ROWAN COMPANIES, INC. // 2007 ANNUAL REPORT

RDC

THINKING BIG.

1. PEOPLE

Throughout our 85-year history, our people have been our most important asset. We have a seasoned group of corporate officers, many of whom started on a drilling rig. Our drilling operations management, including rig managers, averages more than 28 years of experience at Rowan.

2. DRILLING

We provide contract drilling services utilizing a fleet of 21 self-elevating mobile offshore drilling platforms (jack-up rigs) and 29 deep-well land rigs. Our primary focus is on high-specification, premium jack-up rigs, which we use for both exploratory and development drilling. Depending on the particular rig and location, we have the capability of drilling wells to depths of 35,000 feet, in water up to 550 feet deep.

3. MANUFACTURING

Our manufacturing operations have led the strategic expansion and upgrade of our drilling fleet over the past decade and, in recent years, have increasingly generated sales to external customers.

ROW

GETTING BIGGER.

VAN

ROWAN IS...

A major provider of international and domestic contract drilling services with a significant presence in the Middle East. Rowan also owns and operates a manufacturing division that produces equipment for the drilling, mining and timber industries.

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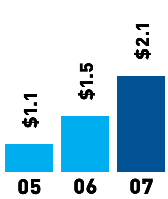
THINKING BIG. GETTING BIGGER.

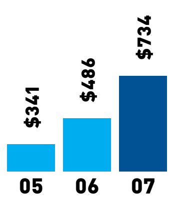
FINANCIAL HIGHLIGHTS

(In thousands except per share amounts and ratios)	FOR THE YEARS ENDED DECEMBER 31, 2007	2006	2005
Revenues	$ 2,095,021	$ 1,510,734	$ 1,068,782
Income From Continuing Operations	$ 483,800	$ 316,977	$ 217,837
Income From Discontinued Operations	$ -	$ 1,269	$ 11,963
Net Income	$ 483,800	$ 318,246	$ 229,800
Income Per Diluted Share – Continuing Operations	$ 4.31	$ 2.84	$ 1.97
Income Per Diluted Share – Discontinued Operations	$ -	$ .01	$ .11
Net Income Per Diluted Share	$ 4.31	$ 2.85	$ 2.08
Net Cash Provided By Operations	$ 432,543	$ 292,069	$ 333,170
Price Range of Common Stock	$ 29.48-46.16	$ 29.03-48.15	$ 24.53-39.50
Capital Expenditures	$ 478,551	$ 509,253	$ 208,467

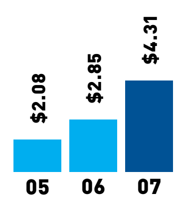
	AT DECEMBER 31, 2007	2006	2005
Working Capital	$ 807,378	$ 586,143	$ 867,519
Current Ratio	2.63	2.13	3.55
Current Maturities of Long-Term Debt	$ 64,922	$ 64,922	$ 64,922
Long-Term Debt	$ 420,482	$ 485,404	$ 550,326
Long-Term Debt/Total Capitalization	.15	.21	.25
Stockholders' Equity	$ 2,348,438	$ 1,874,046	$ 1,619,739
Property, Plant and Equipment – Net	$ 2,487,811	$ 2,133,226	$ 1,720,734
Shares of Common Stock Outstanding	111,288	110,462	109,776
Book Value Per Share of Common Stock	$ 21.10	$ 16.97	$ 14.75



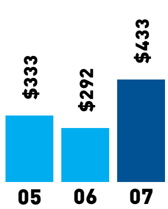
Consolidated Revenues
(In billions)



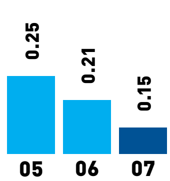
Operating Income
(In millions)



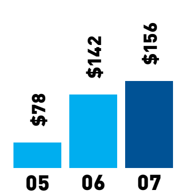
Earnings Per Share



Operating Cash Flows
(In millions)



Debt to Capitalization



Average Offshore Day Rate
(In thousands)

TO OUR STOCKHOLDERS:

IN 2007,

our revenues increased by 39% to surpass the $2 billion mark for the first time in our history.

Our net income of $484 million, or $4.31 per share, increased more than 50% compared to our previous record in 2006. Our financial results in 2007 reflect the strength of the Company, and we are better positioned than ever for the future.

The positive trends in the market for drilling services are projected to continue as today's energy challenges require innovative and flexible technology solutions to meet the world's increasing demand for oil and natural gas. Growth in oil and gas consumption is being driven by strong demand from the Middle East, Africa, Asia and Latin America. In many major oil and gas producing areas, operators, including national oil companies, are struggling to keep production at current levels. Their challenge is to replace depleted production, meet demand growth and rebuild capacity. Many of the national oil companies are responding to this challenge and looking at numerous exploration and production projects, most of which will require quality drilling rigs.

ROWAN POSITIONING

It is not by chance that we are well positioned for this significant opportunity. We concentrate on the high-specification, premium jack-up market and offer our customers experienced personnel and innovative drilling products and systems designed to drill deep and extended-reach wells. We are focused on expanding our fleet and further increasing our international operations and this focus has prepared us for the future. Our initiatives are designed to help us serve the needs of the industry for drilling in deeper water and harsher environments, capitalize on growth in international offshore markets, enhance our future revenue and profitability, and improve the return on our stockholders' investment.

GROWING OUR JACK-UP FLEET

We are delivering on our growth promise. We have an ambitious newbuild program that includes construction of nine high-specification jack-up rigs to be delivered from the third quarter of 2008 through 2011. At that time, we expect to own 13 of the 36 high-specification jack-up rigs in the world.

Today, we have the youngest jack-up fleet among the established U.S.-based offshore drillers. The average age of our jack-up fleet is about 19 years. By 2011, our average fleet age is expected to decrease to 17 years. This is a marked advantage when compared to the industry average age of 27 years.

We believe we have achieved higher day rates due to our ability to offer our clients innovative and flexible drilling solutions, using our highly marketable fleet working in markets that require younger, sophisticated rigs.

INCREASING INTERNATIONAL PRESENCE

Not only are we well positioned with regard to our fleet age and capability, we are diversified geographically, with about 75% of our jack-up net book value located outside the U.S. Gulf of Mexico.

In 2007, we generated over 50% of our drilling revenue from foreign areas and expanded our operations significantly in the Middle East, doubling our presence from four to eight rigs.

DANNY MCNEASE

Chairman of the Board,
President and Chief Executive Officer

We will soon have nine rigs there as the *Bob Keller* will begin operations offshore Saudi Arabia during May of 2008 under a three-year contract with Saudi Aramco.

We believe the Middle East market is one of the more active international markets and it continues to set the pace for the application of leading edge technologies that can be channeled to meet the world's energy demand. Increased dominance in the region by national oil companies will continue to be a primary market driver for the future growth of our drilling division.

Recently our *Super Gorilla* class jack-up, the *Gorilla VII*, received a two-year drilling contract offshore Angola with Cabinda Gulf, which should start in April of 2008. We will continue to actively seek opportunities around the world – in the emerging markets in South America and India, in West Africa, the Mediterranean and the Far East – areas that are serving as the catalyst for increased drilling activity and strong service demand.

MANUFACTURING

Our manufacturing division, LeTourneau Technologies, Inc. (LTI), had a very strong 2007, generating records in both revenues and operating income. Total backlog, including orders from Rowan, was about $1.4 billion at year end, compared to $1 billion in 2006. In recent years, LTI has successfully expanded its innovative product lines and grown geographically.

LTI has also played an important role in designing and building our jack-up rigs and in providing maintenance and after market services. Rowan's ownership of LTI has enabled us to be less dependent on other shipyards and repair shops and more flexible in our daily drilling operations.

Your management and Board of Directors have continuously evaluated the strategic value of Rowan's investment in LTI. Given LTI's record performance in 2007 and strength heading into 2008, we believe that now is the appropriate time for Rowan to crystallize the value we have created in LTI for the benefit of our stockholders. Thus, we have recently decided to pursue a monetization of our investment in LTI.

IN CLOSING

Our theme for this year's annual report reflects our state of mind. At Rowan, we're thinking BIG, taking on BIG challenges and seeing them through, and growing BIGGER with our aggressive newbuild program. We've always taken great pride in our ability to raise the bar in industry productivity and performance standards – both through dramatic operational diversification and growth utilizing our high-specification rigs, and expertise in drilling services and equipment design. We will continued to use our strengths to enhance value for our stockholders. While our financial results are impressive and demonstrate the soundness of our strategies, it is our well-qualified, experienced and loyal workforce that brings those capabilities to life and creates the value that our customers come to rely on when doing business with Rowan.

In closing, I'd like to personally thank our people for their strong performance and dedication to our long-term vision. Our loyal employees' unwavering commitment is the main reason we are as well positioned as we are today to keep growing on a profitable basis. It is a privilege to be associated with our employees, and to serve you, our stockholders.

Danny McNease
March 31, 2008

THINKING BIG. GETTING BIGGER.

THE YEAR 2007 WAS THE MOST FINANCIALLY SUCCESSFUL IN OUR 85-YEAR HISTORY.

OPERATIONS REVIEW

Our 2007 revenues and operating results far exceeded our previous record highs – set only one year before – as we executed our strategic plan with very strong market conditions in our primary businesses.

Our consolidated revenues increased by 39% to $2.1 billion in 2007 from $1.5 billion in 2006, primarily due to higher rig activity and average day rates in our drilling division and a significantly greater contribution from our manufacturing operations during the year. As a result, we generated operating income of $734 million and net income from continuing operations of $484 million in 2007, compared to $486 million and $317 million, respectively in 2006. Our combined operations yielded a 22.0% pre-tax return on average capital employed[1] in 2007, up from 16.8% in 2006.

During 2007, we invested approximately $463 million in equipment additions and upgrades and another $111 million in manufacturing inventories to fuel continued growth in our businesses. We also distributed more than $44 million in cash dividends to our stockholders, repaid almost $65 million of outstanding borrowings and maintained another $50 million set aside for debt service. Our year-end 2007 financial position, as summarized below, remains very strong:

AT DECEMBER 31, 2007

Cash, cash equivalents and restricted cash	$335 Million
Working capital (excluding restricted cash)	$807 Million
Current ratio	2.63
Long-term debt/total capitalization	.15

DRILLING OPERATIONS

Our drilling operations generated a $315 million or 30% increase in revenues to $1.4 billion in 2007, compared to $1.1 billion in 2006, primarily due to increases in rig activity and average day rates. Operating expenses increased by $87 million or 17% between years, primarily due to rig fleet additions. Selling, general and administrative costs increased by $12 million or 21% between years primarily due to incremental incentive compensation costs associated with our improved operating results.

Depreciation expense increased by $24 million or 31% in 2007 primarily due to the addition of the *Tarzan Class* jack-up rig *Hank Boswell* in September 2006 and 12 new land rigs constructed over the 2006–2007 period. Net gains on asset disposals were $41 million in 2007, up from $28 million in 2006, and our 2006 operating results included a $9 million charge for fines and environmental fund payments made during 2007 in settlement of a Department of Justice investigation.

As a result, our drilling division generated a $214 million or 48% increase in operating income during the year, to $662 million or 48% of revenues in 2007 from $448 million or 42% of revenues in 2006. Our drilling operations yielded a 22.7% pre-tax return on average capital employed[1] in 2007, up from 17.1% in 2006.

OUR DRILLING DIVISION GENERATED A

30%

INCREASE IN REVENUES IN 2007

[1] Operating income excluding gains on asset disposals divided by the average of total assets less current liabilities during the year.

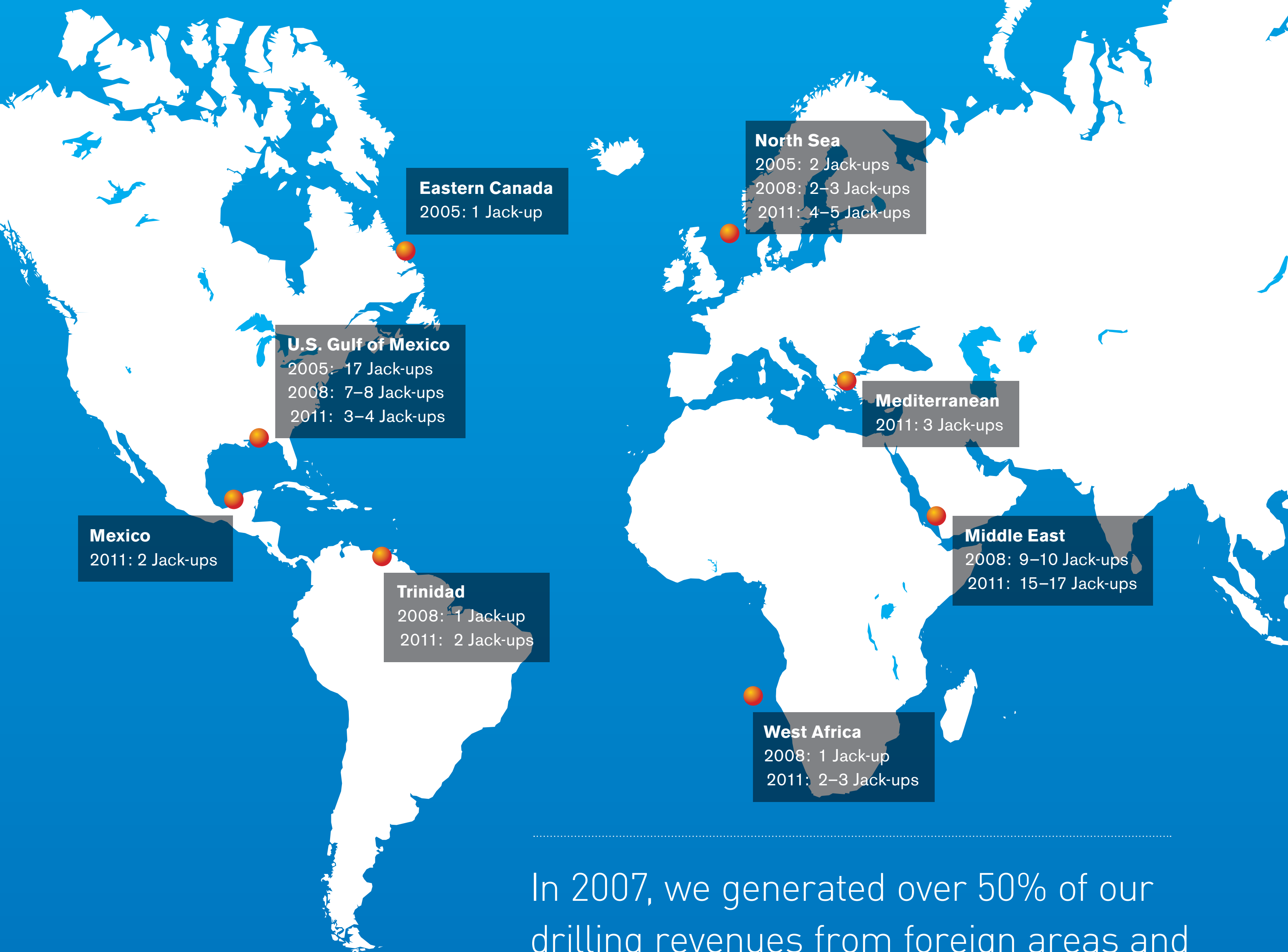
ROWAN'S BIG MOVE

TOTAL FLEET (Present & Future)

2005: 20 Jack-ups

2008: 23 Jack-ups

2011: 30 Jack-ups



In 2007, we generated over 50% of our drilling revenues from foreign areas and expanded our operations significantly in the Middle East, doubling our presence there from four to eight rigs.

OFFSHORE

Our worldwide offshore fleet was 94% utilized in 2007, up from 86% in 2006. We experienced 1,154 or 19% more operating rig days in 2007 as the strategic rig redeployments underway throughout most of 2006 had been substantially completed by early 2007. Our average offshore day rate improved to $156,200 in 2007 from $141,300 in 2006, a $14,900 or 11% increase between years.

Middle East

Our Middle East operations doubled from four to eight rigs during 2007, with the addition of two *116C* jack-ups offshore Qatar in January and two *Tarzan Class* jack-ups, the *Scooter Yeargain* and *Hank Boswell*, offshore Saudi Arabia in April. Our overall Middle East fleet was 92% utilized during 2007 and produced more than one-third of our offshore drilling revenues, averaging $148,800 per day.

Our third *Tarzan Class* jack-up, the *Bob Keller*, is mobilizing to the Middle East under a three-year assignment that is expected to generate approximately $201 million in drilling revenues, or more than $183,000 per day. The rig departed the Gulf of Mexico in mid February 2008 and should commence operations offshore Saudi Arabia by the end of May.

North Sea

The *Gorilla V* was 99% utilized in the North Sea during 2007 and generated almost $173,000 per day in drilling revenues during the year. The rig is currently contracted into the third quarter of 2010 and the day rate should increase to $260,000 during the first quarter of 2009.

The *Gorilla VII* was 95% utilized in the North Sea and averaged more than $257,000 per day in drilling revenues during 2007. In December, the rig entered the shipyard to prepare for relocation to West Africa.

The *Gorilla VI* commenced operations in the North Sea in February 2007 and was 100% utilized during the remainder of the year, yielding more than $302,000 per day in drilling revenues. Recent contracts have extended the rig's commitment to the area into the first quarter of 2010, with drilling revenues expected to exceed $300,000 per day over that period.

Gulf of Mexico

We averaged 96% utilization in the Gulf of Mexico during 2007, up from 91% in 2006, though our operating rig days declined by almost 20% between years following several rig relocations over the past two years. Our average day rates fluctuated by class of rig, with our more capable *Gorilla*, *Super Gorilla* and *Tarzan Class* rigs achieving increases between years, while greater competition encountered by our four slot rigs caused rates for those rigs to weaken in 2007. Overall, our Gulf of Mexico fleet experienced a $9,500 or 7% decrease in average day rates between periods.

Our eight remaining Gulf of Mexico jack-ups are currently 100% contracted either on a well-to-well or term basis. The *Bob Palmer* is committed through the second quarter of 2009 to drill one or more ultra deep gas wells on BP's Eldorado Prospect, generating drilling revenues averaging more than $220,000 per day. The *Gorilla IV* recently commenced a multi-well assignment that includes re-entering the Blackbeard Prospect, which was initially drilled to just over 30,000 feet during 2005–2006 by our first *Tarzan Class* jack-up, the *Scooter Yeargain.*

Trinidad

The *Gorilla III* was 100% utilized in Trinidad during 2007 and generated more than $208,000 per day in drilling revenues during the year. The rig is currently committed into May 2008 and averaging over $250,000 per day in drilling revenues.

West Africa

The *Gorilla VII* is en route to West Africa for a two-year assignment that is expected to generate approximately $264 million of drilling revenues, or more than $330,000 per day. The rig left the North Sea in late March 2008 and should commence operations offshore Angola during May.

Eastern Canada

We will be returning to eastern Canada in mid 2009 for a minimum 165-day commitment that is expected to produce drilling revenues of more than $295,000 per day. Either the *Gorilla II* or *Gorilla III* will perform the work, depending upon availability.

New Construction

Construction of the first two of our latest rig design, the *240C* class, is proceeding at our Vicksburg, Mississippi shipyard, with delivery expected in the third quarters of 2008 and 2009, respectively. The *240C* will have up to 535 feet of leg length, enabling high pressure/high temperature drilling operations in water depths of up to 400 feet. It will have more deck space, higher variable load, more drilling capacity (two million pound hook-load capability), more cantilever reach (up to 100 feet) and greater personnel capacity (108-man) than the *116C* class. Two additional *240C* class jack-ups will be built at our Vicksburg shipyard with delivery expected in the third quarters of 2010 and 2011, respectively.

In November 2007, we entered into contracts with Keppel AmFELS for the construction of four *Super 116E* class jack-ups at its Brownsville, Texas shipyard, for delivery starting in the second quarter of 2010 through the third quarter of 2011. The *Super 116E* rigs will be outfitted with the hook load and horsepower capacity to enable efficient drilling beyond 30,000 feet.

The construction of our fourth *Tarzan Class* jack-up rig, the *J.P. Bussell*, was originally subcontracted to an outside Gulf of Mexico shipyard and scheduled for delivery in the third quarter of 2007 at a cost of approximately $145 million. As a result of various problems encountered on the project, the expected completion is now at least one year behind schedule and the expected final cost is at least 20% over the original estimate. As a result, we have recently taken over the project and relocated the rig to our Sabine Pass, Texas facility for completion by our Drilling Products and Systems manufacturing segment. We have also filed a lawsuit against the construction shipyard to reclaim excess costs.

LAND

Our fleet of 29 land rigs was 95% utilized in Texas, Louisiana, Oklahoma and Alaska during 2007, down slightly from 97% in 2006, though total rig operating days increased by 2,497 or 36% between periods due to fleet additions over the past two years. Our average day rate improved by 1% to $22,800 in 2007, up from $22,600 in 2006. The current fleet includes twelve new 2000 horsepower rigs constructed during 2006 and 2007, four rigs that were newly-constructed during 2001–2002 and eleven other rigs have been substantially refurbished in recent years. Two additional rigs are currently under construction with delivery expected in the first half of 2008.

MANUFACTURING DIVISION

Our manufacturing operations, conducted by LeTourneau Technologies, Inc. (LTI), collectively generated a $269 million or 61% increase in revenues to $712 million in 2007, compared to $443 million in 2006. Overall margins over operating expenses improved by $45 million or 63% between periods to $116 million in 2007 from $71 million in 2006, and were unchanged at 16% of revenues. As a result, LTI generated an aggregate $34 million or 90% increase in operating income between years, to $72 million or 10% of revenues in 2007 compared to $38 million or 9% of revenues in 2006, and yielded a 17.5% pre-tax return on average capital employed[1] in 2007, up from 13.7% in 2006.

DRILLING PRODUCTS AND SYSTEMS

LTI's improved operating performance was led by the Drilling Products and Systems segment, which produces offshore and land rigs, kits and related component packages, including mud pumps, drawworks, top drives, rotary tables, and other drilling equipment, many of which employ LTI variable-speed motors, drives and other electrical components. During 2007, revenues increased by $258 million or 107% to $499 million, up from $241 million in 2006, and included $148 million associated with 13 land rigs and component packages, $50 million from 70 mud pumps, $33 million related to drive and control system packages and $15 million from 271 motors.

Revenues also included $117 million recognized on eight rig kit projects in 2007, $42 million from an external rig construction project completed in June 2007 and $28 million from custom fabrication work.

Overall, the Drilling Products and Systems segment generated operating income of $43 million or 9% of revenues in 2007, compared to $24 million or 10% of revenues in 2006. Such operating results exclude the effects of the approximately $263 million of products and services provided at cost to our drilling division in 2007, most of which related to our rig newbuild program.

MINING, FORESTRY AND STEEL PRODUCTS

The Mining, Forestry and Steel Products segment produces large-wheeled front-end loaders, dozers and related equipment for mining applications, log stackers for the timber industry, and carbon and alloy steel and steel plate. After-market part sales comprise a significant portion of revenues.

During 2007, revenues increased by $12 million or 6% to $214 million, up from $202 million in 2006. LTI shipped a total of 30 mining loaders and forestry stackers in 2007, down from 35 units in 2006, though the mix was more favorable as 13 units were the larger L-1850 and L-2350 models which carry a higher selling price and margin. Thus, equipment revenues totaled $95 million in 2007, down by only $6 million or 6% from 2006.

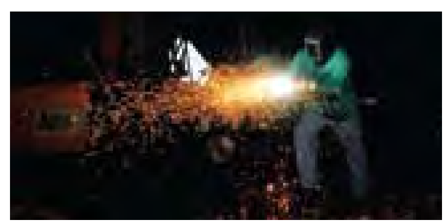
Parts sales were a record $63 million in 2007, an improvement of $5 million or 8% from 2006. Steel shipments totaled 52,900 tons in 2007, up by 10,800 tons or 26% over 2006, and the mix improved from 40% external in 2006 to 51% external in 2007, yielding a 63% increase in external volume and an $18 million or 78% increase in steel plate revenues between periods.

The 2006 operating results included $8 million in environmental remediation costs incurred following detection of traces of radioactive material at LTI's steel mill. Thus, operating income improved to $29 million or 14% of revenues in 2007, up from $15 million or 7% of revenues in 2006.

OUR MANUFACTURING SEGMENTS COLLECTIVELY GENERATED A

61%

INCREASE IN REVENUES IN 2007



[1] Operating income excluding gains on asset disposals divided by the average of total assets less current liabilities during the year.

WE EXPECT CONTINUED FAVORABLE DRILLING MARKET CONDITIONS IN 2008.

OUTLOOK

OFFSHORE DRILLING

Our average worldwide offshore day rate is currently approximately $159,000 and our contracted backlog[1] is estimated to be approximately 26 rig years or almost $1.9 billion of drilling revenues, with over one-half of that amount associated with our nine Middle East rigs and almost one-fourth related to our two North Sea rigs. For the remainder of 2008, almost three-fourths of our available rig operating days are currently under contract.

The current worldwide competitive jack-up fleet stands at 353 marketed rigs, with 329 rigs or 93% under contract. Those utilization numbers are at or near the highest levels in at least a decade. Even including the 30–35 newbuild jack-ups that are expected to be delivered during 2008, over one-half of the global fleet is currently contracted in December 2008, and at average day rates that are approximately 15% higher than current rates. These factors alone suggest continued favorable jack-up market conditions throughout 2008.

There are reportedly more than 80 newbuild jack-ups under construction or on order, for delivery in 2008 and beyond. If the attrition rate of older rigs continues at its long-term average of around six rigs per year, the global jack-up fleet is set to increase significantly over the next few years. Barring any further increase in drilling demand, there might be an overhang of rigs similar to that experienced after the last rig building boom in the early 1980s. However, we expect the jack-up attrition rate to increase significantly in the coming years, as age and obsolescence increasingly remove rigs from the competitive fleet.

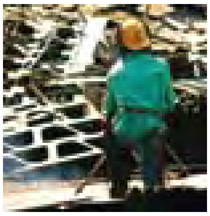
The worldwide jack-up fleet is aging, with an average age of more than 20 years. About one-fifth of the fleet, a number that is comparable to the number of rigs currently under construction, is at least 30 years old. Most 30-year old jack-ups have relatively limited marketability and cannot easily be upgraded economically. Their leg-length and variable load limitations often confine them to the shallow waters of the most benign drilling markets, like the Gulf of Mexico or India, and they rarely possess the equipment necessary to efficiently drill beyond 25,000 feet. As operators target tougher operating environments and require higher-horsepower rigs for directional and extended-reach drilling, aging and less capable "commodity" rigs are increasingly being forced to compete for the fewer opportunities that remain in an ever-shrinking market.

The more capable, or premium jack-ups possess the water depth capacity to operate year-round in nearly every significant drilling market throughout the world, and the horsepower to overcome the toughest well conditions and still drill to 30,000 feet or beyond. These are the jack-up rigs of choice for energy companies throughout the world, and we are poised to benefit. About one-sixth of the current worldwide fleet can drill beyond 30,000 feet, and we own 30% of those rigs. Only 13 current jack-ups are equipped to drill to 35,000 feet or beyond, and we own eight (62%) of them. Similarly, approximately 22% of the global jack-up fleet has water-depth capabilities of at least 350 feet, and we own 17% of those rigs. Only 14 jack-up rigs can drill in 400 feet of water, and we own half of them.

We have another nine premium rigs under construction for delivery over the next three years, which should both widen our leadership in the premium jack-up market and lower the average age of our offshore fleet. Recent drilling assignments for both the *Gorilla IV* and *Bob Palmer* in the Gulf of Mexico's ultra deep gas market support our long-held belief that rig capability really does make a difference.

We also believe that a worldwide jack-up supply deficit totaling up to 60 rigs currently exists or is imminent, and demand is especially pronounced in the Middle East, West Africa and the Mediterranean. These markets are demanding the newest and most capable rigs.

[1] Information is based upon stated drilling periods of term contracts or expected drilling periods for well-to-well contracts. Some contracts have early termination provisions that may shorten drilling assignments.



The ascent in day rates and lengthening of drilling assignments over the past two years has, we believe, been a direct result of the intense global competition for a limited supply of these premium jack-ups.

If oil and natural gas prices remain firm throughout 2008 and 2009, we believe that there will continue to be strong demand for premium jack-ups on a term basis worldwide, and such demand will be sufficient to substantially absorb the newbuild rigs as they are delivered. Thus, we believe that our drilling operations will continue to benefit from predominantly favorable market conditions at least though 2009.

LAND

Our fleet of deep-well land rigs, including the 12 new 2000 horsepower rigs added in 2006–2007, was nearly fully utilized and achieved a nominal increase in average day rates during 2007, despite weakening market conditions that permeated the U.S. land drilling market for much of the year. Our current average day rate is approximately $22,500, our contracted backlog[1] is estimated to be almost 23 rig years totaling more than $190 million of drilling revenues, and approximately 54% of our available rig operating days remaining for 2008 are currently under contract.

Though many rigs have been added to the U.S. land fleet over the past two years, relatively few have been equipped with 2000 horsepower, giving Rowan an increased share of a market that we believe is not as susceptible to short-term natural gas price weakness. We expect the deep-well land market to remain firm throughout the remainder of 2008 and into 2009, assuming gas prices remain at or above $5 per mcf.

DRILLING PRODUCTS AND SYSTEMS

As noted previously, LTI's Drilling Products and Systems segment made a significant breakthrough in 2007 in the market for new land rigs and related component packages, achieving 2007 revenues more than 19 times the 2006 level. Four complete rigs were shipped to the Middle East, Russia and Australia in 2007, and LTI has obtained commitments for additional equipment sales in those and other markets.

LTI also sold two more offshore rig kits during 2007, totaling more than $73 million, which brought the total to 11 projects worth almost $450 million obtained over the past three years. Capital investments made over that period have increased LTI's annual kit production capacity to eight, a significant portion of which will be dedicated over at least the next three years to the continued expansion of our own drilling fleet. LTI is well positioned to accommodate additional external kit sales and we are confident that they will be realized.

All of Rowan's new rigs and many of those being built for others employ LTI's newest drilling equipment designs, including top drives, mud pumps, drawworks, rotary tables and other products only developed over the past few years. We want LTI to be a compelling alternative in the market for primary drilling equipment, and we are gaining market acceptance through proven design advantages. The Middle East and Singapore operations that commenced in 2006 and the Lafayette facility that opened in 2007 should enable LTI to achieve additional growth in both new and after-market sales.

LTI's external manufacturing backlog totaled approximately $348 million at December 31, 2007, compared to about $530 million one year ago, and featured $151 million related to seven long-term rig kit construction projects in process that are expected to run through early 2009, $92 million associated with nine land rigs and component packages that should be delivered in 2008 and the remaining $105 million related to mining loaders, log stackers, drilling equipment and related parts orders that we expect to fulfill during 2008. The backlog was down by approximately 35% from the prior year-end level due primarily to progress on long-term rig or rig kit construction projects during 2007, including the $130 million external rig construction project which was completed in June.

LTI's manufacturing backlog included an additional $1 billion at year-end 2007 related to in-process projects for our drilling division, up from $459 million one year earlier, making the total backlog of orders approximately $1.4 billion at December 31, 2007, up from $1 billion at December 31, 2006.

[1] Information is based upon stated drilling periods of term contracts or expected drilling periods for well-to-well contracts. Some contracts have early termination provisions that may shorten drilling assignments.

DIRECTORS AND OFFICERS

OFFICERS

D. F. McNease
Chairman of the Board, President and Chief Executive Officer

John L. Buvens
Executive Vice President, Legal

Mark A. Keller
Executive Vice President, Business Development

David P. Russell
Executive Vice President, Drilling Operations

J. Kevin Bartol
Vice President, Strategic Planning

Barbara A. Carroll
Vice President, Environmental Affairs

Michael J. Dowdy
Vice President, Engineering

Dan C. Eckermann
Vice President, Manufacturing

William C. Provine
Vice President, Investor Relations

William H. Wells
Vice President, Finance and Chief Financial Officer

Terry D. Woodall
Vice President, Human Resources

Gregory M. Hatfield
Controller

George C. Jones
Compliance Officer

Melanie M. Trent
Corporate Secretary and Special Assistant to the CEO

DIRECTORS

R. G. Croyle ●
Retired Vice Chairman of the Board and Chief Administrative Officer

William T. Fox III ● ■ ◆
Retired Managing Director, Global Energy and Mining Business of Citibank, N.A.

Sir Graham Hearne ● ▲ ◆
Retired Chairman and Chief Executive Officer, Enterprise Oil plc

John R. Huff ▲ ✸
Chairman, Oceaneering International, Inc.

Robert E. Kramek ✸ ◆
Retired President and Chief Operating Officer, American Bureau of Shipping

Frederick R. Lausen ■ ◆
Retired Vice President, Davis Petroleum, Inc.

H. E. Lentz ▲ ◆
Lead Director of the Board; Advisory Director, Lehman Brothers Inc.

D. F. McNease ●
Chairman of the Board, President and Chief Executive Officer

Lord Moynihan ✸ ◆
Chairman, Pelamis Wave Power Limited

P. Dexter Peacock ● ▲ ■
Of Counsel to and Formerly Managing Partner of Andrews Kurth LLP

● EXECUTIVE COMMITTEE
■ AUDIT COMMITTEE
▲ COMPENSATION COMMITTEE
✸ HEALTH, SAFETY AND ENVIRONMENT COMMITTEE
◆ NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

STOCKHOLDERS' INFORMATION

FORM 10-K REPORT AND FINANCIAL STATEMENTS
A copy of the Company's 2007 Annual Report on Form 10-K as filed with the Securities and Exchange Commission will be furnished without charge to any stockholder upon request. Additionally, financial statements and other corporate information may be obtained from:

Corporate Secretary
2800 Post Oak Boulevard
Suite 5450
Houston, Texas 77056
T: (713) 621-7800

STOCKHOLDER ASSISTANCE
Requests for information concerning common stock certificates should be made directly to the Transfer Agent and Registrar:

Computershare Trust Co., N.A.
P.O. Box 43070
Providence, Rhode Island 02940-3070
T: (800) 962-4284
E: web.queries@computershare.com

INVESTOR RELATIONS CONTACT
William C. Provine
Vice President, Investor Relations
T: (713) 960-7575
E: ir@rowancompanies.com

EXCHANGE LISTING
New York Stock Exchange

The Company's CEO Certification has been submitted to the NYSE and its Sarbanes-Oxley Act Section 302 CEO/CFO Certifications were filed in its 2007 Form 10-K.

TRADING SYMBOL
Common Stock: RDC

WEBSITES
www.rowancompanies.com
www.letourneau-inc.com

Rowan Companies, Inc.
2800 Post Oak Blvd.
Suite 5450
Houston, TX 77056
713.621.7800

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