ROWAN COMPANIES INC
Form 424B5
July 16, 2009

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

CALCULATION OF REGISTRATION FEE

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

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

PROSPECTUS SUPPLEMENT
(To Prospectus dated July 15, 2009)

$500,000,000

Rowan Companies, Inc.

77/8% Senior Notes due 2019

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

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

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

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

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

	Per Note	Total
Price to the public[1]	99.341%	$ 496,705,000
Underwriting discounts and commissions	0.650%	$ 3,250,000

Proceeds to us (before expenses)[1]	98.691%	$ 493,455,000

[1] Plus accrued interest, if any, from July 21, 2009.

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

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

Joint Book-Running Managers

Barclays Capital **Goldman, Sachs & Co.**

Citi **Deutsche Bank Securities** **Wells Fargo Securities**

Prospectus Supplement dated July 15, 2009

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

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

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

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ABOUT THIS PROSPECTUS SUPPLEMENT

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

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

INCORPORATION BY REFERENCE

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

- our Annual Report on Form 10-K for the year ended December 31, 2008, as filed with the SEC on March 2, 2009;
- our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009, as filed with the SEC on May 11, 2009;
- our Current Reports on Form 8-K and 8-K/A, as filed with the SEC on January 26, 2009, February 9, 2009, March 2, 2009, March 9, 2009, March 10, 2009, May 11, 2009, May 12, 2009, June 1, 2009, June 22, 2009 and June 26, 2009; and
- the description of our common stock contained in our registration statements filed pursuant to Section 12 of the Exchange Act, including any amendment or report filed for the purpose of updating such description.

FORWARD-LOOKING STATEMENTS

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

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

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

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

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

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

NON-GAAP FINANCIAL MEASURES

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

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

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

- do not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments;
- do not reflect changes in, or cash requirements for, our working capital needs;
- do not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debts; and
- do not reflect the effect of earnings or charges resulting from matters we consider not to be indicative of our ongoing operations.

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

INDUSTRY AND MARKET DATA

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

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PROSPECTUS SUPPLEMENT SUMMARY

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

Rowan Companies, Inc.

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

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

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

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

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

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

(1) Rigs that have at least two million pounds of hook load.

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

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

Competitive Strengths

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

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

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

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

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

Business Strategy

International Diversification.

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

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

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

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Focus on Financially Strong Customers With Stable Drilling Needs.

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

Strong Emphasis on Safety and Environmental Compliance.

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

Second Quarter 2009 Outlook

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

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

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

- total revenues of between $477 million and $482 million;
- operating income of between $124 million and $130 million;
- net income of between $83 million and $88 million;
- EBITDA of between $169 million and $175 million; and
- Adjusted EBITDA of between $166 million and $173 million.

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

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

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

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

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

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The Offering

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

Issuer	Rowan Companies, Inc.
Securities	\$500,000,000 aggregate principal amount of 77/8% senior notes due 2019.
Maturity date	August 1, 2019.
Interest payment dates	February 1 and August 1 of each year, beginning on February 1, 2010. Interest will accrue from July 21, 2009.
Mandatory redemption	We will not be required to make mandatory redemption or sinking fund payments on the notes.
Optional redemption	We may, at our option, redeem all or part of the notes at a make-whole price at any time.
Ranking	The notes will be our general unsecured, senior obligations. Accordingly, they will rank: senior in right of payment to all of our subordinated indebtedness, if any; *pari passu* in right of payment with any of our existing and future unsecured indebtedness that is not by its terms subordinated to the notes, including any indebtedness under our senior revolving credit facility (other than letter of credit reimbursement obligations that are secured by cash deposits)*;* effectively junior to our existing and future secured indebtedness, including indebtedness under our secured notes issued pursuant to the MARAD Title XI program to finance several of our offshore drilling rigs, in each case, to the extent of the value of our assets constituting collateral securing that indebtedness; and effectively junior to all existing and future indebtedness and other liabilities of our subsidiaries (other than indebtedness and liabilities owed to us). As of June 30, 2009, we had total indebtedness of approximately \$388 million, all of which was secured by liens on several of our offshore drilling rigs; this amount includes total indebtedness of our subsidiaries of

approximately $131 million owed to third parties.

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

- create liens that secure debt;

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	engage in sale and leaseback transactions; and
	merge or consolidate with another company.
	These covenants are subject to a number of important limitations and exceptions that are described later in this prospectus supplement under the caption Description of Notes Covenants.
Ratings	The notes have been rated BBB- by Standard & Poor s Ratings Services and Baa3 by Moody s Investors Service, Inc. A rating reflects only the view of a rating agency and is not a recommendation to buy, sell or hold the notes. Any rating can be revised upward or downward or withdrawn at any time by a rating agency if the rating agency decides that the circumstances warrant a revision.
Use of proceeds	We expect to receive net proceeds from this offering of approximately $492 million, after deducting the underwriting discount and estimated offering expenses. We intend to use the net proceeds from this offering for general corporate purposes.
Form	The notes will be represented by registered global securities registered in the name of Cede & Co., the nominee of the depositary, The Depository Trust Company, or DTC. Beneficial interests in the notes will be shown on, and transfers will be effected through, records maintained by DTC and its participants.
Trustee	U.S. Bank National Association.
Governing law	The notes and the indenture will be governed by New York law.
Risk factors	See Risk Factors&#1