principal of, any premium on and any interest on individual debt securities represented by a global security registered in the name of a depository or its nominee will be made to the depository or its nominee as the registered owner of the global security representing such debt securities. Neither we, the trustee for the debt securities, any paying agent nor the registrar for the debt securities will be responsible for any aspect of the records relating to or payments made by the depository or any participants on account of beneficial interests in the global security.

We expect that the depository or its nominee, upon receipt of any payment of principal, any premium or interest relating to a global security representing any series of debt securities, immediately will credit participants' accounts with the payments. Those payments will be credited in amounts proportional to the respective beneficial interests of the participants in the principal amount of the global security as shown on the records of the depository or its nominee. We also expect that payments by participants to owners of beneficial interests in the global security held through those participants will be governed by standing instructions and customary practices. This is now the case with securities held for the accounts of customers registered in street name. Those payments will be the sole responsibility of those participants.

If the depository for a series of debt securities is at any time unwilling, unable or ineligible to continue as depository and we do not appoint a successor depository within 90 days, we will issue individual debt securities of that series in exchange for the global security or securities representing that series. In addition, we may at any time in our sole discretion determine not to have any debt securities of a series represented by one or more global securities. In that event, we will issue individual debt securities of that series in exchange for the global security or securities. Furthermore, if we specify, an owner of a beneficial interest in a global security may, on terms acceptable to us, the trustee and the applicable depository, receive individual debt securities of that series in exchange for those beneficial interests. The foregoing is subject to any limitations described in the applicable prospectus supplement. In any such instance, the owner of the beneficial interest will be entitled to physical delivery of individual debt securities equal in principal amount to the beneficial interest and to have the debt securities registered in its name. Those individual debt securities will be issued in any authorized denominations.

## **Governing Law**

Each indenture and the debt securities will be governed by and construed in accordance with the laws of the State of New York.

## **Information Concerning the Trustee**

U.S. Bank National Association will be the trustee under the indentures. A successor trustee may be appointed in accordance with the terms of the indentures.

The indentures and the provisions of the Trust Indenture Act incorporated by reference therein will contain certain limitations on the rights of the trustee, should it become a creditor of us, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest (within the meaning of the Trust Indenture Act), it must eliminate such conflicting interest or resign.

A single banking or financial institution may act as trustee with respect to both the subordinated indenture and the senior indenture. If this occurs, and should a default occur with respect to either the subordinated debt securities or the senior debt securities, such banking or financial institution would be required to resign as trustee under one of the indentures within 90 days of such default, pursuant to the Trust Indenture Act, unless such default were cured, duly waived or otherwise eliminated.

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**DESCRIPTION OF WARRANTS**

We may issue warrants to purchase common stock, preferred stock, debt securities or units. Warrants may be issued independently or together with any other securities and may be attached to, or separate from, such securities. Each series of warrants will be issued under a separate warrant agreement to be entered into between us and a warrant agent. The terms of any warrants to be issued and a description of the material provisions of the applicable warrant agreement will be set forth in the applicable prospectus supplement.

The applicable prospectus supplement will specify the following terms of any warrants in respect of which this prospectus is being delivered:

the title of such warrants;

the aggregate number of such warrants;

the price or prices at which such warrants will be issued;

the securities or other rights, including rights to receive payment in cash or securities based on the value, rate or price of one or more specified commodities, currencies, securities or indices, or any combination of the foregoing, purchasable upon exercise of such warrants;

the price at which, and the currency or currencies in which the securities purchasable upon exercise of, such warrants may be purchased;

the date on which the right to exercise such warrants shall commence and the date on which such right shall expire;

if applicable, the minimum or maximum amount of such warrants which may be exercised at any one time;

if applicable, the designation and terms of the securities with which such warrants are issued and the number of such warrants issued with each such security;

if applicable, the date on and after which such warrants and the related securities will be separately transferable;

information with respect to book-entry procedures, if any;

if applicable, a discussion of any material U.S. federal income tax considerations; and

any other terms of such warrants, including terms, procedures and limitations relating to the exchange and exercise of such warrants.

**DESCRIPTION OF UNITS**

As specified in the applicable prospectus supplement, we may issue units consisting of one or more debt securities, shares of common stock, shares of preferred stock or warrants or any combination of such securities.

The applicable prospectus supplement will specify the following terms of any units in respect of which this prospectus is being delivered:

the terms of the units and of any of the debt securities, common stock, preferred stock and warrants comprising the units, including whether and under what circumstances the securities comprising the units may be traded separately;

a description of the terms of any unit agreement governing the units; and

a description of the provisions for the payment, settlement, transfer or exchange of the units.

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**PLAN OF DISTRIBUTION**

We may sell the securities through agents, underwriters or dealers, or directly to one or more purchasers without using underwriters or agents.

We may designate agents to solicit offers to purchase our securities. We will name any agent involved in offering or selling our securities, and any commissions that we will pay to the agent, in the applicable prospectus supplement. Unless we indicate otherwise in our prospectus supplement, our agents will act on a best efforts basis for the period of their appointment.

If underwriters are used in the sale, the securities will be acquired by the underwriters for their own account. The underwriters may resell the securities in one or more transactions (including block transactions), at negotiated prices, at a fixed public offering price or at varying prices determined at the time of sale. We will include the names of the managing underwriter(s), as well as any other underwriters, and the terms of the transaction, including the compensation the underwriters and dealers will receive, in our prospectus supplement. If we use an underwriter, we will execute an underwriting agreement with the underwriter(s) at the time that we reach an agreement for the sale of our securities. The obligations of the underwriters to purchase the securities will be subject to certain conditions contained in the underwriting agreement. The underwriters will be obligated to purchase all the securities of the series offered if any of the securities are purchased. Any public offering price and any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time. The underwriters will use a prospectus supplement to sell our securities.

If we use a dealer, we, as principal, will sell our securities to the dealer. The dealer will then sell our securities to the public at varying prices that the dealer will determine at the time it sells our securities. We will include the name of the dealer and the terms of our transactions with the dealer in the applicable prospectus supplement.

We may directly solicit offers to purchase our securities, and we may directly sell our securities to institutional or other investors. In this case, no underwriters or agents would be involved. We will describe the terms of our direct sales in the applicable prospectus supplement.

Underwriters, dealers and agents that participate in the distribution of the securities may be underwriters as defined in the Securities Act and any discounts or commissions received by them from us and any profit on their resale of the securities may be treated as underwriting discounts and commissions under the Securities Act. In connection with the sale of the securities offered by this prospectus, underwriters may receive compensation from us or from the purchasers of the securities, for whom they may act as agents, in the form of discounts, concessions or commissions, which will not exceed 7% of the proceeds from the sale of the securities. Any underwriters, dealers or agents will be identified and their compensation described in the applicable prospectus supplement. We may have agreements with the underwriters, dealers and agents to indemnify them against certain civil liabilities, including liabilities under the Securities Act, or to contribute with respect to payments which the underwriters, dealers or agents may be required to make. Underwriters, dealers and agents may engage in transactions with, or perform services for, us or our subsidiaries in the ordinary course of their business.

If we so indicate in the prospectus supplement, we may authorize agents, underwriters or dealers to solicit offers from certain types of institutions to purchase securities from us at the public offering price under delayed delivery contracts. These contracts would provide for payment and delivery on a specified date in the future. The contracts would be subject only to those conditions described in the prospectus supplement. The prospectus supplement will describe the commission payable for solicitation of those contracts.

Unless otherwise specified in the applicable prospectus supplement, all securities offered under this prospectus will be a new issue of securities with no established trading market, other than the common stock, which is currently listed and traded on the New York Stock Exchange. We may elect to list any other class or series of securities on a national securities exchange or a foreign securities exchange but are not obligated to do so. Any common stock sold by this prospectus will be listed for trading on the New York Stock Exchange subject to official notice of issuance. We cannot give you any assurance as to the liquidity of the trading markets for any of the securities.



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Any underwriter to whom securities are sold by us for public offering and sale may engage in over-allotment transactions, stabilizing transactions, syndicate covering transactions and penalty bids in accordance with Regulation M under the Exchange Act. Over-allotment transactions involve sales by the underwriters of the securities in excess of the offering size, which creates a syndicate short position. Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Syndicate covering transactions involve purchases of the securities in the open market after the distribution has been completed in order to cover syndicate short positions. Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when the securities originally sold by the syndicate member are purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions. These activities may cause the price of the securities to be higher than it would otherwise be. The underwriters will not be obligated to engage in any of the aforementioned transactions and may discontinue such transactions at any time without notice.

**LEGAL MATTERS**

The validity of the securities offered in this prospectus will be passed upon for us by Andrews Kurth LLP, Houston, Texas. Any underwriter will be advised about other issues relating to any offering by its own legal counsel. If such counsel to underwriters passes on legal matters in connection with an offering of securities made by this prospectus and a related prospectus supplement, that counsel will be named in the applicable prospectus supplement related to that offering.

**EXPERTS**

The financial statements incorporated in this prospectus by reference from Rowan Companies, Inc.'s Annual Report on Form 10-K and the effectiveness of Rowan Companies, Inc.'s internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference. Such financial statements have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

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**\$500,000,000**

**Rowan Companies, Inc.**

**77/8% Senior Notes due 2019**

Prospectus Supplement  
July 15, 2009

*Joint Book-Running Managers*

**Barclays Capital  
Goldman, Sachs & Co.  
Citi  
Deutsche Bank Securities  
Wells Fargo Securities**