

ROWAN COMPANIES INC
Form 8-K
May 10, 2005

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 10, 2005

ROWAN COMPANIES, INC.
(Exact name of registrant as specified in its charter)

| | | |
|---|---------------------------------|--|
| DELAWARE | 1-5491 | 75-0759420 |
| (State or other jurisdiction of incorporation) | (Commission file Number) | (IRS Employer Identification No.) |

| | |
|---|-------------------|
| 2800 POST OAK BOULEVARD | |
| SUITE 5450 | |
| HOUSTON, TEXAS | 77056-6127 |
| (Address of principal executive offices) | (zip code) |

(713) 621-7800
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)**
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 14a-12)**
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240-14d-2(b))**
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240-13e-4(c))**

Item 1.01 Entry into a Material Definitive Agreement**Short-Term Incentive Compensation Award for Fiscal 2004**

On July 21, 2004, the Compensation Committee (the "Committee") of the Board of Directors of Rowan Companies, Inc. (the "Company") established the performance goals for the Company's officers and key employees under a short-term incentive compensation plan for fiscal 2004 (the "Short-Term Plan"). On July 22, 2004, the Board of Directors approved the Short-Term Plan. The Short-Term Plan included performance goals that were based on the financial performance of the Company's drilling operations, specifically, the percentage of EBITDA return on revenues in excess of a minimum threshold and relative to budget. On January 27, 2005, the Committee determined that the performance goals under the Short-Term Plan were achieved, but withheld approval of payment to certain executive officers. The table set forth below reflects annual bonus awards approved by the Committee for fiscal 2004, which were paid in cash to certain executive officers.

| Name | Title | 2004 Cash Bonus |
|---------------------|---|--------------------|
| Daniel F. McNease | Chairman, President and Chief Executive Officer | \$ 324,272 |
| Robert G. Croyle | Vice Chairman and Chief Administrative Officer | \$ 219,964 |
| Paul L. Kelly | Senior Vice President - Special Projects | \$ 158,533 |
| John L. Buvens, Jr. | Senior Vice President - Legal | \$ 142,019 |
| Mark A. Keller | Senior Vice President - Marketing | \$ 138,716 |
| William H. Wells | Vice President - Finance and Treasurer | \$ 80,000 |
| David P. Russell | Vice President - Drilling | \$ 78,746 |
| William C. Provine | Vice President - Investor Relations | \$ 77,825 |

2005 Rowan Companies, Inc. Long-Term Incentive Plan

On April 22, 2005, the Company's stockholders approved and adopted the 2005 Rowan Companies, Inc. Long-Term Incentive Plan (the "Long-Term Plan"). Employees, consultants and non-employee directors of the Company are eligible to participate in the Long-Term Plan. Under the Long-Term Plan, the Committee may grant awards of stock options, restricted stock units, restricted stock, stock appreciation rights and common stock to participants. A total of 3,400,000 shares of Company common stock may be issued under the Long-Term Plan pursuant to awards granted under the Long-Term Plan, except that the maximum number of "Full Value Awards" (as defined in the Long-Term Plan) that may be issued is limited to 1,700,000 shares. Except in the case of terminations of employment due to death, disability, retirement, change of control or other circumstances determined by the Committee, any Full Value Award will not become 100% vested until at least three years from the date of grant, subject to certain exceptions set forth in the Long-Term Plan. No awards may be granted under the Long-Term Plan after April 22, 2015. The foregoing description of the Long-Term Plan terms is qualified in its entirety by reference to the actual terms of the Long-Term Plan, which is attached and incorporated herein by reference.

On July 22, 2004, and subject to the approval of the Plan by the Company's stockholders on April 22, 2005, certain non-employee directors of the Company received a grant of Restricted Stock Units and two executive officers were granted shares of Restricted Stock as set forth in the table below.

| Name | Position | Grant | Grant - Value (1) |
|------------------------|---|---|----------------------|
| | | 3,000 Restricted Stock Units | \$ 74,550 |
| William T. Fox | Non-employee director | | |
| | | 3,000 Restricted Stock Units | 74,550 |
| Frederick R. Lausen | Non-employee director | | |
| | | 3,000 Restricted Stock Units | 74,550 |
| H. E. Lentz | Non-employee director | | |
| | | 3,000 Restricted Stock Units | 74,550 |
| Lord Moynihan | Non-employee director | | |
| | | 3,000 Restricted Stock Units | 74,550 |
| C. R. Palmer | Non-employee director | | |
| | | 3,000 Restricted Stock Units | 74,550 |
| Daniel F. McNease | Chairman, President and Chief Executive Officer | 60,000 shares Restricted Stock | \$ 1,491,000 |
| Robert G. Croyle | Vice Chairman and Chief | 30,000 shares | 745,500 |

| | |
|---------------------------|---------------------|
| Administrative Officer | Restricted Stock |
|---------------------------|---------------------|

(1) Amount is based upon the last reported per-share sales price of Rowan's common stock on the New York Stock Exchange on July 21, 2004.

Additionally, on April 22, 2005, each non-employee director of the Company received a grant of Restricted Stock Units as set forth in the table below.

| Name | Position | Grant 2,700 Restricted Stock Units | Grant - Value (1) \$ |
|------------------------|--------------------------|--|----------------------------|
| William T. Fox | Non-employee director | 2,700 Restricted Stock Units | 78,381 |
| Sir Graham Hearne | Non-employee director | 2,700 Restricted Stock Units | 78,381 |
| Frederick R. Lausen | Non-employee director | 2,700 Restricted Stock Units | 78,381 |
| H. E. Lentz | Non-employee director | 2,700 Restricted Stock Units | 78,381 |
| Lord Moynihan | Non-employee director | 2,700 Restricted Stock Units | 78,381 |
| C. R. Palmer | Non-employee director | 2,700 Restricted Stock Units | 78,381 |
| P. Dexter Peacock | Non-employee director | 2,700 Restricted Stock Units | 78,381 |

(1) Amount is based upon the last reported per-share sales price of Rowan's common stock on the New York Stock Exchange on April 21, 2005.

Item 9.01. Financial Statements and Exhibits

(c) Exhibits

Exhibit

| Number | Exhibit Description |
|--------|--|
| 10.1 | <u>2005 Rowan Companies, Inc. Long-Term Incentive Plan</u> |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ROWAN COMPANIES, INC.

By: /s/ W. H. WELLS

W. H. Wells,

Vice President - Finance and Treasurer (Principal Financial Officer)

Dated: May 10, 2005

INDEX TO EXHIBITS

EXHIBIT DESCRIPTION

| Exhibit Number | Exhibit Description |
|-------------------|--|
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