



FORM 10-K

ROWAN COMPANIES INC - RDC

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Annual report which provides a comprehensive overview of the company for the past year

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PART I

ITEM 1. BUSINESS

Rowan Companies, Inc. (hereinafter referred to as "Rowan" or "the Company") is a major provider of international and domestic contract drilling and aviation services. Rowan also operates a mini-steel mill, a manufacturing facility that produces heavy equipment for the mining, timber and transportation industries and a drilling products group that has designed or built about one-third of all mobile offshore jack-up drilling rigs. Rowan was organized in 1947 as a Delaware corporation and a successor to a contract drilling business conducted since 1923 under the name Rowan Drilling Company, Inc.

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are made available free of charge on our internet website at <http://www.rowancompanies.com> as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission.

Information regarding each of Rowan's industry segments, including revenues, operating profit (loss), assets and foreign-source revenues for 2002, 2001 and 2000 is incorporated herein by reference from Footnote 10 of the Notes to Consolidated Financial Statements on pages 36 and 37 of Rowan's 2002 Annual Report to Stockholders ("Annual Report"), incorporated portions of which are filed as Exhibit 13 hereto.

During 2002, 13% of Rowan's consolidated revenues were derived from El Paso Corporation, primarily from drilling services. In 2001, 14% of Rowan's consolidated revenues were derived from Anadarko Petroleum Corporation, primarily from drilling services. In 2000, 11% of Rowan's consolidated revenues were derived from The Coastal Corporation, primarily from drilling services.

DRILLING OPERATIONS

Rowan provides contract drilling services utilizing a fleet of 22 self-elevating mobile offshore drilling platforms ("jack-up rigs"), one mobile offshore floating platform ("semi-submersible rig") and 18 land drilling rigs. Rowan's drilling operations are conducted primarily in the Gulf of Mexico, the North Sea, offshore eastern Canada and in Texas and Louisiana. In 2002, drilling operations incurred an operating loss (loss from operations before deducting general and administrative expenses) of \$2.4 million.

Offshore Operations

Since 1970, Rowan's drilling operations have featured jack-up rigs performing both exploratory and development drilling and, in certain areas, well workover operations. Rowan operates larger, deep-water type jack-up rigs capable of drilling to depths of 20,000 to 30,000 feet in maximum water depths ranging from 250 to 490 feet, depending on the size of the rig and its location.

Rowan's jack-up rigs are designed with a floating hull with three independently elevating legs, drilling equipment, supplies, crew quarters, loading and unloading facilities, a helicopter landing deck and other related equipment. Drilling equipment includes engines, drawworks or hoist, derrick, pumps to circulate the drilling fluid, drill pipe and drilling bits. Rowan's rigs are equipped with propulsion thrusters to assist in towing. At the drilling site, the legs are lowered until they penetrate the ocean floor and the hull is jacked-up on the legs to the desired elevation above the water. The hull then serves as a drilling platform until the well is completed, at which time the hull is lowered into the water, the legs are elevated and the rig is towed to the next drilling site.

Rowan's cantilever jack-ups can extend a portion of the sub-structure containing the drawworks, derrick and related equipment over fixed production platforms so that development or workover operations on the platforms can be carried out with a minimum of interruption to production. In 1989, Rowan acquired and developed a "skid base" technology, whereby the rig floor drilling equipment on a conventional jack-up rig can be "skidded" out over the top of a fixed platform. Thus, conventional jack-up rigs can be used on certain drilling assignments that previously required a cantilever jack-up or platform rig. At March 27, 2003, Rowan's offshore drilling fleet included the following:

- o 15 cantilever jack-up rigs, featuring three harsh environment "Gorilla class" rigs and three enhanced "Super Gorilla class" rigs
- o seven conventional jack-up rigs, including five rigs with skid base capability
- o one semi-submersible rig

The fleet declined to 23 units following the loss in October 2002 of the Rowan-Houston during Hurricane Lili. The Company operates two of the cantilever jack-up rigs under operating leases expiring in 2008.

Rowan's Gorilla class rigs, Gorillas II, III and IV, are a heavier-duty class of jack-up rig, intended to drill up to 30,000 feet in water depths up to 328 feet in extreme 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.

During the fourth quarter of 1998, Rowan completed construction of its first Super Gorilla class rig, Rowan Gorilla V. Construction of Rowan Gorilla VI was completed during June 2000, and Rowan Gorilla VII was delivered during December 2001. Gorillas V, VI and VII are enhanced versions of Rowan's Gorilla class rigs, featuring a combination drilling and production capability. They can operate year-round in 400 feet of water south of the 61st parallel in the North Sea, within the worst-case combination of 100-year storm criteria for waves, wave periods, winds and currents. Rowan financed \$153.1 million of the cost of Gorilla V, \$171.0 million of the cost of Gorilla VI and \$185.4 million of the cost of Gorilla VII through bank loans guaranteed by the U.S. Department of Transportation's Maritime Administration under its Title XI Program.

To date, Rowan has assembled a significant portion of the Bob Palmer (formerly Gorilla VIII), an enhanced version of the Super Gorilla class jack-up designated as Super Gorilla XL. The Bob Palmer will be outfitted with 708 feet of leg, 134 feet more than Gorillas V, VI or VII, and have 30% larger spud cans, enabling operation in the Gulf of Mexico in water depths up to 550 feet. The Bob Palmer will also be able to operate in water depths up to 400 feet in the hostile environments offshore eastern Canada and in the North Sea. The Bob Palmer is being constructed at Vicksburg, Mississippi with delivery expected during the third quarter of 2003. Rowan obtained Title XI bank financing for up to \$187.3 million of the cost of the Bob Palmer in May 2001, under terms and conditions similar to those in effect for Gorilla VII.

In July 2001, Rowan's Board of Directors approved the development, design and construction of a new class of jack-up rig, specifically targeted for deep drilling in water depths up to 250 feet on the outer continental shelf in the Gulf of Mexico. The Tarzan class rig will offer drilling capabilities similar to our Gorilla class jack-ups, enabling more efficient drilling beyond 15,000 feet, but with reduced environmental criteria (wind, wave and current) and at about one-third of the construction cost. The first of as many as four new Tarzan rigs, named the Scooter Yeargain, is under construction at Vicksburg, Mississippi, with delivery expected during mid-year 2004. Rowan recently received a commitment for Title XI bank financing for up to 87.5% of the cost of the first two Tarzan rigs, under terms and conditions similar to those in effect for the Bob Palmer, and intends to apply for Title XI financing for Tarzans III and IV.

This fleet expansion program began in 1995 and represents Rowan's first new construction since the mid-1980s. Since that time, Rowan's capital expenditures have been primarily for enhancements to existing drilling rigs and manufacturing

facilities and for the purchase of aircraft. Of Rowan's 16 remaining jack-up rigs, six cantilever rigs and one conventional rig have been modified to provide a degree of hostile environment operating capability, and seven cantilever rigs and three conventional rigs are equipped to operate in water depths up to 350 feet.

Rowan takes advantage of lulls in drilling activity to perform needed maintenance and make certain enhancements to its drilling fleet. During 1998 and 1999, the Company completed the following enhancements: upgrading solids control mud systems on all nine of the Company's class 116-C jack-up rigs; adding one to two engines to six of the class 116-C rigs, each such rig now being equipped with six engines; installing new generation top-drives on four of the class 116-C rigs and one of the Gorilla class rigs; upgrading the electrical systems on one of the class 84 rigs; adding leg length to three of the class 116-C rigs and reconditioning the subsea equipment on the semi-submersible rig.

For a further discussion of Rowan's availability of funds in 2003 to sustain operations, debt service and planned capital expenditures, including those related to construction of the Bob Palmer and the Scooter Yeargain, see "Liquidity and Capital Resources" under "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 19 through 21 of the Annual Report, which information is incorporated herein by reference. Also, see

ITEM 2. PROPERTIES beginning on page 14 of this Form 10-K for additional information with respect to the capabilities and operating status of the Company's rigs.

Rowan's semi-submersible rig is utilized principally for offshore exploratory drilling from a floating position and is capable of drilling to a depth of 25,000 feet in water depths up to 1,200 feet. A semi-submersible drilling rig consists of a drilling platform raised above multiple hulls by columns. The hulls are flooded and submerged beneath the water surface, in which position the rig is anchored during drilling operations. The drilling platform contains the same type of equipment found on a jack-up rig. After completion of the well, the submerged hull is deballasted to reduce vessel draft and facilitate towing to another drilling location.

Rowan operates six anchor-handling, towing and supply (AHTS) boats obtained under five-year lease agreements that expire in 2004 and 2005 and contain purchase options. The boats are fully crewed by the lessor, but managed by Rowan to provide towing and supply services to our drilling operations. Rowan also directly markets the boats to third parties, with emphasis on their anchor-handling capabilities for deepwater semi-submersibles.

Onshore Operations

Rowan has drilling equipment, personnel and camps available on a contract basis for exploration and development of onshore areas. Rowan currently owns 18 deep-well land rigs located as follows: nine in Texas and nine in Louisiana. The fleet features four newly constructed rigs and seven rigs that have been substantially rebuilt over the past three years, including four rigs relocated from Alaska during the period.

The drilling equipment comprising an onshore rig consists basically of engines, drawworks or hoist, derrick, pumps to circulate the drilling fluid, drill pipe and drilling bits. The type of rig required by a customer depends upon the anticipated well depth, terrain and conditions in the drilling area.

Contracts

Rowan's drilling contracts generally provide for compensation on a day rate basis, whereby the Company earns a fixed amount per day, and are usually obtained either through competitive bidding or individual negotiations. A number of factors affect a drilling contractor's ability, both onshore and offshore, to obtain contracts at a profitable rate within an area. Such factors include the location and availability of equipment, its suitability for the project, the

comparative cost of the equipment, the competence of personnel and the reputation of the contractor. Profitability may also be dependent upon receiving adequate compensation for the cost of moving equipment to drilling locations.

When weak market conditions characterized by declining drilling day rates prevail, Rowan generally accepts lower rate contracts in an attempt to maintain its competitive position and to offset the substantial costs of maintaining and reactivating stacked rigs. When drilling markets are strong and increasing rates prevail, Rowan generally pursues short rather than long-term contracts for its rigs to maximize its ability to obtain rate increases and pass through any cost increases to customers.

Rowan's drilling contracts are either "well-to-well", "multiple well" or for a fixed term generally ranging from one to twelve months. Well-to-well contracts are cancelable by either party upon completion of drilling at any one site, and fixed-term contracts usually provide for termination by either party if drilling operations are suspended for extended periods by events of force majeure. While most fixed-term contracts are for relatively short periods, some fixed-term and well-to-well contracts continue for a longer period than the original term or for a specific series of wells. Many offshore contracts contain renewal or extension provisions exercisable at the option of the customer at prices agreeable to the Company and most require additional payments for mobilization and demobilization costs. Rowan's contracts for work in foreign countries generally provide for payment in United States dollars except for minimal amounts required to meet local expenses, such as payroll.

Rowan believes that the contract status of its onshore and offshore rigs is more informative than backlog calculations, and that backlog information is neither calculable nor meaningful given the cancellation options contained in, and the short duration of, fixed-term contracts and the indeterminable duration of well-to-well and multiple well contracts. See ITEM 2. PROPERTIES beginning on page 14 of this Form 10-K for the contract status of the Company's rigs as of March 27, 2003.

Competition -----

The contract drilling industry is highly competitive and involves many factors, including price, equipment capability, operating and safety performance and reputation. Rowan believes that it competes favorably with respect to all of these factors.

Rowan competes with more than 20 offshore drilling contractors with more than 500 available mobile rigs and approximately 20 domestic drilling contractors with more than 200 available deep-well land rigs. Based upon the number of rigs as tabulated by ODS-Petrodata, Rowan is the seventh largest offshore drilling contractor in the world and the sixth largest jack-up rig operator. Some of the Company's competitors have greater financial and other resources and may be more able to make technological improvements to existing equipment or replace equipment that becomes obsolete.

Technological advances can create competitive advantages and eventually cause less capable equipment to be less suitable for certain drilling operations. As a result, during the 1980-1986 period, Rowan carried out a drilling rig expansion program, culminating with the development of a heavier jack-up rig class known as the Gorilla rig. Since that time, Rowan has employed a drilling rig modification and enhancement program designed to provide a fleet of jack-up rigs reflecting the latest technological advancements. In 1995, Rowan began a drilling rig expansion program featuring the development of enhanced versions of the Gorilla class rig and, beginning in 2001, the Tarzan class rig.

The offshore markets in which the Company competes are characterized by their economic viability and political stability. At March 27, 2003, Rowan had 20 jack-ups and its semi-submersible located in the Gulf of Mexico, one jack-up located offshore eastern Canada and one jack-up located in the North Sea. Based upon the number of rigs as tabulated by ODS-Petrodata, Rowan is the fourth largest offshore drilling contractor in the Gulf of Mexico and the third largest

jack-up rig operator in the area. Relocation of equipment from one geographic location to another is dependent upon changing market dynamics, with moves occurring only when the likelihood of higher returns makes such action economical. During 1999 and 2000, the Company relocated its six rigs from the North Sea to the Gulf of Mexico (five rigs) and offshore eastern Canada (one rig) and two rigs from offshore eastern Canada to the Gulf of Mexico to pursue more favorable market conditions. Gorilla VII was relocated from the Gulf of Mexico to the North Sea in January 2002.

Rowan markets its drilling services by directly contacting present and potential customers, including large international energy companies, many smaller energy companies and foreign government-owned or controlled energy companies. Since 1992, with the many restructurings, downsizings and, more recently, mergers by major energy companies, followed by significant reductions in their domestic budgets, the Company has increased its marketing emphasis on independent operators.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 16 through 21 of Rowan's 2002 Annual Report, the information under which caption is incorporated herein by reference, for a discussion of current industry conditions and their impact on operations.

Regulations and Hazards

Rowan's drilling operations are subject to many hazards, including blowouts and well fires, which could cause personal injury, suspend drilling operations, seriously damage or destroy the equipment involved and cause substantial damage to producing formations and the surrounding areas. Offshore drilling operations are also subject to marine hazards, either while on site or under tow, such as vessel capsizing, collision or grounding. Raising and lowering the legs of jack-up rigs into the ocean bottom and ballasting semi-submersible units require skillful handling to avoid capsizing or other serious damage. Drilling into high-pressure formations is a complex process and problems can frequently occur.

Rowan believes that it is adequately insured for physical damage to its rigs, and for marine liabilities, worker's compensation, maritime employers liability, automobile liability and for various other types of exposures customarily encountered in the Company's operations. Certain of Rowan's liability insurance policies specifically exclude coverage for fines, penalties and punitive or exemplary damages. Rowan anticipates that its present insurance coverage will be maintained, but no assurance can be given that insurance coverage will continue to be available at rates considered reasonable, that self-insured amounts or deductibles will not increase or that certain types of coverage will be available at any cost.

Foreign operations are often subject to political, economic and other uncertainties not encountered in domestic operations, such as arbitrary taxation policies, onerous customs restrictions, unstable currencies and the risk of asset expropriation due to foreign sovereignty over operating areas. As noted previously, Rowan attempts to minimize the risk of currency rate fluctuations by generally contracting for payment in United States dollars.

Many aspects of Rowan's operations are subject to government regulation, as in the areas of equipping and operating vessels, drilling practices and methods and taxation. In addition, various countries (including the United States) have regulations relating to environmental protection and pollution control. Recent events have also increased the sensitivity of the oil and gas industry to environmental matters. Rowan could become liable for damages resulting from pollution of offshore waters and, under United States regulations, must establish financial responsibility. Generally, Rowan is substantially indemnified under its drilling contracts for pollution damages, except in certain cases of pollution emanating above the surface of land or water from spills of pollutants, or in the case of pollutants emanating from the Company's drilling rigs, but no assurance can be given regarding the enforceability of such indemnification provisions.

Rowan believes that it complies in all material respects with legislation and regulations affecting the drilling of oil and gas wells and the discharge of wastes. To date, the Company has made significant modifications to its Gulf of Mexico rigs to reduce waste and rain water discharge and believes that it could operate those rigs at "zero discharge" without material additional expenditures. Otherwise, regulatory compliance has not materially affected the capital expenditures, earnings or competitive position of the Company to date, although such measures do increase drilling costs and may reduce drilling activity. Further regulations may reasonably be anticipated, but any effects thereof on Rowan's drilling operations cannot be accurately predicted.

Rowan is subject to the requirements of the Federal Occupational Safety and Health Act ("OSHA") and comparable state statutes. OSHA's hazard communication standard, the Environmental Protection Agency's "community right-to-know" regulations and comparable state statutes require Rowan to organize and report certain information about the hazardous materials used in its operations to employees, state and local government authorities and local citizens.

Since the exploration activities of Rowan's present and potential customers are directly impacted by state, federal and foreign regulations associated with the production and transportation of oil and gas, the demand for Rowan's drilling services is also affected.

MANUFACTURING OPERATIONS

In 1994, LeTourneau, Inc. ("LeTourneau"), a wholly owned subsidiary of the Company, acquired the net assets of Marathon LeTourneau Company, headquartered in Longview, Texas. LeTourneau operates a mini-steel mill that recycles scrap and produces steel plate; a manufacturing facility that produces heavy equipment such as front-end loaders with up to an 80-ton capacity; and a drilling products group that has designed or built about one-third of all mobile offshore jack-up drilling rigs, including all 22 operated by Rowan. In 2002, the manufacturing division generated an operating profit of \$0.8 million. External manufacturing backlog for all product lines was approximately \$24 million at February 28, 2003, all of which is expected to be realized in 2003, compared with \$29 million at February 28, 2002, all of which was realized during 2002.

The mining equipment product line features front-end loaders with bucket capacities of 17, 22, 28, 33 and 53 cubic yards. LeTourneau's loaders are generally used in coal, gold, copper, diamond and iron ore mines and utilize LeTourneau's diesel electric-drive system with solid-state controls. This system allows large, mobile equipment to stop, start and reverse without gear shifting and high maintenance braking. LeTourneau loaders can load rear-dump trucks in the 85-ton to 400-ton range. LeTourneau's mining equipment and parts are distributed through a worldwide network of independent distributors and its own distribution network serving the western United States and Australia.

The timber equipment product line features diesel electric powered log stackers with either two or four wheel drive configurations and load capacities ranging from 35 to 65 tons. LeTourneau is one of two manufacturers that sell electrically powered jib cranes rated from 25,000 to 52,000 lbs. at a reach of 100 to 150 feet and with a 360-degree rotation. LeTourneau's timber equipment is marketed primarily in North America through independent dealers and its own dealer in the northwestern United States.

LeTourneau's transportation equipment line produces several different types of material handling equipment, such as 50-ton capacity, diesel electric, gantry cranes used for lifting, transporting and stacking large shipping containers and trailers at ports and rail yards. Gantry cranes can span up to seven container rows plus a truck aisle and stack 9 1/2-foot tall containers up to five high. Gantry cranes equipped with a spreader can lift containers from the top and have retractable arms for loading and unloading piggyback trailers. LeTourneau's transportation equipment is marketed primarily in North America through independent dealers and its own dealer in the northwestern United States.

LeTourneau also sells parts and components to repair and maintain mining, timber and transportation equipment. Equipment parts are marketed through two independent dealers and its own dealer in the United States with 16 parts-stocking locations, one dealer in Canada with 21 parts-stocking locations, and 30 independent international dealers and its own Australian dealer with 45 parts-stocking locations.

LeTourneau's Longview, Texas mini-steel mill produces carbon, alloy and specialty steel plate products. LeTourneau concentrates on "niche" markets that require alloy, specialty steel grades, or "exotic" versions of carbon steel products, including mold steels, tool steels, aircraft quality steels, 400 series stainless steel and hydrogen-induced, crack-resistant steels. External steel sales, which are garnered through a direct sales force, consist primarily of steel plate, but also include forging ingots and value-added fabrication of steel products. Steel products are generally sold to steel service centers, fabricators, manufacturers and forge shops. The market for carbon steel plate products and fabricated products is regional and encompasses Texas, Oklahoma, Louisiana, Mississippi and Arkansas. LeTourneau ships alloy and specialty grades of plate products nationally and exports quantities to Mexico and Canada. The forging ingot market is concentrated in the Gulf Coast region of Texas. Carbon and alloy plate products are also used internally in the production of heavy equipment and parts.

LeTourneau's Vicksburg, Mississippi shipyard was reactivated during 1995-1996 following Rowan's announcement of the planned construction of Rowan Gorilla V and is dedicated to providing equipment, spare parts and engineering support to the offshore drilling industry. The yard currently employs about 775 people, most of whom have been hired since 1995. Some rig component manufacturing and rig repair services, as well as design engineering, continue to be performed at the Longview, Texas facility.

As noted previously, the drilling products group completed Rowan Gorilla V in late 1998 and Rowan Gorilla VI in June 2000, delivered Rowan Gorilla VII during December 2001 and is currently constructing for the Company a Super Gorilla XL class jack-up rig and the first of as many as four Tarzan class jack-up rigs. The drilling products group also completed two Super 116-C class jack-up rig kits for others in 1998.

LeTourneau engages in a limited amount of research and product development, primarily to increase the capacity of and provide innovative improvements to its product lines. The Company evaluates on an ongoing basis the manufacturing product and service lines with the intention of making enhancements.

During January 2000, LeTourneau completed the purchase of The Ellis Williams Company, Inc. and EWCO, Inc. dba Traitex Machine Co., which collectively design and manufacture mud pumps in a wide range of sizes for a variety of applications. The purchase price was approximately \$10 million, with \$7 million in cash and the balance in promissory notes due over a three-year period. The notes were repaid in full during 2001.

During January 2002, the Company completed the purchase of certain assets of Oilfield-Electric-Marine, Inc. and Industrial Logic Systems, Inc. (OEM), issuing from treasury 439,560 shares of Rowan common stock valued at approximately \$8 million. OEM manufactures variable speed AC motors and variable frequency drive systems, DC motors and drive systems, and consoles for marine boats and lay barges, the oil and gas drilling industry, and the mining and dredging industries. Additionally, OEM manufactures medium voltage switchgear from 5KV through 38KV for the industrial and petrochemical markets.

Raw Materials -----

The principal raw material utilized in LeTourneau's manufacturing operations is steel plate, much of which is supplied by LeTourneau's mini-steel mill. Other required materials are generally available in sufficient quantities to meet its manufacturing needs through purchases in the open market. LeTourneau does not believe that it is dependent on any single supplier.

Competition -----

LeTourneau's mining equipment competes worldwide with several competitors. LeTourneau's loader product line has only two direct competitors; however, the larger loader models compete with other types of loading equipment, primarily electric and hydraulic mining shovels. Based upon internal marketing studies, LeTourneau's share of the small-loader market (1,000 horsepower and below) has decreased to less than 1% in recent years due to the availability of smaller (and cheaper) alternatives. In the large-loader market (above 1,000 horsepower), LeTourneau has achieved about a 50% share of both domestic and export sales.

The market for LeTourneau's timber equipment is also characterized by vigorous competition. Though LeTourneau's jib crane is unique, it does encounter competition from other equipment manufacturers that offer alternative methods for meeting customer requirements. The number of major competitors by type of equipment is as follows: log stackers - four and jib cranes - three. LeTourneau's estimated share of the domestic log-stacker market is around 20% and its estimated share of the Canadian market is around 15%.

LeTourneau's mini-steel mill encounters competition from a total of six major competitors, with the breakdown by product line being as follows: plate products - four and fabricated products - two. LeTourneau's share of the overall steel market is negligible. The internal requirements of the equipment and drilling products groups provide a base load for the steel mill, and LeTourneau uses a small, direct sales force to sell specialized alloy, carbon and tool steel products to steel service centers, fabricators, manufacturers and brokers.

The competition LeTourneau encounters in the parts business is fragmented with only three other companies being considered to be direct competitors. Vendors supplying parts directly to end users and well-fitters who obtain and copy parts for cheaper and lower quality substitutes provide more intense competition than LeTourneau's direct competitors.

LeTourneau markets and sells its equipment and support parts primarily through an established international dealer association. LeTourneau dealers are predominantly independent business organizations and all have established dealer agreements with LeTourneau. The dealers are responsible for selling equipment on behalf of LeTourneau to end users and providing the necessary follow-up service and parts supply directly to those end users.

To be competitive in the mining and timber equipment markets, LeTourneau offers warranties at the time of purchase and parts guarantees. The warranties extend for stipulated periods of ownership or hours of usage, whichever occurs first. Parts consumption guarantees and maintenance and repair contracts are made on the same basis. LeTourneau's parts-return policy provides that returned parts must be in new, usable condition, in current production and readily resalable.

Since 1955, when the first LeTourneau unit was delivered, LeTourneau has been recognized as a leading designer and builder of "jack-up" drilling rigs. Currently, there are eight jack-ups under construction worldwide, two of which are LeTourneau rigs. At present, LeTourneau has a limited number of competitors in the rig construction and support industry. However, there are numerous shipyard facilities with the capability for jack-up construction.

LeTourneau's two principal competitors in the mud pump business have a combined market share approaching 90%.

Historically, LeTourneau's customer base has been diverse, such that none of its product lines have been dependent upon any one customer or small group of customers.

Regulations and Hazards -----

LeTourneau's manufacturing operations and facilities are subject to regulation by a variety of local, state and federal agencies which regulate safety and the discharge of materials into the environment, including the Environmental

Protection Agency (EPA), the Texas Commission on Environmental Quality (TCEQ) and the Mississippi Department of Environmental Quality. LeTourneau's manufacturing facilities are also subject to the requirements of OSHA and comparable state statutes.

Hazardous materials are generated at LeTourneau's Longview, Texas plant in association with the steel making process. Industrial wastewater generated at the mini-steel mill facility for cooling purposes is recirculated and quality tests are conducted regularly. The facility has permits for wastewater discharges, solid waste disposal and air emissions. Waste products considered hazardous by the EPA are disposed of by shipment to an EPA or state approved waste disposal facility.

LeTourneau jack-up designs are subject to regulatory approval by various agencies, depending upon the geographic areas where the rig will be qualified for drilling. The rules vary by location and are subject to frequent change, and primarily relate to safety and environmental issues, in addition to those which classify the jack-up as a vessel.

LeTourneau may be liable for damages resulting from pollution of air, land and inland waters associated with its manufacturing operations. LeTourneau believes that compliance with environmental protection laws and regulations will have no material effect on its capital expenditures, earnings or competitive position during 2003. Further regulations may reasonably be anticipated, but any effects thereof on the Company's manufacturing operations cannot be accurately predicted.

As a manufacturing company, LeTourneau may be responsible for certain risks associated with the use of its products. These risks include product liability claims for personal injury and/or death, property damage, loss of product use, business interruption and necessary legal expenses to defend LeTourneau against such claims. LeTourneau carries insurance that it believes adequately covers such risks. LeTourneau did not assume certain liabilities of Marathon LeTourneau Company, such as product liability and tort claims, associated with all products manufactured, produced, marketed or distributed prior to the date of the acquisition.

LeTourneau anticipates incurring expenses associated with the warranty of its products. In the equipment business, dealers of LeTourneau's products perform the warranty work while in the rig construction business, LeTourneau generally performs warranty work directly.

AVIATION OPERATIONS

Rowan's wholly-owned subsidiary, Era Aviation, Inc. ("Era"), provides contract and charter helicopter and fixed-wing aviation services principally in Alaska, the coastal areas of Louisiana and Texas, and the western United States, with its fleet consisting on March 27, 2003 of 88 helicopters and 19 fixed-wing aircraft. In 2002, the aviation division generated an operating profit of \$13.8 million.

Era's helicopter services in recent years have featured flightseeing, forest fire control and support for oil and gas related operations from its primary bases in Alaska, Louisiana and Nevada. Services provided offshore Louisiana and Texas are primarily oil and gas-related while the majority of helicopter services in the western United States are provided to governmental agencies in support of forest fire control, construction and other utility work.

Based on the number of helicopters operating, Era is the largest helicopter operator in Alaska. It provides charter services from bases at Anchorage, Deadhorse (on the North Slope), Juneau, Kenai and Valdez. Era's charter and contract services are provided throughout Alaska with particular emphasis in the oil, mining and high-density tourist regions within the state. During 2002, the Alaska helicopter operations contributed approximately 25% of the Company's aviation revenues.

Helicopters are usually operated on a seasonal basis in Alaska because of the prevalent climatic conditions. The peak utilization period in Alaska is May through September, with the winter months comprising the least active period. The seasonal nature of the Alaska business has been offset in prior years by establishing a helicopter operation in the Gulf of Mexico area and by moving helicopters on a limited basis to the west and northwest regions of the United States and various overseas locations.

Since 1983, Era has operated a scheduled regional airline service in Alaska encompassing the transportation of passengers, mail and cargo. Era currently serves Valdez, Kenai, Homer, Kodiak and Cordova. In addition, it services 17 remote villages from its hub in Bethel, Alaska. Era operates under a code sharing agreement with Alaska Airlines, which is the largest carrier of passengers from the contiguous United States to Alaska. Era's regional airline is the largest airline operation of that type within the state of Alaska and is the third largest carrier of passengers into and out of the Ted Stevens Anchorage International Airport, including the large jet carriers. During 2002, the commuter airline contributed approximately 25% of the Company's aviation revenues.

Since 1979, Era has been providing charter and contract helicopter services in the Gulf of Mexico area, primarily to the offshore oil and gas industry. Operations are conducted from the division office in Lake Charles, Louisiana and from bases in the Louisiana cities of Morgan City, Cameron, New Iberia, Intracoastal City, Venice, Fourchon, Houma, Schriever and Johnson Bayou and the Texas cities of Houston, Corpus Christi, Bay City and Sabine Pass. Based on the number of helicopters operating, Era is the third largest helicopter operator in the Gulf of Mexico. During 2002, the Gulf of Mexico helicopter operations contributed approximately 42% of the Company's aviation revenues.

Since 1987, Era has manufactured and marketed, from its Gulf Coast Division facility at Lake Charles, Louisiana, a composite external auxiliary fuel tank for use on several helicopters, including the Bell 205, 212 and 412, the military "Huey" and the Eurocopter BK-117. The tank system provides enhanced flight range with nominal drag while increasing the passenger capacity. Sales to date have been to both civilian and military customers, including emergency float systems for US Army UH-1 Helicopters. Other aircraft accessories are also manufactured at the facility.

During 2001, the Company committed to purchase three Sikorsky S-92 helicopters for the Gulf of Mexico deepwater drilling market, subject to obtaining long-term operating contracts. The S-92 design features a 19-passenger capacity and a range of 475 nautical miles. Rowan currently expects the helicopters to be delivered in the first half of 2004 and that their total cost will approach \$50 million.

Contracts -----

Era's flight services generally are provided through master service agreements, term contracts or day-to-day charter arrangements. Master service agreements require incremental payments based on usage, usually have fixed terms ranging from one month to one year and generally are cancelable upon notice by either party in 30 days or less. Term contracts generally are noncancelable and require payments, depending upon their duration, as follows: up to one month - either incremental payments based on usage or incremental payments plus a base daily rental; and one month to one year - incremental payments based on usage plus a base monthly rental. Day-to-day charters have the same compensation arrangements as up to one-month term contracts. Because master service agreements and day-to-day charters are Era's most prevalent contracts, the Company believes that the contract status of its aircraft as discussed in the following paragraph is more informative than backlog information, which it believes is neither calculable nor meaningful.

Era aircraft at March 27, 2003 consisted of 88 helicopters (including 42 based in Alaska and 46 in the Gulf of Mexico area) and 19 fixed-wing aircraft (based in Alaska). The fleet contract status at that date included 21 term contracts. The

remaining aircraft were either being operated under day-to-day charters or one or more of 80 master service agreements, or were available for operation under day-to-day charter or other contract arrangements.

Competition

Approximately five other operators compete directly with Era in Alaska on a contract or charter basis. Era competes over its scheduled airline routes with up to three other carriers. In the Gulf of Mexico area, Era competes directly with six other operators and ranks third in the number of helicopters operating with approximately 8% of the market. A number of other helicopter operators compete with Era in the west and northwest regions of the United States and in overseas locations. Services under term contracts are usually obtained through a successful bid process whereas shorter-term charters and scheduled airline services typically involve published rates. The Company believes that performance and safety are the key competitive factors in Era's aviation markets.

Regulations and Hazards

The operation of a scheduled airline in the United States requires a certificate under the Federal Aviation Act of 1958, as presently administered by the Department of Transportation. The granting of a certificate is conditioned upon a demonstration of financial ability and operational expertise. A similar certificate authorizing the right to operate a charter service is not presently required by any jurisdiction in Era's operating areas.

Operation of helicopters and fixed-wing aircraft, particularly under weather conditions prevailing in Alaska, is considered potentially hazardous, although Era conducts rigorous training and safety programs to minimize these hazards. Era believes that it is adequately protected by public liability and property damage insurance, including hull insurance against loss of equipment, but carries no insurance against loss of earnings.

EMPLOYEES

Rowan had 5,237 employees at February 28, 2003 and 5,227, 4,943 and 4,917 employees at December 31, 2002, 2001 and 2000, respectively. Some of the employees included in these numbers are not United States citizens. None of the Company's employees are covered by collective bargaining agreements with labor unions. Rowan considers relations with its employees to be satisfactory.

RISK FACTORS

You should consider carefully the following risk factors, in addition to the other information contained and incorporated by reference in this Form 10-K, before deciding to invest in our common stock.

Volatile oil and natural gas prices greatly impact demand for our offshore drilling and related services.

The success of our offshore drilling, manufacturing and aviation operations depends upon the condition of the oil and gas industry, particularly the level of offshore drilling activity. Demand for our offshore drilling and related services is vulnerable to periodic declines in drilling activity typically associated with depressed oil and natural gas prices. Oil and natural gas prices have historically been volatile, and the offshore drilling market was generally depressed from the early 1980s until the mid-1990s.

While the drilling industry benefited from increasing oil and natural gas prices during most of the 1999-2000 period, it has never fully recovered from the dramatic decline in prices during 1998 and the ensuing reduction in drilling activity and day rates. Oil and natural gas prices increased steadily during 2000, but declined just as swiftly in 2001. Our drilling operations improved over much of

the 2000-2001 period, but deteriorated rapidly over the last half of 2001. During 2002, oil and natural gas prices virtually doubled and are now near record levels, though, as a result of this extreme price volatility in recent years and the economic effects of 9/11, our drilling operations in 2002 never attained peak 2000-2001 levels. In recent months, our rig utilization and average day rates have declined and our drilling operations have been adversely impacted.

Demand for drilling services also depends on additional factors that are beyond our control, including:

- o fluctuations in the worldwide demand for oil and natural gas;
- o the willingness and ability of the Organization of Petroleum Exporting Countries, or OPEC, to limit production levels and influence prices;
- o political and military conflicts in oil-producing areas and the effects of terrorism; and
- o the level of production in non-OPEC countries.

Our drilling and aviation operations will be adversely affected by future declines in oil and natural gas prices, but we cannot predict the extent of that effect. We also cannot assure you that a reduction in offshore drilling activity will not occur for other reasons.

We have incurred losses recently and over prolonged periods in the past, a

circumstance that could occur again in the future.

In 2002, we experienced a 16% decline in revenues and incurred a net loss from operations of \$12.9 million. Our 2002 revenues and earnings were negatively affected by lower rig day rates due to the rapid decline in oil and natural gas prices in 2001 as discussed above. We anticipate an operating loss during the first quarter of 2003.

Our markets remain highly competitive, which may cause us difficulty in

differentiating our products and services and maintaining satisfactory price

levels.

The drilling, manufacturing and aviation markets are highly competitive, and no single competitor is dominant. In the drilling market, a general oversupply of rigs has lasted for well over a decade, and we believe that competition for drilling contracts will continue to be intense for the foreseeable future. The aviation and manufacturing markets are also characterized by vigorous competition among several competitors. Some of our competitors possess greater financial resources than we do.

Our fleet expansion program may encounter liquidity problems.

If we continue to experience present operating conditions for a prolonged period, our results of operations and working capital may not be adequate to finance our planned construction and outside financing may not be available. We would be forced to suspend our construction program.

We have in progress an offshore fleet expansion program under which we currently plan to spend more than \$400 million over the 2003-2005 period towards the completion of the Bob Palmer and for the construction of as many as four Tarzan class jack-up rigs, of which only about \$220 million is financed at this time. In addition, we expect to spend another \$50-75 million annually over this period for upgrades to existing equipment and facilities and additional land rigs and aircraft. We currently have no other available lines of credit. Thus, much of our planned capital expenditures over the 2003-2005 period will need to be financed from working capital or results of operations. If we should need additional financing and are unable to obtain it at commercially favorable rates, we could experience liquidity problems.

Our results of operations will be adversely affected if we are unable to secure

contracts for the Bob Palmer and the Scooter Yeargain.

The addition to our available drilling fleet of the Bob Palmer in late 2003 and the Scooter Yeargain in mid-2004 will, in each case, significantly increase our daily operating costs. Neither rig has been contracted at this time, and day rates for comparable rigs have, at many times over the past several years, only slightly exceeded the expected daily operating costs of the Bob Palmer and the Scooter Yeargain. We may be unable to secure economical drilling contracts for the rigs, in which case their delivery will negatively impact our operating results.

We are subject to operating risks such as blowouts and well fires that could

result in environmental damage, property loss, personal injury and death.

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

- o costly delays or cancellations of drilling operations;
- o serious damage to or destruction of equipment;
- o personal injury or death;
- o significant impairment of producing wells, leased properties or underground geological formations; and
- o major environmental damage.

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

Our manufacturing and aviation operations also present serious risks. Our manufacturing processes could pollute the air, land and inland waters, and the products we manufacture could be implicated in lawsuits alleging environmental harm, property loss, personal injury and death. Operating helicopters and fixed-wing aircraft is similarly hazardous, particularly in Alaska where weather conditions can be severe.

We have had accidents in the past demonstrating some of the hazards described above, including high pressure drilling accidents resulting in lost or damaged drilling formations, towing accidents resulting in lost drilling equipment and flying accidents resulting in lost aircraft and deaths. Because of the ongoing hazards associated with our operations:

- o we may experience a higher number of accidents in the future than expected;
- o our insurance coverage may prove inadequate to cover losses that are greater than anticipated;
- o our insurance deductibles may increase; or
- o our insurance premiums may increase to the point where maintaining our current level of coverage is prohibitively expensive.

Any similar events could yield future operating losses and have a significant adverse impact on our business.

Government regulations and environmental risks, which reduce our business opportunities and increase our operating costs, might worsen in the future.

Government regulations dictate design and operating criteria for drilling vessels and aircraft, determine taxation levels to which we (and our customers) are subject, control and often limit access to potential markets and impose extensive requirements concerning employee safety, environmental protection and pollution control. Environmental regulations, in particular, prohibit access to some markets and make others less economical, increase equipment and personnel costs and often impose liability without regard to negligence or fault. In addition, governmental regulations may discourage our customers' activities, reducing demand for our products and services. We may be liable for damages resulting from pollution of offshore waters and, under United States regulations, must establish financial responsibility in order to drill offshore.

Anti-takeover provisions in our Certificate of Incorporation, bylaws and rights plan could make it difficult for holders of our common stock to receive a premium for their shares upon a change of control.

Holders of the common stock of acquisition targets typically receive a premium for their shares upon a change of control. Delaware law and the following provisions, among others, of our Certificate of Incorporation, bylaws and rights plan could have the effect of delaying or preventing a change of control and could prevent holders of our common stock from receiving such a premium:

- o The affirmative vote of 80% of the outstanding shares of our capital stock is required to approve business combinations that have not been approved by our board of directors. We are also subject to a provision of Delaware corporate law that prohibits us from engaging in a business combination with any interested stockholder for three years from the date that person became an interested stockholder unless specified conditions are met.
- o Special meetings of stockholders may not be called by anyone other than our chairman of the board, president, board of directors or the executive committee thereof.
- o Our board of directors is divided into three classes whose terms end in successive years, so that less than a majority of our board comes up for election at any annual meeting.
- o Our board of directors has the authority to issue up to 5,000,000 shares of preferred stock and to determine the voting rights and other privileges of these shares without any vote or action by our stockholders.
- o We have issued "poison pill" rights to purchase junior preferred stock under our rights plan, whereby the ownership of Rowan shares by a potential acquirer can be significantly diluted by the sale at a significant discount of additional Rowan shares to all other stockholders, which could discourage unsolicited acquisition proposals.

ITEM 2. PROPERTIES

Rowan leases as its corporate headquarters 59,600 square feet of space in an office tower located at 2800 Post Oak Boulevard in Houston, Texas.

DRILLING RIGS

On the following two pages are summaries of the principal drilling equipment owned or operated by Rowan and in service at March 27, 2003. See "Liquidity and Capital Resources" under "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 19 through 21 in the Annual Report, which pages are incorporated herein by reference.

OFFSHORE RIGS

Name	Class (a)	Depth (feet) (b)		Year in Service	Location	Contract Status		
		Water	Drilling			Customer	Type (h)	Duration (i)
CANTILEVER JACK-UP RIGS:								
Scooter Yeargain (j)	225-C	250	30,000	2004				
Bob Palmer (j)	224-C	550	30,000	2003				
Rowan Gorilla VII (c) (e)	219-C	400	30,000	2002	North Sea	Tuscan Energy	term	June 2003 to December 2004
Rowan Gorilla VI (c) (e)	219-C	490	30,000	2000	Gulf of Mexico	Anadarko	well-to-well	May 2003
Rowan Gorilla V (c) (e)	219-C	400	30,000	1998	Eastern Canada	not committed		
Rowan Gorilla IV (c) (d)	200-C	450	30,000	1986	Gulf of Mexico	Anadarko	well-to-well	May 2003
Rowan Gorilla III (c) (d)	200-C	450	30,000	1984	Gulf of Mexico	El Paso	well-to-well	June 2003
Rowan Gorilla II (c) (d)	200-C	450	30,000	1984	Gulf of Mexico	W&T Offshore	multiple well	May 2003
Rowan-California (c)	116-C	300	30,000	1983	Gulf of Mexico	Magnum-Hunter	well-to-well	July 2003
Rowan-Halifax (c) (g)	116-C	350	30,000	1982	Gulf of Mexico	Devon	well-to-well	June 2003
Cecil Provine (c) (g)	116-C	300	30,000	1982	Gulf of Mexico	Remington	well-to-well	April 2003
Gilbert Rowe (c) (d)	116-C	350	30,000	1981	Gulf of Mexico	El Paso	well-to-well	May 2003
Arch Rowan (c) (d)	116-C	350	30,000	1981	Gulf of Mexico	El Paso	well-to-well	May 2003
Charles Rowan (c) (d)	116-C	350	30,000	1981	Gulf of Mexico	Dominion	well-to-well	May 2003
Rowan-Paris (c) (d)	116-C	350	30,000	1980	Gulf of Mexico	Pioneer	well-to-well	July 2003
Rowan-Middletown (c) (d)	116-C	350	30,000	1980	Gulf of Mexico	El Paso	well-to-well	May 2003
Rowan-Fort Worth (c) (d)	116-C	350	30,000	1978	Gulf of Mexico	El Paso	well-to-well	May 2003
CONVENTIONAL JACK-UP RIGS:								
Rowan-Odessa (c) (f)	116	350	30,000	1977	Gulf of Mexico	ADTI/Newfield	well-to-well	May 2003
Rowan-Juneau (c) (f)	116	300	30,000	1977	Gulf of Mexico	ADTI/Newfield	well-to-well	April 2003
Rowan-Alaska (c) (f)	84	350	30,000	1975	Gulf of Mexico	Anadarko	well-to-well	June 2003
Rowan-Louisiana (c) (f)	84	350	30,000	1975	Gulf of Mexico	Walter	well-to-well	April 2003
Rowan-Texas (c)	52	250	20,000	1973	Gulf of Mexico	ADTI/Remington	well-to-well	May 2003
Rowan-Anchorage (c)	52	250	20,000	1972	Gulf of Mexico	Anadarko	well-to-well	April 2003
Rowan-New Orleans (c) (f)	52	250	20,000	1971	Gulf of Mexico	Anadarko	multiple well	May 2003
SEMI-SUBMERSIBLE RIG:								
Rowan-Midland (c)		1,200	25,000	1976	Gulf of Mexico	not committed		

- (a) Indicated class is a number assigned by LeTourneau, Inc. to jack-ups of its design and construction. Class 200-C is a Gorilla class unit designed for extreme hostile environment capability. Class 219-C is a Super Gorilla class unit, an enhanced version of the Gorilla class. Class 224-C is a Super Gorilla XL class unit, which has been tailored for the Gulf of Mexico. Class 225-C is a Tarzan class unit.
- (b) Indicates rated water depth in current location and rated drilling depth
- (c) Unit equipped with a top-drive drilling system
- (d) Unit equipped with three mud pumps
- (e) Unit equipped with four mud pumps
- (f) Unit equipped with a skid base unit - refer to page 2 of this Form 10-K for a discussion of "skid base" technology
- (g) Unit sold and leased back under agreement expiring in 2008
- (h) Refer to "Contracts" on pages 3 and 4 of this Form 10-K for a discussion of types of drilling contracts.
- (i) Indicates estimated completion date of work to be performed
- (j) Indicates units currently under construction with anticipated year of completion

ONSHORE RIGS (a)

Name	Type	Maximum Drilling Depth (feet)	Location	Contract Status		
				Customer	Type (c)	Duration (d)
Rig 7	Mechanical	18,000	Texas	not committed		
Rig 9	Diesel electric	25,000	Louisiana	Anadarko	well-to-well	May 2003
Rig 12	Mechanical	18,000	Texas	not committed		
Rig 14	Mechanical	35,000	Texas	not committed		
Rig 15 (b)	AC electric	35,000	Texas	Blue Star	multiple well	July 2003
Rig 18 (b)	SCR diesel electric	35,000	Louisiana	Chesapeake	well-to-well	April 2003
Rig 26 (b)	SCR diesel electric	25,000	Louisiana	Pogo Producing	well-to-well	May 2003
Rig 29	Mechanical	18,000	Texas	Brigham	well-to-well	April 2003
Rig 30 (b)	Mechanical	25,000	Texas	not committed		
Rig 31 (b)	SCR diesel electric	35,000	Louisiana	Newfield	well-to-well	June 2003
Rig 33	SCR diesel electric	18,000	Louisiana	Noble Energy	well-to-well	May 2003
Rig 34 (b)	SCR diesel electric	25,000	Texas	Anadarko	well-to-well	May 2003
Rig 35	SCR diesel electric	18,000	Louisiana	Anadarko	well-to-well	May 2003
Rig 41 (b)	SCR diesel electric	25,000	Louisiana	Petro Hunt	single well	May 2003
Rig 51 (b)	SCR diesel electric	25,000	Louisiana	Dominion	well-to-well	May 2003
Rig 52 (b)	SCR diesel electric	25,000	Louisiana	not committed		
Rig 53 (b)	SCR diesel electric	25,000	Texas	El Paso	well-to-well	May 2003
Rig 54 (b)	SCR diesel electric	25,000	Texas	PPI Technology Services	well-to-well	April 2003

- (a) Most of the rigs were constructed at various dates between 1960 and 1982, utilizing new as well as used equipment, and have since been substantially rebuilt. Rigs 51, 52 and 53 were completed during 2001 and Rig 54 in 2002.
- (b) Unit equipped with a top-drive drilling system
- (c) Refer to "Contracts" on pages 3 and 4 of this Form 10-K for a discussion of types of drilling contracts.
- (d) Indicates estimated completion date of work to be performed

Rowan's drilling division leases and, in some cases, owns various operating and administrative facilities generally consisting of office, maintenance and storage space in the states of Alaska, Texas and Louisiana and in the countries of Canada and England. During 2001, we completed an operating and administrative facility with 19,000 square feet near Aberdeen, Scotland.

MANUFACTURING FACILITIES

LeTourneau's principal manufacturing facility and headquarters are located in Longview, Texas on approximately 2,400 acres with approximately 1.2 million square feet of covered working area. The facility contains:

- o a mini-steel mill with 330,000 square feet of covered working area; the mill has two 25-ton electric arc furnaces capable of producing 120,000 tons per year;
- o a fabrication shop with 300,000 square feet of covered working area; the shop has a 3,000 ton vertical bender for making roll-ups or flattening materials down to 2 1/2 inches thick by 11 feet wide;
- o a machine shop with 140,000 square feet of covered working area;
- o an assembly shop with 124,000 square feet of covered working area.

The drilling products group's rig construction facility is located in Vicksburg, Mississippi on 1,850 acres of land and has approximately 560,000 square feet of covered work area. The group's rig service and repair operation is carried out primarily at the Company's Sabine Pass, Texas facility.

LeTourneau's mud pumps are machined, fabricated, assembled and tested at a facility in Houston, Texas, having approximately 140,000 square feet of covered work area and 16,000 square feet of office space. LeTourneau mud pumps are also machined at its Longview, Texas facility.

LeTourneau's distributor of forest products in the northwestern United States is located on a six-acre site in Troutdale, Oregon with approximately 22,000 square feet of building space.

LeTourneau's distributor of mining equipment products in the western United States is located in a leased facility in Tucson, Arizona having approximately 20,000 square feet. Its distributor of mining equipment products in Australia is located in a leased facility in Murarrie, Queensland having approximately 29,500 square feet.

The Company currently leases office and warehouse space for its electrical components, service and supply business conducted by OEM, but expects to relocate such operations in 2003 to a newly-constructed facility in Houston, Texas, having approximately 187,000 square feet of covered work area and 17,000 square feet of office space.

AIRCRAFT

At March 27, 2003, Era operated a fleet of 88 helicopters and 19 fixed-wing aircraft, consisting of the following:

- o 63 twin-engine turbine aircraft, including:
 - o 3 Sikorsky S-61Ns (26 passengers)
 - o 2 Eurocopter AS-332L Super Pumas (19 passengers)
 - o 16 Bell 212s (14 passengers)
 - o 10 Bell 412s (14 passengers)
 - o 6 Sikorsky S-76A+s (13 passengers)
 - o 26 Eurocopter BO-105CBSs (5 passengers)
- o 25 single-engine turbine aircraft -
 - o 25 Eurocopter AS350B-2 AStars (6 passengers)
- o 19 fixed-wing aircraft, including:
 - o 5 Convair 580s (50 passengers)
 - o 9 DeHavilland Twin Otters (9-19 passengers)
 - o 3 DeHavilland Dash 8s (37 passengers)
 - o 2 Douglas DC-3s (28 passengers).

Era's principal aircraft bases in Alaska, all located on leased property, are a fixed-wing air service center (57,000 square feet of hangar, repair and office facilities) at Anchorage International Airport, with two adjacent hangars housing its helicopter operations and training and accounting operations totaling approximately 45,000 square feet. Era also maintains similar, smaller helicopter facilities in Alaska at Deadhorse, Juneau, Valdez and Yakutat.

Era's principal base for its Gulf of Mexico operations is located on leased property at Lake Charles Regional Airport. The facility has 66,000 square feet of space, including helicopter hangars, a repair facility, a training facility and an operations and administrative building. Era also operates a helicopter base (20,700 square feet of hangar, repair and office facilities) located on leased property at the Terrebonne Airport in Houma, Louisiana, a helicopter base (5,700 square feet of hangar, repair and office facilities) located on leased property in New Iberia, Louisiana, a helicopter base (12,500 square feet of hangar, repair, waiting room and office facilities) located on 47 acres of leased property in Fourchon, Louisiana and a helicopter base (3,600 square feet of office and waiting room facilities) located on 14 acres of owned or leased property in Venice, Louisiana.

ITEM 3. LEGAL PROCEEDINGS

Incorporated herein by reference to the Annual Report is the eighth paragraph appearing on page 20 within "Management's Discussion and Analysis of Financial Condition and Results of Operations", which provides information pertinent to the Company's Gorilla V contract dispute that was settled in March 2002.

Rowan is involved in various other legal proceedings incidental to its businesses and is vigorously defending its position in all such matters. Rowan believes that there are no known contingencies, claims or lawsuits that will have a material adverse effect on its financial position, results of operations or cash flows.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of Rowan common stockholders during the fourth quarter of the fiscal year ended December 31, 2002.

ADDITIONAL ITEM. EXECUTIVE OFFICERS OF THE REGISTRANT

The names, positions, years of credited service and ages of the officers of the Company as of March 27, 2003 are listed below. Officers are normally appointed annually by the Board of Directors at the bylaws-prescribed meeting held in the spring and serve at the discretion of the Board of Directors. There are no family relationships among these officers, nor any arrangements or understandings between any officer and any other person pursuant to which the officer was selected.

Name	Position	Years of Credited Service	Age
EXECUTIVE OFFICERS:			
C. R. Palmer	Chairman of the Board and Chief Executive Officer	43	68
D. F. McNease	President, Chief Operating Officer and Director	28	51
R. G. Croyle	Vice Chairman of the Board and Chief Administrative officer	29	60
E. E. Thiele	Senior Vice President, Finance, Administration and Treasurer	33	63
Paul L. Kelly	Senior Vice President, Special Projects	20	63
Mark A. Keller	Senior Vice President, Marketing - North American Drilling	10	50
D. C. Eckermann (1)	Vice President, Manufacturing	16	55
C. W. Johnson (2)	Vice President, Aviation	25	59
John L. Buvens	Vice President, Legal	22	47
Bill S. Person	Vice President, Industrial Relations	35	55
William C. Provine	Vice President, Investor Relations	16	56
OTHER OFFICERS:			
William H. Wells	Controller	9	40
Mark H. Hay	Secretary and Assistant Treasurer	23	58
P. G. Wheeler	Assistant Treasurer and Corporate Tax Director	28	55
Lynda A. Aycock	Assistant Treasurer and Assistant Secretary	31	56

(1) Also serves as President and Chief Executive Officer of LeTourneau, Inc., a Rowan subsidiary.

(2) Also serves as President and Chief Operating Officer of Era Aviation, Inc., a Rowan subsidiary.

Each of the officers listed above continuously served in the position shown above for more than the past five years except as noted in the following paragraphs.

Since August 2002, Mr. Palmer's principal occupation has been in the position set forth. For more than five years prior to that time, Mr. Palmer served as Chairman of the Board, President and Chief Executive Officer of the Company.

Since August 2002, Mr. McNease's principal occupation has been in the position set forth. From April 1999 to August 2002, Mr. McNease served as Executive Vice President of the Company and President of its drilling subsidiaries. For more than five years prior to that time, Mr. McNease served as Senior Vice President, Drilling. Mr. McNease was first elected to the Board of Directors in April 1998.

Since August 2002, Mr. Croyle's principal occupation has been in the position set forth. For more than five years prior to that time, Mr. Croyle served as Executive Vice President of the Company. Mr. Croyle was first elected to the Board of Directors in April 1998.

Since April 2000, Mr. Keller's principal occupation has been in the position set forth. For more than five years prior to that time, Mr. Keller served as Vice President, Marketing - North American Drilling.

Since April 1999, Mr. Eckermann's principal occupation has been in the position set forth. From September 1996 to April 1999, Mr. Eckermann served as President and Chief Executive Officer of LeTourneau, Inc., a subsidiary of the Company.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

The information required hereunder regarding the Common Stock price range and cash dividend information for 2002 and 2001 and the number of holders of Common Stock is set forth on page 22 of Rowan's Annual Report under the title "Common Stock Price Range, Cash Dividends and Stock Splits (Unaudited)", and is incorporated herein by reference, except for the final two sentences under such title. Also incorporated herein by reference to the Annual Report is the tenth paragraph appearing on page 20 within "Management's Discussion and Analysis of Financial Condition and Results of Operations", which provides information pertinent to the Company's payment of and ability to pay cash dividends subject to certain restrictions. Rowan's Common Stock is listed on the New York Stock Exchange and the Pacific Exchange - Stock & Options.

The following table provides information about our common stock that may be issued upon the exercise of options and rights or the conversion of debentures under all of our existing equity compensation plans as of December 31, 2002, including the Restated 1988 Nonqualified Stock Option Plan, as amended, the 1998 Nonemployee Directors Stock Option Plan and the 1998 Convertible Debenture Incentive Plan, as amended.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities available for future issuance
Equity compensation plans approved by security holders	7,067,143 (a)	\$ 16.31 (a)	3,865,560 (b)
Equity compensation plans not approved by security holders	-	-	-
Total	7,067,143	\$ 16.31	3,865,560

- (a) Includes the following equity compensation plans: the Restated 1988 Nonqualified Stock Option Plan, as amended, had options for 4,639,897 shares of common stock outstanding at December 31, 2002 with a weighted average exercise price of \$16.19 per share; the 1998 Nonemployee Directors Stock Option Plan had options for 122,000 shares of common stock outstanding at December 31, 2002 with a weighted average exercise price of \$24.26 per share; and the 1998 Convertible Debenture Incentive Plan, as amended, had approximately \$37.2 million of employee debentures outstanding at December 31, 2002, convertible into 2,305,246 shares of common stock at a weighted average conversion price of \$16.12 per share
- (b) Amount reflects options for 3,790,560 shares of common stock available for issuance under the Restated 1988 Nonqualified Stock Option Plan, as amended, and options for 75,000 shares of common stock available for issuance under the 1998 Nonemployee Directors Stock Option Plan at December 31, 2002. Amount excludes shares issuable under the 1998 Convertible Debenture Incentive Plan, as amended, which had \$5 million principal amount of debentures issuable under the plan at December 31, 2002.

ITEM 6. SELECTED FINANCIAL DATA

The information required hereunder is set forth on pages 14 and 15 of Rowan's Annual Report under the title "Ten-Year Financial Review" and is incorporated herein by reference, except for the information for the years 1997, 1996, 1995, 1994 and 1993.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS

OF OPERATIONS

The information required hereunder is set forth on pages 16 through 21 under the title "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Rowan's Annual Report and is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Rowan believes that its exposure to risk of earnings loss due to changes in market interest rates is not significant. In addition, virtually all of the Company's transactions are carried out in U. S. dollars, thus Rowan's foreign currency exposure is not material. Fluctuating commodity prices affect Rowan's future earnings only to the extent that they influence demand for the Company's products and services. Rowan does not hold or issue derivative financial instruments.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Refer to ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K on pages 22 through 26 of this Form 10-K for a listing of financial statements of the registrant and its subsidiaries, all of which financial statements are incorporated by reference under this item.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND

FINANCIAL DISCLOSURE

None

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information in the table spanning pages 2 and 3, in footnotes (1) and (2) on page 3 and in the paragraph under the caption, "Section 16(a) Beneficial Ownership Reporting Compliance" on page 17 of the Proxy Statement for Rowan's 2003 Annual Meeting of Stockholders (the "Proxy Statement") is incorporated herein by reference. There are no family relationships among the directors or nominees for directors and the executive officers of the Company, nor any arrangements or understandings between any director or nominee for director and any other person pursuant to which such director or nominee for director was

selected. Except as otherwise indicated, each Rowan director or nominee for director has been employed or engaged for the past five years in the principal occupation set forth opposite his name in the information incorporated by reference. See ADDITIONAL ITEM, EXECUTIVE OFFICERS OF THE REGISTRANT on page 18 of this Form 10-K for information relating to executive officers.

ITEM 11. EXECUTIVE COMPENSATION

The standard arrangement for compensating directors described under the title, "Director Compensation" on page 4 of the Proxy Statement and the information appearing under the titles "Summary Compensation Table", "Option Grants in Last Fiscal Year", "Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values" and "Pension Plans" on pages 11 through 13 of the Proxy Statement are incorporated herein by reference. In accordance with the instructions to Item 402 of Regulation S-K, the information contained in the Proxy Statement under the titles "Compensation Committee Report on Executive Compensation", "Audit Committee Report" and "Stock Performance Graphs" shall not be deemed to be filed as part of this Form 10-K.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information regarding security ownership of management of the Company set forth under the heading "Director and Officer Stock Ownership" appearing on page 6 and the information appearing under the title "Security Ownership of Certain Beneficial Owners" appearing on page 16 of the Proxy Statement is incorporated herein by reference.

The business address of all directors is the principal executive offices of the Company as set forth on the cover page of this Form 10-K.

See ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS on page 19 of this Form 10-K for information relating to equity compensation plans.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information regarding certain business relationships and transactions between Rowan and certain directors and executive officers of the Company under the heading "Certain Transactions" appearing on page 17 of the Proxy Statement is incorporated herein by reference.

ITEM 14. CONTROLS AND PROCEDURES

Within 90 days prior to the date of this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. Based upon that evaluation, the Company's Chief Executive Officer, along with the Company's Chief Financial Officer, concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information relating to the Company (including its consolidated subsidiaries) required to be included in the Company's periodic Exchange Act reports. There have been no significant changes in the Company's internal controls or in other factors which could significantly affect internal controls subsequent to the date the Company carried out its evaluation.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) 1. Financial Statements

The following financial statements and independent auditors' report, included in the Annual Report, are incorporated herein by reference:

	Page of 2002 Annual Report -----
Consolidated Balance Sheet, December 31, 2002 and 2001	24
Consolidated Statement of Operations for the Years Ended December 31, 2002, 2001 and 2000	25
Consolidated Statement of Comprehensive Income (Loss) for the Years Ended December 31, 2002, 2001 and 2000	25
Consolidated Statement of Changes in Stockholders' Equity for the Years Ended December 31, 2002, 2001 and 2000	26
Consolidated Statement of Cash Flows for the Years Ended December 31, 2002, 2001 and 2000	27
Notes to Consolidated Financial Statements	28
Independent Auditors' Report	23
Selected Quarterly Financial Data (Unaudited) for the Quarters Ended March 31, June 30, September 30 and December 31, 2002 and 2001	22

2. Financial Statement Schedules

Financial Statement Schedules I, II, III, IV, and V are not included in this Form 10-K because such schedules are not required, not significant or because the required information is shown in Notes to the Consolidated Financial Statements of the Company's Annual Report.

3. Exhibits:

Unless otherwise indicated below as being incorporated by reference to another filing of the Company with the Securities and Exchange Commission, each of the following exhibits is filed herewith:

- 3a Restated Certificate of Incorporation dated February 17, 1984, incorporated by reference to Exhibit 4.1 to Registration Statement No. 333-84369 on Form S-8 (File No. 1-5491) and Exhibits 4a, 4b, 4c, 4d, 4e, 4f, 4g, 4h, 4i and 4j below.
- 3b Bylaws amended as of August 1, 2002, incorporated by reference to Exhibit 3.1 to Form 10-Q/A for the fiscal quarter ended June 30, 2002 (File No. 1-5491).
- 4a Certificate of Change of Address of Registered Office and of Registered Agent dated July 25, 1984, incorporated by reference to Exhibit 4.4 to Registration Statement No. 333-84369 on Form S-8 (File No. 1-5491).
- 4b Certificate of Amendment of Certificate of Incorporation dated April 24, 1987, incorporated by reference to Exhibit 4.5 to Registration Statement No. 333-84369 on Form S-8 (File No. 1-5491).
- 4c Certificate of Designation of the Series III Preferred Stock dated November 30, 1994, incorporated by reference to Exhibit 4.7 to Registration Statement No. 333-84369 on Form S-8 (File No. 1-5491).
- 4d Certificate of Designation of the Series A Junior Preferred Stock dated March 2, 1992, incorporated by reference to Exhibit 4.2 to Registration Statement on Form 8-A/A filed on February 12, 2002 (File No. 1-5491).

- 4e Certificate of Designation of (and Certificate of Correction related thereto) the Series A Preferred Stock dated August 5, 1998 and January 28, 1999, respectively, incorporated by reference to Exhibit 4.8 to Registration Statement No. 333-84369 on Form S-8 (File No. 1-5491).
- 4f Certificate of Designation of the Series B Preferred Stock dated June 24, 1999, incorporated by reference to Exhibit 4d to Form 10-K for the fiscal year ended December 31, 1999 (File No. 1-5491).
- 4g Certificate of Designation of the Series C Preferred Stock dated July 28, 2000, incorporated by reference to Exhibit 4.10 to Registration Statement No. 333-44874 on Form S-8 (File No. 1-5491).
- 4h Certificate of Designation of the Series D Preferred Stock dated May 22, 2001, incorporated by reference to Exhibit 4.11 to Registration Statement No. 333-82804 on Form S-3 filed on February 14, 2002 (File No. 1-5491).
- 4i Certificate of Designation of the Series E Preferred Stock dated October 30, 2001, incorporated by reference to Exhibit 4.12 to Registration Statement No. 333-82804 on Form S-3 filed on February 14, 2002 (File No. 1-5491).
- 4j Amended and Restated Rights Agreement, dated as of January 24, 2002, between Rowan and Computershare Trust Co. Inc. as Rights Agent, incorporated by reference to Exhibit 4.2 to Registration Statement on Form 8-A/A filed on March 21, 2003 (File No. 1-5491).
- 4k Specimen Common Stock certificate, incorporated by reference to Exhibit 4k to Form 10-K for the fiscal year ended December 31, 2001 (File No. 1-5491).
- 4l Form of Promissory Note dated November 30, 1994 between purchasers of Series III Floating Rate Subordinated Convertible Debentures due 2004 and Rowan, incorporated by reference to Exhibit 4j to Form 10-K for the fiscal year ended December 31, 1994 (File No. 1-5491).
- 4m Form of Promissory Note dated April 24, 1998 between purchasers of Series A Floating Rate Subordinated Convertible Debentures due 2008 and Rowan, incorporated by reference to Exhibit 4j to Form 10-K for the fiscal year ended December 31, 1998 (File No. 1-5491).
- 4n Form of Promissory Note dated April 22, 1999 between purchasers of Series B Floating Rate Subordinated Convertible Debentures due 2009 and Rowan, incorporated by reference to Exhibit 4j to Form 10-K for the fiscal year ended December 31, 1999 (File No. 1-5491).
- 4o Form of Promissory Note date April 27, 2000 between purchasers of Series C Floating Rate Subordinated Convertible Debentures due 2010 and Rowan, incorporated by reference to Exhibit 4n to Form 10-K for the fiscal year ended December 31, 2000 (File No. 1-5491).
- 4p Form of Promissory Note date April 26, 2001 between the purchaser of Series D Floating Rate Subordinated Convertible Debentures due 2011 and Rowan, incorporated by reference to Exhibit 4p to Form 10-K for the fiscal year ended December 31, 2001 (File No. 1-5491).
- 4q Form of Promissory Note date September 20, 2001 between the purchaser of Series E Floating Rate Subordinated Convertible Debentures due 2011 and Rowan, incorporated by reference to Exhibit 4q to Form 10-K for the fiscal year ended December 31, 2001 (File No. 1-5491).
- 10a Restated 1988 Nonqualified Stock Option Plan, incorporated by reference to Appendix C to the Notice of Annual Meeting and Proxy Statement dated March 20, 2002 (File No. 1-5491).

- 10b 1998 Nonemployee Director Stock Option Plan, incorporated by reference to Exhibit 10b of Form 10-Q for the fiscal quarter ended March 31, 1998 (File No. 1-5491).
- 10c 1986 Convertible Debenture Incentive Plan, as amended, incorporated by reference to Exhibit 10h to Form 10-K for the fiscal year ended December 31, 1996 (File No. 1-5491).
- 10d 1998 Convertible Debenture Incentive Plan, incorporated by reference to Appendix B to the Notice of Annual Meeting and Proxy Statement dated March 20, 2002 (File No. 1-5491).
- 10e Pension Restoration Plan, incorporated by reference to Exhibit 10h to Form 10-K for the fiscal year ended December 31, 1992 (File No. 1-5491).
- 10f Pension Restoration Plan of LeTourneau, Inc., a wholly owned subsidiary of the Company, incorporated by reference to Exhibit 10j to Form 10-K for the fiscal year ended December 31, 1994 (File No. 1-5491).
- 10g Participation Agreement dated December 1, 1984 between Rowan and Textron Financial Corporation et al. and Bareboat Charter dated December 1, 1984 between Rowan and Textron Financial Corporation et al., incorporated by reference to Exhibit 10c to Form 10-K for the fiscal year ended December 31, 1985 (File No. 1-5491).
- 10h Participation Agreement dated December 1, 1985 between Rowan and Eaton Leasing Corporation et. al. and Bareboat Charter dated December 1, 1985 between Rowan and Eaton Leasing Corporation et. al., incorporated by reference to Exhibit 10d to Form 10-K for the fiscal year ended December 31, 1985 (File No.1-5491).
- 10i Election and acceptance letters with respect to the exercise of the Fixed Rate Renewal Option set forth in the Bareboat Charter dated December 1, 1984 between Rowan and Textron Financial Corporation et al, incorporated by reference to Exhibit 10j to Form 10-K for the fiscal year ended December 31, 1999 (File No. 1-5491).
- 10j Election and acceptance letters with respect to the exercise of the Fixed Rate Renewal Option set forth in the Bareboat Charter dated December 1, 1985 between Rowan and Eaton Leasing Corporation et. al, incorporated by reference to Exhibit 10k to Form 10-K for the fiscal year ended December 31, 1999 (File No. 1-5491).
- 10k Consulting Agreement as amended as of January 1, 1998 between Rowan and C. W. Yeargain, incorporated by reference to Exhibit 10k to Form 10-K for the fiscal year ended December 31, 1998 (File No. 1-5491).
- 10l Consulting Agreement dated January 1, 1990 and Amendment No. 1 thereto dated August 30, 1994, but effective January 1, 1994, between Rowan Energy Investments Inc., a wholly owned subsidiary of the Company, and Hans M. Brinkhorst, incorporated by reference to Exhibit 10l to Form 10-K for the fiscal year ended December 31, 1998 (File No. 1-5491).
- 10m Commitment to Guarantee Obligations dated December 17, 1996 and First Preferred Ship Mortgage between Rowan and the Maritime Administration of the U.S. Department of Transportation, incorporated by reference to Exhibit 10t to Form 10-K for fiscal year ended December 31, 1996 (File No. 1-5491).
- 10n Amendment No. 1 dated June 30, 1997 to Commitment to Guarantee Obligations between Rowan and the Maritime Administration of the U.S. Department of Transportation, incorporated by reference to Exhibit 10p to 10-K for the fiscal year ended December 31, 1997 (File No. 1-5491).

- 10o Amendment No. 2 dated July 1, 1998 to Commitment to Guarantee Obligations between Rowan and the Maritime Administration of the U.S. Department of Transportation, incorporated by reference to Exhibit 10o to Form 10-K for the fiscal year ended December 31, 1998 (File No. 1-5491).
- 10p Credit Agreement and Trust Indenture both dated December 17, 1996 between Rowan and Citibank, N.A., incorporated by reference to Exhibit 10u to Form 10-K for the fiscal year ended December 31, 1996 (File No. 1-5491).
- 10q Amendment No. 1 to the Credit Agreement and Supplement No. 1 to Trust Indenture both dated July 1, 1997 between Rowan and Citibank, N.A., incorporated by reference to Exhibit 10r to Form 10-K for the fiscal year ended December 31, 1997 (File No. 1-5491).
- 10r Supplement No. 2 to Trust Indenture dated July 1, 1998 between Rowan and Citibank, N.A., incorporated by reference to Exhibit 10r to Form 10-K for the fiscal year ended December 31, 1998 (File No. 1-5491).
- 10s Commitment to Guarantee Obligations dated September 29, 1998 and First Preferred Ship Mortgage between Rowan and the Maritime Administration of the U.S. Department of Transportation, incorporated by reference to Exhibit 10a to Form 10-Q for fiscal quarter ended September 30, 1998 (File No. 1-5491).
- 10t Credit Agreement and Trust Indenture both dated September 30, 1998 between Rowan and Citibank, N.A., incorporated by reference to Exhibit 10b to Form 10-Q for the fiscal quarter ended September 30, 1998 (File No. 1-5491).
- 10u Amendment No. 1 dated March 15, 2001 to Commitment to Guarantee Obligations between Rowan and the Maritime Administration of the U.S. Department of Transportation, incorporated by reference to Exhibit 10v to Form 10-K for the fiscal year ended December 31, 2000 (File No. 1-5491).
- 10v Supplement No. 1 to Trust Indenture dated March 15, 2001 between Rowan and Citibank, N.A., incorporated by reference to Exhibit 10v to Form 10-K for the fiscal year ended December 31, 2000 (File No. 1-5491).
- 10w Commitment to Guarantee Obligations dated October 29, 1999 and First Preferred Ship Mortgage between Rowan and the Maritime Administration of the U.S. Department of Transportation, incorporated by reference to Exhibit 10v to Form 10-K for the fiscal year ended December 31, 1999 (File No. 1-5491).
- 10x Credit Agreement and Trust Indenture both dated October 29, 1999 between Rowan and Citibank, N.A., incorporated by reference to Exhibit 10w to Form 10-K for the fiscal year ended December 31, 1999 (File No. 1-5491).
- 10y Commitment to Guarantee Obligations dated May 23, 2001 and First Preferred Ship Mortgage between Rowan and the Maritime Administration of the U.S. Department of Transportation, incorporated by reference to Exhibit 10y to Form 10-K for the fiscal year ended December 31, 2001 (File No. 1-5491).
- 10z Credit Agreement and Trust Indenture both dated May 23, 2001 between Rowan and Citibank, N.A., incorporated by reference to Exhibit 10z to Form 10-K for the fiscal year ended December 31, 2001 (File No. 1-5491).
- 11 Computation of Basic and Diluted Income Per Share for the years ended December 31, 2002, 2001 and 2000 appearing on page 31 in this Form 10-K.
- 13* Annual Report to Stockholders for fiscal year ended December 31, 2002.

- 21 Subsidiaries of the Registrant as of March 27, 2003.
- 23 Independent Auditors' Consent.
- 24 Powers of Attorney pursuant to which names were affixed to this Form 10-K for the fiscal year ended December 31, 2002.
- 99 Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

 * Only portions specifically incorporated herein are deemed to be filed.

EXECUTIVE COMPENSATION PLANS AND ARRANGEMENTS

Compensatory plans in which directors and executive officers of the Company participate are listed as follows:

- o Restated 1988 Nonqualified Stock Option Plan, incorporated by reference to Appendix C to the Notice of Annual Meeting and Proxy Statement dated March 20, 2002 (File No. 1-5491).
- o 1998 Nonemployee Director Stock Option Plan, incorporated by reference to Exhibit 10b of Form 10-Q for the fiscal quarter ended March 31, 1998 (File No. 1-5491).
- o 1986 Convertible Debenture Incentive Plan, as amended, included as Exhibit 10h of this Form 10-K incorporated by reference to Exhibit 10h to Form 10-K for the fiscal year ended December 31, 1996 (File No. 1-5491).
- o 1998 Convertible Debenture Incentive Plan, incorporated by reference to Appendix B to the Notice of Annual Meeting and Proxy Statement dated March 20, 2002 (File No. 1-5491).
- o Pension Restoration Plan, incorporated by reference to Exhibit 10i to Form 10-K for the fiscal year ended December 31, 1992 (File 1-5491).
- o Pension Restoration Plan of LeTourneau, Inc., a wholly owned subsidiary of the Company, incorporated by reference to Exhibit 10j to Form 10-K for the fiscal year ended December 31, 1994 (File No. 1-5491).

Rowan agrees to furnish to the Commission upon request a copy of all instruments defining the rights of holders of long-term debt of the Company and its subsidiaries.

(b) Reports on Form 8-K:

No reports on Form 8-K were filed by the Registrant during the fourth quarter of fiscal year 2002.

For the purposes of complying with the amendments to the rules governing Form S-8 (effective July 13, 1990) under the Securities Act of 1933, the undersigned registrant hereby undertakes as follows, which undertaking shall be incorporated by reference into Registrant's Registration Statements on Form S-8 Nos. 2-58700, as amended by Post-Effective Amendment No. 4 (filed June 11, 1980), 33-33755, as amended by Amendment No. 1 (filed March 29, 1990), 33-61444 (filed April 23, 1993), 33-51103 (filed November 18, 1993), 33-51105 (filed November 18, 1993), 33-51109 (filed November 18, 1993), 333-25041 (filed April 11, 1997), 333-25125 (filed April 14, 1997), 333-84369 (filed August 3, 1999), 333-84405 (filed August 3, 1999) and 333-101914 (filed December 17, 2002):

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in

the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ROWAN COMPANIES, INC.

By: C. R. PALMER
(C. R. Palmer, Chairman
of the Board and Chief
Executive Officer)

Date: March 27, 2003

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

Signature	Title	Date
-----	-----	-----
C. R. PALMER (C. R. Palmer)	Chairman of the Board and Chief Executive Officer	March 27, 2003
E. E. THIELE (E. E. Thiele)	Principal Financial Officer	March 27, 2003
WILLIAM H. WELLS (William H. Wells)	Principal Accounting Officer	March 27, 2003
*HENRY O. BOSWELL (Henry O. Boswell)	Director	March 27, 2003
*HANS M. BRINKHORST (Hans M. Brinkhorst)	Director	March 27, 2003
*R. G. CROYLE (R. G. Croyle)	Vice Chairman of the Board	March 27, 2003
*WILLIAM T. FOX III (William T. Fox III)	Director	March 27, 2003
*FREDERICK R. LAUSEN (Frederick R. Lausen)	Director	March 27, 2003
*H. E. LENTZ (H. E. Lentz)	Director	March 27, 2003
*D. F. MCNEASE (D. F. McNease)	President and Director	March 27, 2003
*LORD MOYNIHAN (Lord Moynihan)	Director	March 27, 2003

*BY C. R. PALMER
(C. R. Palmer, Attorney-in-fact)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U. S. C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, C. R. Palmer, Chief Executive Officer of Rowan Companies, Inc., certify that:

1. I have reviewed this annual report on Form 10-K of Rowan Companies, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other information included in this annual report, fairly present in all material respects, the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - (a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - (b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
 - (c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based upon our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - (a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 27, 2003

/s/ C. R. PALMER

C. R. Palmer
Chairman and Chief Executive
Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U. S. C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, E. E. Thiele, Chief Financial Officer of Rowan Companies, Inc., certify that:

1. I have reviewed this annual report on Form 10-K of Rowan Companies, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other information included in this annual report, fairly present in all material respects, the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - (a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - (b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
 - (c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based upon our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - (a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 27, 2003

/s/ E. E. THIELE

E. E. Thiele
Senior Vice President - Finance,
Administration and Treasurer
(Chief Financial Officer)

EXHIBIT INDEX

Page 1 of 6

Footnote Reference	Exhibit Number	Exhibit Description
(1)	3a	Restated Certificate of Incorporation of the Company, dated February 17, 1984, incorporated by reference to Exhibit 4.1 to Registration Statement No. 333-84369 on Form S-8 (File No. 1-5491) and Exhibits 4a, 4b, 4c, 4d, 4e, 4f, 4g 4h, 4i and 4j.
(1)	3b	Bylaws amended as of August 1, 2002, incorporated by reference to Exhibit 3.1 to the Form 10-Q/A for the fiscalquarter ended June 30, 2002 (File No. 1-5491).
(1)	4a	Certificate of Change of Address of Registered Office and of Registered Agent dated July 25, 1984, incorporated by reference to Exhibit 4.4 to Registration Statement No. 333-84369 on Form S-8 (File No. 1-5491).
(1)	4b	Certificate of Amendment of Certificate of Incorporation dated April 24, 1987, incorporated by reference to Exhibit 4.5 to Registration Statement No. 333-84369 on Form S-8 (File No. 1-5491).
(1)	4c	Certificate of Designation of the Company's Series III Preferred Stock dated November 30, 1994 incorporated by reference to Exhibit 4.7 to Registration Statement No. 333-84369 on Form S-8 (File No. 1-5491).
(1)	4d	Certificate of Designation of the Company's Series A Junior Preferred Stock dated March 2, 1992 incorporated by reference to Exhibit 4.2 to Registration Statement No. 333-84369 on Form 8A/A filed on February 12, 2002 (File No. 1-5491).
(1)	4e	Certificate of Designation of (and Certificate of Correction related thereto) the Company's Series A Preferred Stock dated August 5, 1998 and January 28, 1999, respectively, incorporated by reference to Exhibit 4.8 to Registration Statement No. 333-84369 on Form S-8 (File No. 1-5491).
(1)	4f	Certificate of Designation of the Company's Series B Preferred Stock dated June 24, 1999, incorporated by reference to Exhibit 4d to Form 10-K for the fiscal year ended December 31, 1999 (File No. 1-5491).
(1)	4g	Certificate of Designation of the Series C Preferred Stock dated July 28, 2000, incorporated by reference to Exhibit 4.10 to Registration Statement No. 333-44874 on Form S-8 (File No. 1-5491).
(1)	4h	Certificate of Designation of the Series D Preferred Stock dated May 22, 2001, incorporated by reference to Exhibit 4.11 to Registration Statement No. 333-82804 on Form S-3 filed on February 14, 2002 (File No. 1-5491).

Footnote Reference	Exhibit Number	Exhibit Description
-----	-----	-----
(1)	4i	Certificate of Designation of the Series E Preferred Stock dated October 30, 2001, incorporated by reference to Exhibit 4.12 to Registration Statement No. 333-82804 on Form S-3 filed on February 14, 2002 (File No. 1-5491).
(1)	4j	Amended and Restated Rights Agreement, dated January 24, 2002, between the Company and Computershare Trust Co. Inc. as Rights Agent incorporated by reference to Exhibit 4.2 to Registration Statement on Form 8-A/A filed on March 21, 2003 (File No. 1-5491).
(1)	4k	Specimen Common Stock certificate, incorporated by reference to Exhibit 4k to Form 10-K for the fiscal year ended December 31, 2001 (File No. 1-5491).
(1)	4l	Form of Promissory Note dated November 30, 1994 between the purchasers of Series III Floating Rate Subordinated Convertible Debentures due 2004 and the Company incorporated by reference to Exhibit 4j to Form 10-K for the fiscal year ended December 31, 1994 (File No. 1-5491).
(1)	4m	Form of Promissory Note date April 24, 1998 between the purchasers of Series A Floating Rate Subordinated Convertible Debentures due 2008 and the Company, incorporated by reference to Exhibit 4h to Form 10-K for the fiscal year ended December 31, 1998 (File No. 1-5491).
(1)	4n	Form of Promissory Note date April 22, 1999 between the purchasers of Series B Floating Rate Subordinated Convertible Debentures due 2009 and the Company incorporated by reference to Exhibit 4j to Form 10-K for the fiscal year ended December 31, 1999 (File No. 1-5491).
(1)	4o	Form of Promissory Note date April 27, 2000 between purchasers of Series C Floating Rate Subordinated Convertible Debentures due 2010 and Rowan incorporated by reference to Exhibit 4n to Form 10-K for the fiscal year ended December 31, 2000 (File No. 1-5491).
(1)	4p	Form of Promissory Note date April 26, 2001 between the purchaser of Series D Floating Rate Subordinated Convertible Debentures due 2011 and Rowan, incorporated by reference to Exhibit 4p to Form 10-K for the fiscal year ended December 31, 2001 (File No. 1-5491).
(1)	4q	Form of Promissory Note date September 20, 2001 between the purchaser of Series E Floating Rate Subordinated Convertible Debentures due 2011 and Rowan, incorporated by reference to Exhibit 4q to Form 10-K for the fiscal year ended December 31, 2001 (File No. 1-5491).
(1)	10a	Restated 1988 Nonqualified Stock Option Plan, incorporated by reference to Appendix C to the Notice of Annual Meeting and Proxy Statement dated March 20, 2002 (File No. 1-5491).

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Footnote Reference	Exhibit Number	Exhibit Description
(1)	10b	1998 Nonemployee Director Stock Option Plan of the Company incorporated by reference to Exhibit 10b of Form 10-Q for the fiscal quarter ended March 31, 1998 (File No. 1-5491).
(1)	10c	1986 Convertible Debenture Incentive Plan of the Company as amended incorporated by reference to Exhibit 10h to Form 10-K for the fiscal year ended December 31, 1996 (File No. 1-5491).
(1)	10d	1998 Convertible Debenture Incentive Plan, incorporated by reference to Appendix B to the Notice of Annual Meeting and Proxy Statement date March 20, 2002 (File No. 1-5491).
(1)	10e	Pension Restoration Plan of the Company incorporated by reference to Exhibit 10h to Form 10-K for the fiscal year ended December 31, 1992 (File No. 1-5491).
(1)	10f	Pension Restoration Plan of LeTourneau, Inc incorporated by reference to Exhibit 10j to Form 10-K for the fiscal year ended December 31, 1994 (File No. 1-5491).
(1)	10g	Participation Agreement dated December 1, 1984 between the Company and Textron Financial Corporation et al. and Bareboat Charter dated December 1, 1984 between the Company and Textron Financial Corporation et al. incorporated by reference to Exhibit 10c to Form 10-K for the fiscal year ended December 31, 1985 (File No. 1-5491).
(1)	10h	Participation Agreement dated December 1, 1985 between the Company and Eaton Leasing Corporation et. al. and Bareboat Charter dated December 1, 1985 between the Company and Eaton Leasing Corporation et. al. incorporated by reference to Exhibit 10d to Form 10-K for the fiscal year ended December 31, 1985 (File No.1-5491).
(1)	10i	Election and acceptance letters with respect to the exercise of the Fixed Rate Renewal Option set forth in the Bareboat Charter dated December 1, 1984 between the Company and Textron Financial Corporation et. al., incorporated by reference to Exhibit 10j to Form 10-K for the fiscal year ended December 31, 1999 (File No. 1-5491).
(1)	10j	Election and acceptance letters with respect to the exercise of the Fixed Rate Renewal Option set forth in the Bareboat Charter dated December 1, 1985 between the Company and Eaton Leasing Corporation et. al., incorporated by reference to Exhibit 10K to Form 10-K for the fiscal year ended December 31, 1999 (File No. 1-5491).

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Footnote Reference	Exhibit Number	Exhibit Description
(1)	10k	Consulting Agreement as amended as of January 1, 1998 between the Company and C. W. Yeargain, incorporated by reference to Exhibit 10k to Form 10-K for the fiscal year ended December 31, 1998 (File No. 1-5491)
(1)	10l	Consulting Agreement dated January 1, 1990 and Amendment No. 1 thereto dated August 30, 1994, but effective January 1, 1994, between Rowan Energy Investments Inc., wholly-owned subsidiary of the Company, and Hans M. Brinkhorst, incorporated by reference to Exhibit 10l to Form 10-K for the fiscal year ended December 31, 1998 (File No. 1-5491).
(1)	10m	Commitment to Guarantee Obligations and First Preferred Ship Mortgage both dated December 17, 1996 between the Company and the Maritime Administration of the U.S. Department of Transportation incorporated by reference to Exhibit 10t to Form 10-K for fiscal year ended December 31, 1996 (File No. 1-5491).
(1)	10n	Amendment No. 1 dated June 30, 1997 to Commitment to Guarantee Obligations between the Company and the Maritime Administration of the U.S. Department of Transportation incorporated by reference to Exhibit 10p to Form 10-K for the fiscal year ended December 31, 1997 (File No. 1-5491).
(1)	10o	Amendment No. 2 dated July 1, 1998 to Commitment to Guarantee Obligations between the Company and the Maritime Administration of the U.S. Department of Transportation, incorporated by reference to Exhibit 10o to Form 10-K for the fiscal year ended December 31, 1998 (File No. 1-5491).
(1)	10p	Credit Agreement and Trust Indenture both dated December 17, 1996 between the Company and Citibank, N.A. incorporated by reference to Exhibit 10u to Form 10-K for the fiscal year ended December 31, 1996 (File No. 1-5491).
(1)	10q	Amendment No. 1 to the Credit Agreement and Supplement No. 1 to Trust Indenture both dated July 1, 1997 between the Company and Citibank, N.A. incorporated by reference to Exhibit 10r to Form 10-K for the fiscal year ended December 31, 1997 (File No. 1-5491).
(1)	10r	Supplement No. 2 to Trust Indenture dated July 1, 1998 between the Company and Citibank, N.A, incorporated by reference to Exhibit 10r to Form 10-K for the fiscal year ended December 31, 1998 (File No. 1-5491).
(1)	10s	Commitment to Guarantee Obligations and First Preferred Ship Mortgage both dated September 29, 1998 between the Company and the Maritime Administration of the U.S. Department of Transportation incorporated by reference to Exhibit 10a to Form 10-Q for fiscal quarter ended September 30, 1998 (File No. 1-5491).

Footnote Reference -----	Exhibit Number -----	Exhibit Description -----
(1)	10t	Credit Agreement and Trust Indenture both dated September 30, 1998 between the Company and Citibank, N.A. incorporated by reference to Exhibit 10b to Form 10-Q for the fiscal quarter ended September 30, 1998 (File No. 1-5491).
(1)	10u	Amendment No. 1 dated March 15, 2001 to Commitment to Guarantee Obligations between Rowan and the Maritime Administration of the U.S. Department of Transportation incorporated by reference to Exhibit 10v to Form 10-K for the fiscal year ended December 31, 2000 (File No. 1-5491).
(1)	10v	Supplement No. 1 to Trust Indenture dated March 15, 2001 between Rowan and Citibank, N.A. incorporated by reference to Exhibit 10w to Form 10-K for the fiscal year ended December 31, 2000 (File No. 1-5491).
(1)	10w	Commitment to Guarantee Obligations dated October 29, 1999 and First Preferred Ship Mortgage between the Company and the Maritime Administration of the U.S. Department of Transportation, incorporated by reference to Exhibit 10v to Form 10-K for the fiscal year ended December 31, 1999 (File No. 1-5491).
(1)	10x	Credit Agreement and Trust Indenture both dated October 29, 1999 between the Company and Citibank, N.A., incorporated by reference to Exhibit 10w to Form 10-K for the fiscal year ended December 31, 1999 (File No. 1-5491).
(1)	10y	Commitment to Guarantee Obligations dated May 23, 2001 and First Preferred Ship Mortgage between Rowan and the Maritime Administration of the U.S. Department of Transportation, incorporated by reference to Exhibit 10y to Form 10-K for the fiscal year ended December 31, 2001 (File No. 1-5491).
(1)	10z	Credit Agreement and Trust Indenture both dated May 23, 2001 between Rowan and Citibank, N.A., incorporated by reference to Exhibit 10z to Form 10-K for the fiscal year ended December 31, 2001 (File No. 1-5491).
(3)	11	Computation of Basic and Diluted Income (Loss) Per Share for the years ended December 31, 2002, 2001 and 2000.
(4)	13	Annual Report to Stockholders for fiscal year ended December 31, 2002.
(2)	21	Subsidiaries of the Registrant as of March 27, 2003.
(2)	23	Independent Auditors' Consent.
(2)	24	Powers of Attorney pursuant to which names were affixed to this Form 10-K for the fiscal year ended December 31, 2002.

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Footnote Reference -----	Exhibit Number -----	Exhibit Description -----
(2)	99	Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

-
- (1) Incorporated herein by reference to another filing of the Company with the Securities and Exchange Commission as indicated.
 - (2) Included herein.
 - (3) Included in Form 10-K on page 29.
 - (4) Included herein. See ITEM 1, ITEMS 5-8 and Subpart (a)1. of ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K on page 21 on Form 10-K for specific portions incorporated herein by reference.

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ROWAN COMPANIES, INC.
 COMPUTATION OF BASIC AND
 DILUTED INCOME PER SHARE
 (in thousands except per share amounts)

	For the Year Ended December 31,		
	2002	2001	2000
Weighted average shares of common stock outstanding	93,764	94,173	92,562
Stock options (treasury stock method)	735	702	1,007
Shares issuable from assumed conversion of floating rate subordinated debentures	893	936	1,068
Weighted average shares for diluted income per share calculation	95,392	95,811	94,637
Net income for basic calculation	\$ 86,278	\$ 76,998	\$ 70,213
Charges related to dilutive securities			
Net income for diluted calculation	\$ 86,278	\$ 76,998	\$ 70,213
Basic income per share	\$.92	\$.82	\$.76
Diluted income per share	\$.90	\$.80	\$.74

Note: Reference is made to Note 1 to Consolidated Financial Statements regarding computation of per share amounts.

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Ten-Year Financial Review

(In thousands except per share amounts and ratios)	2002	2001	2000
	-----	-----	-----
OPERATIONS			
Revenues:			
Drilling services	\$ 357,244	\$ 486,291	\$ 418,948
Manufacturing sales and services	118,120	102,150	103,465
Aviation services	141,894	142,623	123,546
	-----	-----	-----
Total	617,258	731,064	645,959
	-----	-----	-----
Costs and expenses:			
Drilling services	304,846	303,420	256,615
Manufacturing sales and services	109,842	88,691	88,463
Aviation services	112,286	118,153	106,374
Depreciation and amortization	78,091	68,499	58,865
General and administrative	25,140	27,670	24,072
	-----	-----	-----
Total	630,205	606,433	534,389
	-----	-----	-----
Income (loss) from operations	(12,947)	124,631	111,570
	-----	-----	-----
Other income (expense):			
Net proceeds from Gorilla V settlement	157,125 (2)		
Interest expense	(20,645)	(24,240)	(25,652)
Less interest capitalized	4,722	11,170	13,510
Interest income	4,106	8,382	10,948
Other - net	458	264	487
	-----	-----	-----
Other income (expense) - net	145,766	(4,424)	(707)
	-----	-----	-----
Income (loss) before income taxes	132,819	120,207	110,863
Provision (credit) for income taxes	46,541	43,209	40,650
	-----	-----	-----
Income (loss) before extraordinary charges	86,278	76,998	70,213
Extraordinary charges from redemption of debt			
	-----	-----	-----
Net income (loss)	\$ 86,278 (2)	\$ 76,998	\$ 70,213
	-----	-----	-----
Per share of common stock:			
Net income (loss):			
Basic:			
Income (loss) before extraordinary charges	\$.92	\$.82	\$.76
Extraordinary charges from redemption of debt			
	-----	-----	-----
Net income (loss)	\$.92	\$.82	\$.76
	-----	-----	-----
Diluted:			
Income (loss) before extraordinary charges	\$.90	\$.80	\$.74
Extraordinary charges from redemption of debt			
	-----	-----	-----
Net income (loss)	\$.90 (2)	\$.80	\$.74
	-----	-----	-----
Cash dividends	\$.25	\$ --	\$ --
	-----	-----	-----
FINANCIAL POSITION			
Working capital	\$ 353,927	\$ 305,188	\$ 379,003
	-----	-----	-----
Property, plant and equipment - at cost:			
Drilling equipment	1,922,341	1,634,370	1,553,849
Aircraft and related equipment	264,212	255,600	236,760
Manufacturing plant and equipment	120,705	104,018	94,077
Construction in progress	199,352	327,032	157,314
Other property and equipment	155,815	140,706	121,997
	-----	-----	-----
Total	2,662,425	2,461,726	2,163,997
	-----	-----	-----
Property, plant and equipment - net	1,567,144	1,418,843	1,182,780
Total assets	2,054,504	1,938,955	1,678,426
Capital expenditures	242,896	305,180	223,082

Long-term debt	512,844	438,484	372,212
Common stockholders' equity	1,131,777	1,108,087	1,052,757
	-----	-----	-----
STATISTICAL INFORMATION			
Current ratio	4.05	2.51	4.63
Long-term debt/total capitalization	.31	.28	.26
Book value per share of common stock	\$ 12.09	\$ 11.84	\$ 11.17
Price range of common stock	\$15.89-26.84	\$11.10-33.89	\$19.06-34.25
	=====	=====	=====

- (1) Amounts reflect advances of \$110 million outstanding under the Company's \$155 million revolving credit facility expiring in October 2000. The Company repaid such advances during February 2000 from the \$247 million net proceeds from a stock offering and cancelled the facility. Giving effect to these transactions at December 31, 1999, the Company's Working capital and Current ratio would have been \$370 million and 5.00, respectively.
- (2) Excluding the Gorilla V settlement, net income (loss) and net income (loss) per diluted share would have been approximately \$(16) million and \$(.17), respectively.

(In thousands except per share amounts and ratios)	1999	1998	1997	1996	1995
OPERATIONS					
Revenues:					
Drilling services	\$ 260,939	\$ 431,664	\$ 434,004	\$ 316,123	\$ 250,080
Manufacturing sales and services	95,545	158,913	154,852	143,768	133,755
Aviation services	104,078	115,773	106,396	111,269	87,462
Total	460,562	706,350	695,252	571,160	471,297
Costs and expenses:					
Drilling services	213,356	218,372	217,514	202,394	203,415
Manufacturing sales and services	88,430	134,535	134,324	131,693	120,328
Aviation services	93,806	98,037	95,368	91,570	77,964
Depreciation and amortization	54,699	49,703	47,078	47,882	50,555
General and administrative	18,399	18,366	16,971	16,591	14,692
Total	468,690	519,013	511,255	490,130	466,954
Income (loss) from operations	(8,128)	187,337	183,997	81,030	4,343
Other income (expense):					
Net proceeds from Gorilla V settlement					
Interest expense	(22,755)	(17,500)	(26,208)	(27,547)	(27,702)
Less interest capitalized	11,238	16,264	9,966	2,516	
Interest income	4,583	7,205	5,190	4,157	5,209
Other - net	526	395	343	374	468
Other income (expense) - net	(6,408)	6,364	(10,709)	(20,500)	(22,025)
Income (loss) before income taxes	(14,536)	193,701	173,288	60,530	(17,682)
Provision (credit) for income taxes	(4,870)	69,241	16,863	(808)	754
Income (loss) before extraordinary charges	(9,666)	124,460	156,425	61,338	(18,436)
Extraordinary charges from redemption of debt			9,766		
Net income (loss)	\$ (9,666)	\$ 124,460	\$ 146,659	\$ 61,338	\$ (18,436)
Per share of common stock:					
Net income (loss):					
Basic:					
Income (loss) before extraordinary charges	\$ (.12)	\$ 1.45	\$ 1.82	\$.72	\$ (.22)
Extraordinary charges from redemption of debt			\$.12		
Net income (loss)	\$ (.12)	\$ 1.45	\$ 1.70	\$.72	\$ (.22)
Diluted:					
Income (loss) before extraordinary charges	\$ (.12)	\$ 1.43	\$ 1.76	\$.70	\$ (.22)
Extraordinary charges from redemption of debt			\$.11		
Net income (loss)	\$ (.12)	\$ 1.43	\$ 1.65	\$.70	\$ (.22)
Cash dividends	\$ --	\$ --	\$ --	\$ --	\$ --
FINANCIAL POSITION					
Working capital	\$ 122,792 (1)	\$ 286,059	\$ 330,852	\$ 232,045	\$ 200,588
Property, plant and equipment - at cost:					
Drilling equipment	1,268,704	1,238,361	965,292	954,249	944,021
Aircraft and related equipment	221,776	211,313	202,044	188,681	189,954
Manufacturing plant and equipment	83,835	75,949	60,902	37,377	25,037
Construction in progress	248,567	127,075	195,996	77,318	
Other property and equipment	113,008	108,353	94,476	94,517	91,089
Total	1,935,890	1,761,051	1,518,710	1,352,142	1,250,101
Property, plant and equipment - net	1,025,739	877,197	677,160	546,200	487,039
Total assets	1,356,067	1,249,108	1,122,135	899,308	802,488
Capital expenditures	204,689	247,747	180,066	117,947	33,881
Long-term debt	296,677	310,250	256,150	267,321	247,744
Common stockholders' equity	723,724	729,996	653,098	496,219	429,155
STATISTICAL INFORMATION					
Current ratio	1.61 (1)	4.59	5.06	3.72	3.75
Long-term debt/total capitalization	.29	.30	.28	.35	.37
Book value per share of common stock	\$ 8.69	\$ 8.77	\$ 7.53	\$ 5.80	\$ 5.06
Price range of common stock	\$ 8.50-21.69	\$ 9.00-32.50	\$ 16.75-43.94	\$ 8.88-24.50	\$ 5.38-10.00

(In thousands except per share amounts and ratios)	1994	1993
OPERATIONS		
Revenues:		
Drilling services	\$ 245,917	\$ 271,022
Manufacturing sales and services	96,664	
Aviation services	95,578	82,174
Total	438,159	353,196

Costs and expenses:		
Drilling services	207,306	210,901
Manufacturing sales and services	86,883	
Aviation services	79,381	67,121
Depreciation and amortization	50,790	51,918
General and administrative	13,862	13,940
	-----	-----
Total	438,222	343,880
	-----	-----
Income (loss) from operations	(63)	9,316
	-----	-----
Other income (expense):		
Net proceeds from Gorilla V settlement		
Interest expense	(27,530)	(25,361)
Less interest capitalized		
Interest income	4,813	2,348
Other - net	260	150
	-----	-----
Other income (expense) - net	(22,457)	(22,863)
	-----	-----
Income (loss) before income taxes	(22,520)	(13,547)
Provision (credit) for income taxes	469	(288)
	-----	-----
Income (loss) before extraordinary charges	(22,989)	(13,259)
Extraordinary charges from redemption of debt		
	-----	-----
Net income (loss)	\$ (22,989)	\$ (13,259)
	-----	-----
Per share of common stock:		
Net income (loss):		
Basic:		
Income (loss) before extraordinary charges	\$ (.27)	\$ (.17)
Extraordinary charges from redemption of debt		
	-----	-----
Net income (loss)	\$ (.27)	\$ (.17)
	-----	-----
Diluted:		
Income (loss) before extraordinary charges	\$ (.27)	\$ (.17)
Extraordinary charges from redemption of debt		
	-----	-----
Net income (loss)	\$ (.27)	\$ (.17)
	-----	-----
Cash dividends	\$ --	\$ --
	-----	-----
FINANCIAL POSITION		
Working capital	\$ 195,945	\$ 172,117
	-----	-----
Property, plant and equipment - at cost:		
Drilling equipment	961,391	950,538
Aircraft and related equipment	176,874	166,791
Manufacturing plant and equipment	18,955	
Construction in progress		
Other property and equipment	86,883	81,636
	-----	-----
Total	1,244,103	1,198,965
	-----	-----
Property, plant and equipment - net	506,121	507,193
Total assets	805,179	765,263
Capital expenditures	43,377	21,989
Long-term debt	248,504	207,137
Common stockholders' equity	442,347	460,300
	-----	-----
STATISTICAL INFORMATION		
Current ratio	4.39	4.90
Long-term debt/total capitalization	.36	.31
Book value per share of common stock	\$ 5.25	\$ 5.49
Price range of common stock	\$ 5.75-9.25	\$ 6.63-10.75
	=====	=====

Management's Discussion and Analysis
of Financial Condition and Results of Operations

RESULTS OF OPERATIONS

The following analysis highlights Rowan's operating results for the years indicated (in millions):

	2002	2001	2000
	-----	-----	-----
Revenues:			
Drilling	\$ 357.3	\$ 486.3	\$ 418.9
Manufacturing	118.1	102.2	103.5
Aviation	141.9	142.6	123.6
	-----	-----	-----
Total	\$ 617.3	\$ 731.1	\$ 646.0
	=====	=====	=====
Operating Profit (Loss)*:			
Drilling	\$ (2.4)	\$ 136.4	\$ 124.0
Manufacturing	0.8	5.7	7.6
Aviation	13.8	10.2	4.0
	-----	-----	-----
Total	\$ 12.2	\$ 152.3	\$ 135.6
	=====	=====	=====
Net Income (Loss)	\$ 86.3	\$ 77.0	\$ 70.2
	=====	=====	=====

* Income (loss) from operations before deducting general and administrative expenses

Prevailing uncertainty throughout the post-9/11 world, featuring the ongoing conflict with Iraq and the collapse of oil and natural gas prices during 2001, continued to hamper business conditions in 2002 such that the virtual doubling of energy prices during the year had little impact on worldwide drilling activity. In our area of primary emphasis, the Gulf of Mexico, market conditions began the year improving, but by mid-year had leveled off and, despite near-\$5/mcf natural gas prices, began declining prior to year end. Activity in certain international markets improved during the year, helping to alleviate the oversupply of equipment in the Gulf of Mexico, though there was little meaningful change in the foreign areas where we operate. Thus, as reflected in the table above, our overall 2002 operating results were significantly below the prior year levels. The settlement in March of the Gorilla V contract dispute yielded approximately \$102 million of net income in 2002, improving upon what otherwise would have been a \$16 million net loss.

During 2000, energy demand was growing, to levels in excess of available supply, which caused a sharp rise in oil prices and, in particular, natural gas prices, and spot shortages in certain markets. Energy company expenditures responded in kind, especially in gas-driven markets like the Gulf of Mexico, and drilling activity surged. By year end, with gas prices at then record levels, virtually every available jack-up in the Gulf of Mexico was under contract, and most surveys of energy company budgets taken at the time indicated exploration and production expenditures, especially in domestic areas, would be substantially higher in 2001.

After peaking at almost \$10/mcf early in 2001, natural gas prices began a steady decline to around \$2 at year end. In addition, oil prices, which had experienced a two-year run-up to the mid-\$30s in late 2000, had fallen to well below \$20 per barrel by year-end 2001. With prices deteriorating, energy companies responded quickly and, by mid-year, had begun deferring drilling projects and reducing their 2001 drilling budgets, particularly in domestic areas. Rowan began experiencing curtailed drilling assignments in our most prominent market, the Gulf of Mexico. By year end, overall Gulf of Mexico jack-up drilling had collapsed and, as a result, our average day rates in the area were significantly lower than the levels we had obtained earlier in the year and our fleet utilization had suffered dramatically. Though Rowan's 2001 drilling operations yielded improved revenues and results over 2000, the trend over the last half of the year was decidedly unfavorable.

Rowan's manufacturing division has continued to generate operating profits while playing a lead role in our drilling fleet expansion program. During 2002, the manufacturing division achieved significant progress on the Bob Palmer (formerly Gorilla VIII) and completed major design work for the first of as many as four of the new Tarzan class jack-up.

During the past three years, Rowan's aviation division has continued to diversify its flight services, though improvements in revenues and operating results reflected herein were largely due to increased energy-related flying activity and, effective in April 2001, an average 30% rate increase.

The fluctuations in Rowan's overall financial results over the past two years,

as shown in the preceding table, were also impacted by higher than expected general and administrative costs in 2001, due primarily to legal costs related to the Gorilla V contract dispute, increasing net interest costs, due to declining investment rates outweighing lower borrowing costs, and greater depreciation expense associated with our rig fleet expansion. While Rowan's current fleet includes 20 offshore rigs delivered during the 1971-1986 period whose original construction cost has been fully depreciated, the three rigs constructed since 1995, together with the two rigs currently in progress, comprise more than 80% of our offshore drilling equipment carrying value. The Gorilla V contract dispute and our rig fleet expansion program are discussed more fully under Liquidity and Capital Resources beginning on page 19.

DRILLING OPERATIONS

Rowan's drilling operating results are generally a function of rig rates and activity in our principal operating areas: the Gulf of Mexico, the North Sea and offshore eastern Canada. Such rates and activity are primarily determined by the level of offshore expenditures by energy companies and the availability of competitive equipment. In recent years, our offshore operations have been heavily concentrated in the drilling of natural gas wells for independent operators on the Gulf of Mexico's outer continental shelf.

Natural gas prices improved steadily throughout 2000, from around \$2.50/mcf at the beginning of the year to almost \$10.00 at the end, and Rowan's domestic drilling operations followed suit. Our Gulf of Mexico rig fleet was 94% utilized during the year and achieved a 91% increase in average day rates over 1999. The fleet grew from 17 to 22 units during the year following the relocation of two units from each of the North Sea and offshore eastern Canada and the delivery of Gorilla VI.

Gas prices reversed course in 2001, declining by about 80% during the year, and Rowan's domestic drilling operations were adversely affected. Our Gulf of Mexico rig fleet, which included all but one of our offshore rigs, experienced rapidly declining utilization, as follows: 1st quarter - 96%; 2nd quarter - 92%; 3rd quarter - 69%; 4th quarter - 58%; and full year - 79%. Largely on the strength of the first six months, we achieved a 23% increase in average day

rates over 2000. At year end, Gulf of Mexico drilling activity appeared to have bottomed, but drilling day rates showed signs of continued weakness.

Natural gas prices again improved rather steadily throughout 2002, from around \$2.00/mcf at the beginning of the year to about \$5.00 at the end. This time, however, Rowan's domestic drilling operations, which began the year still feeling the effects of 2001, showed improvement over most of the second and third quarters, but leveled off during the fourth quarter and began weakening by year end. Our Gulf of Mexico rig fleet, featuring all but two of our offshore rigs, experienced fluctuating utilization, as follows: 1st quarter - 83%; 2nd quarter - 95%; 3rd quarter - 95%; 4th quarter - 93%; and full year - 91%. Our drilling day rates finished the year only slightly higher than where they started, with our overall average for 2002 about 38% below 2001. The fleet declined to 21 units following the loss in October of the Rowan-Houston during Hurricane Lili, which is discussed more fully under Liquidity and Capital Resources beginning on page 19.

With the relocation of Gorilla IV and the Arch Rowan to the Gulf of Mexico in March 2000, Rowan essentially withdrew from the North Sea market. We remained confident in the North Sea market's long-term viability, particularly for our Super Gorilla jack-ups, and, during 2001, constructed a new area headquarters facility near Aberdeen, Scotland. North Sea drilling activity improved somewhat throughout 2001. In anticipation of the continued strengthening of this market, we relocated the newly-constructed Gorilla VII to the area in early 2002, and it was 76% utilized in the area over the last half of the year.

Despite the favorable commodity price environment during 2000 as previously discussed, and notwithstanding reports of major hydrocarbon discoveries in the area, demand for drilling equipment offshore eastern Canada was lower at the end of that year than at the beginning. As a result, Gorilla II, which entered the eastern Canada market in early 1998, left in July 2000, and Gorilla III, after nearly a decade of full utilization as a combination drilling/production unit in the area, left in November. Each rig was mobilized to the more promising Gulf of Mexico market where they immediately underwent modifications to expand their operating capability. Gorilla V, which entered the eastern Canada market during the fourth quarter of 1999, was 76% utilized in 2000, 85% in 2001 and 34% in 2002. Though near-term drilling demand is uncertain, we remain confident in the long-term potential of the harsh environment jack-up market offshore eastern Canada.

Overall, Rowan's worldwide fleet of 23 jack-ups, including two rigs that are leased through mid-2008 and the Rowan-Houston, was utilized 88%, 79% and 92% in 2002, 2001 and 2000, respectively, while our semi-submersible achieved utilization of 58%, 80% and 94%, respectively. We consider only revenue-producing days in computing rig utilization.

The effects of fluctuations in activity and day rates are shown in the following analysis of changes in our contract drilling revenues (in millions):

	2001 TO 2002	2000 TO 2001
	-----	-----
Utilization	\$ 37.1	\$ (10.5)
Drilling rates	(166.1)	77.9
	=====	=====

These fluctuations caused a \$129 million or 27% decrease in 2002 drilling revenues compared to 2001, which was about 16% higher than 2000. Drilling expenses were less than 1% higher in 2002 compared to 2001, as reduced land and anchor-handling, towing and supply (AHTS) boat operations largely offset effects of the addition, in February 2002, of Gorilla VII. Drilling expenses were 18% higher in 2001 than in 2000, primarily due to the expansion of our land drilling fleet, the growth of our AHTS boat operations and the addition, in June 2000, of Gorilla VI.

Rowan's land rig fleet was 67% utilized in 2002 and achieved an average day rate of \$9,900, compared to 72% and \$13,400 in 2001 and 47% and \$8,300 in 2000. Our fleet of 18 deep-well land rigs features four newly constructed rigs and seven rigs that have been substantially rebuilt over the past three years, including four rigs relocated from Alaska during the period.

In 2000, we expanded our AHTS fleet to six vessels, each of which was obtained under five-year lease agreements containing purchase options. The boats are fully-crewed by the lessor, but managed by Rowan to provide towing and supply services to our drilling operations. We also directly market the boats to third parties, with emphasis on their anchor-handling capabilities for deepwater semi-submersibles.

With increasingly favorable oil and natural gas prices, energy companies have and will likely continue to realize dramatically improved cash flows. We believe that, ultimately, such cash flows will be reinvested in additional drilling projects, but are uncertain as to when this will occur. Based upon recent bid

inquiries and other indications from our energy company customers, we expect the following near-term market conditions in our principal operating areas:

GULF OF MEXICO - Generally stable exploration and development activity in the near term, improving moderately in the latter half of the year as long as gas prices remain above \$3.00/mcf

NORTH SEA - Moderately improving jack-up drilling activity, fluctuating with oil prices

EASTERN CANADA - Moderately improving demand for harsh environment equipment

The drilling markets in which we compete frequently experience significant fluctuations in the demand for drilling services, as measured by the level of exploration and development expenditures, and the supply of capable drilling equipment. These expenditures, in turn, are affected by many factors such as existing and newly discovered oil and natural gas reserves, political and regulatory policies, seasonal weather patterns, contractual requirements under leases or concessions, effects of energy company consolidations,

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trends in finding and lifting costs and, probably most influential, oil and natural gas prices. The volatile nature of such factors prevents us from being able to accurately predict whether existing market conditions will continue beyond the near term. In response to fluctuating market conditions, we can, as we have done in the past, relocate drilling rigs from one geographic area to another, but only when such moves are economically justified. Currently, Rowan's drilling operations are unprofitable, and there can be no assurance that expected improvements in market conditions, as reflected in the preceding table, will materialize. Our operations will be adversely affected should market conditions deteriorate further.

MANUFACTURING OPERATIONS

Rowan's manufacturing division achieved a 16% increase in revenues in 2002 compared to 2001, which was 1% lower than 2000, but suffered a decrease in profitability between periods, while devoting substantial efforts towards the design and construction of the Bob Palmer and the first of as many as four of the new Tarzan class jack-up.

The equipment group experienced an \$8.3 million or 12% decrease in revenues in 2002 compared to 2001, as continued unfavorable commodities prices and effects of mining company mergers contributed to a \$7.3 million or 18% decrease in parts sales between periods and limited the group to sales of 12 new loaders and stackers during 2002, compared to 11 units in 2001. The steel group achieved a \$2.4 million or 15% increase in revenues in 2002 on an 18% increase in external steel shipments.

Effective January 31, 2002, we acquired, for common stock valued at approximately \$8 million, net assets of two companies that collectively manufacture variable speed AC motors and variable frequency drive systems, DC motors and drive systems, and consoles for marine boats and lay barges, the oil and gas drilling industry, and the mining and dredging industries. Rowan Electric, Inc. dba Oilfield-Electric-Marine (OEM) also manufactures medium voltage switchgear from 5KV through 38KV for the industrial and petrochemical markets.

The drilling products group increased outside sales of rig components, parts and fabrication services by \$21.8 million or 119% in 2002 over 2001, including \$10 million contributed by OEM. The group also includes the LeTourneau Ellis Williams (LEWCO) mud pump operation acquired in 2000, which shipped 11 pumps to outside customers during 2002, down from 23 pumps in 2001.

Consolidated manufacturing operations exclude approximately \$113 million of products and services provided to Rowan's drilling division in 2002, most of which was attributable to construction progress on the Bob Palmer, compared to \$118 million in 2001. The drilling products group completed and delivered Gorilla VII during December 2001.

Though considerably less volatile than our drilling operations, our manufacturing operations, especially the equipment group, have continued to be adversely impacted by a prolonged period of unfavorable world commodities prices; in particular, prices for copper, iron ore, coal, gold and diamonds. In addition, prospects for our drilling products group, though much improved over the past year, are ultimately tied to the condition of the overall drilling industry and its demand for equipment, parts and services. Our external manufacturing backlog remains at a depressed level and, as a result, we cannot accurately predict the results of our manufacturing operations for 2003.

AVIATION OPERATIONS

Although the aviation division's operating results are still heavily influenced by oil and natural gas exploration and production, principally in the Gulf of Mexico, and seasonal weather conditions, primarily in Alaska, the division has continued to diversify its flight services. Other key sources of aviation revenues include a commuter airline in Alaska, forest fire control services and flying in connection with Alaska tourism.

Aviation revenues decreased by 1% in 2002 compared to 2001, which was 15% higher than 2000. Aviation division expenses in 2002 declined by 5% from 2001, which was 11% higher than 2000, as a near-50% increase in insurance costs between years in the aftermath of 9/11 was more than offset by additional gains on aircraft sales. Flying for energy companies, primarily in support of Gulf of Mexico deepwater drilling operations, improved by only 3% in 2002, due primarily to the lethargic drilling market prevailing for much of the year as discussed previously. Also in 2002, we achieved a 36% increase in forest fire control revenues, which was substantially offset by a 13% decrease in tourism-related revenues.

The number of aircraft operated by Rowan at the end of each of the last three years and the revenue hours for each of those years are reflected in the following table:

2002	2001	2000
-----	-----	-----

Twin-engine helicopters:			
Number	64	66	64
Revenue hours	32,134	36,064	33,647
Single-engine helicopters:			
Number	28	29	31
Revenue hours	7,749	10,845	12,658
Fixed-wing aircraft:			
Number	19	19	19
Revenue hours	18,798	19,789	20,834
	=====	=====	=====

Expected near-term market conditions in the aviation markets in which we continue to operate, are shown below:

ALASKA - Generally stable market conditions

GULF OF MEXICO - Moderately improving market conditions

We cannot predict whether these expected market conditions will materialize. Changes in energy company exploration and production activities, seasonal weather patterns and other factors can affect the demand for flight services in the aviation markets in which we compete. We can, as we have done in the past, move aircraft from one market to another, but only when the likelihood of higher returns makes such action economical. Assuming the foregoing expected market conditions prevail, the aviation division should contribute positive operating results in 2003.

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LIQUIDITY AND CAPITAL RESOURCES

Key balance sheet amounts and ratios for 2002 and 2001 were as follows (dollars in millions):

	DECEMBER 31,	
	2002	2001
Cash and cash equivalents	\$ 178.8	\$ 237.0
Current assets	\$ 469.9	\$ 506.7
Current liabilities	\$ 116.0	\$ 201.5
Current ratio	4.05	2.51
Current maturities of long-term debt	\$ 42.5	\$ 42.5
Long-term debt	\$ 512.8	\$ 438.5
Stockholders' equity	\$ 1,131.8	\$ 1,108.1
Long-term debt/total capitalization	.31	.28

Reflected in the comparisons above are the effects of the following 2002 transactions: net cash provided by operations of \$118.2 million; capital expenditures of \$242.9 million; proceeds from borrowings of \$116.8 million; debt repayments of \$42.5 million; proceeds from disposals of equipment of \$25.8 million; payment of cash dividends of \$23.5 million and repurchases of stock totaling \$13.2 million. Operating cash flows in 2002 included approximately \$73 million of net proceeds from settlement of the Gorilla V contract dispute, which is discussed more fully below.

Capital expenditures in 2002 included \$102 million towards construction of the Bob Palmer (formerly Gorilla VIII), an enhanced version of our Super Gorilla class jack-up designated as Super Gorilla XL. The Bob Palmer will be outfitted with 708 feet of leg, 134 feet more than Gorillas V, VI or VII, and have 30% larger spud cans enabling operation in the Gulf of Mexico in water depths up to 550 feet. The Bob Palmer will also be able to operate in water depths up to 400 feet in the hostile environments offshore eastern Canada and in the North Sea. Construction of the Bob Palmer is proceeding on schedule at Rowan's Vicksburg, Mississippi facility and is expected to be completed during the third quarter of 2003.

During May 2001, Rowan obtained financing for up to 87.5% of the cost of the Bob Palmer through an 18-year bank loan guaranteed by the U.S. Department of Transportation's Maritime Administration (MARAD) under its Title XI Program. Under the Title XI Program, we obtain reimbursements for expenditures based upon actual construction progress. Outstanding borrowings initially bear interest at .25% above a short-term commercial paper rate. Rowan may fix the interest rate at any time and must fix the rate on all outstanding principal amounts by the earlier of January 15, 2008 or four years following completion of construction. Interest is payable semi-annually on each January 15 and July 15 and the principal will be repaid in 36 semi-annual installments commencing January 15, 2004. The Bob Palmer is pledged as security for the government guarantee. At December 31, 2002, we had drawn down about \$148 million of the \$187 million total credit facility, which bore interest of 1.71% at year end.

Capital expenditures during 2002 also included \$33 million toward the expansion and upgrade of our land drilling capabilities, including the construction of one new land rig.

Design work is virtually complete and construction efforts have begun on a new class of jack-up rig, specifically targeted for deep drilling in water depths up to 250 feet on the outer continental shelf in the Gulf of Mexico. The Tarzan class rig will offer drilling capabilities similar to our Gorilla class jack-ups, enabling more efficient drilling beyond 15,000 feet, but with reduced environmental criteria (wind, wave and current). The first of as many as four rigs, the Scooter Yeargain, is being constructed at Vicksburg, Mississippi with delivery expected by mid-year 2004. The three additional Tarzan class jack-ups are currently planned to be delivered in six- to nine-month intervals in 2005 and 2006. The aggregate cost of the four Tarzan rigs will approach \$400 million. We have received a commitment for Title XI government-guaranteed financing for up to 87.5% of the cost of the first two Tarzan rigs on terms and conditions similar to those in effect for the Bob Palmer. We intend to pursue outside financing for Tarzans III and IV, if necessary. However, there can be no assurance that any financing will be available or that working capital will be adequate throughout the period required to complete construction.

We have committed to purchase three Sikorsky S-92 helicopters for the deepwater drilling market, subject to our obtaining long-term operating contracts. The S-92 design features a 19-passenger capacity and a range of 475 nautical miles. We currently expect the helicopters to be available in the first half of 2004 and that their total cost, estimated to approach \$50 million, will be funded from existing working capital or outside financing. However, there can be no assurance that working capital will be adequate or outside financing will be available.

Capital expenditures encompass new assets or enhancements to existing assets as expenditures for routine maintenance and major repairs are charged to operations as incurred. The remainder of 2002 capital expenditures was primarily for major enhancements to existing offshore rigs and manufacturing facilities and purchases of aircraft and components. We estimate 2003 capital expenditures will be between \$220 million and \$230 million, including \$130-140 million for the Bob Palmer and the first two Tarzan class rigs. We may also spend amounts to acquire additional aircraft as market conditions justify or to upgrade existing drilling equipment.

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Construction of Rowan Gorilla VII, completed during December 2001, was substantially financed through a \$185.4 million government-guaranteed, floating-rate bank note issued under the Title XI Program. Currently, we must fix the interest rate on all outstanding principal amounts by December 10, 2003, but have approached MARAD about extending the floating-rate period. Principal and accrued interest are payable semi-annually on each April 20 and October 20 through 2013. Gorilla VII is pledged as security for the government guarantee. Outstanding borrowings of \$169.9 million at December 31, 2002 bore interest of 1.76%.

Construction of Rowan Gorilla VI, completed during June 2000, was substantially financed through a \$171 million government-guaranteed bank note issued under the Title XI Program. On March 15, 2001, we fixed the interest rate on all outstanding principal amounts at 5.88%. Principal and accrued interest are payable semi-annually on each March 15 and September 15 through March 2012. Gorilla VI is pledged as security for the government guarantee. Outstanding borrowings totaled \$135.4 million at December 31, 2002.

Construction of Rowan Gorilla V, completed in late 1998, was substantially financed through two government-guaranteed bank notes totaling \$153.1 million issued under the Title XI Program in 1997 and 1998. Principal and accrued interest are payable semi-annually on each January 1 and July 1 through 2010. Gorilla V is pledged as security for the government guarantee. Outstanding borrowings at December 31, 2002, were as follows: \$44.7 million at 6.94% and \$57.4 million at 6.15%.

On January 31, 2000, in connection with the Ellis Williams acquisition, Rowan issued \$3 million in 7.5% promissory notes that were repaid in full during 2001.

In early 2000, Rowan completed the sale of 10.3 million shares of its common stock, consisting of approximately 5.8 million shares of treasury stock and 4.5 million newly-issued shares. The net proceeds of approximately \$247 million were first applied to repayment of the \$110 million outstanding under our \$155 million bank revolving credit facility, which was subsequently cancelled. Remaining offering proceeds were retained for working capital and general corporate purposes. We currently have no other available credit facilities, but believe financing could be obtained if deemed necessary.

During the 2000-2002 period, Rowan contributed \$28.6 million to our defined benefit pension plans. Such contributions are based upon actuarial calculations of pension assets and liabilities that involve, among other things, assumptions about long-term asset returns and discount rates. Similar calculations were used to estimate pension costs and obligations as reflected in our consolidated financial statements, which showed an accumulated comprehensive loss resulting from minimum pension liability adjustments of \$55.2 million at December 31, 2002. We believe that our pension costs will increase in 2003 and that our funding requirement could exceed the average level of the past three years.

Based on current and anticipated near-term operating levels, we believe that 2003 operations, together with existing working capital and available financial resources, will generate sufficient cash flow to sustain planned capital expenditures and debt service and other requirements at least through the remainder of 2003.

On November 16, 2001, an English Court ruled in Rowan's favor and dismissed the plaintiff's claim that it had been entitled, in January 1999, to terminate its drilling contract with a Rowan subsidiary for the use of the jack-up rig Rowan Gorilla V. The Court ordered the plaintiff to pay Rowan for all unpaid day rates, damages, interest and an interim payment for legal costs, for which we received \$88.6 million. The matter was under appeal at December 31, 2001 and such amount, along with investment earnings, less outstanding receivables dating from contract inception, was deferred at year end. On March 14, 2002, a settlement agreement was reached among the parties whereby all litigation involving this matter was dropped and we received an additional \$84.2 million. In total, Rowan received \$175 million in connection with the Gorilla V contract dispute and such amount is shown, net of final legal costs and expenses, as Other Income on the Consolidated Statement of Operations for the year ended December 31, 2002.

The Company is involved in various other legal proceedings incidental to its businesses and is vigorously defending its position in all such matters. Rowan believes that there are no known contingencies, claims or lawsuits, including matters related to the loss of the Rowan-Houston as discussed below, that will have a material adverse effect on its financial position, results of operations or cash flows.

On April 26, 2002, our Board of Directors declared a special cash dividend of \$.25 per share of common stock that was paid on June 6, 2002 to shareholders of record on May 16, 2002. Rowan did not pay any dividends during 2000 or 2001 and, at December 31, 2002, had approximately \$334 million of retained earnings available for distribution to stockholders under the most restrictive provisions of our debt agreements. Future dividends, if any, will only be paid at the discretion of the Board of Directors.

During 1998 and early 1999, we repurchased in the open market 4.3 million shares or almost 5% of Rowan's outstanding common stock under the previously announced

Share Repurchase Program begun in June 1998. The 5.8 million shares we held in treasury at December 31, 1999 had an average cost of \$10.65 per share and were included within the sale of 10.3 million shares of common stock in early 2000 at a net price of \$24.00 per share.

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During 2000 and 2001, we repurchased in the open market 1,435,300 shares of Rowan's outstanding common stock at an average cost of \$16.93 per share. On January 31, 2002, in connection with the OEM acquisition, we issued from treasury 439,560 shares of Rowan common stock valued at approximately \$8 million and subsequently filed a registration statement to permit the resale of such shares in the market from time to time. During 2002, we repurchased another 738,700 shares of Rowan's outstanding common stock under the Share Repurchase Program at an average cost of \$17.87 per share.

On October 4, 2002, we discovered substantial damage to our jack-up rig, Rowan-Houston, in the aftermath of Hurricane Lili. The rig had been jacked up in 105 feet of water in Ship Shoal Block 207, offshore Louisiana, adjacent to a production platform, with the hull 63 feet above the water. Following the storm, portions of the rig, including the hull, were found approximately 1,750 feet northwest of the pre-storm location, with the stern of the rig's hull resting on the bottom of the Gulf of Mexico and the bow elevated at approximately 30 degrees. The port side of the hull near the bow and the bow leg at the waterline had been severely damaged, indicating a collision had occurred. The legs, which had been severed below the hull, remained elevated at the pre-storm location. The removal of wreckage and investigation of the accident are ongoing. We have received the full insured value of the rig, which exceeded its carrying value by approximately \$1.5 million, and believe that the costs of wreckage removal are fully insured under our prevailing coverages.

Critical Accounting Policies and Management Estimates

Rowan's significant accounting policies are outlined in Note 1 to our financial statements. Such policies, and management judgments, assumptions and estimates made in their application, underlie reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. We believe our most critical accounting policies and management estimates involve property and depreciation, specifically capitalizable costs, useful lives and salvage values, and pension liabilities and costs, specifically assumptions used in actuarial calculations, as changes in such policies and/or estimates would produce significantly different amounts from those reported herein.

Rowan uses the intrinsic value method of accounting for stock-based employee compensation pursuant to Accounting Principles Board Opinion No. 25. We estimate that use of the fair value method outlined by Statement of Financial Accounting Standards No. 123, as amended, would have reduced reported amounts of net income and net income per share by \$3.6 million or \$.03 per diluted share in 2002, \$3.4 million or \$.03 per diluted share in 2001 and \$2.2 million or \$.02 per diluted share in 2000.

Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities", generally requires recognition of derivative financial instruments as assets or liabilities, measured at fair value. Statement No. 133, as amended by Statements No. 137 and 138, was effective for fiscal years beginning after June 15, 2000. Rowan does not hold or issue derivative financial instruments and the adoption of Statement No. 133, as amended, effective January 1, 2001, did not materially impact our financial position or results of operations.

Statement of Financial Accounting Standards No. 141, "Business Combinations", essentially mandates the purchase method of accounting for business combinations effective July 1, 2001. We believe that the provisions of Statement No. 141 will not materially impact Rowan's financial position or results of operations.

Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets", generally provides that goodwill and other intangible assets with indefinite useful lives no longer be amortized to expense but rather be assessed periodically for impairment losses. Statement No. 142 was effective for fiscal years beginning after December 15, 2001. Rowan's adoption of Statement No. 142, effective January 1, 2002, did not materially impact our financial position or results of operations.

Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", supercedes existing standards pertaining to accounting and reporting for long-lived assets, especially those held for disposal. Statement No. 144 was effective for fiscal years beginning after December 15, 2001. Rowan's adoption of Statement No. 144, effective January 1, 2002, did not materially impact our financial position or results of operations.

Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations", addresses accounting and reporting for fixed asset retirement costs and obligations. Statement No. 143 is effective for fiscal years beginning after June 15, 2002. Rowan's adoption of Statement No. 143, effective January 1, 2003, did not materially impact our financial position or results of operations.

Statement of Financial Accounting Standards No. 146, "Accounting for Costs Associated with Exit or Disposal Activities", addresses accounting and reporting for costs and obligations related to exit or disposal activities initiated on or after January 1, 2003. We believe that the provisions of

Statement No. 146 will not materially impact our financial position or results of operations.

This report contains forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, without limitation, statements as to the expectations, beliefs and future expected financial performance of Rowan that are based on current expectations and are subject to certain risks, trends and uncertainties that could cause actual results to differ materially from those projected by us. Among the factors that could cause actual results to differ materially are the following:

- o oil and natural gas prices
- o the level of offshore expenditures by energy companies
- o energy demand
- o the general economy, including inflation
- o weather conditions in our principal operating areas
- o environmental and other laws and regulations

Other relevant factors have been disclosed in Rowan's filings with the U.S. Securities and Exchange Commission.

Selected Quarterly Financial Data
(Unaudited)

The following unaudited information for the quarters ended March 31, June 30, September 30 and December 31, 2001 and 2002 includes, in the Company's opinion, all adjustments (which comprise only normal recurring accruals) necessary for a fair presentation of such amounts (in thousands except per share amounts):

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
	-----	-----	-----	-----
2001:				
Revenues	\$ 193,514	\$ 210,394	\$ 191,325	\$ 135,831
Operating				
profit (loss)	56,922	61,540	40,838	(6,999)
Net income (loss)	31,716	34,312	20,640	(9,670)
Net income				
(loss) per				
common share:				
Basic	.34	.36	.22	(.10)
Diluted	.33	.36	.22	(.10)
	-----	-----	-----	-----
2002:				
Revenues	\$ 137,805	\$ 148,498	\$ 184,153	\$ 146,802
Operating				
profit (loss)	(13,280)	(5,210)	25,875	4,808
Net income (loss)	87,677	(8,739)	10,164	(2,824)
Net income				
(loss) per				
common share:				
Basic	.93	(.09)	.11	(.03)
Diluted	.92	(.09)	.11	(.03)
	=====	=====	=====	=====

The sum of the per share amounts for the quarters may not equal the per share amounts for the full year since the quarterly and full year per share computations are made independently.

Common Stock Price Range, Cash
Dividends and Stock Splits (Unaudited)

The price range below is as reported by the New York Stock Exchange on the Composite Tape. On February 28, 2003, there were approximately 2,100 holders of record.

QUARTER	2002		2001	
	HIGH	LOW	HIGH	LOW
-----	-----	-----	-----	-----
First	\$ 23.28	\$ 15.89	\$ 33.45	\$ 24.56
Second	26.84	20.01	33.89	21.50
Third	22.57	16.36	22.45	11.10
Fourth	24.60	17.40	20.14	11.66
	=====	=====	=====	=====

On April 26, 2002, Rowan's Board of Directors declared a special cash dividend of \$.25 per common share which was paid on June 6, 2002 to shareholders of record on May 16, 2002. The Company did not pay any dividends on its common stock during 2001. See Note 5 of the Notes to the Consolidated Financial Statements for restrictions on dividends. Stock splits and stock dividends since the Company became publicly owned in 1967 have been as follows: 2 for 1 stock splits on January 25, 1973, December 16, 1976 and May 13, 1980; 2 for 1 stock splits effected in the form of a stock dividend on February 6, 1978 and January 20, 1981; and a 5% stock dividend on May 21, 1975. On the basis of these splits and dividends, each share acquired prior to January 25, 1973 would be represented by 33.6 shares if still owned at present.

Independent Auditors' Report

ROWAN COMPANIES, INC. AND SUBSIDIARIES:

We have audited the accompanying consolidated balance sheet of Rowan Companies, Inc. and Subsidiaries (the "Company") as of December 31, 2002 and 2001, and the related consolidated statements of operations, comprehensive income (loss), changes in stockholders' equity and cash flows for each of the three years in the period ended December 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2002 and 2001, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the Company changed its method of accounting for Goodwill and Other Intangible Assets.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas
March 7, 2003

Consolidated Balance Sheet

(In thousands except share amounts)	DECEMBER 31,	
	2002	2001
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 178,756	\$ 236,989
Receivables - trade and other	109,320	120,199
Inventories:		
Raw materials and supplies	122,846	121,609
Work-in-progress	31,348	20,839
Finished goods	8,766	741
Prepaid expenses	8,011	3,188
Deferred tax assets - net (Note 7)	10,855	3,117
Total current assets	469,902	506,682
Property, plant and equipment - at cost:		
Drilling equipment	1,922,341	1,634,370
Aircraft and related equipment	264,212	255,600
Manufacturing plant and equipment	120,705	104,018
Construction in progress	199,352	327,032
Other property and equipment	155,815	140,706
Total	2,662,425	2,461,726
Less accumulated depreciation and amortization	1,095,281	1,042,883
Property, plant and equipment - net	1,567,144	1,418,843
Goodwill and other assets (Notes 1, 6 and 10)	17,458	13,430
Total	\$ 2,054,504	\$ 1,938,955
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt (Note 2)	\$ 42,458	\$ 42,458
Accounts payable - trade	30,000	28,903
Other current liabilities (Note 4)	43,517	130,133
Total current liabilities	115,975	201,494
Long-term debt - less current maturities (Note 2)	512,844	438,484
Other liabilities (Note 6)	127,848	62,938
Deferred income taxes - net (Note 7)	166,060	127,952
Commitments and contingent liabilities (Note 9)		
Stockholders' equity (Notes 3, 5 and 6):		
Preferred stock, \$1.00 par value:		
Authorized 5,000,000 shares issuable in series:		
Series III Preferred Stock, authorized 10,300 shares, none outstanding		
Series A Preferred Stock, authorized 4,800 shares, none outstanding		
Series B Preferred Stock, authorized 4,800 shares, none outstanding		
Series C Preferred Stock, authorized 9,606 shares, none outstanding		
Series D Preferred Stock, authorized 9,600 shares, none outstanding		
Series E Preferred Stock, authorized 1,194 shares, none outstanding		
Series A Junior Preferred Stock, authorized 1,500,000 shares, none issued		
Common stock, \$.125 par value; authorized 150,000,000 shares; issued 95,340,597 shares at December 31, 2002 and 95,002,430 shares at December 31, 2001	11,918	11,875
Additional paid-in capital	647,600	638,303
Retained earnings	557,523	494,756
Cost of 1,734,440 and 1,435,300 treasury shares, respectively	(30,064)	(24,307)
Accumulated other comprehensive income (loss)	(55,200)	(12,540)
Total stockholders' equity	1,131,777	1,108,087
Total	\$ 2,054,504	\$ 1,938,955

See Notes to Consolidated Financial Statements.

Consolidated Statement of Operations

(In thousands except per share amounts)	FOR THE YEARS ENDED DECEMBER 31,		
	2002	2001	2000
Revenues:			
Drilling services	\$ 357,244	\$ 486,291	\$ 418,948
Manufacturing sales and services	118,120	102,150	103,465
Aviation services	141,894	142,623	123,546
Total	617,258	731,064	645,959
Costs and expenses:			
Drilling services	304,846	303,420	256,615
Manufacturing sales and services	109,842	88,691	88,463
Aviation services	112,286	118,153	106,374
Depreciation and amortization	78,091	68,499	58,865
General and administrative	25,140	27,670	24,072
Total	630,205	606,433	534,389
Income (loss) from operations	(12,947)	124,631	111,570
Other income (expense):			
Net proceeds from Gorilla V settlement (Note 4)	157,125		
Interest expense	(20,645)	(24,240)	(25,652)
Less interest capitalized	4,722	11,170	13,510
Interest income	4,106	8,382	10,948
Other - net	458	264	487
Other income (expense) - net	145,766	(4,424)	(707)
Income before income taxes	132,819	120,207	110,863
Provision for income taxes (Note 7)	46,541	43,209	40,650
Net income	\$ 86,278	\$ 76,998	\$ 70,213
Net income per share of common stock (Note 1):			
Basic	\$.92	\$.82	\$.76
Diluted	\$.90	\$.80	\$.74

See Notes to Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income (Loss)

(In thousands)	FOR THE YEARS ENDED DECEMBER 31,		
	2002	2001	2000
Net income	\$ 86,278	\$ 76,998	\$ 70,213
Other comprehensive income (loss):			
Minimum pension liability adjustment (net of credit for income taxes of \$22,971 and \$6,752 in 2002 and 2001, respectively) (Note 6)	(42,660)	(12,540)	
Comprehensive income	\$ 43,618	\$ 64,458	\$ 70,213

See Notes to Consolidated Financial Statements.

Consolidated Statement of Changes in Stockholders' Equity

FOR THE YEARS ENDED DECEMBER 31, 2002, 2001 AND 2000							
(IN THOUSANDS)	COMMON STOCK				ADDITIONAL PAID-IN CAPITAL	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	RETAINED EARNINGS
	ISSUED		IN TREASURY				
	SHARES	AMOUNT	SHARES	AMOUNT			
Balance, January 1, 2000	89,062	\$ 11,133	(5,759)	\$ (61,334)	\$ 426,380		\$347,545
Exercise of stock options	689	86			5,551		
Value of services rendered by participants in the nonqualified stock option plan (Note 3)					8,979		
Conversion of subordinated debentures	93	11			618		
Sale of common stock (Note 3)	4,541	568	5,759	61,334	184,781		
Treasury stock purchases			(150)	(3,108)			
Net income							70,213
Balance, December 31, 2000	94,385	11,798	(150)	(3,108)	626,309		417,758
Exercise of stock options	551	69			3,701		
Value of services rendered by participants in the nonqualified stock option plan (Note 3)					7,856		
Conversion of subordinated debenture	66	8			437		
Treasury stock purchases			(1,285)	(21,199)			
Minimum pension liability adjustment, net of income taxes						\$ (12,540)	
Net income							76,998
Balance, December 31, 2001	95,002	11,875	(1,435)	(24,307)	638,303	(12,540)	494,756
Exercise of stock options	306	39			2,713		
Value of services rendered by participants in the nonqualified stock option plan (Note 3)					5,815		
Treasury stock issued for business acquisition			440	7,442	483		
Payment of cash dividend (\$.25 per common share)							(23,511)
Conversion of subordinated debentures	32	4			286		
Treasury stock purchases			(739)	(13,199)			
Minimum pension liability adjustment, net of income taxes						(42,660)	
Net income							86,278
Balance, December 31, 2002	95,340	\$ 11,918	(1,734)	\$ (30,064)	\$ 647,600	\$ (55,200)	\$557,523

See Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows

(In thousands) -----	FOR THE YEARS ENDED DECEMBER 31,		
	2002	2001	2000
-----	-----	-----	-----
Cash provided by (used in):			
Operations:			
Net income	\$ 86,278	\$ 76,998	\$ 70,213
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation and amortization	78,091	68,499	58,865
Deferred income taxes	53,252	43,896	27,767
Provision for pension and postretirement benefits	13,814	9,264	8,295
Compensation expense	7,176	7,769	6,766
Gain on disposals of property, plant and equipment	(7,315)	(2,587)	(2,541)
Contributions to pension plans	(7,600)	(16,640)	(4,399)
Gorilla V judgement proceeds deferred in 2001 and recognized in 2002	(88,628)	88,628	
Change in sale/leaseback payable			(1,791)
Amortization of sale/leaseback gain			(2,751)
Other - net			120
Changes in current assets and liabilities:			
Receivables - trade and other	14,839	34,342	(60,665)
Inventories	(25,078)	(14,297)	(6,561)
Other current assets	(4,780)	209	2,624
Current liabilities	(2,369)	(11,188)	7,419
Net changes in other noncurrent assets and liabilities	510	(3,165)	672
Net cash provided by operations	118,190	281,728	104,033
-----	-----	-----	-----
Investing activities:			
Capital expenditures:			
Property, plant and equipment additions	(242,896)	(305,180)	(215,837)
Purchase of pump companies, net of cash acquired			(7,245)
Proceeds from disposals of property, plant and equipment	25,781	3,875	3,561
Net cash used in investing activities	(217,115)	(301,305)	(219,521)
-----	-----	-----	-----
Financing activities:			
Proceeds from borrowings	116,818	110,730	101,302
Repayments of borrowings	(42,458)	(30,008)	(129,882)
Payment of cash dividend	(23,511)		
Payments to acquire treasury stock	(13,199)	(21,199)	(3,108)
Proceeds from stock option and convertible debenture plans	3,042	4,215	6,266
Proceeds from common stock offering, net of issue costs			246,683
Net cash provided by financing activities	40,692	63,738	221,261
-----	-----	-----	-----
Increase (decrease) in cash and cash equivalents	(58,233)	44,161	105,773
Cash and cash equivalents, beginning of year	236,989	192,828	87,055
-----	-----	-----	-----
Cash and cash equivalents, end of year	\$ 178,756	\$ 236,989	\$ 192,828
=====	=====	=====	=====

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Rowan Companies, Inc. and all of its wholly and majority owned subsidiaries, hereinafter referred to as "Rowan" or "the Company". Intercompany balances and transactions are eliminated in consolidation.

ACQUISITIONS AND GOODWILL

On January 31, 2000, Rowan completed the purchase of The Ellis Williams Company, Inc. and EWCO, Inc. dba Traitex Machine Co., which collectively design and manufacture mud pumps in a wide range of sizes for both oilfield and non-oilfield applications. The Company paid approximately \$7.3 million in cash and issued \$3 million in promissory notes and recorded the acquisition using the purchase method of accounting. The transaction resulted in the initial recognition of \$6.8 million of goodwill and \$1.5 million of other intangible assets.

On January 31, 2002, Rowan, through its subsidiary Rowan Electric, Inc., completed the purchase of certain assets of Oilfield-Electric-Marine, Inc. and Industrial Logic Systems, Inc. (OEM) for a price of approximately \$8 million in Rowan common stock. OEM manufactures variable speed AC motors and variable frequency drive systems, DC motors and drive systems, and consoles for marine boats and lay barges, the oil and gas drilling industry, and the mining and dredging industries. OEM also manufactures medium voltage switchgear from 5KV through 38KV for the industrial and petrochemical markets. The transaction resulted in the initial recognition of \$4.7 million of goodwill and \$0.5 million of other intangible assets.

Through December 31, 2001, Rowan amortized goodwill on a straight-line basis over periods up to 30 years, and goodwill amortization totaled approximately \$570,000 in 2001 and \$541,000 in 2000. Effective January 1, 2002, Rowan adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets", which provides that goodwill and other intangible assets with indefinite useful lives no longer be amortized to expense, but rather be assessed at least annually for impairment losses using a fair-value-based test. Rowan's implementation of Statement No. 142 has not materially impacted its financial position or results of operations.

At December 31, 2002 and 2001, Rowan had goodwill with carrying values of \$12.4 million and \$7.6 million, respectively, and intangible assets subject to amortization totaling \$1.7 million and \$1.3 million, respectively. See Note 10 for further information.

REVENUE RECOGNITION

Rowan's drilling contracts provide for payment on a day rate basis, and revenues and expenses are recognized as the work progresses.

Aviation services generally are provided under master service agreements calling for incremental payments based on usage, term contracts or day-to-day charter arrangements. Aviation revenues and expenses are recognized as services are rendered.

Manufacturing sales and related costs are generally recognized as products are shipped. Revenues and costs and expenses included sales and costs of sales of \$106.2 million and \$84.9 million, \$97.3 million and \$71.4 million, and \$96.3 million and \$66.6 million in 2002, 2001 and 2000, respectively. Revenues from longer-term manufacturing projects such as rig kits are recognized on a percentage-of-completion basis using costs incurred relative to total estimated costs and full provision is made for any anticipated losses.

INCOME PER COMMON SHARE

"Basic" income per share is determined as income available to common stockholders divided by the weighted-average number of common shares outstanding during the period. "Diluted" income per share reflects the issuance of additional shares in connection with the assumed conversion of stock options and other convertible securities, and corresponding adjustments to income for any charges related to such securities.

The computation of basic and diluted income per share for each of the past three years is as follows (in thousands except per share amounts):

YEAR ENDED DECEMBER 31,	NET INCOME	SHARES	PER SHARE AMOUNT
-------------------------	------------	--------	---------------------

2002:			
Basic income per share	\$ 86,278	93,764	\$.92
Effect of dilutive securities:			
Convertible debentures		893	
Stock options		735	
	-----	-----	
Diluted income per share	\$ 86,278	95,392	\$.90
	=====	=====	=====
2001:			
Basic income per share	\$ 76,998	94,173	\$.82
Effect of dilutive securities:			
Convertible debentures		936	
Stock options		702	
	-----	-----	
Diluted income per share	\$ 76,998	95,811	\$.80
	=====	=====	=====
2000:			
Basic income per share	\$ 70,213	92,562	\$.76
Effect of dilutive securities:			
Convertible debentures		1,068	
Stock options		1,007	
	-----	-----	
Diluted income per share	\$ 70,213	94,637	\$.74
	=====	=====	=====

See Note 3 for further information regarding the Company's stock option and debenture plans.

STATEMENT OF CASH FLOWS

In practice, Rowan invests in highly liquid U.S. Government securities, bank time deposits, A1/P1-rated commercial paper, money market preferred stock custodial receipts or repurchase agreements with terms no greater than 90 days, all of which are considered to be cash equivalents.

Noncash investing and financing activities excluded from the Company's Consolidated Statement of Cash Flows were as follows: the issuance in 2002 of 439,560 shares of common stock, valued at approximately \$8 million, in connection with the OEM acquisition; the addition in 2002 of \$1,361,000 of tax benefits related to employee stock options; the conversion in 2002 of \$150,000 of Series III Floating Rate Subordinated Convertible Debentures into 22,222 shares of common stock; the conversion in 2002 of \$140,000 of Series B Floating Rate Subordinated Convertible Debentures into 9,956 shares of common stock; the reduction in 2001 of \$87,000 of tax benefits related to employee stock options; the conversion in 2001 of \$445,000 of Series III Floating Rate Subordinated Convertible Debentures into 65,926 shares of common stock; the reduction in 2000 of \$2.2 million of tax benefits related to employee stock options; the issuance in 2000 of \$3 million in 7.5% promissory notes in connection with the Ellis Williams acquisition; the conversion in 2000 of \$630,000 of Series III Floating Rate Subordinated Convertible Debentures into 93,333 shares of common stock. See Notes 2 and 3 for further information.

INVENTORIES

Manufacturing inventories are carried at lower of average cost or market. Drilling and aviation inventories consist of consumable parts and supplies and are carried at average cost.

PROPERTY AND DEPRECIATION

Rowan provides depreciation under the straight-line method from the date an asset is placed into service until it is sold or becomes fully depreciated based on the following estimated lives and salvage values:

	YEARS	SALVAGE VALUE
	-----	-----
Offshore drilling equipment:		
Super Gorilla jack-ups	25	20%
Semi-submersible	15	20%
Gorilla and other cantilever jack-ups	15	20%
Conventional jack-ups	12	20%
Land drilling equipment	12	20%
Drill pipe and tubular equipment	4	10%
Aviation equipment:		
Aircraft	7 to 15	15 to 25%
Other	2 to 10	various
Manufacturing plant and equipment:		
Buildings and improvements	10 to 25	10 to 20%
Other	2 to 12	various
Other property and equipment	3 to 40	various
	=====	=====

Expenditures for new property or enhancements to existing property are capitalized. Expenditures for routine maintenance and major repairs are charged to operations as incurred. Rowan capitalizes, during the construction period, interest cost incurred during the period required to complete the asset. See Note 10 for further information regarding the Company's depreciation and amortization, capital expenditures and repairs and maintenance. Long-lived assets are reviewed for impairment whenever circumstances indicate their carrying amounts may not be recoverable.

Rowan's adoption, effective January 1, 2002, of Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", which essentially governs accounting and reporting for long-lived assets held for disposal, did not materially impact its financial position or results of operations.

Rowan's adoption, effective January 1, 2003, of Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations", which addresses fixed asset retirement costs and obligations, did not materially impact its financial position or results of operations.

ENVIRONMENTAL MATTERS

Environmental remediation costs are accrued using estimates of future monitoring, testing and clean-up costs where it is probable that such costs will be incurred. Estimates of future monitoring, testing and clean-up costs and assessments of the probability that such costs will be incurred incorporate many factors, including: approved monitoring, testing and/or remediation plans; ongoing communications with environmental regulatory agencies; the expected duration of remediation measures; historical monitoring, testing and clean-up costs; and current and anticipated operational plans and manufacturing processes. Ongoing environmental compliance costs are expensed as incurred and expenditures to mitigate or prevent future environmental contamination are capitalized. Rowan's estimated liability is not discounted. See Note 9 for further information.

INCOME TAXES

Rowan accounts for income taxes under an asset and liability approach that recognizes deferred income tax assets and liabilities for the estimated future tax consequences of differences between the financial statement and tax bases of assets and liabilities. Valuation allowances are provided against deferred tax assets that are not likely to be realized. See Note 7 for further information.

COMPREHENSIVE INCOME (LOSS)

Comprehensive income (loss) is comprised of net income (loss) and other comprehensive income (loss). During 2002 and 2001, Rowan recognized other comprehensive losses relating to minimum pension liabilities. See Note 6 for further information. Rowan had no items of other comprehensive income (loss) during 2000.

DERIVATIVES

Rowan does not hold or issue derivative financial instruments and its adoption, effective January 1, 2001, of Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended, which requires recognition of derivative financial instruments as assets or liabilities, measured at fair value, did not materially impact its financial position or results of operations.

MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

RECLASSIFICATIONS

Certain reclassifications have been made in the 2001 and 2000 amounts to conform to the 2002 presentations.

2. LONG-TERM DEBT

Long-term debt consisted of (in thousands):

	DECEMBER 31,	
	2002	2001
6.94% Title XI note payable; secured by Gorilla V	\$ 44,672	\$ 50,254
6.15% Title XI note payable; secured by Gorilla V	57,395	64,569
5.88% Title XI note payable; secured by Gorilla VI	135,377	149,629
Floating-rate Title XI note payable; secured by Gorilla VII	169,948	185,398
Floating-rate Title XI note payable; secured by the Bob Palmer (formerly Gorilla VIII)	147,910	31,092
Total	555,302	480,942
Less current maturities	42,458	42,458
Remainder	\$ 512,844	\$ 438,484

Maturities of long-term debt for each of the next five years ending December 31, are as follows: 2003 - \$42.5 million and for each of 2004, 2005, 2006 and 2007 - \$50.7 million.

Rowan financed \$153.1 million of the cost of Rowan Gorilla V through a floating-rate bank loan guaranteed by the U.S. Department of Transportation's Maritime Administration ("MARAD") under its Title XI Program. On July 1, 1997, the Company fixed \$67 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. Rowan Gorilla V is pledged as security for the government guarantee.

Rowan financed \$171.0 million of the cost of Rowan Gorilla VI through a floating-rate bank loan guaranteed by MARAD under its 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. Rowan Gorilla VI is pledged as security for the government guarantee.

Rowan financed \$185.4 million of the cost of Rowan Gorilla VII through a floating-rate bank loan guaranteed by MARAD under its Title XI Program. Currently, the Company must fix the rate on all outstanding principal amounts by December 10, 2003, but has approached MARAD about extending the floating-rate period. Principal and accrued interest are payable semi-annually on each April 20 and October 20 through 2013. Rowan Gorilla VII is pledged as security for the government guarantee. At December 31, 2002, outstanding borrowings bore interest of 1.76%.

In May 2001, Rowan obtained financing for up to \$187.3 million of the cost of designing and constructing the Bob Palmer through an 18-year bank loan guaranteed by MARAD under its Title XI program. The Company obtains reimbursements for expenditures based upon actual construction progress and outstanding borrowings initially bear interest at .25% above a short-term commercial paper rate. The Company may fix the interest rate at any time and must fix the rate on all outstanding principal amounts on or before January 15, 2008. Interest is payable semi-annually on each January 15 and July 15 and the principal will be repaid in semi-annual installments commencing January 15, 2004. The Bob Palmer is pledged as security for the government guarantee. At December 31, 2002, Rowan had borrowed about \$147.9 million, which bore interest of 1.71%.

Rowan has received a commitment for Title XI, government-guaranteed financing for up to 87.5% of the cost of the first two Tarzan class rigs under terms and conditions similar to those in effect for the Bob Palmer.

Rowan's \$7.3 million of Series III Floating Rate Subordinated Convertible Debentures outstanding at December 31, 2002 are ultimately convertible into common stock at the rate of \$6.75 per share for each \$1,000 principal amount of debenture through November 30, 2004.

Rowan's \$4.8 million of Series A Floating Rate Subordinated Convertible Debentures outstanding at December 31, 2002 are ultimately convertible into common stock at the rate of \$29.75 per share for each \$1,000 principal amount of debenture through April 24, 2008.

Rowan's \$4.7 million of Series B Floating Rate Subordinated Convertible Debentures outstanding at December 31, 2002 are ultimately convertible into common stock at the rate of \$14.06 per share for each \$1,000 principal amount of debenture through April 22, 2009, as follows: \$3.5 million through April 21, 2003 and \$4.7 million on or after April 22, 2003.

Rowan's \$9.6 million of Series C Floating Rate Subordinated Convertible Debentures outstanding at December 31, 2002 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, as follows: \$4.8 million through April 26, 2003, \$7.2 million on or after April 27, 2003 and \$9.6 million on or after April 27, 2004.

Rowan's \$9.6 million of Series D Floating Rate Subordinated Convertible Debentures outstanding at December 31, 2002 are ultimately convertible into common stock at the rate of \$32.00 per share for each \$1,000 principal amount of debenture through April 26, 2011, as follows: \$2.4 million through April 25, 2003, \$4.8 million on or after April 26, 2003, \$7.2 million on or after April 26, 2004 and \$9.6 million on or after April 26, 2005.

Rowan's \$1.2 million of Series E Floating Rate Subordinated Convertible Debentures outstanding at December 31, 2002 are ultimately convertible into common stock at the rate of \$13.12 per share for each \$1,000 principal amount of debenture through September 20, 2011, as follows: \$298,000 through September 19, 2003, \$596,000 on or after September 20, 2003, \$895,000 on or after September 20, 2004 and \$1.2 million on or after September 20, 2005.

All of 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. See Note 3 for further information regarding Rowan's convertible debenture incentive plans.

During 2001, Rowan repaid the \$3 million of unsecured 7.5% promissory notes originally issued in January 2000 in connection with the Ellis Williams acquisition.

During February 2000, using proceeds from the sale of common stock, Rowan repaid the \$110 million outstanding under its \$155 million bank revolving credit facility, which was scheduled to mature in October 2000, and immediately canceled the credit facility.

Interest payments exceeded interest capitalized by \$16.1 million in 2002, \$14.5 million in 2001 and \$10.9 million in 2000.

Rowan's 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. Rowan believes it was in compliance with each of its debt covenants at December 31, 2002. See Note 5 for further information.

3. STOCKHOLDERS' EQUITY

Rowan's 1988 Nonqualified Stock Option Plan, as amended, authorizes the Board of Directors to grant, before January 21, 2008, options to purchase a total of 14 million shares of the Company's common stock. At December 31, 2002, options for 10,209,440 shares had been granted under the plan at an average exercise price of \$9.21 per share and 459 active, key employees had been granted options. Options become exercisable over a four-year service period to the extent of 25% per year, and all options not exercised expire ten years after the date of grant.

Rowan's 1998 Nonemployee Directors Stock Option Plan provides for the issuance to nonemployee Directors of the Company of nonqualified options to purchase up to 200,000 shares of Rowan's common stock. At December 31, 2002, 125,000 shares had been granted under the plan at an average exercise price of \$24.03 per share. Options are 100% exercisable after one year and all options not exercised expire five years after the date of grant.

Stock option activity for the last three years was as follows:

	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
	-----	-----
Outstanding at January 1, 2000	3,202,750	9.77
Granted	901,800	18.51
Exercised	(688,725)	8.19
Forfeited	(51,825)	11.33
	-----	-----
Outstanding at December 31, 2000	3,364,000	12.41
Granted	2,082,396	19.33
Exercised	(551,800)	6.83
Forfeited	(37,840)	15.49
	-----	-----
Outstanding at December 31, 2001	4,856,756	15.99
Granted	254,544	15.21
Exercised	(305,989)	9.00
Forfeited	(43,414)	15.54
	-----	-----
Outstanding at December 31, 2002	4,761,897	\$ 16.40
	=====	=====

Exercisable at December 31, 2000	1,339,050	\$ 10.52
	-----	-----
Exercisable at December 31, 2001	1,570,200	\$ 13.44
	-----	-----
Exercisable at December 31, 2002	2,382,386	\$ 15.44
	=====	=====

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The following table summarizes information about stock options outstanding at December 31, 2002.

EXERCISE PRICE	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED AVERAGE REMAINING LIFE (YEARS)
Outstanding:			
\$ 1.00	103,925	\$ 1.00	1.8
\$ 4.06 to \$ 9.81	772,650	5.82	5.4
\$13.12 to \$15.25	1,190,612	13.40	8.0
\$17.47 to \$19.75	1,495,450	18.88	6.5
\$22.00 to \$32.00	1,199,260	24.43	8.0
	4,761,897	\$ 16.40	6.9
Exercisable:			
\$ 1.00	103,925	\$ 1.00	
\$ 4.06 to \$ 9.81	570,150	6.45	
\$13.12 to \$15.25	378,265	14.00	
\$17.47 to \$ 19.75	978,650	19.19	
\$22.00 to \$32.00	351,396	25.39	
	2,382,386	\$ 15.44	

The weighted average per-share fair values at date of grant for options granted during 2002, 2001 and 2000 were estimated to be \$11.96, \$11.60 and \$14.77, respectively.

Rowan uses the intrinsic value method of accounting for stock-based employee compensation, whereby the cost of each option is measured as the difference between the market price per share and the option price per share on the date of grant, pursuant to Accounting Principles Board Opinion No. 25. The compensation is recognized as expense and additional paid-in capital over the period in which the employee performs services to earn the right to exercise the option. Rowan estimates that the accounting provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation", which provides an alternative method for measuring compensation cost based upon estimated fair values, would have reduced reported amounts of net income and net income per share, as follows:

	2002	2001	2000
Net income, as reported	\$ 86,278	\$ 76,998	\$ 70,213
Stock-based compensation, net of related tax effects:			
As recorded under APB 25	4,661	4,976	4,285
Pro forma under SFAS 123	(8,250)	(8,340)	(6,499)
Pro forma net income	\$ 82,689	\$ 73,634	\$ 67,999
Net income per basic share:			
As reported	\$.92	\$.82	\$.76
Pro forma	.88	.78	.73
Net income per diluted share:			
As reported	.90	.80	.74
Pro forma	.87	.77	.72

The foregoing fair value estimates were determined using the Black-Scholes option valuation model with the following weighted average assumptions:

	2002	2001	2000
Expected life in years	3.3	3.2	3.0
Risk-free interest rate	2.1%	3.3%	5.3%
Expected volatility	54.8%	55.5%	55.9%

The Rowan Companies, Inc. 1998 Convertible Debenture Incentive Plan, as amended, provides for the issuance to key employees of up to \$35 million in floating-rate subordinated convertible debentures. The debentures are initially convertible into preferred stock, which has no voting rights (except as required by law or the Company's charter), no dividend and a nominal liquidation preference. The preferred stock is immediately convertible into common stock. At December 31, 2002, all \$4.8 million principal amount of Series A debentures issued in 1998, all \$9.6 million principal amount of Series C debentures issued in 2000, all \$9.6 million principal amount of Series D debentures issued in 2001 and all \$1.2 million principal amount of Series E debentures issued in 2001 were outstanding. Of the \$4.8 million principal amount of Series B debentures issued in 1999, \$4.7 million was outstanding at December 31, 2002. The outstanding Series A, B, C, D and E debentures are collectively convertible into 1,223,763 shares of Rowan's common stock.

Under the Rowan Companies, Inc. 1986 Convertible Debenture Incentive Plan, floating-rate subordinated convertible debentures totaling \$19.9 million were issued by the Company. The debentures are initially convertible into preferred stock, which has no voting rights (except as required by law or the Company's charter), no dividend and a nominal liquidation preference. The preferred stock is immediately convertible into common stock. At December 31, 2002, all \$9.6 million of Series I and Series II debentures, issued in 1986 and 1987, had been converted into an aggregate 1,391,304 shares of Rowan's common stock. Of the \$10.3 million principal amount of Series III debentures issued in 1994, \$7.3 million was outstanding at December 31, 2002 and is ultimately convertible into 1,081,483 shares of Rowan's common stock.

In 1992, Rowan adopted a Stockholder Rights Agreement to protect against coercive takeover tactics. The agreement, as amended, provides for the distribution to Rowan's stockholders of one Right for each outstanding share of common stock. Each Right entitles the holder to purchase from the Company one one-hundredth of a share of Series A Junior Preferred Stock of Rowan at an exercise price of \$80. In addition, under certain circumstances, each Right will entitle the holder to purchase securities of Rowan or an acquiring entity at one-half market value. The Rights are exercisable only if a person or group knowingly acquires 15% or more of Rowan's outstanding common stock or makes a tender offer for 30% or more of the Company's outstanding common stock. The Rights will expire on January 24, 2012.

During February and March 2000, Rowan sold 10.3 million shares of its common stock, consisting of approximately 5.8 million shares of treasury stock and 4.5 million newly issued shares. Net proceeds from the sale were \$246.7 million after deducting the underwriting commission of \$5.2 million and direct offering costs of \$517,000.

4. OTHER CURRENT LIABILITIES

Other current liabilities consisted of (in thousands):

	DECEMBER 31,	
	2002	2001
Deferred revenues	\$ 4,518	\$ 87,962
Accrued liabilities:		
Income taxes	17	39
Compensation and related employee costs	24,046	25,075
Interest	7,453	7,642
Taxes and other	7,483	9,415
Total	\$ 43,517	\$ 130,133

At December 31, 2001, deferred revenues included \$88.6 million received in November 2001 (net of outstanding receivables, plus investment earnings) in connection with the Gorilla V contract dispute as the English Court judgement was being contested. On March 14, 2002, a settlement agreement was reached among the parties, whereby all litigation involving this matter was dropped and Rowan received an additional \$84.2 million. In total, Rowan received \$175 million in connection with the Gorilla V contract dispute and such amount is shown, net of final legal costs and expenses, as Other Income on the Consolidated Statement of Operations for the Year Ended December 31, 2002.

5. RESTRICTIONS ON RETAINED EARNINGS

Rowan's Title XI debt agreements contain financial covenants that limit the amount the Company may distribute to its stockholders. Under the most restrictive of such covenants, Rowan had approximately \$334 million of retained earnings available for distribution at December 31, 2002. Subject to this and other restrictions, the Board of Directors will determine payment, if any, of future dividends or distributions in light of conditions then existing, including the Company's earnings, financial condition and requirements, opportunities for reinvesting earnings, business conditions and other factors.

6. BENEFIT PLANS

Since 1952, Rowan has sponsored defined benefit pension plans covering substantially all of its employees. In addition, Rowan provides certain health care and life insurance benefits for retired drilling and aviation employees.

Changes in plan assets and obligations during 2002 and 2001 and the funded status of the plans at December 31, 2002 and 2001 were as follows (in thousands):

	PENSION BENEFITS		OTHER BENEFITS	
	2002	2001	2002	2001
BENEFIT OBLIGATIONS:				
Balance, January 1	\$ 224,302	\$ 195,610	\$ 52,529	\$ 39,147
Service cost	9,218	7,290	1,903	1,578
Interest cost	16,647	15,170	3,653	2,983
Plan changes		433		
Actuarial loss	48,295	14,005	5,241	10,743
Benefits paid	(9,114)	(8,206)	(1,666)	(1,922)
Balance, December 31	289,348	224,302	61,660	52,529
PLAN ASSETS:				
Fair value, January 1	170,740	180,128		
Actual return Employer contributions	(11,023)	(17,822)		
Benefits paid	7,600	16,640		
	(9,114)	(8,206)		

Fair value, December 31	158,203	170,740		
Funded status	(131,145)	(53,562)	(61,660)	(52,529)
Unrecognized amounts:				
Actuarial loss	123,658	46,455	20,816	16,204
Transition obligation			7,565	8,321
Prior service cost	1,002	1,126	(3,505)	(3,818)
Net liabilities recognized	(6,485)	(5,981)	(36,784)	(31,822)
Additional minimum liability	(84,605)	(20,209)		
Net benefit liabilities	\$ (91,090)	\$ (26,190)	\$ (36,784)	\$ (31,822)

The additional minimum pension liability shown above reflects actuarially-determined unfunded accumulated pension benefit obligations at each year end, and is included in the Company's Consolidated Balance Sheet, as follows (in thousands):

	DECEMBER 31,	
	2002	2001
Goodwill and other assets	\$ 1,002	\$ 1,126
Accumulated other comprehensive loss	83,603	19,083
Other liabilities	\$ 84,605	\$ 20,209

The plans' assets consist primarily of equity securities and U.S. Treasury bonds and notes and, at December 31, 2002, included 1,630,000 shares of Rowan's common stock at an average cost of \$5.49 per share. At December 31, 2002, \$8.8 million of the plans' assets were invested in a dedicated bond fund. The plans had a basis in these assets of \$6.0 million yielding approximately 3.67% to maturity.

Net periodic pension cost included the following components (in thousands):

	YEAR ENDED DECEMBER 31,		
	2002	2001	2000
Service cost	\$ 9,218	\$ 7,290	\$ 6,451
Interest cost	16,647	15,170	13,895
Expected return on plan assets	(18,522)	(17,374)	(16,362)
Recognized actuarial loss	636		
Amortization of prior service cost	124	100	162
Total	\$ 8,103	\$ 5,186	\$ 4,146

Other benefits cost included the following components (in thousands):

	YEAR ENDED DECEMBER 31,		
	2002	2001	2000
Service cost	\$ 1,903	\$ 1,578	\$ 1,313
Interest cost	3,653	2,983	2,788
Recognized actuarial loss	630	161	182
Amortization:			
Transition obligation	756	756	756
Prior service cost	(313)	(312)	(312)
Total	\$ 6,629	\$ 5,166	\$ 4,727

Assumptions used in actuarial calculations were as follows:

	2002	2001	2000
Discount rate	6.50%	7.25%	7.75%
Expected return on plan assets	9.0%	9.5%	9.5%
Rate of compensation increase	4.0%	4.0%	4.0%

Rowan sponsors pension restoration plans to supplement the benefits for certain key executives that would otherwise be limited by section 415 of the Internal Revenue Code. The plans are unfunded and had projected benefit obligations at December 31, 2002 and 2001 of \$8.6 million and \$7.0 million, respectively. The net pension liabilities included in Rowan's Consolidated Balance Sheet were \$8.2 million at December 31, 2002 and \$6.4 million at December 31, 2001, including minimum liability adjustments of \$1,704,000 and \$667,000, respectively. The minimum liability adjustments resulted in other comprehensive losses of \$1,111,000 and \$209,000 in 2002 and 2001, respectively. Net pension cost was \$768,000 in 2002, \$869,000 in 2001 and \$778,000 in 2000.

The assumed increase in per capita health care costs ranged from 9% in 2002 to 5% in 2010 and thereafter. A one-percentage-point change in assumed health care cost trend rates would change reported amounts as follows (in thousands):

1-PERCENTAGE- POINT CHANGE	
INCREASE	DECREASE

Increase (decrease) in:

Source: ROWAN COMPANIES INC, 10-K, March 27, 2003

Service and interest cost	\$	795	\$	(658)
Postretirement benefit obligation		7,828		(6,603)
		=====		=====

Rowan also sponsors defined contribution 401(k) plans covering substantially all employees. Rowan contributed to the plans about \$3.4 million in 2002, \$3.1 million in 2001 and \$2.9 million in 2000.

7. INCOME TAXES

The detail of income tax provisions (credits) is presented below (in thousands):

	YEAR ENDED DECEMBER 31,		
	2002	2001	2000
	-----	-----	-----
Current:			
Federal	\$ (6,863)	\$ (871)	\$ 11,326
Foreign	86	81	831
State	66	103	311
	-----	-----	-----
Total current provision	(6,711)	(687)	12,468
Deferred	53,252	43,896	28,182
	-----	-----	-----
Total	\$ 46,541	\$ 43,209	\$ 40,650
	=====	=====	=====

Rowan's provision for income taxes differs from that determined simply by applying the federal income tax rate (statutory rate) to income before income taxes, as follows (in thousands):

	YEAR ENDED DECEMBER 31,		
	2002	2001	2000
	-----	-----	-----
Statutory rate	35%	35%	35%
Tax at statutory rate	\$ 46,487	\$ 42,072	\$ 38,802
Increase (decrease) due to:			
Foreign companies' operations	668	228	680
Other - net	(614)	909	1,168
	-----	-----	-----
Total provision	\$ 46,541	\$ 43,209	\$ 40,650
	=====	=====	=====

Temporary differences and carryforwards which gave rise to deferred tax assets and liabilities at December 31, 2002 and 2001, were as follows (in thousands):

	DECEMBER 31,			
	2002		2001	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Deferred tax assets:				
Accrued employee benefit plan costs	\$ 2,887	\$ 41,629	\$ 420	\$ 19,694
Alternative minimum tax	5,042		1,142	
Other	2,926	9,024	1,555	4,454
	10,855	50,653	3,117	24,148
Deferred tax liabilities:				
Property, plant and equipment		208,478		148,729
Other		8,235		3,371
		216,713		152,100
Deferred tax asset (liability) - net	\$ 10,855	\$ (166,060)	\$ 3,117	\$ (127,952)

Rowan did not deem necessary a valuation allowance against deferred tax assets at December 31, 2002 and 2001.

Undistributed earnings of Rowan's foreign subsidiaries were estimated to be \$53.6 million at December 31, 2002. Deferred income taxes have not been provided on undistributed foreign earnings because such earnings are considered permanently invested abroad. Determination of the deferred tax liability that would result upon repatriation of the Company's undistributed foreign earnings is not practicable.

Income (loss) before income taxes consisted of \$136.5 million, \$106.7 million and \$100.1 million of domestic earnings, and \$(3.7) million, \$13.5 million and \$10.8 million of foreign earnings (losses) in 2002, 2001 and 2000, respectively.

Income tax payments exceeded refunds by \$12.8 million in 2002, \$16.7 million in 2001 and \$4.3 million in 2000.

8. FAIR VALUES OF FINANCIAL INSTRUMENTS

At December 31, 2002, the carrying amounts of Rowan's cash and cash equivalents, receivables and payables approximated their fair values due to the short maturity of such financial instruments. The carrying amount of the Company's floating-rate debt approximated its fair value at December 31, 2002 as such instruments bear short-term, market-based interest rates. The fair value of Rowan's fixed-rate debt at December 31, 2002 was estimated to be approximately \$267 million, or a \$30 million premium to carrying value, based upon quoted market prices for similar issues.

9. COMMITMENTS AND CONTINGENT LIABILITIES

During 1984 and 1985, Rowan sold two cantilever jack-ups, Rowan-Halifax and Cecil Provine, and leased each rig back under operating leases with initial lease periods that expired in September and December 2000, respectively. Each sale resulted in a gain that was recognized over the initial lease period. Rowan exercised its option to extend each lease for a period of seven and one-half years, with lease amounts equal to half of the weighted average lease payments made during the basic lease periods and payable semiannually.

Rowan has operating leases covering six anchor-handling, towing and supply (AHTS) boats deployed in support of its Gulf of Mexico drilling business. The five-year lease agreements contain purchase options and expire during 2004 and 2005.

Rowan has other operating leases covering aircraft hangars, offices and computer equipment. Net rental expense under all operating leases was \$51.5 million in 2002, \$56.0 million in 2001 and \$40.7 million in 2000.

At December 31, 2002, the future minimum payments to be made under noncancelable operating leases were (in thousands):

2003	\$ 41,445
2004	37,959
2005	20,573
2006	10,535
2007	10,335
Later years	5,740

Total	\$126,587
	=====

Rowan has ongoing environmental responsibilities related primarily to its manufacturing operations and facilities. The measurement of remediation costs is subject to uncertainties, including the evolving nature of environmental regulations and the extent of any agreements to mitigate remediation costs.

The Company is involved in various legal proceedings incidental to its businesses and is vigorously defending its position in all such matters. Rowan believes that there are no known contingencies, claims or lawsuits, including matters arising from the loss of the Rowan-Houston, that will have a material adverse effect on its financial position, results of operations or cash flows.

Rowan estimates 2003 capital expenditures will be between \$220 million and \$230 million, including \$130-140 million toward construction of the offshore rig Bob Palmer (formerly Gorilla VIII) and the first two Tarzan class jack-ups.

10. SEGMENTS OF BUSINESS

Rowan has three principle operating segments: contract drilling of oil and gas wells, both onshore and offshore ("Drilling"), helicopter and fixed-wing aircraft services ("Aviation") and the manufacture and sale of heavy equipment for the mining, timber and transportation industries, alloy steel and steel plate and drilling products ("Manufacturing"). Rowan's reportable segments reflect separately managed, strategic business units that provide different products and services, and for which financial information is separately prepared and monitored. The accounting policies of each segment are as described in Rowan's summary of significant accounting policies. See Note 1 for further information.

Drilling services are provided both onshore and offshore in domestic and foreign areas. Aviation services are provided primarily in Alaska, the western United States and along the Gulf Coast and include commuter airline, flightseeing and forest fire control services as well as oil and gas related flying. Manufacturing operations are primarily conducted in Longview, Texas, Vicksburg, Mississippi and Houston, Texas, though products are shipped throughout the United States and to many foreign locations.

Assets are ascribed to a segment based upon their direct use. Rowan classifies its drilling rigs as domestic or foreign based upon the rig's operating location. Accordingly, drilling rigs operating in or offshore the United States are considered domestic assets and rigs operating in other areas are deemed foreign assets.

Rowan's total assets are identified by operating segment, and its fixed assets are shown geographically as follows (in thousands):

	DECEMBER 31,		
	2002	2001	2000
Consolidated assets:			
Drilling	\$1,642,320	\$1,567,137	\$1,327,392
Manufacturing	249,562	217,169	206,456
Aviation	162,622	154,649	144,578
Total	\$2,054,504	\$1,938,955	\$1,678,426
Property, plant and equipment - net:			
Domestic	\$1,094,053	\$1,181,960	\$ 942,077
Eastern Canada	212,033	218,831	224,721
North Sea	259,887	16,327	14,178
Other foreign	1,171	1,725	1,804
Total	\$1,567,144	\$1,418,843	\$1,182,780

At December 31, 2002, 39 drilling rigs, including 21 offshore rigs, were located in domestic areas and two offshore rigs were located in foreign areas.

Information regarding revenues and profitability by operating segment is as follows (in thousands):

	YEAR ENDED DECEMBER 31,		
	2002	2001	2000
Revenues:			
Drilling services	\$ 357,244	\$ 486,291	\$ 418,948
Manufacturing sales and services	118,120	102,150	103,465
Aviation services	141,894	142,623	123,546
Consolidated	\$ 617,258	\$ 731,064	\$ 645,959
Operating profit (loss)*:			
Drilling services	\$ (2,452)	\$ 136,409	\$ 124,020
Manufacturing sales and services	837	5,686	7,602
Aviation services	13,808	10,206	4,020
Consolidated	\$ 12,193	\$ 152,301	\$ 135,642

* Income (loss) from operations before deducting general and administrative expenses

Excluded from the preceding table are the effects of transactions between segments. During 2002, 2001 and 2000, Rowan's manufacturing division provided approximately \$112.9 million, \$118.1 million and \$103.9 million, respectively, of products and services to the drilling division and Rowan's aviation division provided approximately \$2.2 million, \$1.4 million and \$1.3 million, respectively, of flight services to the drilling division.

Foreign-source revenues were as follows (in thousands):

	YEAR ENDED DECEMBER 31,		
	2002	2001	2000
Drilling services:			
Eastern Canada	\$ 19,635	\$ 44,296	\$ 74,327
North Sea	16,265	287	8,573
Manufacturing sales and services	2,280	2,798	1,612
Aviation services	2,082	2,483	2,665
Total	\$ 40,262	\$ 49,864	\$ 87,177

Rowan had revenues, primarily from drilling operations, in excess of 10% of consolidated revenues from one customer during each of 2002 (13%), 2001 (14%) and 2000 (11%).

Rowan believes that it has no significant concentrations of credit risk. The Company has never experienced any significant credit losses and its drilling and aviation services customers have heretofore primarily been large energy companies and government bodies. Rowan's manufacturing operations help diversify the Company's operations and attendant credit risk. Further, Rowan retains the ability to relocate its major drilling and aviation assets over significant distances on a timely basis in response to changing market conditions.

Certain other financial information for each of Rowan's principal operating segments is summarized as follows (in thousands):

	YEAR ENDED DECEMBER 31,		
	2002	2001	2000
Depreciation and amortization:			
Drilling	\$ 54,850	\$ 46,462	\$ 38,313
Manufacturing	7,441	7,772	7,401
Aviation	15,800	14,265	13,151
Capital expenditures:			
Drilling	205,628	270,341	185,321
Manufacturing	14,839	10,048	17,099
Aviation	22,429	24,791	20,662
Repairs and maintenance:			
Drilling	43,773	47,035	38,562
Manufacturing	10,503	10,155	9,231
Aviation	19,758	22,558	22,311
Goodwill:			
Drilling	1,493	1,493	1,723
Manufacturing	12,356	6,150	6,491

11. RELATED PARTY TRANSACTIONS

A Rowan director who joined the Board in April 2001 also serves as a Managing Director for a financial institution to which the Company paid interest and lending fees totaling \$0.7 million in 2002 and \$6.4 million in 2001. Transactions with this lender were on terms and conditions, and involved interest rates and fees, then prevailing in the market. Transactions between Rowan and this lender were reviewed and ratified by the Company's Board of Directors.

A Rowan director also served as Vice President for one of the Company's drilling customers through May 2002. Transactions with this customer were on terms and conditions, and involved day rates and operating costs, which were comparable to those experienced by Rowan in connection with third-party contracts for similar rigs. Because of the aforementioned relationships, the contracts between Rowan and this customer were reviewed and ratified by the Company's Board of Directors. Related revenues were approximately \$5.1 million in 2001 and \$2.9 million in 2000.

A Rowan director also serves as a consultant for an investment banking firm to which the Company paid \$5.2 million in commissions in connection with its 10.3 million share common stock offering in 2000, at which time he was a Managing Director. Both the common stock offering and the underwriting agreement were approved by the Company's Board of Directors.

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SUBSIDIARIES OF THE REGISTRANT

The following is a list of subsidiaries of the Registrant:

Registrant and Parent:
Rowan Companies, Inc.

Wholly-Owned Subsidiaries of Registrant:
Era Aviation, Inc., a Washington corporation
Rowan International, Inc., a Panamanian corporation
Rowandrill, Inc., a Texas corporation
Rowan Drilling Company, Inc., a Texas corporation
Atlantic Maritime Services, Inc., a Texas corporation
LeTourneau, Inc., a Texas corporation

Note: Certain subsidiaries have been omitted from this listing because such subsidiaries, when considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

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INDEPENDENT AUDITORS' CONSENT

Rowan Companies, Inc.:

We consent to the incorporation by reference in Post-Effective Amendment No. 4 to Registration Statement No. 2-58700, Amendment No. 1 to Registration Statement No. 33-33755, Registration Statement No. 33-61444, Registration Statement No. 33-51103, Registration Statement No. 33-51105, Registration Statement No. 33-51109, Registration Statement No. 333-25041, Registration Statement No. 333-25125, Registration Statement No. 333-84369, Registration Statement No. 333-84405 and Registration Statement No. 333-101914, each on Form S-8, and to the incorporation by reference in Amendment No. 1 to Registration Statement No. 33-15721, Amendment No. 2 to Registration Statement No. 33-30057, Amendment No. 2 to Registration Statement No. 33-61696, Amendment No. 1 to Registration Statement No. 33-62885, Registration Statement No. 333-84407, Registration Statement No. 333-84423, Amendment No. 1 to Registration Statement No. 333-88855, Amendment No. 2 to Registration Statement No. 333-44874, Amendment No. 1 to Registration Statement No. 333-82798, Amendment No. 1 to Registration Statement No. 333-82802 and Amendment No. 1 to Registration Statement No. 333-82804, each on Form S-3, of Rowan Companies, Inc. ("Company"), of our report dated March 7, 2003, (which report expresses an unqualified opinion and includes an explanatory paragraph referring to the Company's change in its method of accounting for Goodwill and Other Intangible Assets) incorporated by reference in this Annual Report on Form 10-K of Rowan Companies, Inc., for the year ended December 31, 2002, and to the reference to us under the heading "Experts" in Amendment No. 1 to Registration Statement No. 333-82804.

DELOITTE & TOUCHE LLP
DELOITTE & TOUCHE LLP

Houston, Texas
March 27, 2003

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Form 10-K for the Year Ended December 31, 2002
The Exchange Act of 1934

Power of Attorney

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints C. R. Palmer or E. E. Thiele, or either of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign to the Company's Form 10-K for the year ended December 31, 2002 and any or all amendments, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or either of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirement of the Exchange Act of 1934, the Company's Form 10-K for the year ended December 31, 2002 or amendment has been signed below by the following persons in the capacities and on the dates indicated:

Signature -----	Title -----	Date ----
----- (C. R. Palmer)	Chairman of the Board and Chief Executive Officer	
HENRY O. BOSWELL (Henry O. Boswell)	Director	March 27, 2003
HANS M. BRINKHORST (Hans M. Brinkhorst)	Director	March 27, 2003
R. G. CROYLE (R. G. Croyle)	Director	March 27, 2003
WILLIAM T. FOX III (William T. Fox III)	Director	March 27, 2003
FREDERICK R. LAUSEN (Frederick R. Lausen)	Director	March 27, 2003
H. E. LENTZ (H. E. Lentz)	Director	March 27, 2003
D. F. MCNEASE (D. F. McNease)	Director	March 27, 2003
LORD MOYNIHAN (Lord Moynihan)	Director	March 27, 2003
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CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U. S. C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

IN CONNECTION WITH THE ANNUAL REPORT OF ROWAN COMPANIES, INC. (THE "COMPANY") ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2002, AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON THE DATE HEREOF (THE "REPORT"), I, C. R. PALMER, CHIEF EXECUTIVE OFFICER OF THE COMPANY, CERTIFY, PURSUANT TO 18 U.S.C. SS.1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002, THAT, TO THE BEST OF MY KNOWLEDGE:

- (1) THE REPORT FULLY COMPLIES WITH THE REQUIREMENTS OF SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934; AND
- (2) THE INFORMATION CONTAINED IN THE REPORT FAIRLY PRESENTS, IN ALL MATERIAL RESPECTS, THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE COMPANY FOR THE PERIODS PRESENTED.

DATE: MARCH 27, 2003

/S/ C. R. PALMER

C. R. PALMER
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U. S. C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

IN CONNECTION WITH THE ANNUAL REPORT OF ROWAN COMPANIES, INC. (THE "COMPANY") ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2002, AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON THE DATE HEREOF (THE "REPORT"), I, E. E. THIELE, CHIEF FINANCIAL OFFICER OF THE COMPANY, CERTIFY, PURSUANT TO 18 U.S.C. SS.1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002, THAT, TO THE BEST OF MY KNOWLEDGE:

- (1) THE REPORT FULLY COMPLIES WITH THE REQUIREMENTS OF SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934; AND
- (2) THE INFORMATION CONTAINED IN THE REPORT FAIRLY PRESENTS, IN ALL MATERIAL RESPECTS, THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE COMPANY FOR THE PERIODS PRESENTED.

DATE: MARCH 27, 2003

/S/ E. E. THIELE

E. E. THIELE
SENIOR VICE PRESIDENT - FINANCE,
ADMINISTRATION AND TREASURER
(CHIEF FINANCIAL OFFICER)

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