

ROWAN COMPANIES INC
Form DEF 14A
March 11, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934**

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Rowan Companies, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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No fee required.

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

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March 15, 2010

Dear Stockholder:

You are cordially invited to attend the 2010 Annual Meeting of Stockholders of Rowan Companies, Inc. on April 29, 2010, at 9:00 a.m., local time, in the Beacon Room, Williams Tower, 2800 Post Oak Boulevard, 62nd Floor, Houston, Texas.

At the Annual Meeting, you will be asked to:

Elect four Class I directors to serve for three years and until their successors are duly elected and qualified;

Approve amendments to the Company's Restated Certificate of Incorporation to eliminate all supermajority voting requirements;

Ratify the appointment of our independent auditors; and

Conduct other business as may properly come before the meeting or any adjournment or postponement thereof.

Please refer to the proxy statement for detailed information on each of these proposals.

It is very important that your shares are represented and voted at the meeting. Your shares may be voted electronically on the Internet, by telephone or by returning the enclosed proxy card. Your proxy will not be used if you are present and prefer to vote in person or if you revoke your proxy. We would appreciate your informing us on the proxy card if you expect to attend the meeting so that we can provide adequate seating.

We appreciate the continuing interest of our stockholders in the business of Rowan Companies, Inc., and we hope you will be able to attend the meeting.

Sincerely,

H. E. Lentz

Chairman of the Board of Directors

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Rowan Companies, Inc.

2800 Post Oak Boulevard, Suite 5450

Houston, Texas 77056

Notice of Annual Meeting of Stockholders to be held April 29, 2010

Rowan Companies, Inc., a Delaware corporation, will hold its Annual Meeting of Stockholders (the Annual Meeting), on Thursday, April 29, 2010, at 9:00 a.m., local time, in the Beacon Room, Williams Tower, 2800 Post Oak Boulevard, 62nd Floor, Houston, Texas. The items of business are:

Elect four Class I Directors to serve for three years and until their successors are duly elected and qualified;

Approve amendments to the Company's Restated Certificate of Incorporation (Certificate) to eliminate all supermajority voting requirements;

Ratify the appointment of our independent auditors; and

Conduct other business as may properly come before the meeting or any adjournment or postponement thereof. Stockholders as of the close of business on Wednesday, March 3, 2010, are entitled to notice of and to vote at the meeting and at any adjournment or postponement of the meeting. A list of these stockholders is available at our offices in Houston, Texas.

Melanie M. Trent

Corporate Secretary

Important Notice Regarding the Availability of

Proxy Materials for the Stockholder

Meeting to be Held on April 29, 2010

The proxy statement and annual report to stockholders and the means to vote by Internet are available at www.proxyvote.com.

Your Vote is Important

Please vote as promptly as possible

by using the Internet or telephone or

by signing, dating and returning the Proxy Card

mailed to those who receive paper copies of this proxy statement.

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If you hold Rowan Companies, Inc. shares with a broker or bank, you may also be eligible to vote via the Internet or by telephone if your broker or bank participates in the proxy voting program provided by Broadridge Investor Communication Services.

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PROXY STATEMENT

This proxy statement and the proxy card are being provided to you in connection with the solicitation of proxies by the Board of Directors of Rowan Companies, Inc. for use at the 2010 Annual Meeting of Stockholders to be held on Thursday, April 29, 2010, in the Beacon Room of Williams Tower, 62nd Floor, 2800 Post Oak Boulevard, Houston, Texas, at 9:00 a.m. local time, and at any adjournment or postponement of the meeting. In this proxy statement, we refer to Rowan Companies, Inc. as the Company, Rowan, we, our or us.

The proxy is solicited by the Board of Directors of the Company (the Board of Directors or the Board) and is revocable by the stockholder any time before it is voted. This proxy statement, form of proxy and voting instructions are being made available to stockholders on or about March 15, 2010, at www.proxyvote.com. You may also request a printed copy of this proxy statement and the form of proxy by any of the following methods: (a) telephone at 800-579-1639 (b) Internet at www.proxyvote.com; or (c) e-mail at sendmaterial@proxyvote.com. Our Annual Report, including financial statements for the fiscal year ended December 31, 2009, is being made available at the same time and by the same methods. The Annual Report is not to be considered as a part of the proxy solicitation material or as having been incorporated by reference.

Our principal executive office is located at 2800 Post Oak Boulevard, Suite 5450, Houston, Texas 77056, our telephone number is (713) 621-7800 and our website address is www.rowancompanies.com. Information contained on our website, including information referred to in this proxy statement, is not to be considered as part of the proxy solicitation material and is not incorporated into this proxy statement.

QUESTIONS AND ANSWERS ABOUT VOTING

Who is entitled to vote?

Only holders of record of the Company's common stock on March 3, 2010 are entitled to notice of, and to vote at, the meeting or any adjournment or postponement thereof. As of the record date, there were 113,834,940 shares of common stock outstanding and entitled to vote at the meeting. Each share of common stock is entitled to one vote on all matters. No other class of securities will be entitled to vote at the meeting. There are no cumulative voting rights.

A complete list of stockholders entitled to vote at the meeting will be open to the examination of any stockholder for any purpose germane to the Annual Meeting for a period of ten days prior to the meeting at the Company's principal executive offices set forth above, during ordinary business hours. Such list shall also be open to the examination of any stockholder present at the meeting.

If you hold your shares indirectly in the Rowan Companies, Inc. or the LeTourneau Technologies, Inc. savings plans (the Saving Plans), you have the right to direct the trustee of your plan how to vote as described on the separate instruction card sent to you by the trustee.

Who is soliciting my proxy to vote my shares?

Our Board of Directors is soliciting your proxy, or your authorization for our representatives to vote your shares. Your proxy will be effective for the Annual Meeting and at any adjournment or postponement of that meeting.

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What are the Board of Directors Voting Recommendations regarding the election of directors and proposals?

The Board of Directors recommends that you vote as follows:

Proposal	Recommendation
1. Election of four Class I nominees to the Board of Directors	FOR Each Nominee
2. Approval of amendments to the Certificate	FOR
3. Ratification of the Company's independent auditors	FOR

What constitutes a quorum?

For business to be conducted at the meeting, a quorum constituting a majority of the shares of Rowan common stock issued and outstanding and entitled to vote must be in attendance or represented by proxy.

How do I give voting instructions?

Proxies may be submitted over the Internet, by telephone or by mail. Votes submitted over the Internet or by telephone must be received by 11:59 p.m., Eastern Time, on Wednesday, April 28, 2010. Giving us your proxy means you authorize the persons appointed as proxies to vote your shares at the Annual Meeting in the manner that you have indicated. If you sign and return the enclosed proxy card but do not indicate your vote, the appointed proxies will vote your shares FOR the Board's director nominees, FOR the amendments to the Certificate, and FOR the ratification of the appointment of our independent auditors.

Can I change my vote?

A proxy may be revoked by a stockholder at any time before it is voted by giving notice of the revocation in writing to the Company's Corporate Secretary at 2800 Post Oak Boulevard, Suite 5450, Houston, Texas 77056, by submitting another valid proxy by mail, telephone or over the Internet that is later dated and, if mailed, is properly signed, or by voting in person at the meeting.

What are the requirements to elect the directors and approve each of the proposals?

The standard for the election of directors at the Annual Meeting will be majority voting, and a nominee for director will be elected to the Board if the votes cast for such nominee's election exceed the votes cast against such nominee's election.

The amendments to the Certificate relating to supermajority voting provisions must be approved by the affirmative vote of at least 80% of the votes of holders of the shares outstanding and entitled to vote. If approved and adopted by the requisite vote of stockholders, the proposed amendment will become effective upon filing of the Certificate of Amendment with the Secretary of State of Delaware.

The ratification of the appointment of independent auditors requires the favorable vote of a majority of the votes cast.

If my shares are held in street name by my broker, will my broker vote my shares for me?

Brokerage firms that have not received voting instructions from their clients on non-discretionary proposals may not vote on such proposals. These so-called "broker non-votes" will be included in the calculation of the number of votes considered to be present at the meeting for purposes of determining a quorum, but will not be considered in determining the number of votes necessary for approval. Because the amendments to the Certificate require approval by a percentage of all shares outstanding, broker non-votes will have the effect of a vote against these proposals.

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What happens if I am a registered holder?

If your shares are registered directly in your name, you are the holder of record of these shares and we are sending these proxy materials directly to you. As the holder of record, you have the right to give your proxy directly to us, to give your voting instructions by telephone or over the Internet or to vote in person by ballot at the meeting.

What happens if I abstain or withhold my vote on any proposal?

Abstentions are counted as present in determining whether the quorum requirement is satisfied. Abstentions from voting are not votes cast and will not be taken into account in determining the outcome of any of the proposals.

Does Rowan offer electronic delivery of proxy materials?

Yes. As permitted by Securities and Exchange Commission rules, we are making this proxy statement and our annual report available to stockholders electronically via the Internet at www.proxyvote.com. On March 15, 2010, we began mailing to our stockholders a notice containing instructions on how to access this proxy statement and our annual report and how to vote online. If you received that notice, you will not receive a printed copy of the proxy materials unless you request it by following the instructions for requesting such materials contained on the notice or set forth in the following paragraph. This notice is not a form for voting.

If you received a paper copy of this proxy statement by mail and you would like to reduce the costs incurred by the Company in mailing proxy materials, you can consent to receiving all future proxy materials via email or on the Internet. To sign up for electronic delivery, please follow the instructions on your proxy card to vote by Internet at www.proxyvote.com and, when prompted, indicate that you agree to receive or access stockholder communications electronically in future years.

What is householding?

Securities and Exchange Commission rules now allow us to deliver a single copy of an annual report and proxy statement to any household not participating in electronic proxy material delivery at which two or more stockholders reside, if we believe the stockholders are members of the same family. This rule benefits both you and the Company. We believe it eliminates irritating duplicate mailings that stockholders living at the same address receive and it reduces our printing and mailing costs. This rule applies to any annual reports or proxy statements. Each stockholder will continue to receive a separate proxy card or voting instruction card.

Your household may have received a single set of proxy materials this year. If you prefer to receive your own copy, or if you have received multiple copies and prefer a single set, please make your request by calling 800-579-1639, using the website www.proxyvote.com, or by e-mail at sendmaterial@proxyvote.com, or in writing to Rowan Companies, Inc., c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

If a broker or other nominee holds your shares, you may continue to receive some duplicate mailings. Certain brokers will eliminate duplicate account mailings by allowing stockholders to consent to such elimination, or through implied consent if a stockholder does not request continuation of duplicate mailings. Since not all brokers and nominees may offer stockholders the opportunity this year to eliminate duplicate mailings, you may need to contact your broker or nominee directly to discontinue duplicate mailings to your household.

What if I plan to attend the Annual Meeting?

Attendance at the Annual Meeting will be limited to stockholders as of the record date. Each stockholder may be asked to present valid picture identification, such as a driver's license or passport. Stockholders holding stock in brokerage accounts or by a bank or other nominee are required to show a brokerage statement or account statement reflecting stock ownership as of the record date. Cameras, recording devices and other electronic devices will not be permitted at the Annual Meeting.

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How does the Company solicit proxies?

We solicit the proxies and will bear the entire cost of this solicitation. The initial solicitation of proxies may be supplemented by additional mail communications and by telephone, fax, e-mail, Internet and personal solicitation by our directors, officers or other employees, or our proxy solicitor. No additional compensation for soliciting proxies will be paid to our directors, officers or other employees for their proxy solicitation efforts. We have retained Innisfree M&A Incorporated to assist in the solicitation of proxies at a cost of \$12,500 plus reasonable out-of-pocket expenses. We also reimburse brokerage houses and other custodians, nominees and fiduciaries for their expenses in sending these materials to you.

What do I do if I receive more than one proxy card?

If you hold your shares in more than one account, you will receive a proxy card for each account. To ensure that all of your shares are voted, please sign, date and return the proxy card for each account or use the proxy card to vote by telephone or Internet. Please be sure to vote all of your shares.

Will there be any other business conducted at the Annual Meeting?

The Board of Directors is not aware of any other matters that are to be presented for action at the meeting. However, if any other matters properly come before the meeting, your shares will be voted in accordance with the discretion of the appointed proxies.

Who is the Transfer Agent?

Our Transfer Agent is Wells Fargo Shareowner Services. All communications concerning stockholders of record accounts, including address changes, name changes, common stock transfer requirements, and similar issues can be handled by contacting Wells Fargo Shareowner Services at 800-468-9716 (U.S.), 651-450-4064 (outside the U.S.), www.wellsfargo.com/shareownerservices or in writing at P.O. Box 64874, St. Paul, MN 55164-0874.

CORPORATE GOVERNANCE

Recent Corporate Governance Actions

Our Board of Directors has been very proactive in recent years, taking decisive actions including: implementing a new strategic plan, effecting numerous corporate governance improvements, engaging closely with stockholders, recruiting new talent and improving processes and procedures throughout the Company. Specific examples include:

Resolving to seek a stockholder vote to approve the declassification of our Board of Directors in our 2012 Annual Meeting. If approved by our stockholders, beginning in 2013, any director standing for reelection would be elected for a one-year term. The Board believes 2012 is the appropriate timing for such a stockholder vote as the Board refreshment process (described below) will likely be complete and the demand and outlook for contract drilling services will likely have stabilized;

Recommending a vote for the elimination of all supermajority voting provisions in our governing documents at our 2010 Annual Meeting;

Terminating our Stockholder Rights Plan in November 2009;

Adopting a majority voting standard for routine director elections;

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Electing a new Chief Executive Officer from outside the Company, W. Matt Ralls, after a thorough search of internal and external candidates;

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Separating the roles of Chief Executive Officer and Chairman of the Board;

Pursuing active discussions with a significant stockholder (Steel Partners) that led to the election of John Quicke as a member of our Board of Directors;

Engaging in a process to refresh the Board of Directors over the next few years by reducing the size of the Board to nine or ten members and replacing a number of members;

Adding a new independent director with significant industry expertise, Thomas R. Hix;

Creating a Board of Directors comprised completely of independent members, other than our CEO, Mr. Ralls; and

Effecting numerous changes to our Amended and Restated Corporate Governance Guidelines (Guidelines), Nominating and Corporate Governance Committee charter and Bylaws to provide better corporate governance.

Corporate Governance Guidelines

Our Board has adopted the Guidelines that, along with the charters of the Board committees, provide the framework for the governance of the Company. The Board's Nominating and Corporate Governance Committee is responsible for overseeing and reviewing the Guidelines at least annually, and recommending any proposed changes to the Board for approval. The Guidelines are available on our website at www.rowancompanies.com under Investor Relations Governance.

Separation of Roles of Chairman and CEO

Effective January 1, 2009, the Board of Directors separated the roles of Chairman and CEO. Mr. H. E. Lentz serves as Chairman of our Board and Mr. W. Matt Ralls serves as our CEO and President. The Board determined to separate these roles to provide support and guidance to Mr. Ralls in his new position as CEO and President. Mr. Lentz had previously served as Lead Director.

Our Guidelines provide that the non-executive Chairman shall have the following responsibilities:

To be available to discuss with any director, strategic issues facing the Company and any concerns that a director may have regarding the Board, the Company or management;

To facilitate information flow and communication between the Board and management, and to ensure that written information communicated by management to any director is readily available to all Board members;

To consult with the CEO and President with regard to the agenda and items to be discussed at Board meetings, and the scheduling of time available for discussion of all agenda items;

To be available to the CEO and President for advice and counsel on issues of significance to the Company;

To make determinations regarding the engagement of outside consultants and advisors who report directly to the Board of Directors;

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To preside over meetings of stockholders; and

To oversee the process for stockholder communications with the Board and to be available for consultation and direct communication with major stockholders upon stockholder request or upon request of the Board or the CEO and President. In addition, the non-executive Chairman shall preside at all meetings of the Board of Directors, including executive sessions; may attend all meetings of Board Committees, other than executive sessions; and has authority to call meetings of the independent directors.

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Executive Sessions

During each of our Board of Directors regularly scheduled meetings, the non-management directors meet in executive session with our non-executive Chairman presiding.

Board Refreshment Process

In 2009, the Nominating and Corporate Governance Committee recommended, and the Board approved, the commencement of a process to refresh the Board of Directors over the next few years by reducing the size of the Board to nine or ten members and replacing a number of members. The Committee identified the following qualifications to consider in its evaluation of potential candidates:

Active, or recently retired, C level executive officer with a global public company of comparable or greater size to Rowan;

Successful career with industry background in oil services or an upstream energy company;

Experience or knowledge in international operations and/or financial expertise;

Diversity, including gender, race or national origin;

An individual who consistently contributes yet is sensitive to the opinions of others and supports consensus decisions that are in the best long-term interests of stockholders; and

An individual who views the Board's role as a governing and oversight body that serves as a sounding board for executive management decisions.

Specific Experience, Qualifications and Skills of the Members of Our Board of Directors

Our Board of Directors is comprised of highly qualified individuals with unique and special skills that assist in effective management of the Company for the benefit of our stockholders. In addition to the biographical information with respect to each of our directors under the heading *Election of Directors Our Nominees for Class I Director* and *Election of Directors Our Continuing Directors*, the following table shows additional experience and qualifications of our individual directors:

Director	Specific Qualifications and Skills
Robert G. Croyle	Over 30 years of experience in the oil services industry
	In-depth knowledge of the Company, served as an attorney and eventually Vice Chairman of the Company
William T. Fox III	Experience in compensation and health, safety and environmental matters Financial expertise

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Sir Graham Hearne	Over 30 years in commercial banking, lending to energy companies CEO or Chairman of independent exploration and production company for 18 years, with extensive international operations
	CFO of major UK public company for three years
	Over 40 years of experience as an independent director of a number of public and private enterprises
Thomas R. Hix	Extensive investment banking and legal experience CFO of public company in oil and gas services for 17 years
	Significant public company Board service, including exploration and production companies
	Various officer/senior positions with an offshore contract drilling company

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Robert E. Kramek	Commandant of the United States Coast Guard
	President & COO of American Bureau of Shipping; expertise with offshore rigs
Frederick Lausen	Led United States Delegation to the International Maritime Organization Over 40 years of experience at oil and gas exploration and production companies
H. E. Lentz	Extensive operational experience Investment banker for 39 years
Lord Moynihan	Financial expertise Former Minister of Energy, United Kingdom; significant government experience related to energy
	Board service and consulting in oil and gas industry for over 20 years
P. Dexter Peacock	Significant international experience in energy industry Experience managing a large law firm; expertise in mergers/acquisitions and securities law
	Advisor to Boards of Directors of public companies for over 30 years
John J. Quicke	Extensive international transactional experience Board service on eight public companies, over 15 years
	Significant operating experience for over 20 years
Director Independence	Financial and accounting expertise

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The Board undertakes its annual review of director independence in January of each year. During the review, the Board considers transactions and relationships between each director or any member of his or her immediate family and the Company and its subsidiaries and affiliates, including the relationships reported below. The purpose of this review is to determine whether any relationships or transactions existed that were inconsistent with a determination that the director is independent. As a result of this review, the Board affirmatively determined that all of the directors are independent of the Company and its management, with the exception of Mr. Ralls, our Chief Executive Officer.

Mr. Peacock, a Class I director of the Company, is Of Counsel to Andrews Kurth LLP, a law firm from which Mr. Peacock retired as a partner in 1997. We seek legal advice from many different law firms and often rely on Andrews Kurth for corporate and securities law matters. During 2009, we paid Andrews Kurth approximately \$578,000 in legal fees, which the Company believes reflected market rates for services rendered. The 2009 fees were a small portion of total legal fees paid by the Company, and the Company believes such fees represented less than one-fourth of one percent ($\frac{1}{4}$ of 1%) of the law firm's 2009 revenues. The engagement of Andrews Kurth was approved by the Board of Directors. For serving Of Counsel, Mr. Peacock is paid by Andrews Kurth an annual stipend of \$100,000. This is a fixed sum and he does not actively practice law or participate in the earnings of the firm, and is not eligible for bonuses or other incentive payments.

Mr. Lentz, a Class I Director and Chairman of the Board of the Company, was formerly Managing Director of Barclays Capital from September 2008 through March 2009. Barclays Capital (which acquired Lehman Brothers Inc.) is an investment banking firm that has provided investment banking services to the Company in the past and continues to advise the Company from time to time. After Mr. Lentz resigned from Barclays Capital in March 2009, based on competitive bids, Rowan paid fees of \$1.8 million to Barclays Capital in connection with the July 2009 public offering of \$500 million Senior Notes.

Role of the Board in Risk Oversight

The Board of Directors requires that an annual assessment of risk be performed and has delegated to the Audit Committee oversight of that process. The enterprise risk management assessment is designed to

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take a portfolio view of risk and to identify potential events that may affect the Company, manage risks to be within the Company's risk profile and to provide reasonable assurance regarding the achievement of Company objectives.

In 2009, the management team of the Company met to conduct a thorough assessment of potential risks facing the Company. Risks were rated as to severity and likelihood of threat, and management discussed what mitigation efforts were in place to assess each risk. To the extent the management team believed that mitigation efforts were not in place for a significant risk, an initiative to address such risk was assigned to the appropriate management representative. In January 2010, management presented the complete risk assessment to the Audit Committee, and the Committee reviewed the report and asked for modifications as it deemed necessary. The Audit Committee then reported to the Board of Directors to assist in its oversight of risk.

The Compensation Committee is responsible for oversight of risks relating to employment policies and the Company's compensation and benefits arrangements. To assist in satisfying these oversight responsibilities, the Committee has retained its own compensation consultant and meets regularly with management to understand the financial, human resources and stockholder implications of compensation decisions being made.

Director Selection Process

The Nominating and Corporate Governance Committee of the Board of Directors is responsible for, among other things, the selection and recommendation to the Board of Directors of nominees for election as directors. Working closely with the full Board, the Nominating and Corporate Governance Committee develops criteria for open Board positions, taking into account such factors as it deems appropriate, which may include: the current composition of the Board; the range of talents, experiences and skills that would best complement those already represented on the Board; the desire for a substantial majority of independent directors; diversity; and the need for financial, industry, international or other specialized expertise. Applying these criteria, the Committee considers candidates for Board membership suggested by its members and other Board members, as well as management and stockholders. The Committee may also consider retaining a third-party executive search firm to identify and review candidates.

Once the Committee has identified a prospective nominee (including prospective nominees recommended by stockholders), it makes an initial determination as to whether to conduct a full evaluation. In making this determination, the Committee takes into account the information provided to the Committee with the recommendation of the candidate, as well as the Committee's own knowledge and information obtained through inquiries to third parties to the extent the Committee deems appropriate. The preliminary determination is based primarily on the need for additional Board members and the likelihood that the prospective nominee can satisfy the criteria that the Committee has established. If the Committee determines, in consultation with the Chairman of the Board and other directors as appropriate, that additional consideration is warranted, it may gather additional information about the prospective nominee's background and experience and report its findings to the Committee. The Committee then evaluates the prospective nominee against the specific criteria that it has established for the position.

If the Committee decides, on the basis of its preliminary review, to proceed with further consideration, members of the Committee, as well as other members of the Board as appropriate, interview the nominee. After completing this evaluation and interview, the Committee makes a recommendation to the full Board, which makes the final determination whether to nominate or appoint the new director after considering the Committee's report.

A stockholder who wishes to recommend a prospective nominee for the Board should notify the Company's Secretary or any member of the Nominating and Corporate Governance Committee in writing with whatever supporting material the stockholder considers appropriate. The Committee will also consider whether to nominate any person nominated by a stockholder pursuant to the provisions of the Bylaws relating to stockholder nominations as described in *Stockholder Nominations for Director* below.

Stockholder Nominations for Director

Stockholders may nominate candidates for election as directors if they follow the procedures and comply with the deadlines specified in our Bylaws, as may be amended from time to time. A copy of our Bylaws is

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available to any stockholder who makes a written request to the Corporate Secretary. Stockholders may submit in writing recommendations for consideration by the Committee to our Corporate Secretary at 2800 Post Oak Boulevard, Suite 5450, Houston, Texas 77056.

Recommendations should contain a detailed discussion of the qualifications of each recommended candidate and any other material information the stockholder wants the Committee to consider. Director nominees should have the highest professional and personal integrity, values and ethics, and must be committed to representing the interests of all stockholders of the Company. They must also meet the criteria set by the Committee. Director nominees must have sufficient time to carry out their duties effectively. They must have mature judgment developed through business experience and/or educational background and must meet criteria of independence and expertise that satisfy applicable NYSE and legal regulations. Each individual nominee must have the potential to contribute to the effective functioning of the Board of Directors as a whole.

On February 5, 2009, the Company and Steel Partners II, L.P. (Steel) entered into a letter agreement (as amended, the Agreement), pursuant to which Steel agreed not to seek to nominate any candidates to stand for election to the Board of Directors of the Company or engage in the solicitation of proxies with respect to the election or removal of directors or any other matter to be voted on at the 2009 Annual Meeting. The Company agreed to nominate a Steel designee for election to Class III of the Board at the 2009 Annual Meeting and to recommend the election and solicit proxies for the election of the Steel designee. Lawrence J. Ruisi was designated as the Steel designee. The Company also agreed that either Mr. Ruisi or Mr. Quicke would serve on the Audit Committee and the other would serve on the Compensation Committee, effective promptly following the 2009 Annual Meeting.

At the 2009 Annual Meeting, Mr. Ruisi was elected by the stockholders. Immediately following the 2009 Annual Meeting, Mr. Quicke joined the Compensation Committee and Mr. Ruisi joined the Audit Committee. Under the Agreement, the Company's obligations with respect to Mr. Ruisi's Board membership and the Committee memberships of Mr. Quicke and Mr. Ruisi were to cease if Steel's beneficial ownership fell below 5% of the outstanding Company shares. Steel's ownership did fall below 5% in mid-2009 and accordingly, Mr. Ruisi resigned from the Board and the Audit Committee in July 2009; however, the Board asked Mr. Quicke to remain on the Compensation Committee and Mr. Quicke agreed.

Stockholder Proposals

Stockholder proposals intended for inclusion in our proxy materials for an Annual Meeting must be provided to us on a timely basis and satisfy the conditions set forth in Rule 14a-8 under the Securities Exchange Act of 1934 (the Exchange Act). A stockholder proposal intended for inclusion in our proxy materials for the 2011 Annual Meeting of Stockholders must be submitted in writing before November 16, 2010 to the Secretary of the Company at 2800 Post Oak Boulevard, Suite 5450, Houston, Texas 77056. If a stockholder wishes to submit a proposal outside of the process of Rule 14a-8 under the Exchange Act, in order for such proposal to be considered timely for the purposes of Rule 14a-4(c) under the Exchange Act, the proposal must be received at the above address not later than January 30, 2011. In addition, our Bylaws require that proposals of stockholders made outside of Rule 14a-8 under the Exchange Act and nominations for the election of directors at the 2011 Annual Meeting of Stockholders must be submitted, in accordance with the requirements of our Bylaws, not earlier than December 30, 2010 nor later than January 29, 2011. Stockholders are also advised to review our Bylaws, which contain additional requirements about advance notice of stockholder proposals and director nominations.

Communication with Directors

The Board of Directors has adopted the following process for stockholders and other interested parties to send communications to members of the Board. Stockholders and other interested parties may communicate with the Chairman, the chairs of the Audit, Compensation, and Nominating and Corporate Governance Committees of the Board, or with any of our other independent directors, by sending a letter to the following address: Rowan Companies, Inc., c/o Corporate Secretary, 2800 Post Oak Boulevard, Suite 5450, Houston, Texas 77056.

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Business Conduct Policies

We have a Code of Business Conduct and Ethics that applies to all of our employees and directors and we have a Code of Ethics for Senior Financial Officers of the Company that applies to our chief executive, chief financial and chief accounting officers; both policies are available on our website www.rowancompanies.com under Investor Relations Governance.

Related Party Transaction Policy

Our Board of Directors has adopted a policy whereby all transactions with related parties must be made in compliance with the Sarbanes-Oxley Act and our Code of Business Conduct and Ethics. Such transactions must have a legitimate business purpose, and must be on terms no less favorable to us than could be obtained from unrelated third parties. Our Audit Committee is responsible for reviewing all related person transactions and potential conflict of interest situations involving employees and directors. Each of the transactions discussed below was reviewed by the Audit Committee and approved by the Board of Directors.

The Company employs an individual who is related to one of our named executive officers (NEOs). Since October 2008, Mr. Matt G. Keller has served as a marketing manager and is the brother of Mr. Mark A. Keller, our Executive Vice President, Business Development. Mr. Matt G. Keller previously served as the manager of certain of our properties used for business entertainment (from August 2006 until October 2008) and as a vice president of one of our manufacturing subsidiaries (from January 2002 to August 2006). In 2009, he received approximately \$156,000 in compensation (including \$125,609 in base wages, \$25,717 in profit sharing and bonus and \$4,353 in value from restricted stock vesting).

The Company purchases equipment and related services from S&N Pump Co. (S&N) from time to time, in the ordinary course of business. S&N employs the sister and brother-in-law of John L. Buvens, one of our NEOs and our Executive Vice President, Legal. S&N is owned and operated by the family of Mr. Buvens brother-in-law. Mr. Buvens has no role in purchases by the Company from S&N. The Company believes the amounts paid to S&N for equipment and services purchased were reasonable and reflected prices comparable to those charged by S&N to third parties for similar equipment and services. In 2009 and 2008, amounts paid to S&N were approximately \$2.7 million (approximately 7.5% of S&N sales) and \$1.5 million (approximately 6% of S&N sales).

PROPOSAL NO. 1

ELECTION OF DIRECTORS

Our Board of Directors has three classes with directors in each class elected to serve for three years, and until their successors are duly elected and qualified.

Class I has four directors who are standing for election in 2010;

Class II has four directors who will stand for election in 2011; and

Class III has three directors who will stand for election in 2012.

The four nominees for Class I directors standing for election at the 2010 Annual Meeting are: Messrs. Fox, Hearne, Lentz and Peacock. Information with respect to these nominees and our continuing directors is set forth below. It is the intention of the persons named in our proxy card, unless otherwise instructed, to vote to elect the Class I director nominees. In the event that any such nominee is unable or unwilling to serve as a director, discretionary authority is reserved to vote for a substitute. The Board of Directors has no reason to believe that any nominee named herein will be unable to serve if elected.

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Our Nominees for Class I Directors

William T. Fox III Formerly Managing Director responsible for the global energy and mining businesses of Citigroup, a corporate banking firm, from 1994 to 2003; retired in 2003. Mr. Fox also serves on the Board of Cloud Peak Energy Inc.

Age 64

Director since 2001

Class I

Sir Graham Hearne Formerly Chairman of Enterprise Oil plc, an oil and gas exploration and production company, from 1991 to 2002, and Chief Executive Officer from 1984 to 1991; retired in 2002. He also serves as the non-executive chair of Catlin Group Limited, Braemar Shipping Services Group plc, and Stratic Energy Corporation. He is a non-executive director of N.M. Rothschild & Sons Ltd. and Wellstream Holdings plc.

Age 72

Director since 2004

Class I

H. E. Lentz Chairman of the Board of Directors of the Company. Managing Director of Lazard Frères & Co., an investment banking firm, since June 2009. Formerly Managing Director of Barclays Capital, an investment banking firm and successor to Lehman Brothers, from September 2008 to March 2009. Advisory Director of Lehman Brothers from 2004 to September 2008. He also serves on the Boards of Peabody Energy Corp. and CARBO Ceramics, Inc.

Age 65

Director since 1990

Class I

P. Dexter Peacock Formerly Managing Partner of Andrews Kurth LLP, a law firm, retired as a Partner in 1997; Of Counsel to Andrews Kurth since 1997. He also serves on the Board of Cabot Oil & Gas Corporation.

Age 68

Director since 2004

Class I

Recommendation of the Board

The Nominating and Corporate Governance Committee has recommended to the Board, and the Board also recommends, that the stockholders vote FOR the election of each of the Class I director nominees at the Annual Meeting to serve until the 2013 Annual Meeting and until their successors are duly elected and qualified.

Our Continuing Directors

R. G. Croyle Formerly Vice Chairman and Chief Administrative Officer of the Company from August 2002 to December 2006; retired in 2006. He also serves on the Boards of Boots & Coots, Inc. and Magellan Midstream Partners, L.P., and previously served on the Board of Magellan Midstream Holdings GP, LLC.

Age 67

Director since 1998

Class II

Lord Moynihan Executive Chairman of Pelamis Wave Energy since August 2005. Senior Partner of London-based CMA, an energy advisory firm, since 1993. Executive Director of Clipper Windpower Inc. and Chairman of Clipper Windpower

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Age 54

Europe Limited, a wind turbine technology company, from 2004 to 2007. Active Member of the House of Lords since 1997 and Chairman of the British Olympic Association.

Director since 1996

Class II

W. Matt Ralls

President and Chief Executive Officer since January 2009. Executive Vice President and Chief Operating Officer of GlobalSantaFe Corporation, an international contract drilling company, from June 2005 until November 2007. Prior to that time, Mr. Ralls served as Senior Vice President and CFO of GlobalSantaFe. He also serves on the Board of Complete Production Services, Inc. and previously served on the Boards of El Paso Partners, Enterprise Products Partners L.P. and Enterprise Products, G.P.

Age 60

Director since 2009

Class II

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John J. Quicke

Age 60

Director since 2009

Class II

Mr. Quicke has served as a Managing Director and an operating partner of Steel Partners LLC, a global management firm, since 2005. Mr. Quicke is currently President, CEO and a director of Del Global Technologies Corp., an imaging and electronic systems company, and interim President and CEO and a director of Adaptec, Inc., a data storage solutions company. He is a director of WHX Corporation. Mr. Quicke previously served as a director of Angelica Corporation, Layne Christensen Company, and NOVTE Corporation. Previously Mr. Quicke served in various capacities at Sequa Corporation, a diversified manufacturer; from 2004 to 2005, he served as Vice Chairman and Executive Officer, and served as a director of Sequa from 1993 to 2005.

Thomas R. Hix

Age 62

Director since 2009

Class III

Business consultant since January 2003. Senior Vice President of Finance and Chief Financial Officer of Cooper Cameron Corporation, an oil and gas products and services company, from 1995 to 2003. He also serves on the Board of El Paso Corporation and previously served on the Board of TODCO from 2004 until it was acquired in 2007.

Robert E. Kramek

Age 70

Director since 2007

Class III

Past President of the Society of Naval Architects and Marine Engineers from 2007 to 2009. President, Chief Operating Officer and Director of the American Bureau of Shipping from 2003 through 2006. Mr. Kramek also serves on the Board of First Command Financial Services, Inc., an investment company.

Frederick R. Lausen

Age 72

Director since 2000

Class III

Formerly Vice President of Davis Petroleum, Inc., an oil and gas exploration and production company; retired in 2002.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors has five standing committees: Audit, Compensation, Health, Safety & Environment, Nominating and Corporate Governance, and Executive. Information regarding these committees is provided below. The charters of the Audit, Nominating and Corporate Governance and Compensation Committees are available on the Company's website, www.rowancompanies.com under Investor Relations Governance.

The members of the **Audit Committee** are:

William T. Fox III, Chair

Thomas R. Hix

Robert E. Kramek

The Audit Committee is directly responsible for the engagement, compensation and oversight of the independent registered public accounting firm engaged to issue an audit report on the Company's financial statements. In addition, the committee oversees our financial and accounting processes, certain compliance matters, performance of our internal audit function and our risk management assessment. The Audit Committee met five times during 2009. All of the members of the Audit Committee are independent within the meaning of SEC regulations and the listing standards of the New York Stock Exchange. The Board has determined that each of Mr. Fox and Mr. Hix are qualified as audit committee financial experts within the meaning of SEC regulations, and that they have accounting and related financial management expertise within the meaning of the listing standards of the New York Stock Exchange.

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The members of the **Compensation Committee** are:

P. Dexter Peacock, Chair

Sir Graham Hearne

H.E. Lentz

John J. Quicke

The Compensation Committee is responsible for reviewing and approving corporate goals and objectives relevant to the compensation of the Company's chief executive officer, evaluating the performance of the chief executive officer and, either as a committee or together with the other independent members of the Board, determining and approving the compensation level for the chief executive officer and making recommendations regarding compensation of other executive officers and certain compensation plans to the Board (the Board has delegated to the Committee the responsibility for approving these arrangements). Additional information on the roles and responsibilities of the Compensation Committee is provided under the heading "Compensation Committee" in the "Corporate Governance" section of the Company's Annual Report on Form 10-K for the year ended December 31, 2014.