

<div>Form 5500</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div> <div>Pension Benefit Guaranty Corporation</div>	<div>Annual Return/Report of Employee Benefit Plan</div> <div>This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code).</div> <div>▶ Complete all entries in accordance with the instructions to the Form 5500.</div>	<div>OMB Nos. 1210-0110 1210-0089</div> <div>2009</div> <div>This Form is Open to Public Inspection</div>
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Part I	Annual Report Identification Information
For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009	
A	This return/report is for: <div><div>☐ a multiemployer plan;</div><div>☒ a single-employer plan;</div><div>☐ a multiple-employer plan; or</div><div>☐ a DFE (specify) ____</div></div>
B	This return/report is: <div><div>☐ the first return/report;</div><div>☒ an amended return/report;</div><div>☐ the final return/report;</div><div>☐ a short plan year return/report (less than 12 months).</div></div>
C	If the plan is a collectively-bargained plan, check here. ▶ ☐
D	Check box if filing under: <div><div>☒ Form 5558;</div><div>☐ automatic extension;</div><div>☐ the DFVC program;</div><div>☐ special extension (enter description)</div></div>

Part II	Basic Plan Information—enter all requested information
1a	Name of plan THE ROWAN PENSION PLAN
1b	Three-digit plan number (PN) ▶ 001
1c	Effective date of plan 01/01/1952
2a	Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) ROWAN COMPANIES, INC. 2800 POST OAK BLVD STE 5450 HOUSTON, TX 77056
2b	Employer Identification Number (EIN) 75-0759420
2c	Sponsor's telephone number 713-621-7800
2d	Business code (see instructions) 211110

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/15/2010	GARY L. MARSH
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/15/2010	WILLIAM H. WELLS
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") ADMINISTRATOR, ROWAN PENSION PLAN 2800 POST OAK BLVD STE 5450 HOUSTON, TX 77056	3b Administrator's EIN 74-1981236 3c Administrator's telephone number 713-621-7800
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
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5 Total number of participants at the beginning of the plan year	5	4176
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6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	1682
b Retired or separated participants receiving benefits.....	6b	1104
c Other retired or separated participants entitled to future benefits.....	6c	1189
d Subtotal. Add lines 6a , 6b , and 6c	6d	3975
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	129
f Total. Add lines 6d and 6e	6f	4104
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	103

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
 1A 1G 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) ☒ **R** (Retirement Plan Information)
 (2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
 (3) ☒ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1) ☒ **H** (Financial Information)
 (2) ☐ **I** (Financial Information – Small Plan)
 (3) ☐ 0 **A** (Insurance Information)
 (4) ☒ **C** (Service Provider Information)
 (5) ☒ **D** (DFE/Participating Plan Information)
 (6) ☐ **G** (Financial Transaction Schedules)

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection
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For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>THE ROWAN PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>ROWAN COMPANIES, INC.</u>	D Employer Identification Number (EIN) <u>75-0759420</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1	Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2009</u>
2	Assets:
a	Market value 2a <u>246047015</u>
b	Actuarial value 2b <u>270651717</u>
3	Funding target/participant count breakdown
	(1) Number of participants (2) Funding Target
a	For retired participants and beneficiaries receiving payment 3a <u>1171</u> <u>173649881</u>
b	For terminated vested participants 3b <u>1135</u> <u>50883264</u>
c	For active participants:
(1)	Non-vested benefits 3c(1) <u>729362</u>
(2)	Vested benefits 3c(2) <u>106781735</u>
(3)	Total active 3c(3) <u>1883</u> <u>107511097</u>
d	Total 3d <u>4189</u> <u>332044242</u>
4	If the plan is at-risk, check the box and complete items (a) and (b) ☐
a	Funding target disregarding prescribed at-risk assumptions 4a
b	Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor 4b
5	Effective interest rate 5 <u>8.02</u> %
6	Target normal cost 6 <u>9974161</u>

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	<u>10/13/2010</u>
Signature of actuary	Date
<u>JEFFREY D. BRADLEY</u>	<u>08-05168</u>
Type or print name of actuary	Most recent enrollment number
<u>MERCER</u>	<u>713-276-2100</u>
Firm name	Telephone number (including area code)
<u>1000 MAIN STREET, SUITE 2900</u> <u>HOUSTON, TX 77002</u>	
Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2009
v.092308.1

Part II Beginning of year carryover and prefunding balances		
	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	0	0
8 Portion used to offset prior year's funding requirement (Item 35 from prior year)	0	0
9 Amount remaining (Item 7 minus item 8).....	0	0
10 Interest on item 9 using prior year's actual return of <u>-28.89</u> %		
11 Prior year's excess contributions to be added to prefunding balance:		
a Excess contributions (Item 38 from prior year)		2706021
b Interest on (a) using prior year's effective rate of <u>6.11</u> %		165338
c Total available at beginning of current plan year to add to prefunding balance		2871359
d Portion of (c) to be added to prefunding balance.....		0
12 Reduction in balances due to elections or deemed elections.....	0	0
13 Balance at beginning of current year (item 9 + item 10 + item 11d – item 12).....	0	0

Part III Funding percentages		
14 Funding target attainment percentage.....	14	81.51 %
15 Adjusted funding target attainment percentage.....	15	81.51 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	80.32 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV Contributions and liquidity shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/15/2009	7610000	0			
07/15/2009	7610000	0			
10/15/2009	592000	0			
01/15/2010	5271000	0			
03/31/2010	24133000	0			
			Totals ►	18(b)	45216000
					18(c)
					0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:	
a Contributions allocated toward unpaid minimum required contribution from prior years.....	19a 0
b Contributions made to avoid restrictions adjusted to valuation date	19b 0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c 42094567
20 Quarterly contributions and liquidity shortfalls:	
a Did the plan have a "funding shortfall" for the prior year?	☒ Yes ☐ No
b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☒ Yes ☐ No
c If 20a is "Yes," see instructions and complete the following table as applicable:	

Liquidity shortfall as of end of Quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: %	2nd segment: %	3rd segment: %	☒ N/A, full yield curve used
b Applicable month (enter code)				21b 2
22 Weighted average retirement age				22 52
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions).....	31	9974161
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	61392525	12338341
b Waiver amortization installment	0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	0
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b – item 33).....	34	22312502
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement		0
36 Additional cash requirement (item 34 minus item 35).....	36	22312502
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c).....	37	42094567
38 Interest-adjusted excess contributions for current year (see instructions).....	38	19782065
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37).....	39	0
40 Unpaid minimum required contribution for all years	40	0

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection.
For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009		
A Name of plan THE ROWAN PENSION PLAN		B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 ROWAN COMPANIES, INC.		D Employer Identification Number (EIN) 75-0759420

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☐ Yes ☒ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation
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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

MERCER

13-2834414

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
11	NONE	571455	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

THE AYCO COMPANY, L.P.

33-1187432

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15	NONE	66413	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

MCCONNELL & JONES LLP

76-0488832

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
10	NONE	28841	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009		
A Name of plan THE ROWAN PENSION PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 ROWAN COMPANIES, INC.	D Employer Identification Number (EIN) 75-0759420	

Part I	Asset and Liability Statement
---------------	--------------------------------------

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	13387208	29404000
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts.....	1c(9)		
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	232978219	295067706
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	246365427	324471706

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	246365427	324471706
---	-----------	-----------	-----------

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	45216000	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		45216000

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0

(3) Rents	2b(3)		
-----------------	--------------	--	--

(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		52435836
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		97651836

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	17914429	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		17914429
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)	600296	
(2) Contract administrator fees	2i(2)	66413	
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	964419	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		1631128
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		19545557

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		78106279
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: MCCONNELL & JONES, L.L.P.

(2) EIN: 76-0488832

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		2500000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....		X	
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....			
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If yes, enter the amount of any plan assets that reverted to the employer this year ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection.
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For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan <u>THE ROWAN PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>ROWAN COMPANIES, INC.</u>	D Employer Identification Number (EIN) <u>75-0759420</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>13-3795042</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	<u>23</u>

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☒ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☒ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box.....	☐ Increase	☐ Decrease	☒ Both	☐ No
--	-----------------------------------	-----------------------------------	--	-----------------------------

Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Schedule R (Form 5500) 2009
v.092308.1

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: 64.0% Investment-Grade Debt: 31.0% High-Yield Debt: 2.0% Real Estate: 0.0% Other: 3.0%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☒ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate item 19(b)?

☒ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

ROWAN PENSION PLAN

Financial Statements
And Independent Auditors' Report

December 31, 2009 and 2008

ROWAN PENSION PLAN

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Note: Schedules required by 29 CFR 2520.103-10 of the Department of Labor's Rules and Regulations for reporting and disclosure under ERISA have been omitted because they are not applicable.



INDEPENDENT AUDITORS' REPORT

The Administrative Committee of
the Rowan Pension Plan:

We were engaged to audit the accompanying statements of net assets available for benefits of the Rowan Pension Plan (the "Plan") as of December 31, 2009 and 2008, the related statements of changes in net assets available for benefits for the years then ended, the statement of accumulated plan benefits as of January 1, 2009, and the related statement of changes in accumulated plan benefits for the year then ended. These financial statements are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Citibank, N.A. ("Citibank") and JPMorgan Chase Bank, N.A. ("JPMorgan"), the trustees of the Plan, except for comparing the information with the related information included in the financial statements. We have been informed by the plan administrator that JPMorgan held the Plan's investment assets and executed investment transactions from September 2, 2008 to December 31, 2009 and that Citibank held the Plan's investment assets and executed investment transactions for the period January 1, 2008 through September 1, 2008. The plan administrator has obtained a certification from the trustees as of December 31, 2009 and 2008, and for the years then ended, that the information provided to the plan administrator by the trustees is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements taken as a whole. The form and content of the information included in the financial statements, other than that derived from the information certified by the trustees, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

McConnell & Jones LLP

Houston, Texas
October 12, 2010

ROWAN PENSION PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
ASSETS:		
Investments, at fair value:		
Plan interest in Master Trust ¹	<u>\$ 295,067,706</u>	<u>\$ 232,978,219</u>
Receivables:		
Employer contributions	<u>29,404,000</u>	<u>13,387,208</u>
TOTAL ASSETS	<u>324,471,706</u>	<u>246,365,427</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u><u>\$ 324,471,706</u></u>	<u><u>\$ 246,365,427</u></u>

¹ Represents 5% or more of net assets available for benefits.

The accompanying notes are an integral part of these financial statements.

ROWAN PENSION PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
ADDITIONS:		
Plan interest in net income of Master Trust	\$ 52,435,836	\$ -
Employer contributions	<u>45,216,000</u>	<u>34,872,974</u>
TOTAL ADDITIONS	<u>97,651,836</u>	<u>34,872,974</u>
DEDUCTIONS:		
Plan interest in net loss of Master Trust	-	92,970,701
Benefit payments	17,914,429	16,357,300
Administrative expenses	<u>1,631,128</u>	<u>775,778</u>
TOTAL DEDUCTIONS	<u>19,545,557</u>	<u>110,103,779</u>
INCREASE (DECREASE) IN NET ASSETS	78,106,279	(75,230,805)
NET ASSETS AVAILABLE FOR BENEFITS BEGINNING OF YEAR	<u>246,365,427</u>	<u>321,596,232</u>
NET ASSETS AVAILABLE FOR BENEFITS END OF YEAR	<u>\$ 324,471,706</u>	<u>\$ 246,365,427</u>

The accompanying notes are an integral part of these financial statements.

ROWAN PENSION PLAN
STATEMENT OF ACCUMULATED PLAN BENEFITS
JANUARY 1, 2009

ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS

Vested benefits:

Participants currently receiving benefits	\$ 176,399,862
Active participants	97,363,573
Inactive participants with deferred benefits	<u>51,474,161</u>
	325,237,596

Nonvested benefits	<u>6,311,228</u>
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TOTAL ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN
BENEFITS

\$ 331,548,824

The accompanying notes are an integral part of these financial statements.

ROWAN PENSION PLAN

STATEMENT OF CHANGES IN ACCUMULATED PLAN BENEFITS

YEAR ENDED JANUARY 1, 2009

ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS, BEGINNING OF YEAR	<u>\$ 309,369,245</u>
Increase (decrease) during the year attributable to:	
Benefits accumulated	14,633,111
Increase for interest due to the decrease in the discount period	24,095,248
Benefits paid	(16,357,300)
Change in actuarial assumptions	<u>(191,480)</u>
NET INCREASE	<u>22,179,579</u>
ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS, END OF YEAR	<u>\$ 331,548,824</u>

The accompanying notes are an integral part of these financial statements.

ROWAN PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

1. DESCRIPTION OF THE PLAN

The following brief description of the Rowan Pension Plan (the “Plan”) is provided for general informational purposes only. Participants should refer to the Plan’s Summary Plan Description for more complete information.

General – The Plan is a defined benefit pension plan covering eligible employees of Rowan Companies, Inc. (“Rowan”) and its drilling company subsidiaries. The Plan Administrative Committee of Rowan and the plan administrator control and manage the operation and administration of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”).

In September 2008, the Plan changed trustee from Citibank, N.A. to JPMorgan Chase Bank, N.A.

Pension Benefits – Employees are entitled to pension benefits upon retirement and after three years of service, as defined by the Plan. There is no partial vesting of benefits. The Plan provides for normal retirement upon reaching the age of 60 and for early retirement between the ages of 40-59. The Plan also has provisions for death benefits and for benefits payable upon meeting certain other conditions.

Upon retirement, the amount of annual benefits under the Plan for participants hired before January 1, 2008, is determined under a traditional defined benefit formula as 1.75% of the compensation base, as defined in the Plan, multiplied by the number of years of service. The Plan provides for an annual cost-of-living adjustment to benefits of up to 2%. Employees hired on or after January 1, 2008, are subject to a cash balance benefit formula. Such employees are credited with an amount every year equal to 5% of their cash compensation paid during the year. The account balance is also credited with interest each quarter based on the 10-year Treasury rate.

On June 30, 2009, the traditional defined benefit formula under the Plan was frozen. Effective with the amendment and restatement of the Plan on July 1, 2009, the Plan transitioned to the new cash balance formula for future benefits as described above. A participant’s total benefit is calculated as the sum of (i) the value of traditional defined benefit at June 30, 2009 (“Frozen Benefit”) plus (ii) the cash balance benefit which increases annually. In addition, employees whose age plus years of vesting service on June 30, 2009 was equal to 50 or greater will receive annual transition pay credits as defined in the plan document. Future benefits under the new cash balance formula will accrue at a lower amount than the traditional defined benefit formula.

Plan Termination – Rowan expects to continue the Plan indefinitely but reserves the right to terminate it by duly adopted written resolutions of its Board of Directors.

ROWAN PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

In the event the Plan terminates, the assets of the Plan will be allocated, as prescribed by Section 4044 of ERISA and its related regulations, generally to provide the following benefits in the order indicated:

- (1) Vested benefits insured by the Pension Benefit Guaranty Corporation (the "PBGC") up to the applicable limitations (discussed below).
- (2) All other vested benefits (those not insured by the PBGC).
- (3) All nonvested benefits.

Certain benefits under the Plan are insured by the PBGC if the Plan terminates. Generally, the PBGC guarantees most vested, normal retirement age benefits and certain disability and survivors' pensions. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations.

Whether all participants receive their benefit should the Plan terminate at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide those benefits and may also depend on the level of benefits guaranteed by the PBGC.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and the actuarial present value of accumulated plan benefits and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition – Assets of the Plan are held by Citibank, N.A. (prior to September 2008) and JPMorgan Chase Bank, N.A. (the "Trustees") under a trust agreement adopted by Rowan within the Master Trust Under Various Employee Benefits Plans of Rowan Companies, Inc. and its Related Companies (the "Master Trust"). The terms of the trust agreement provide "investment managers" and the Trustees with full discretionary authority for the purchase and sale of investments.

The investments are stated at fair value as determined by the Trustees based on the latest quoted market values of the underlying securities. The Trustees determine the Plan's interest in the market value of the Master Trust's net assets and related investment income in accordance with a computational method agreed upon by the plan administrator and the Trustees. See *Note 3 – Investment in Master Trust* for the Master Trust's investments by level within the fair value hierarchy as of December 31, 2009 and 2008.

ROWAN PENSION PLAN
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Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded as earned and dividends are recorded on the ex-dividend date. The net increase (decrease) in fair value of investments consists of the net change in unrealized gains (losses) in fair values and realized gains (losses) upon the sale of investment securities. The net change in unrealized gains (losses) and realized gains (losses) upon sale are determined using the fair values as of the beginning of the year or the purchase price if acquired during the year.

As defined in FASB Accounting Standards Codification 820 *Fair Value Measurements and Disclosures* ("FASB ASC 820"), fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Plan considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance.

FASB ASC 820 also establishes a fair value hierarchy that requires the Plan to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. FASB ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used to measure fair value as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or
- Level 3: unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs.

Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Money Market Fund: This fund is valued using unadjusted quoted market prices for identical assets.

ROWAN PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
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Mutual funds: Valued at the net asset value ("NAV") of shares held by the plan at year end.

Commingled funds and 103-12 investment entities: The Master Trust's interest in the commingled funds and 103-12 investment entities is stated at NAV provided by the administrator of the funds. The NAV is based on the value of the underlying assets owned by the funds, minus its liabilities, and divided by the number of units outstanding. The funds are classified within level 2 of the valuation hierarchy because the underlying investments are traded in an active market.

Contributions – Contributions to the Plan from the Company are recorded in the period that the Plan's actuary determines they relate to except that a contribution receivable is recorded to the extent that amounts due are pursuant to formal commitments as well as legal or contractual requirements in existence at the end of the Plan year.

Payment of Benefits – Benefits are recorded when paid.

Expenses of the Plan – Most expenses incurred in the administration of the Plan and the Master Trust are paid by the Master Trust and allocated to the participating plans. These expenses include fees and expenses of the Trustees, fund managers and consultants. Any other expenses incurred in the operation of the Plan are paid by Rowan.

Actuarial Present Value of Accumulated Plan Benefits – Accumulated plan benefits are those future periodic payments that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died and (c) present employees or their beneficiaries. The accumulated plan benefits for active employees are based on eligible earnings and credited service on the date on which the benefit information is presented (the "valuation date"). Benefits payable under all circumstances (retirement, death, and termination of employment) are included to the extent they are deemed attributable to employee service rendered to the valuation date.

The actuarial present value of accumulated plan benefits is determined by the Plan's actuary, Mercer Human Resource Consulting, and is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment. The significant actuarial assumptions used in the valuation as of January 1, 2009 were:

- i. Life expectancy of active participants and nondisabled pensioners (RP-2000 Combined Healthy Mortality Table for males and females with a blue collar adjustment projected to 2010 with Scale AA) and life expectancy of disabled pensioners (special disability tables specified in Internal Revenue Service Revenue Ruling 96-7).

ROWAN PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
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- ii. Retirement age assumptions (ages 50-59 – 2%, age 60 – 40%, age 61 – 5%, age 62 – 40%, ages 63-64 – 5%, age 65 – 40%, ages 66-69 – 5% and age 70 – 100%).
- iii. Disability assumptions (age 20 – 0.09%, age 25 – 0.1%, age 30 – 0.11%, age 35 – 0.12%, age 40 – 0.15%, age 45 – 0.215%, age 50 – 0.33%, age 55 – 0.58% and age 60 – 1.18%).
- iv. Cost of living increase of up to 1.95% per annum, compounded annually.
- v. Discount rate of 8% per annum (unchanged from prior year).

The following change in actuarial assumptions was made since the prior valuation:

- The lump sum interest rates were updated to reflect current interest rates. Cash balance assumptions were added for participants with a cash balance benefit.

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. If the Plan were to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

Management's Review of Subsequent Events – In preparing the accompanying financial statements, Plan management has reviewed all known events that have occurred after December 31, 2009, and through October 12, 2010, for inclusion in the financial statements and footnotes.

New Accounting Pronouncements – The Plan adopted the provisions of a new accounting standard issued in April 2009 by the Financial Accounting Standards Board ("FASB") which provides additional guidance on (i) estimating fair value when the volume and level of activity for an asset or liability have significantly decreased in relation to normal market activity; and (ii) identifying circumstances that indicate a transaction is not orderly. This standard also requires disclosure of fair value measurements by major security types.

In May 2009, a subsequent event accounting standard was issued by the FASB, establishing accounting and disclosure standards for events that occur after the balance sheet date but before financial statements are issued or available to be issued. An amendment was issued in February 2010 which clarified which entities are required to evaluate subsequent events and the scope of the disclosure requirements related to subsequent events. The adoption of this accounting standard did not impact the Plan's financial statements.

ROWAN PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

In January 2010, the FASB issued a new accounting standard to improve disclosures about fair value measurements. Certain provisions to the standard are effective for reporting periods beginning after December 15, 2009, while other provisions are effective for periods beginning after December 15, 2010.

Reclassification – Certain amounts shown in the prior period financial statements have been reclassified to conform to the current year financial statement presentation.

3. INVESTMENT IN MASTER TRUST

The Master Trust Under Various Employee Benefits Plans of Rowan Companies, Inc. and its Related Companies commingles, for investment and administrative purposes, Plan assets with those of another plan sponsored by a Rowan subsidiary.

The net assets of the Master Trust at December 31, 2009 and 2008, were as follows:

	2009		2008	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Investments – at fair value:				
Common stocks – U.S. equities	\$ 30,306,862	9%	\$ 23,102,590	9%
Money market fund	10,570,030	3%	14,743,004	6%
Mutual funds:				
Large value	31,044,377	9%	21,861,006	8%
Large blend	63,832,600	19%	46,811,267	18%
Intermediate-term bond	60,671,776	18%	48,218,860	18%
Commingled funds	49,921,730	15%	47,188,731	18%
103-12 investment entities	90,919,902	27%	61,493,021	23%
Total investments	337,267,277	100%	263,418,479	100%
Receivables	29,432		876,045	
Payables	(15,025)		(105,491)	
Total net assets available for benefits	<u>\$ 337,281,684</u>		<u>\$264,189,033</u>	

ROWAN PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

Net income (loss) for the Master Trust for the years ended December 31, 2009 and 2008 was as follows:

	<u>2009</u>	<u>2008</u>
Investment income (loss):		
Net appreciation (depreciation)		
in fair value of investments:		
Common stocks	\$ 5,403,089	\$(10,981,591)
Mutual funds	25,874,722	(54,611,703)
Commingled funds	2,654,620	2,506,743
103-12 investment entities	21,028,967	(46,510,148)
Interest and dividends	5,731,030	5,408,465
Other income	65,230	160,978
	<u>60,757,658</u>	<u>(104,027,256)</u>
Total investment income (loss)		
Administrative expenses	(934,774)	(813,219)
	<u>60,757,658</u>	<u>(104,027,256)</u>
Net income (loss)	<u>\$ 59,822,884</u>	<u>\$(104,840,475)</u>

The Plan's interest in the Master Trust's total investment units was approximately 87% and 88% as of December 31, 2009 and 2008, respectively, with the balance attributed to the other Rowan-sponsored plan.

In accordance with FASB ASC 820, the following table presents the Master Trust's investments as of December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Level 1:		
Common stocks – U.S. equities:	\$ 30,306,862	\$ 23,102,590
Money market fund	10,570,030	14,743,004
Mutual funds:		
Large value	31,044,377	21,861,006
Large blend	63,832,600	46,811,267
Intermediate-term bond	60,671,776	48,218,860
	<u>196,425,645</u>	<u>154,736,727</u>
Level 2:		
Commingled funds	49,921,730	47,188,731
103-12 investment entities	90,919,902	61,493,021
	<u>140,841,632</u>	<u>108,681,752</u>
Total assets at fair value	<u>\$ 337,267,277</u>	<u>\$ 263,418,479</u>

4. FUNDING POLICY

Contributions to the Plan are made solely by Rowan in amounts not less than that required by ERISA. Annual contributions are computed by the Plan's actuary, which used the projected unit credit actuarial cost method for the plan years ended December 31, 2009 and 2008.

ROWAN PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

The IRC generally requires that estimated annual employer contributions be made through quarterly installments, with final amounts paid by September 15 of the following year. Rowan elected to contribute \$45,216,000 to the Plan for 2009, which met the funding requirement for 2009.

5. RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

6. INCOME TAX STATUS

The Internal Revenue Service has determined and informed Rowan by a letter dated July 17, 2002, that the Plan and related trust are designed in accordance with applicable sections of the IRC. Though the Plan has been amended since that date, the Plan administrator and Rowan believe that the Plan continues to be designed and is currently being operated in compliance with the applicable requirements of the IRC.

7. PARTY-IN-INTEREST TRANSACTIONS

Certain Plan investments are managed by the Trustees. Therefore, these transactions qualify as party-in-interest transactions allowable under ERISA regulations.

Schedule SB, Line 26 – Schedule of Active Participant Data**Years of service as of January 1, 2009**

Age	< 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total
< 25		220	22								242
		61,783	69,416								
25 - 29		209	155	6							370
		65,974	82,781	*							
30 - 34		124	167	75	3						369
		64,651	88,430	97,615	*						
35 - 39		74	103	77	35	1					290
		72,371	83,957	100,513	115,412	*					
40 - 44	1	25	49	41	37	20	1				174
	*	76,613	84,445	93,116	102,910	104,260	*				
45 - 49		15	26	27	11	46	45	7			177
		*	80,079	106,304	*	110,061	115,553	*			
50 - 54		6	7	13	11	27	47	32	2		145
		*	*	*	*	104,242	112,693	135,519	*		
55 - 59		6	4	6	6	12	23	27	6		90
		*	*	*	*	*	100,846	106,618	*		
60 - 64		1	2	2	1	1	6	10			23
		*	*	*	*	*	*	*			
65 – 69						1	1				2
						*	*				
70+					1						1
					*						
Total	1	679	535	247	105	108	123	76	8	0	1,883

In each cell, the top number is the count of active participants for each age/service combination and the bottom number is average pensionable pay for 2008 limited to \$230,000. Average pay is not shown for cells with fewer than 20 participants.

Schedule SB, Line 26 – Schedule of Active Participant Data - Continued

Age	Years of service as of January 1, 2009										Total
	< 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
< 25		7 *									7
25 - 29		1 *	3 *								4
30 - 34		1 *	2 *								3
35 - 39			1 *	1 *							2
40 - 44	1 *										1
45 - 49								1 *			1
50 - 54							1 *				1
55 - 59											0
60 - 64											0
65 - 69											0
70+											0
Total	1	9	6	1	0	0	1	1	0	0	19

In each cell, the top number is the count of active participants with a cash balance for each age/service combination and the bottom number is the average cash balance as of January 1, 2009. Average cash balance is not shown for cells with fewer than 20 participants.

Schedule SB, Line 23 – Statement of Actuarial Assumptions/Methods**Actuarial assumptions**

Discount rate elections	Full yield curve for November 2008 (effective interest rate of 8.02%)
Mortality elections	
▪ Healthy participants	2009 PPA separate static annuitant and nonannuitant mortality tables
▪ Pre-1995 disabilities	Revenue Ruling 96-7 table for participants who became disabled before 1995
▪ Post-1994 disabilities	Revenue Ruling 96-7 table for participants who became disabled after 1994 only if eligible for disability benefits under Social Security. All other and all future disabilities valued using healthy mortality.
417(e) lump sums	
▪ Annuity substitution	Yes
▪ Generational mortality option	No
▪ Phase-in option	No
Cash balance plans	
▪ Interest accumulation rate	5.00%
▪ Whipsaw calculations	No
▪ Annuity conversion	
– Mortality table	N/A
– Interest rate basis	N/A
Other economic assumptions	
▪ Salary increases	2009 earnings are assumed to equal 2008 earnings; see table of sample rates for increases after 2009.
▪ Inflation	2.50% per year
▪ Cost-of-living increase on benefit	1.75% per year compounded annually
▪ Expected investment return	8.00% for 2007 through 2009
▪ Expenses	Administrative expenses paid from the trust from August of prior year through July of current year plus estimate of PBGC premiums paid in current year. For 2009, this amount is \$1,565,012.

Schedule SB, Line 23 – Statement of Actuarial Assumptions/Methods - Continued

Demographic assumptions

Withdrawal See table of sample rates.

Disability incidence See table of sample rates.

Retirement age See table of sample rates.

Benefit commencement age for

▪ Future vested deferred 50

▪ Current vested deferred 50

Spouse assumptions

Male participants

Female participants

▪ Percentage married

85%

60%

▪ Spouse age difference

0 years younger

0 years older

Form of payment - traditional

Lump sum (under \$10,000)

5 year certain & life

Single life based on 50% J&S

75% J&S

▪ Active retirements

100%

40%

-

60%

▪ Future vested deferred

100%

40%

-

60%

▪ Future disabilities

100%

40%

-

60%

▪ Future deaths

-

-

100%

-

▪ Current vested deferred

100%

40%

-

60%

Form of payment – cash balance

Lump sum

▪ Active retirements

100%

▪ Future vested deferred

100%

▪ Future disabilities

100%

▪ Future deaths

100%

▪ Current vested deferred

100%

Schedule SB, Line 23 – Statement of Actuarial Assumptions/Methods - Continued

Table of sample rates

Salary increases

Attained age	Percentage increase at attained age	Ratio of salary at age 65 to salary at attained age
20	7.25%	715.5%
25	6.60	510.4
30	5.95	375.3
35	5.30	284.6
40	4.65	222.6
45	4.00	179.6
50	3.35	149.4
55	2.70	128.3
60	2.50	113.1

Attained age	Disability incidence
20	.090%
25	.100
30	.110
35	.120
40	.150
45	.215
50	.330
55	.580
60	1.180

Schedule SB, Line 23 – Statement of Actuarial Assumptions/Methods - Continued

Attained age	Withdrawal*
20	25.70%
25	20.32
30	15.44
35	11.32
40	7.82
45	5.12
50	3.30
55	2.16
60	1.62

* Ultimate rates for participants with at least 4 years of service. For other participants, the rates are 40% higher with service of 0 to 1 year, 30% higher with service of 1 to 2 years, 20% higher with service of 2 to 3 years and 10% higher with service of 3 to 4 years.

Attained age	Retirement
50 - 59	2.00%
60	40.00
61	5.00
62	40.00
63 - 64	5.00
65	40.00
66 – 69	5.00
70	100.00

Schedule SB, Line 23 – Statement of Actuarial Assumptions/Methods - Continued

Actuarial methods

Asset methods – effective January 1, 2009

We used financial data submitted by the trustee as of the valuation date without further audit. Customarily, this information would not be verified by a plan's actuary. We have reviewed the information for internal consistency and we have no reason to doubt its substantial accuracy. Note, the market value used is the amount reported in the year-end Plan Sub-Accounting report.

The asset valuation method is an annual average of the adjusted market value over the last 24 months preceding the valuation date. The adjusted market value is the market value at each determination date adjusted to the valuation date based on actual cash flows and expected interest at the lesser of the expected rate of return and the third segment rate. This amount is adjusted to be no greater than 110 percent and no less than 90 percent of the fair market value, as defined in IRC Section 430.

A characteristic of this asset valuation method is that, over time, it is slightly more likely to produce an actuarial value of assets that is less than the market value of assets than an actuarial value that is greater than market.

Participant methods – effective January 1, 2008

We used the participant data supplied by the plan sponsor. We have reviewed the data and have no reason to doubt its substantial accuracy. Participants or former participants are included or excluded from the valuation as described below:

- **Participants included:** The plan sponsor provides us with data on all employees as of the valuation date, but only those employees who have completed the plan's eligibility requirements are included in the valuation of liabilities.
- **Participants excluded:** No actuarial liability is included for nonvested participants who terminated prior to the valuation date. For this purpose, participants with a break in service on the valuation date are treated as terminated participants.
- **Insurance contracts:** The plan does not have any insurance contracts.
- **Transferred participants:** The liabilities for employees who have transferred into another plan of the plan sponsor have been included with the liabilities for terminated vested participants.

**Schedule SB, Line 23 – Statement of Actuarial Assumptions/Methods
- Continued*****Benefits included or excluded – effective January 1, 2009***

Unless noted below, all benefits provided by the plan are included in this valuation.

- **Plan amendments:** The plan sponsor made an election under IRC 412(d)(2) to reflect the plan amendment effective July 1, 2009 as allowed under proposed regulation. This plan amendment freezes all benefit accruals under the traditional plan and all future accruals will be under the cash balance plan. Also, the vesting requirement under the traditional plan was changed from 5 years to 3 years and all death benefits under the traditional plan were removed and replaced with the REA minimum for married participants and 60 certain payments for single participants.
- **Late retirement increases:** The plan provides benefit suspension notices to participants who work beyond normal retirement; therefore, no actuarial increases are valued in this valuation for active participants.
- **Shutdown benefits:** We are not aware of any corporate actions that would create shutdown benefits; therefore, they are excluded.
- **IRC Sections 401(a)(17) and 415(b):** The limitations of Internal Revenue Code Sections 401(a)(17) and 415(b) have been incorporated into our calculations.
- **Benefit restrictions:** Benefit restrictions (if applicable) are ignored in this valuation.

Plan sponsor elections**Asset valuation method:**

- Two-year, two-period average value

Funding interest rate:

- Full yield curve
- Two look-back months

Investment expenses:

- Exclude from funding target normal cost

Mortality assumption:

- PPA separate static annuitant and nonannuitant mortality tables

Treatment of insurance contracts:

- No insurance contracts held by plan

Valuation of lump sums based on IRC Section 417(e) assumptions:

- Lump sum benefit based on annuity substitution liability
- Adjustment to reflect five-year phase-in of PPA rates was not used
- Generational mortality table option was not used

Minimum funding method

The funding target for minimum funding calculations is computed using the traditional unit credit method of funding. The objective under this method is to fund each participant's benefits under the plan as they accrue. Thus, the total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service.

A detailed description of the calculation follows:

Schedule SB, Line 23 – Statement of Actuarial Assumptions/Methods - Continued

- An individual's **accrued liability** is the present value of benefits based on credited service and average pay as of the beginning of the plan year, and an individual's **normal cost** is the present value of the benefit deemed to accrue in the plan year. If multiple decrements are used, the accrued liability and the normal cost for an individual are the sum of the component accrued liabilities and normal costs associated with the various anticipated separation dates.
- The plan's **target normal cost** is the sum of the individual normal costs, and the plan's **funding target** is the sum of the accrued liabilities for all participants under the plan.

Maximum deductible contribution method

Calculations of maximum deductible contributions include the excess of the accrued liability computed using the projected unit credit method over the minimum funding target. The objective of the projected unit credit method is to fund each participant's benefits under the plan as they accrue, taking into consideration future compensation increases. Thus, the total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service.

A detailed description of the calculation follows:

- An individual's **projected accrued liability** is the present value of benefits based on credited service as of the beginning of the plan year and projected compensation that would be used in the calculation of the benefit on each expected separation date. If multiple decrements are used, the accrued liability for an individual is the sum of the component accrued liabilities associated with the various anticipated separation dates.
- The plan's **projected accrued liability** is the sum of the projected accrued liabilities for all participants under the plan.

SCHEDULE SB (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <hr/> <small>Department of Labor Employee Benefits Security Administration</small> <hr/> <small>Pension Benefit Guaranty Corporation</small>	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). File as an attachment to Form 5500 or 5500-SF.	<small>OMB No. 1210-0110</small> <hr/> 2009 <hr/> This Form is Open to Public Inspection
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For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan The Rowan Pension Plan	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF Rowan Companies, Inc.	D Employer Identification Number (EIN) 75-0759420
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	
F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500	

Part I Basic Information			
1 Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2009</u>			
2 Assets:			
a Market value	2a	246,047,015	
b Actuarial value	2b	270,651,717	
3 Funding target/participant count breakdown	(1) Number of participants		(2) Funding Target
a For retired participants and beneficiaries receiving payment	3a	1,171	173,649,881
b For terminated vested participants	3b	1,135	50,883,264
c For active participants:			
(1) Non-vested benefits	3c(1)		729,362
(2) Vested benefits	3c(2)		106,781,735
(3) Total active	3c(3)	1,883	107,511,097
d Total	3d	4,189	332,044,242
4 If the plan is at-risk, check the box and complete items (a) and (b) ☐			
a Funding target disregarding prescribed at-risk assumptions	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor	4b		
5 Effective interest rate	5	8.02 %	
6 Target normal cost	6	9,974,161	

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	<div style="text-align: center;"> Signature of actuary Jeffrey D. Bradley Type or print name of actuary Mercer Firm name 1000 Main Street, Suite 2900 Houston TX 77002-6336 Address of the firm </div>	<div style="text-align: center;"> <u>10/13/2010</u> Date 08-05168 Most recent enrollment number (713) 276-2100 Telephone number (including area code) </div>
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If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

Part II Beginning of year carryover and prefunding balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	0	0
8 Portion used to offset prior year's funding requirement (Item 35 from prior year)	0	0
9 Amount remaining (Item 7 minus item 8).....	0	0
10 Interest on item 9 using prior year's actual return of <u>(28.89)</u> %		
11 Prior year's excess contributions to be added to prefunding balance:		
a Excess contributions (Item 38 from prior year)		2,706,021
b Interest on (a) using prior year's effective rate of <u>6.11</u> %		165,338
c Total available at beginning of current plan year to add to prefunding balance		2,871,359
d Portion of (c) to be added to prefunding balance.....		0
12 Reduction in balances due to elections or deemed elections.....	0	0
13 Balance at beginning of current year (item 9 + item 10 + item 11d - item 12)	0	0

Part III Funding percentages

14	Funding target attainment percentage.....	14	81.51 %
15	Adjusted funding target attainment percentage.....	15	81.51 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	80.32 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV	Contributions and liquidity shortfalls
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18 Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees		
04/15/2009	7,610,000						
07/15/2009	7,610,000						
10/15/2009	592,000						
01/15/2010	5,271,000						
03/31/2010	24,133,000						
			Totals ►	18(b)	45,216,000	18(c)	0

19 Discounted employer contributions - see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contribution from prior years.....	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c	42,094,567

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No

b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No

C If 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of Quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: %	2nd segment: %	3rd segment: %	☒ N/A, full yield curve used
b Applicable month (enter code)				21b 2
22 Weighted average retirement age				22 52
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a)	29	0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions)	31	9,974,161
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	61,392,525	12,338,341
b Waiver amortization installment	0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	0
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b - item 33)	34	22,312,502
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement		0
36 Additional cash requirement (item 34 minus item 35)	36	22,312,502
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c)	37	42,094,567
38 Interest-adjusted excess contributions for current year (see instructions)	38	19,782,065
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37)	39	0
40 Unpaid minimum required contribution for all years	40	0

Re: The Rowan Pension Plan
IRC Section 412(d)(2) statement of election:
amendment adopted after the January 1, 2009 valuation date

I, Gary Marsh, plan administrator of The Rowan Pension Plan (“The Plan”), hereby elect to treat the amendment to The Rowan Pension Plan as having been adopted on the first day of the 2009 plan year for purposes of determining the Plan’s funding target and target normal cost for the January 1, 2009 valuation, in accordance with proposed regulations and Internal Revenue Code Section 412(d)(2).

The amendment of the plan was effective for the plan year that ended December 31, 2009 and was adopted on July 1, 2009. The amendment does not reduce the accrued benefit of any participant determined as of the beginning of the plan year in which the amendment was adopted. Further, the amendment does not reduce the accrued benefit of any participant determined as of the time of adoption of such amendment.

Schedule SB, Part V – Summary of Plan Provisions

Plan provisions

Following is a summary of the major plan provisions used to determine the plan's financial position. It should not be used in determining plan benefits.

Traditional plan

Effective date	The Plan was amended and restated in its entirety effective July 1, 2009.
Plan year	Calendar year.
Employers participating	<p>The employers participating in the Plan include:</p> <ul style="list-style-type: none"> ▪ Rowan Companies, Inc. ▪ Rowan Drilling Company, Inc. ▪ Rowan International, Inc. ▪ RDC Marine, Inc. ▪ Rowandrigill, Inc. ▪ Atlantic Maritime Services, Inc. ▪ Terminator, Inc. ▪ Rowan Petroleum, Inc.
Eligibility	All employees who have been credited with at least 1,000 Hours of Service during the twelve calendar months following date of employment.
Service	<p><u>Benefit Service</u></p> <p>A year of Benefit Service is credited for each year an employee works 2000 or more hours. Pro-rata credit is given for years an employee works less than 2000 hours.</p> <p><u>Vesting Service</u></p> <p>A year of Vesting Service is credited for each year an employee works 1000 hours or more.</p> <p>Both Benefit and Vesting Service prior to the Effective Date are determined under the terms of the Plan in effect prior to the Effective Date. Benefit and Vesting Service Commencement may also be affected by the Employer's adoption agreement.</p>
Considered compensation	Total compensation, excluding discretionary bonuses. In no event shall considered compensation exceed the §401(a)(17) limit.
Pension compensation base	Average of the annual considered compensation of the five consecutive calendar years of the last ten completed calendar years of service which yields the highest average.

Schedule SB, Part V – Summary of Plan Provisions - Continued

Normal and late retirement	<p><u>Eligibility</u></p> <p>Age 60 with 3 years of service.</p> <p><u>Benefit Formula</u></p> <p>A monthly amount payable for life with 60 payments certain equal to 1/12 of 1.75% of the Pension Compensation Base (disregarding any compensation by the employee after June 30, 2009) multiplied by the number of years of Benefit Service (disregarding any service completed after June 30, 2009).</p>
Early retirement	<p><u>Eligibility</u></p> <p>Age 40 with 3 years of service.</p> <p><u>Benefit Formula</u></p> <p>A monthly amount, deferred to age 60, calculated as for Normal Retirement considering compensation and service to the earlier of June 30, 2009 and the date of retirement. At the request of the employee, a reduced benefit may be paid at actual retirement, the reduction being 5% for each of the first 10 years of which payment precedes age 60 and actuarially reduced thereafter.</p>
Disability retirement	<p><u>Eligibility</u></p> <p>Totally and permanently disabled at any time.</p> <p><u>Benefit Formula</u></p> <p>A monthly amount deferred to age 60, calculated as for Normal Retirement considering compensation and service to the earlier of June 30, 2009 and the date of the inception of his date of disability. If the total and permanent disability ceases prior to age 60, a reduced benefit may be paid starting at age 40. The reduction is the same as for Early Retirement.</p>
Vested termination	<p><u>Eligibility</u></p> <p>3 years of service.</p> <p><u>Benefit Formula</u></p> <p>A monthly amount deferred to age 60, calculated as for Normal Retirement considering compensation and service to the earlier of June 30, 2009 and the date of termination. At the employee's request, a reduced benefit may be paid starting at age 40. The reduction is the same as for early retirement.</p>
Minimum severance benefit	<p>Sum of an employee's total contributions prior to January 1, 1966, plus contributions made by the Company in the employee's name through January 1, 1976 plus interest at 2 1/2% through January 1, 1972, 4% through 1975, and at the rate required by IRS regulations thereafter.</p>

Schedule SB, Part V – Summary of Plan Provisions - Continued

Death benefit	<p><u>Eligibility</u> Death after 3 years of vesting service.</p> <p><u>Benefit Formula</u> The surviving spouse shall receive half of a 50% Joint & Survivor annuity payable monthly and calculated as for Normal Retirement considering compensation and service to the earlier of June 30, 2009 and the date of death. If the date of death is prior to age 60, a reduced benefit may be paid. The reduction is the same as for Early Retirement.</p> <p>If the participant has no surviving spouse, a monthly annuity shall be paid to his beneficiary for 60 months calculated as for Normal Retirement considering compensation and service to the earlier of June 30, 2009 and the date of death. If the date of death is prior to age 60, a reduced benefit may be paid. The reduction is the same as for Early Retirement.</p>
Normal forms of payment	<p><u>Single Participant</u> - Life annuity with five years certain.</p> <p><u>Married Participant</u> - Qualified Joint and 50% Survivor Annuity. Under this option, a reduced amount, actuarially equivalent to the single participant form of payment, is paid to the married participant for his lifetime. Upon his death, his surviving spouse receives monthly payments equal to 50% of the original amount for life.</p>
Actuarial equivalence	<p><u>Level income option and lump sum option:</u> The mortality table prescribed in Section 430(h)(3) and in effect at the time of payment with segment rates pursuant to Section 417(3)(c) with a 2 month look-back.</p> <p><u>All other forms of payment:</u> The UP-1984 Mortality Table set forward one year using an 8.50% interest rate.</p>
Cost-of-living adjustment:	<p>On January 1 of each year, all pensions being paid will be adjusted to reflect the change in the Consumer Price Index. The adjustment for any year will be limited to 2% per annum and will not be effective until the recipient reaches age 50.</p>
Expenses	<p>Paid by the trust if not by the employer.</p>

Schedule SB, Part V – Summary of Plan Provisions - Continued

Changes in plan provisions since prior valuation

The plan sponsor made an election under IRC 412(d)(2) to reflect the plan amendment effective July 1, 2009 as allowed under proposed regulation. This plan amendment freezes all benefit accruals under the traditional plan and all future accruals will be under the cash balance plan. Also, the vesting requirement under the traditional plan was changed from 5 years to 3 years and all death benefits under the traditional plan were removed and replaced with the REA minimum for married participants and 60 certain payments for single participants.

The IRC Section 415(b) limit on maximum annuity benefits increased from \$185,000 to \$195,000 and the IRC Section 401(a)(17) compensation limit increased from \$230,000 to \$245,000.

Schedule SB, Part V – Summary of Plan Provisions - Continued

Plan provisions

Following is a summary of the major plan provisions used to determine the plan's financial position for the cash balance plan. It should not be used in determining plan benefits.

Cash balance plan

Effective date	The plan was amended and restated in its entirety effective July 1, 2009.												
Eligibility	All employees who have been credited with at least 1,000 hours of service during the twelve calendar months following date of employment provided any participant in The Rowan Pension Plan as of June 30, 2009 shall become a participant on the effective date.												
Compensation	W-2 compensation, excluding stock options or other fringe benefits. In no event shall compensation exceed the §401(a)(17) limit.												
Vesting service	Same as traditional plan.												
Transition participants	Participants of The Rowan Pension Plan on June 30, 2009 who were accruing benefits under the traditional formula.												
Pay credits	<p>5% compensation plus transition pay credits for Transition participants based on the following schedule:</p> <table> <tr> <th>Points</th><th>Percentage</th></tr> <tr> <td>Under 50</td><td>0%</td></tr> <tr> <td>50 – 59</td><td>3%</td></tr> <tr> <td>60 – 69</td><td>6%</td></tr> <tr> <td>70 – 79</td><td>9%</td></tr> <tr> <td>80 or more</td><td>12%</td></tr> </table> <p>One point is credited for each year of a Transition participant's attained age at June 30, 2009, plus one point is credited for each full year of a Transition participant's Vesting Service at June 30, 2009.</p> <p>Pay credits are added to the Cash Balance Account annually.</p>	Points	Percentage	Under 50	0%	50 – 59	3%	60 – 69	6%	70 – 79	9%	80 or more	12%
Points	Percentage												
Under 50	0%												
50 – 59	3%												
60 – 69	6%												
70 – 79	9%												
80 or more	12%												
Interest credit	Interest on the Cash Balance Account as of the end of each prior calendar quarter is added to the Cash Balance Account each calendar quarter. The rate credited is based on the 10-year U.S. Treasury notes in November of the preceding plan year.												
Cash balance account	The sum of pay credits and interest credits credited to date of determination.												
Participant contributions	None allowed.												
Forms of benefit	<p>Optional forms of payment are lump sum, single life annuity and joint and survivor (50% and 75%).</p> <p>Normal form of payment for married participants is 50% joint and survivor annuity and for single participants is a life annuity.</p>												

Schedule SB, Part V – Summary of Plan Provisions - Continued

Actuarial equivalence	<u>All forms payment:</u> The mortality table prescribed in Section 430(h)(3) and in effect at the time of payment with segment rates pursuant to Section 417(3)(c) with a 2 month look-back.
Normal retirement benefits	<u>Eligibility</u> Age 60 with 3 years of Vesting Service. <u>Benefit Formula</u> Lump sum equal to Cash Balance Account at time of payment or monthly amount actuarially equivalent to such balance.
Severance benefit	<u>Eligibility</u> 3 years of Vesting Service <u>Benefit Formula</u> Same as retirement at Normal Retirement Date, based on Cash Balance Account at commencement date.
Death with survivor benefit	The beneficiary of a deceased member of the plan may choose to receive the member's entire Cash Balance Account as a lump sum or as a monthly single life annuity.
Cost of living supplements	None.
Changes in plan provisions since prior valuation	Cash balance provisions were adopted for all employees as of July 1, 2009.

Plan: The Rowan Pension Plan

EIN/PN: 75-0759420/001

2009 Form 5500 – Schedule SB

Schedule SB, Line 32 – Schedule of Amortization Bases

Charge	Amortization period		Balances		Beginning of year payment
	Date created	Years left	Initial	Outstanding	
Shortfall Loss	01/01/2008	6	\$ 78,802,621	\$ 65,992,982	\$ 13,154,686
Shortfall Gain	01/01/2009	7	(4,600,457)	(4,600,457)	(816,345)
Total				\$ 61,392,525	\$ 12,338,341

Schedule SB, Line 25 – Change in Method

Beginning with the 2009 valuation, expected expenses are added to the normal cost, the asset valuation method was changed from market value to the averaging method described in IRS Notice 2009-22, the interest rate method was changed from segment rates with four look-back months and no phase-in to the full yield curve with two look-back months.

Schedule SB, Line 24 – Change in Actuarial Assumptions

The mortality assumption was updated as mandated by PPA.

The discount rate election was changed based on plan sponsor election.

The salary increases assumption was updated to better reflect expected experience.

Cash balance assumptions were added to reflect the plan amendment effective July 1, 2009.

An expense load equal to anticipated 2009 administrative expenses is added to the target normal cost.

Expected investment return assumption was added in connection with the change in asset valuation method.

The cost-of-living increase on benefit assumption was decreased from 1.95% to 1.75% to better reflect expected experience.

Schedule SB, Line 22 – Description of weighted average retirement age

Each employee is assumed to retire in accordance with the table of retirement rates. The proportion of employees expected to retire at each potential retirement age is shown below. The average retirement age is 52.

Age	Age at retirement	Rates of withdrawal	Rates of retirement	Total rate	LX	Calculations # Ret or With	# Ret or With x age
30	50	0.1544	0.0000	0.1544	10,000	1,544	77,200
31	50	0.1452	0.0000	0.1452	8,456	1,228	61,391
32	50	0.1360	0.0000	0.1360	7,228	983	49,152
33	50	0.1284	0.0000	0.1284	6,245	802	40,094
34	50	0.1208	0.0000	0.1208	5,443	658	32,877
35	50	0.1132	0.0000	0.1132	4,786	542	27,087
36	50	0.1056	0.0000	0.1056	4,244	448	22,408
37	50	0.0980	0.0000	0.0980	3,796	372	18,600
38	50	0.0914	0.0000	0.0914	3,424	313	15,647
39	50	0.0848	0.0000	0.0848	3,111	264	13,190
40	50	0.0782	0.0000	0.0782	2,847	223	11,132
41	50	0.0716	0.0000	0.0716	2,624	188	9,396
42	50	0.0650	0.0000	0.0650	2,437	158	7,919
43	50	0.0604	0.0000	0.0604	2,278	138	6,880
44	50	0.0558	0.0000	0.0558	2,141	119	5,972
45	50	0.0512	0.0000	0.0512	2,021	103	5,174
46	50	0.0466	0.0000	0.0466	1,918	89	4,468
47	50	0.0420	0.0000	0.0420	1,828	77	3,839
48	50	0.0390	0.0000	0.0390	1,751	68	3,415
49	50	0.0360	0.0000	0.0360	1,683	61	3,030
50	50	0.0000	0.0200	0.0200	1,623	32	1,623
51	51	0.0000	0.0200	0.0200	1,590	32	1,622
52	52	0.0000	0.0200	0.0200	1,558	31	1,621
53	53	0.0000	0.0200	0.0200	1,527	31	1,619
54	54	0.0000	0.0200	0.0200	1,497	30	1,616
55	55	0.0000	0.0200	0.0200	1,467	29	1,613
56	56	0.0000	0.0200	0.0200	1,437	29	1,610
57	57	0.0000	0.0200	0.0200	1,409	28	1,606
58	58	0.0000	0.0200	0.0200	1,380	28	1,601
59	59	0.0000	0.0200	0.0200	1,353	27	1,596
60	60	0.0000	0.4000	0.4000	1,326	530	31,818
61	61	0.0000	0.0500	0.0500	795	40	2,426
62	62	0.0000	0.4000	0.4000	756	302	18,741
63	63	0.0000	0.0500	0.0500	453	23	1,428
64	64	0.0000	0.0500	0.0500	431	22	1,378
65	65	0.0000	0.4000	0.4000	409	164	10,639
66	66	0.0000	0.0500	0.0500	246	12	810
67	67	0.0000	0.0500	0.0500	233	12	781

	Age at	Rates of	Rates of		Calculations #	# Ret or With x
Age	retirement	withdrawal	retirement	Total rate	LX	Ret or With age
68	68	0.0000	0.0500	0.0500	222	11
69	69	0.0000	0.0500	0.0500	211	11
70	70	0.0000	1.0000	1.0000	200	200
Total						10,000
Weighted average retirement age						52