

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan 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), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 1.5em; font-weight: bold;">2012</div> This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2012 or fiscal plan year beginning <u>01/01/2012</u> and ending <u>12/31/2012</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information				
1a Name of plan <u>THE ROWAN PENSION PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>001</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>01/01/1952</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>001</u>	1c Effective date of plan <u>01/01/1952</u>	
1b Three-digit plan number (PN) ▶	<u>001</u>				
1c Effective date of plan <u>01/01/1952</u>					
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) <u>ROWAN COMPANIES, INC.</u> <u>2800 POST OAK BLVD., SUITE 5450</u> <u>HOUSTON, TX 77056</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>75-0759420</u></td> </tr> <tr> <td>2c Sponsor's telephone number <u>713-621-7800</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>211110</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>75-0759420</u>	2c Sponsor's telephone number <u>713-621-7800</u>	2d Business code (see instructions) <u>211110</u>	
2b Employer Identification Number (EIN) <u>75-0759420</u>					
2c Sponsor's telephone number <u>713-621-7800</u>					
2d Business code (see instructions) <u>211110</u>					

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. Signature of plan administrator	10/15/2013 Date	GARY L. MARSH Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature. Signature of employer/plan sponsor	10/15/2013 Date	JOHN KEVIN BARTOL Enter name of individual signing as employer or plan sponsor
SIGN HERE	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)			Preparer's telephone number (optional)

3a Plan administrator's name and address ☐ Same as Plan Sponsor Name ☐ Same as Plan Sponsor Address 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
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
5 Total number of participants at the beginning of the plan year		5 4324
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	1240
b Retired or separated participants receiving benefits.....	6b	1735
c Other retired or separated participants entitled to future benefits.....	6c	2759
d Subtotal. Add lines 6a , 6b , and 6c	6d	5734
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	269
f Total. Add lines 6d and 6e	6f	6003
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	0
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	14
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)		7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 1A 1G 3H 1C		
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics 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
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) ☐ <u>0</u> 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 2012 This Form is Open to Public Inspection
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

▶ **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>2012</u>	
2 Assets:	
a Market value	2a <u>426235145</u>
b Actuarial value	2b <u>435568130</u>
3 Funding target/participant count breakdown:	
a For retired participants and beneficiaries receiving payment.....	3a <u>1347</u> <u>234514783</u>
b For terminated vested participants.....	3b <u>1821</u> <u>101221868</u>
c For active participants:	
(1) Non-vested benefits.....	3c(1) <u>353549</u>
(2) Vested benefits.....	3c(2) <u>105777481</u>
(3) Total active	3c(3) <u>1176</u> <u>106131030</u>
d Total	3d <u>4344</u> <u>441867681</u>
4 If the plan is in at-risk status, check the box and complete lines (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 in at-risk status for fewer than five consecutive years and disregarding loading factor	4b
5 Effective interest rate	5 <u>7.09 %</u>
6 Target normal cost.....	6 <u>9610339</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>10/03/2013</u>
	Signature of actuary	Date
<u>KEVIN BILLS</u>		<u>11-07029</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 77002-6336</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) 2012
v. 120126

Part II Beginning of Year Carryover Prefunding Balances		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	19717108
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	19717108
9	Amount remaining (line 7 minus line 8)	0	0
10	Interest on line 9 using prior year's actual return of <u>-0.07</u> %		
11	Prior year's excess contributions to be added to prefunding balance:		
a	Present value of excess contributions (line 38a from prior year)		22337086
b	Interest on (a) using prior year's effective interest rate of <u>6.34</u> % except as otherwise provided (see instructions)		152305
c	Total available at beginning of current plan year to add to prefunding balance		22489391
d	Portion of (c) to be added to prefunding balance		22489391
12	Other reductions in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	22489391

Part III Funding Percentages			
14	Funding target attainment percentage	14	93.48 %
15	Adjusted funding target attainment percentage	15	93.39 %
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	80.03 %
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
04/15/2013	5571000	0			
07/15/2013	6040000	0			
09/13/2013	6100000	0			
Totals ►			18(b)	17711000	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 contributions 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	15969031
20 Quarterly contributions and liquidity shortfalls:		
a Did the plan have a "funding shortfall" for the prior year?	☒ Yes ☐ No	
b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☒ Yes ☐ No	
c If line 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: 5.54%	2nd segment: 6.85%	3rd segment: 7.52 %	☐ N/A, full yield curve used
b Applicable month (enter code).....				21b 4
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 subject to 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 contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)	31a	9610339	
b Excess assets, if applicable, but not greater than line 31a	31b	0	
32 Amortization installments:			
a Net shortfall amortization installment	Outstanding Balance	Installment	
b Waiver amortization installment	28788942	12683524	
	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 (lines 31a - 31b + 32a + 32b - 33)...	34	22293863	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....	0	22294527	22294527
36 Additional cash requirement (line 34 minus line 35)	36	0	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	15969031	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	15969031	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	15969031	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years.....	40	0	

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011		
42 Amount of acceleration adjustment	42		
43 Excess installment acceleration amount to be carried over to future plan years	43		

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
		2012
		This Form is Open to Public Inspection.

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

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 Service Provider Information (see instructions)

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

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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	138264	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	20724	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 ☐

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)

(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:

SCHEDULE D (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small>	DFE/Participating Plan 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 2012 This Form is Open to Public Inspection.
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>THE ROWAN PENSION PLAN</u>	B Three-digit plan number (PN) ►	<u>001</u>
C Plan or DFE 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	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: MASTER TRUST UNDER VARIOUS EMPLOYEE

b Name of sponsor of entity listed in (a): ROWAN COMPANIES, INC.

c EIN-PN <u>75-0759420-005</u>	d Entity code <u>M</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>448520153</u>
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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:

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) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	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 2012 This Form is Open to Public Inspection
For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012		
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		(a) Beginning of Year	(b) End of Year
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 Total noninterest-bearing cash	1a			
b Receivables (less allowance for doubtful accounts):				
(1) Employer contributions	1b(1)	37155000		17711000
(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)	389709942		448520153
(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	426864942	466231153

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	426864942	466231153
---	-----------	-----------	-----------

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) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	17711000	
(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)		17711000
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
(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

		(a) Amount	(b) Total
(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)		49550026
(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		67261026

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	26673982	
(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)		26673982
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)	158988	
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	1061845	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		1220833
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		27894815

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		39366211
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 lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

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.).....

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.).....

	Yes	No	Amount
4a		X	
4b		X	

	Yes	No	Amount
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)

Part V Trust Information (optional)

6a Name of trust

6b Trust's EIN

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 2012 This Form is Open to Public Inspection.
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

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>84</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 (include any prior year accumulated funding deficiency not waived)	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 or other authority 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. 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) 2012
v. 120126

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 lines 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 lines 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 lines 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 lines 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 lines 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 lines 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 line 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 lines (a) through (c)

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

Stock: 65.0% Investment-Grade Debt: 26.0% High-Yield Debt: 2.0% Real Estate: 5.0% Other: 2.0%

- 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 line 19(b)?

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

ROWAN PENSION PLAN

Financial Statements
And Independent Auditor's Report

December 31, 2012 and 2011

**ROWAN PENSION PLAN
DECEMBER 31, 2012 AND 2011**

TABLE OF CONTENTS

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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 Auditor's Report

To the Participants and Plan Administrator of
Rowan Pension Plan

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Rowan Pension Plan (the Plan), which comprise the Statements of Net Assets Available for Benefits as of December 31, 2012 and 2011, and the related Statements of Changes in Net Assets Available for Benefits for the years then ended, and the related Notes to Financial Statements.

Plan Management's Responsibility for the Financial Statements

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA), Plan management instructed us not to perform, and we did not perform, any auditing procedures with respect to the investment information summarized in Note 3, which was certified by JPMorgan Chase Bank, the trustee of the Plan (Trustee), except for comparing such information with the related information included in the financial statements. We have been informed by Plan management that the Trustee holds the Plan's investment assets and executes investment transactions. Plan management has obtained a certification from the Trustee as of December 31, 2012 and 2011 and for the years then ended, that the information provided to Plan management by the Trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.



Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements, other than that derived from the information certified by the Trustee has been audited by us in accordance with US GAAS and, in our opinion, is presented in compliance with DOL Rules and Regulations for Reporting and Disclosure under ERISA.

McConnell & Jones LLP

Houston, Texas
October 14, 2013

ROWAN PENSION PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS:		
Investments, at fair value:		
Plan interest in Master Trust	<u>\$ 448,520,153</u>	<u>\$ 389,709,942</u>
Receivables:		
Employer contributions	<u>17,711,000</u>	<u>37,155,000</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 466,231,153</u>	<u>\$ 426,864,942</u>

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, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ADDITIONS:		
Plan interest in net (loss) income of Master Trust	\$ 49,550,026	\$ (494,055)
Employer contributions	<u>17,711,000</u>	<u>37,155,000</u>
TOTAL ADDITIONS	<u>67,261,026</u>	<u>36,660,945</u>
DEDUCTIONS:		
Benefit payments	26,673,982	21,528,909
Administrative expenses	<u>1,220,833</u>	<u>769,262</u>
TOTAL DEDUCTIONS	<u>27,894,815</u>	<u>22,298,171</u>
INCREASE IN NET ASSETS	39,366,211	14,362,774
NET ASSETS AVAILABLE FOR BENEFITS BEGINNING OF YEAR	<u>426,864,942</u>	<u>412,502,168</u>
NET ASSETS AVAILABLE FOR BENEFITS END OF YEAR	<u><u>\$466,231,153</u></u>	<u><u>\$426,864,942</u></u>

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

ROWAN PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 1: DESCRIPTION OF THE PLAN

The following description of the Rowan Pension Plan (the Plan) is provided for general informational purposes only. Participants should refer to the Plan document and the *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).

Effective January 1, 2013, the LeTourneau Technologies, Inc. Retirement Income Plan was merged into the Plan.

Pension Benefits

Employees are entitled to pension benefits upon retirement, after three years of service as defined by the Plan. There is no partial vesting of benefits. The Plan provides for normal retirement benefits upon reaching the age of 60 and for early retirement benefits 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 document, 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 the 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 cash balance formula, accrue at a lower amount than the traditional defined benefit formula.

ROWAN PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

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.

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.

NOTE 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 (US GAAP).

Use of Estimates

The preparation of financial statements in conformity with US GAAP 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 JPMorgan Chase Bank, N.A. (the Trustee) 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 Trustee with full discretionary authority for the purchase and sale of investments.

The Plan's investments are stated at fair value as determined by the Trustee based on the latest quoted market values of the underlying securities. The Trustee determines 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

ROWAN PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

Trustee. See *Note 3 – Investment in Master Trust* for the Master Trust’s investments by level within the fair value hierarchy as of December 31, 2012 and 2011.

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 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 Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 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 establishes a framework for measuring fair value as it relates to financial assets and liabilities and to nonfinancial assets and liabilities measured at fair value on a recurring basis. That framework provides a three-level valuation hierarchy based upon observable and unobservable inputs, with preference given to observable inputs. The three levels of the fair value hierarchy under FASB ASC 820 are described below:

- Level 1: Inputs are unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs, other than quoted prices included in Level 1 that are observable either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, and inputs other than quoted prices that are observable for the assets or liabilities; and
- Level 3: Inputs are unobservable for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. Unobservable inputs reflect the Plan’s judgments about the assumptions market participants would use in pricing the asset or liability since limited market data exists. Unobservable inputs are based on the best information available in the circumstances.

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.

ROWAN PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

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.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Common/collective trusts: The interest in the common/collective trusts is stated at NAV provided by the administrator of the funds. The NAV is used as a practical expedient and 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.

Limited Partnerships: The interest in these funds has been valued using the limited partner's capital contributions, withdrawal or distributions, the allocation of the partnership's net profits and losses and any other capital account adjustments. Investments in this category are generally classified as Level 3, however, investments may be classified as Level 2 if net asset value is determined and the investment is redeemable at NAV in the capital account on a regular frequency.

Contributions

Contributions to the Plan from Rowan 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 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.

ROWAN PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

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.

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, 2012, through October 14, 2013, for inclusion in the financial statements and footnotes.

New Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-04, *Fair Value Measurements (Topic 820): Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRSs*, (FASB ASU 2011-04). FASB ASU 2011-04 amended ASC 820, *Fair Value Measurements and Disclosures*, to converge the fair value measurement guidance in US generally accepted accounting principles (GAAP) and International Financial Reporting Standards (IFRSs). Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a particular principle in ASC 820. In addition, ASU 2011-04 requires additional fair value disclosures. FASB ASU 2011-04 is effective for fiscal years and interim reporting periods beginning after December 15, 2011. As the impact is primarily limited to enhance disclosures, the adoption of the guidance did not have any effect on the Plan's net assets available for benefits or changes therein.

ROWAN PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

NOTE 3: INVESTMENT IN MASTER TRUST (CERTIFIED BY TRUSTEE)

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 Rowan. The Plan's interest in the Master Trust represents 5% or more of net assets available for benefits.

The net assets of the Master Trust at December 31, 2012 and 2011, were as follows:

	2012		2011	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Investments – at fair value:				
Common stocks – U.S. equities	\$ 24,790,193	5%	\$ 42,949,205	10%
Money market fund	14,593,730	3%	11,285,077	2%
Mutual funds:				
Large blend	108,306,015	22%	168,910,164	38%
Intermediate-term bond	66,481,975	13%	61,243,268	13%
Common / Collective Trust	185,194,097	38%	141,972,672	32%
Limited partnerships	94,886,450	19%	21,950,635	5%
Other assets	125,558	0%	157,084	0%
Total investments	494,378,018	100%	448,468,105	100%
Receivables	108,360		29,632	
Payables	(54,180)		(91,928)	
Net assets	<u>\$494,432,198</u>		<u>\$448,405,809</u>	

ROWAN PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

The changes in net assets for the Master Trust for the years ended December 31, 2012 and 2011 was as follows:

	<u>2012</u>	<u>2011</u>
Investment income:		
Net appreciation (depreciation) in fair value of investments:		
Common stocks	\$ 4,644,818	\$ (1,457,600)
Mutual funds	24,279,160	132,196
Common collective trusts	17,894,167	(8,689,573)
103-12 investment entities	-	1,862,305
Limited partnership	3,935,815	1,744,847
Interest and dividends	6,664,236	6,627,333
Other income	<u>44,679</u>	<u>255,080</u>
Net investment income	57,462,875	474,588
Administrative expenses	<u>(1,262,224)</u>	<u>(1,077,445)</u>
Net income (loss) before transfers	56,200,651	(602,857)
Transfers in	40,969,540	52,494,000
Transfers out	<u>(51,143,802)</u>	<u>(25,425,035)</u>
Net income	46,026,389	26,466,108
Net assets at beginning of year	<u>448,405,809</u>	<u>421,939,701</u>
Net assets at end of year	<u><u>\$ 494,432,198</u></u>	<u><u>\$ 448,405,809</u></u>

The Plan's interest in the Master Trust's total investments was approximately 91% and 87% as of December 31, 2012 and 2011 respectively, with the balance attributed to the other Rowan-sponsored plan.

ROWAN PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

The following table presents the Master Trust investments that represent 5% or more of Master Trust's net assets available for benefits as of December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Vanguard Instl. Equity Index Fund	\$ 108,306,015	\$ 168,910,164
Western Asset Fund Inc. Core Plus	66,481,975	61,243,268
SSGA Bond Market Index Fund	67,460,304	64,702,662
Blackrock MSCI ACWI Ex-US Fund	103,063,890	77,210,010
Blackstone Partners Fund	47,673,809	-
In accordance with FASB ASC 820, the following table presents the Master Trust's investments as of December 31, 2012 and 2011:		

	<u>2012</u>	<u>2011</u>
Level 1:		
Common stocks – U.S. equities	\$ 24,790,193	\$ 42,949,205
Money market fund	14,593,730	11,285,077
Mutual funds:		
Large blend	108,306,015	168,910,164
Intermediate-term bond	66,481,975	61,243,268
	<u>214,171,913</u>	<u>284,387,714</u>
Level 2:		
Common / Collective trust	185,194,097	141,972,672
Limited partnerships	47,212,641	-
Other assets	125,558	157,084
	<u>232,532,296</u>	<u>142,129,756</u>
Level 3:		
Limited partnerships	<u>47,673,809</u>	<u>21,950,635</u>
Total investments at fair value	<u>\$ 494,378,018</u>	<u>\$ 448,468,105</u>

The following table includes a summary of changes in the fair value of the Master Trust's Level 3 investments for the years ended December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Limited partnerships:		
Balance, beginning of year	\$ 21,950,635	\$ 20,205,788
Transfers in (out) of level 3	(21,950,635)	-
Issuances	46,000,000	-
Unrealized gains/(losses) relating to assets still held at the reporting date	<u>1,673,809</u>	<u>1,744,847</u>
Balance, end of year	<u>\$ 47,673,809</u>	<u>\$ 21,950,635</u>

ROWAN PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of investments within the fair value hierarchy. In instances where a transfer is required from one level to another as a result of re-evaluation of inputs or change in economic conditions, the transfer is reported at the beginning of the reporting period.

Plan management has evaluated the significance of transfers between levels based upon the nature of the investments and size of the transfer relative to total net assets available for benefits. For the year ended December 31, 2012, the UBS Trumbull Property Fund with a value of \$21,930,635 at December 31, 2011 was transferred to Level 2 from Level 3. The transfer was based on management's re-evaluation of the valuation methodology used by the fund and absence of significant redemption restrictions.

Quantitative Information about Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

The following table represents the Master Trust's Level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the ranges of values for those inputs.

Instrument	Fair value	Principal Valuation technique	Unobservable inputs	Range of Significant Input Values	Weighted Average
Limited Partnership	\$47,673,809	Value of limited partners' capital account at year end	Inputs used to value underlying securities of the feeder fund	(1)	(1)

(1) The range and weighted average has not been disclosed due to the wide range of values given the diverse nature of the underlying investments.

NOTE 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 traditional unit credit actuarial cost method for the plan years ended December 31, 2012 and 2011.

The Internal Revenue Code (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 \$17,711,000 and \$37,155,000 to the Plan for 2012 and 2011 respectively, which meets the funding requirement for 2012 and 2011.

ROWAN PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 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.

NOTE 6: INCOME TAX STATUS

The Internal Revenue Service (IRS) has determined and informed Rowan by a letter dated January 30, 2012, 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.

US GAAP requires plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2012, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2009.

NOTE 7: PARTY-IN-INTEREST TRANSACTIONS

Certain plan investments are managed by JPMorgan Chase Bank, N.A., the trustee of the Plan. Therefore, these transactions qualify as party-in-interest transactions; however, they are exempt from the prohibited transactions rules under ERISA.

ROWAN PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 8: ACCUMULATED PLAN BENEFITS

The actuarial present value of accumulated plan benefits is determined by the Plan's actuary, Mercer, 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, 2012 and 2011 were as follows:

- 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 2018 with Scale AA) – changed from prior year.
- 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%) – unchanged from prior year.
- 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%) – unchanged from prior year.
- iv. Cost of living increase of up to 1.75% per annum, compounded annually - unchanged from prior year.
- v. Discount rate of 8% per annum - unchanged from prior year.

Lump sums are valued using the 417(e) PPA mortality table and PPA lump sum rates. The PPA lump sum rates in effect for the 2012 plan year are 1.99% for the first 5 years, 4.47% for the next 15 years and 5.26% thereafter. - The rates used in the current year were updated from 2011 to 2012.

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.

ROWAN PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

The accumulated plan benefits information at January 1, 2012 is as follows:

	<u>2012</u>
Actuarial present value of accumulated plan benefits:	
Vested benefits:	
Participants currently receiving benefits	\$ 210,852,890
Active participants	91,753,209
Inactive participants with deferred benefits	<u>91,366,119</u>
	393,972,218
Non-vested benefits	<u>280,459</u>
Total actuarial present value of accumulated plan benefits	<u>\$ 394,252,677</u>

The change in the actuarial present value of accumulated plan benefits from January 1, 2011, to January 1, 2012, is attributed to the following:

Actuarial present value of accumulated plan benefits at January 1, 2011	<u>\$ 363,758,389</u>
Increase (decrease) during the year attributable to:	
Benefits accumulated and (gains) losses	19,167,098
Increase for interest due to the decrease in the discount period	28,239,515
Benefits paid	(21,528,909)
Changes in actuarial assumptions	<u>4,616,584</u>
Net increase	<u>30,494,288</u>
Actuarial present value of accumulated plan benefits at January 1, 2012	<u>\$ 394,252,677</u>

NOTE 9: NAV PER SHARE

In accordance with FASB ASU No. 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, the Plan expanded its disclosure to include the category, fair value, redemption frequency, and redemption notice period for those assets whose fair value is estimated using the net asset value per share or its equivalent for which the fair value is not readily determinable as of December 31, 2012 and 2011. For the Plan, such assets include investments in common collective trust funds and limited partnerships.

ROWAN PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

The following tables for December 31, 2012 and 2011, sets forth a summary of the Master Trust's investments with a reported NAV.

	Fair Value Estimated Using NAV per Share					
	December 31, 2012 and 2011					
	Fair Value as of 12/31/2012 *	Fair Value as of 12/31/2011 *	Unfunded Commitment	Redemption Frequency	Other Redemption Restrictions	Redemption Notice Period
SSGA Bond Market Index SL ^(a)	\$ 67,460,304	\$64,702,662	None	Daily	None	2 days
Blackrock MSCI ACWI EX-US Fund ^(b)	103,063,890	77,270,010	None	Daily	None	3 days
Urdang EB Global Real Estate ^(c)	14,669,903	-	None	Daily	None	Immediate
UBS Trumbull Property Fund ^(d)	23,228,792	21,950,635	None	End of a calander quarter	None	60 days

* The fair value of the investment has been estimated using the NAV of the investment.

(a) The fund invests in a well-diversified portfolio that is representative of the broad domestic bond market consisting primarily of government, corporate, mortgage-backed and asset-backed securities with maturities of greater than one year.

(b) The fund seeks investment results that correspond generally to the price and yield performance of the MSCI All Country World Index ex USA.

(c) The fund is primarily invested in a diversified portfolio of listed property companies around the world. The fund also invests in dollar and non-dollar instruments, including equity securities traded on foreign exchanges.

(d) The fund invests primarily in equity real estate investments located in the United States.

Schedule SB, line 26 — Schedule of Active Participant Data

Attained age	Years of credited service										
	Under 1	1–4	5–9	10–14	15–19	20–24	25–29	30–34	35–39	40 & up	Total
Under 25	1 65,904 5,967	49 65,904 5,967	6								56
25–29	2 75,197 8,209	94 75,197 8,209	100 102,951 11,204	7							203
30–34	1 95,534 11,183	58 95,534 11,183	99 108,884 11,831	66 135,659 14,950	3						227
35–39	1 86,743 8,612	37 86,743 8,612	56 99,990 11,131	59 131,373 14,413	28 159,332 23,587	1					182
40–44	2 97,743 11,683	26 97,743 11,683	47 104,146 12,081	37 112,786 16,391	30 146,406 26,280	18	1				161
45–49		12	15	25 111,714 20,368	28 135,683 29,468	21 151,162 38,608	23 145,717 42,295	8			132
50–54		6	6	7	9	19	30 146,783 46,878	28 177,653 66,142			105
55–59		7	3	1	6	9	19	32 136,667 55,995	8		85
60–64		5	3	3	2		2	8	2		25
65–69											
70 & up											
Total	7	294	335	205	106	68	75	76	10		1,176 115,589 20,815

In each cell, the top number is the count of active participants for each age/service combination, the middle number is average pay for 2011 limited to \$245,000, and the bottom number is the average account balance amount. Average pay and average account balance are not shown for cells with fewer than 20 participants

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods**Actuarial Assumptions for January 1, 2012 Funding Valuation****Discount rate sponsor elections**

• Segment rates or full yield curve	Segment	
• Look-back months	4	
• Use stabilized rates – funding	Yes	
• Use stabilized rates – Section 436 benefit restrictions	Yes	
	<u>Stabilized rates</u>	<u>Nonstabilized rates</u>
• First 5 years	5.54%	2.06%
• Next 15 years	6.85%	5.25%
• Over 20 years	7.52%	6.32%

Mortality sponsor elections

• Healthy participants	Section 430(h)(3) prescribed separate static annuitant and nonannuitant mortality tables. These tables are based on the RP-2000 mortality tables projected with mortality improvement to the valuation year plus 7 and 15 years based on Scale AA.
• 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 and are eligible for Social Security disability benefits. All other and 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	Not applicable
— Interest rate basis	Not applicable

Other economic assumptions

• Salary increases	2012 Salary: For bonus eligible participants, bonus paid in 2012 plus 2012 base pay. For all others, see table of sample rates. 2013 and beyond: See table of sample rates.
• Inflation	2.50%
• Cost-of-living increase on benefit	1.75% compounded annually.
• Expected investment return	8.00% per year for years 2010 through 2012.

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods**Other economic assumptions**

- Expenses Administrative expenses paid from the trust during 2011 plus an estimate of the PBGC premiums paid in current year. \$1,513,874 added to current year normal cost.

Demographic assumptions

- Withdrawal See table of sample rates.
- Disability incidence See table of sample rates.
- Retirement age

Attained age	Percentage
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%

- Benefit commencement age for
 - Current and future vested deferred Traditional benefit – 50;
Cash balance - Immediate

	<u>Male participants</u>	<u>Female participants</u>
Spouse assumptions		
— Percentage married	85%	60%
— Spouse age difference	0 years younger	0 years older

Form of payment - traditional	<u>Lump sum</u> <u>(under</u> <u>\$10,000)</u>	<u>5 year</u> <u>certain & life</u>	<u>Single life</u> <u>based on 50%</u>	
			<u>J&S</u>	<u>75% J&S</u>
Active retirements	100%	40%	0%	60%
Future vested deferred	100%	40%	0%	60%
Future disabilities	100%	40%	0%	60%
Future deaths	0%	0%	100%	0%
Current vested deferred	100%	40%	0%	60%

Form of payment – cash balance	<u>Lump sum</u>
Active retirements	100%
Future vested deferred	100%
Future disabilities	100%
Future deaths	100%
Current vested deferred	100%

Unpredictable contingent event assumptions Not applicable.

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods**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	Percentage
	Disability incidence
20	0.090%
25	0.100
30	0.110
35	0.120
40	0.150
45	0.215
50	0.330
55	0.580
60	1.180

Attained age	Percentage
	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.

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods**Actuarial Methods*****Asset Methods***

The asset valuation method is an average of the adjusted market value for each year during the last 2 years 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% and no less than 90% of the fair market value, as defined in IRC Section 430.

A characteristic of this asset 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 the market value.

Participant Methods

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.

Minimum Funding Methods

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:

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

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 2012 This Form is Open to Public Inspection
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

► **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>2012</u>		
2	Assets:		
	a Market value	2a	426,235,145
	b Actuarial value	2b	435,568,130
3	Funding target/participant count breakdown:	(1) Number of participants	(2) Funding Target
	a For retired participants and beneficiaries receiving payment.....	3a	1,347
	b For terminated vested participants.....	3b	1,821
	c For active participants:		
	(1) Non-vested benefits	3c(1)	353,549
	(2) Vested benefits	3c(2)	105,777,481
	(3) Total active.....	3c(3)	1,176
	d Total.....	3d	4,344
4	If the plan is in at-risk status, check the box and complete lines (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 in at-risk status for fewer than five consecutive years and disregarding loading factor	4b	
5	Effective interest rate	5	7.09
6	Target normal cost	6	9,610,339

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>KB</u> Signature of actuary	<u>10/3/2013</u> Date
	KEVIN BILLS Type or print name of actuary	11-07029 Most recent enrollment number
	MERCER Firm name	(713) 276-2100 Telephone number (including area code)
	1000 MAIN STREET, SUITE 2900 Address of the firm	
	HOUSTON TX 77002-6336	

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) 2012 v. 120126

Part II Beginning of Year Carryover Prefunding Balances		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	19,717,108
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	19,717,108
9	Amount remaining (line 7 minus line 8)	0	0
10	Interest on line 9 using prior year's actual return of <u>0.07</u> %		
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		22,337,086
	b Interest on (a) using prior year's effective interest rate of <u>6.34</u> % except as otherwise provided (see instructions).....		152,305
	c Total available at beginning of current plan year to add to prefunding balance		22,489,391
	d Portion of (c) to be added to prefunding balance		22,489,391
12	Other reductions in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	22,489,391

Part III Funding Percentages			
14	Funding target attainment percentage	14	93.48 %
15	Adjusted funding target attainment percentage	15	93.39 %
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	80.03 %
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
04/15/2013	5,571,000				
07/15/2013	6,040,000				
09/13/2013	6,100,000				
Totals ▶			18(b)	17,711,000	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 contributions from prior years.	19a	
b Contributions made to avoid restrictions adjusted to valuation date	19b	
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c	15,969,031

20 Quarterly contributions and liquidity shortfalls:

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

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

c If line 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: 5.54 %	2nd segment: 6.85 %	3rd segment: 7.52 %
			☐ N/A, full yield curve used
b Applicable month (enter code).....			21b 4
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 subject to 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 contributions for all prior years	28	
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29	
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29).....	30	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6).....		31a	9,610,339
b Excess assets, if applicable, but not greater than line 31a		31b	0
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment	28,788,942	12,683,524	
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 (lines 31a - 31b + 32a + 32b - 33).....		34	22,293,863
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....	0	22,294,527	22,294,527
36 Additional cash requirement (line 34 minus line 35)		36	0
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....		37	15,969,031
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)		38a	15,969,031
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances		38b	15,969,031
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)		39	0
40 Unpaid minimum required contributions for all years		40	0

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:			
a Schedule elected		☐ 2 plus 7 years ☐ 15 years	
b Eligible plan year(s) for which the election in line 41a was made		☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011	
42 Amount of acceleration adjustment		42	
43 Excess installment acceleration amount to be carried over to future plan years		43	

Schedule SB, line 15 — Reconciliation of Differences between Valuation Results and Amounts Used to Calculate AFTAP

The following schedule shows each AFTAP that was certified or recertified for the 2012 plan year, the date made, and a description of the AFTAP change:

Certification		
Date	AFTAP	Update Description
12/21/2012	93.39%	N/A

The following chart shows a comparison of the final 2012 AFTAP and the FTAP shown on the 2012 Schedule SB, line 14.

		Final certified AFTAP		Schedule SB Line 14 FTAP		Difference (explained below)
1. Adjusted plan assets						
a.	Actuarial value of plan assets	\$	435,568,130	\$	435,568,130	\$ 0
b.	Credit balances subtracted		22,489,391		22,489,391	0
c.	Annuity purchases for non-HCEs in prior two plan years		0		N/A	0
d.	Earmarked contributions during plan year		0		N/A	0
e.	Adjusted plan assets: (a.) – (b.) + (c.) + (d.)	\$	413,078,739	\$	413,078,739	\$ 0
2. Adjusted funding target						
a.	Funding target ¹	\$	441,867,681	\$	441,867,681	\$ 0
b.	Funding target increases not already reflected in (a.) due to amendments, UCEBs, etc.		431,991		N/A	(431,991)
c.	Annuity purchases for non-HCEs in prior two plan years		0		N/A	0
d.	Adjusted funding target: (a.) + (b.) + (c.)	\$	442,299,672	\$	441,867,681	\$ (431,991)
3.	2012 AFTAP/FTAP: (1.e.) ÷ (2.d.)		93.39%		93.48%	0.09%

¹ The final certified funding target used for the AFTAP includes an increase in liability due to an end of year plan amendment which added the annual COLA to the traditional benefit lump sum calculation, removed the cash balance account balance from the lump sum value used to determine lump sum eligibility and increased the maximum lump sum payable from \$10,000 to \$25,000. Active and vested terminated participants' forms of payments were also updated.

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
68	68	0.0000	0.0500	0.0500	222	11	753
69	69	0.0000	0.0500	0.0500	211	11	726
70	70	0.0000	1.0000	1.0000	200	200	13,999
Total						10,000	518,499
Weighted average retirement age							52

Schedule SB, Part V — Summary of Plan Provisions***Benefits Included or Excluded***

Unless noted below, all benefits provided by the plan, as amended through Amendment 1, are included in this valuation.

- **Most recent plan amendments included:** Amendment 1 is included because it was adopted by the valuation date and is effective by the end of the plan year.
- **Plan amendments excluded:** None
- **Late retirement increases:**
 - *Active participants:* The plan provides benefit suspension notices to participants who work beyond normal retirement; therefore, late retirement actuarial increases only apply to participants who defer retirement beyond age 70½.
 - *Deferred vested participants:* Current deferred vested participants over normal retirement age are valued including the late retirement actuarial increase.
- **Internal Revenue Code limitations:** The limitations of Internal Revenue Code Section 415(b) and 401(a)(17) have been incorporated into our calculations.
- **IRC Section 416 rules for top-heavy plans:** We did not test whether this plan is top-heavy (when the present value of benefits for key employees equals or exceeds 60% of the present value for all participants). However, we expect that the plan is not top-heavy due to the large number of rank-and-file participants; therefore, the funding target and target normal cost do not reflect any liability for top-heavy benefit accruals.
- **IRC Section 436 benefit restrictions:**
 - *Unpredictable contingent event benefits:* None.
 - *Plan amendments:* See above.
 - *Prohibited payments:* Limitations on prohibited benefits (if any) are reflected for annuity starting dates before the valuation date but are ignored for annuity starting dates on or after the valuation date.
 - *Benefit accruals:* The plan's funding target does not reflect any limitation on benefit accruals. The target normal cost does not reflect any limitation on benefit accruals.
- **Unpredictable contingent event benefits:** The plan does not have any unpredictable contingent event benefits.

Schedule SB, Part V — Summary of Plan Provisions**Summary of Major Plan Provisions – Traditional formula**

Effective date	The plan was amended and restated in its entirety effective July 1, 2009. The most recent amendment was signed on August 26, 2011.
Plan year	Calendar year.
Status of the plan	The plan service accrual and benefit accrual is stopped as of July 1, 2009 due to the plan change from the traditional formula described below to a cash balance benefit described in the next section (see "Summary of major plan provisions – cash balance formula"). New employees are eligible to participate in the plan once they satisfy the participation requirements.
Significant events that occurred during the year	The land-based drilling group was sold during the year and the plan was amended to vest all non-vested participants whose employment was transferred as a result of the sale to Ensign United States Drilling Inc.

Definitions

<ul style="list-style-type: none"> Employers participating 	The employers participating in the plan include: Rowan Companies, Inc. Rowan Drilling Company, Inc. Rowan International, Inc. RDC Marine, Inc. Rowandril, Inc. Atlantic Maritime Services, Inc. Terminator, Inc. Rowan Petroleum, Inc.
<ul style="list-style-type: none"> Eligibility 	All employees who have been credited with at least 1,000 Hours of Service during the twelve calendar months following date of employment.
<ul style="list-style-type: none"> Benefit service 	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 2,000 hours.
<ul style="list-style-type: none"> Vesting service 	A year of Vesting Service is credited for each year an employee works 1,000 hours or more. 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.
<ul style="list-style-type: none"> Considered compensation 	Total compensation, excluding discretionary bonuses. In no event shall considered compensation exceed the §401(a)(17) limit.
<ul style="list-style-type: none"> 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.

Normal retirement

<ul style="list-style-type: none"> Eligibility 	Age 60 with 3 years of vesting service.
<ul style="list-style-type: none"> Benefit 	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).

Schedule SB, Part V — Summary of Plan Provisions

Early retirement	
• Eligibility	Age 40 with 3 years of vesting service.
• Benefit	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.
Disability retirement	
• Eligibility	Totally and permanently disabled at any time.
• Benefit	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.
Vested termination	
• Eligibility	3 years of vesting service.
• Benefit	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.
Minimum severance benefit	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.
Death benefit	
• Eligibility	Death after 3 years of vesting service.
• Benefit	<p>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.</p> <p>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.</p> <p>The reduction is the same as for Early Retirement.</p>
Form of benefits	
• Automatic form for unmarried participants	Life annuity with five years certain.

Schedule SB, Part V — Summary of Plan Provisions

• Automatic form for married participants	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.
• Optional forms	<ul style="list-style-type: none"> • Benefits payable for the life of the participant. • Benefits payable for life with 25%, 75%, or 100% of the benefit continuing to the joint annuitant following the death of the participant. • Benefits payable for the life of the participant with 5, 10 or 15 years certain. • Level income option: benefits are adjusted to enable the participant to receive from the Plan and the Social Security Act a level amount for life.
• 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	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.
• Expenses	Paid by the trust if not by the employer.
Miscellaneous	
• Maximum compensation	Compensation for any 12-month period used to determine accrued benefits may not exceed the limits in IRC Section 401(a)(17) for the calendar year in which the 12-month period begins. This limit is indexed annually. For 2012, the limit is \$250,000.
• Maximum benefits	Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2012, the limit is \$200,000.

Schedule SB, Part V — Summary of Plan Provisions**Summary of Major Plan Provisions – Cash balance formula**

Effective date	The plan was amended and restated in its entirety effective July 1, 2009.												
Plan year	Calendar year.												
Status of the plan	The plan has ongoing benefit accruals and new employees are eligible to participate in the plan once they satisfy the participation requirements.												
Significant events that occurred during the year	The land-based drilling group was sold during the year and the plan was amended to vest all non-vested participants whose employment was transferred as a result of the sale to Ensign United States Drilling Inc.												
Definitions													
• 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	5% compensation plus transition pay credits for Transition participants based on the following schedule: <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. 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.												
• Actuarial equivalence	<u>All forms of 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.												
• Cost of living supplements	None												
Normal retirement benefits													
• Eligibility	Age 60 with 3 years of Vesting Service.												

Schedule SB, Part V — Summary of Plan Provisions

• Benefit	Lump sum equal to Cash Balance Account at time of payment or monthly amount actuarially equivalent to such balance.
Severance benefit	
• Eligibility	3 years of Vesting Service
• Benefit	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.
Forms of benefit	
• Automatic form for unmarried participants	Life annuity
• Automatic form for married participants	50% Joint and Survivor Annuity
• Optional forms	Optional forms of payment are lump sum, single life annuity and joint and survivor (50% and 75%).
Miscellaneous	
• Maximum compensation	Compensation for any 12-month period used to determine accrued benefits may not exceed the limits in IRC Section 401(a)(17) for the calendar year in which the 12-month period begins. This limit is indexed annually. For 2012, the limit is \$250,000.
• Maximum benefits	Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2012, the limit is \$200,000.

Plan Provision Changes Since Prior Valuation

Maximum compensation amounts and maximum benefit amounts under IRS rules were updated from 2011 to 2012.

The land-based group vesting amendment was reflected.

Schedule SB, line 32 — Schedule of Amortization Bases

The total shortfall amortization charge is the sum of the individual shortfall amortization installment for each plan year covered under PPA. Although an individual shortfall amortization installment can be negative, the combined shortfall amortization charge cannot be less than \$0.

Shortfall bases					
Year established		Outstanding balance	Years remaining	2012 Installment	
2008	\$	37,428,765	3	\$	13,154,686
2009		(3,017,154)	4		(816,345)
2010		15,290,109	5		3,396,353
2011		22,804,144	6		4,368,677
2012		(43,716,922)	7		(7,419,847)
Total	\$	28,788,942		\$	12,683,524

Schedule SB, Line 25 — Change in Method

Mercer changed to a new liability valuation system this year. This change did not materially affect liability amounts and qualifies for automatic IRS approval under Announcement 2010-3.

Schedule SB, Line 24 — Change in Actuarial Assumptions

The expense component of normal cost increased from \$969,034 to \$1,513,874 to reflect our expectations for the current plan year.

Interest discounts and mortality tables were updated from 2011 to 2012 in accordance with PPA. The MAP-21 stabilized rates are effective for 2012 where applicable.

The salary increase assumption was changed for 2012 for bonus eligible participants. Expected salary for 2012 is equal to bonus paid during 2012 plus 2012 base pay.