UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

Current Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): June 28, 2002

PARKER DRILLING COMPANY
(Exact name of Registrant as Specified in its Charter)

DELAWARE
(State or Other Jurisdiction of Incorporation)

1-7573	73-0618660
(Commission File Number)	(I.R.S. Employer Identification Number)

1401 ENCLAVE PARKWAY,
SUITE 600, HOUSTON, TX 77077
(Address of Principal Executive Offices)

(281) 406-2000
(Registrant's Telephone Number, Including Area Code)

ITEM 5. OTHER EVENTS.

Parker Drilling Company ("Parker") adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("FAS 142"), on January 1, 2002. The implementation of this accounting pronouncement modified the accounting for goodwill and intangibles, which included the cessation of amortizing capitalized goodwill and certain intangible assets. Parker is filing this Form 8-K to include "as adjusted" income (loss) before extraordinary gain, net income (loss) and net income (loss) per share financial information within its Consolidated Financial Statements for the years ended December 31, 2001, 2000 and 1999, as if the adoption of FAS 142 had occurred at the beginning of these respective years. Such information is presented within Note 15 to the Consolidated Financial Statements filed as Exhibit 99.1 to this report and incorporated herein by reference.

ITEM 7. FINANCIAL INFORMATION AND EXHIBITS.

(c) EXHIBITS.

The following exhibits are filed herewith:

23.1 Consent of Independent Accountants

99.1 Consolidated Financial Statements for the years ended December 31, 2001, 2000 and 1999.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this amendment to report to be signed on its behalf by the undersigned thereunto duly authorized.

PARKER DRILLING COMPANY

Dated: June 28, 2002

By: /s/ JAMES J. DAVIS

James J. Davis
Senior Vice President - Finance and
Chief Financial Officer

INDEX TO EXHIBITS

Exhibit No.	Description
23.1	Consent of Independent Accountants
99.1	Consolidated Financial Statements for the years ended December 31, 2001, 2000 and 1999.

EXHIBIT 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the registration statement of Parker Drilling Company on Form S-8 (File No. 2-87944, 33-24155, 33-56698, 33-57345, 333-59132 and 333-70444) and Form S-3 (File No. 333-36498) of our report dated January 29, 2002, relating to the financial statements of Parker Drilling Company and its subsidiaries as of December 31, 2001 and 2000, and for the years ended December 31, 2001, 2000 and 1999, which appears in this Current Report on Form 8-K filed on June 28, 2002.

/s/ PricwaterhouseCoopers LLP
PricewaterhouseCoopers LLP

Tulsa, Oklahoma
June 28, 2002

EXHIBIT 99.1

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders
Parker Drilling Company

In our opinion, the accompanying consolidated balance sheet and related consolidated statements of operations, stockholders' equity and cash flows, present fairly, in all material respects, the financial position of Parker Drilling Company and its subsidiaries at December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with auditing standards generally accepted in the United States of America which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

Tulsa, Oklahoma
January 29, 2002

PARKER DRILLING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
(Dollars in Thousands Except Per Share and Weighted Average Shares Outstanding)

<TABLE>
<CAPTION>

	Year Ended December 31,		
	2001	2000	1999
<S>	<C>	<C>	<C>
Revenues:			
U.S. drilling	$ 190,809	$ 148,416	$ 113,989
International drilling	231,527	185,100	182,908
Rental tools	65,629	42,833	27,656
Total revenues	487,965	376,349	324,553
Operating expenses:			
U.S. drilling	112,480	99,197	102,098
International drilling	154,484	132,882	126,226
Rental tools	23,005	15,994	10,910
Depreciation and amortization	97,259	85,060	82,170
General and administration	21,721	20,392	16,312
Reorganization	7,500	--	3,000
Provision for reduction in carrying value of certain assets	--	8,300	10,607
Total operating expenses	416,449	361,825	351,323
Operating income (loss)	71,516	14,524	(26,770)
Other income and (expense):			
Interest expense	(53,015)	(57,036)	(55,928)

Interest income	3,553	3,691	1,725
Gain on disposition of assets	2,316	17,920	39,070
Other	(723)	2,243	1,326
Total other income and (expense)	(47,869)	(33,182)	(13,807)
Income (loss) before income taxes	23,647	(18,658)	(40,577)
Income tax expense (benefit)	12,588	4,323	(2,680)
Income (loss) before extraordinary gain	11,059	(22,981)	(37,897)
Extraordinary gain on early retirement of debt, net of deferred tax expense of $2,214	--	3,936	--
Net income (loss)	$ 11,059	$ (19,045)	$ (37,897)
Basic earnings (loss) per share:			
Income (loss) before extraordinary gain	$ 0.12	$ (0.28)	$ (0.49)
Extraordinary gain	$ --	$ 0.05	$ --
Net income (loss)	$ 0.12	$ (0.23)	$ (0.49)
Diluted earnings (loss) per share:			
Income (loss) before extraordinary gain	$ 0.12	$ (0.28)	$ (0.49)
Extraordinary gain	$ --	$ 0.05	$ --
Net income (loss)	$ 0.12	$ (0.23)	$ (0.49)
Number of common shares used in computing earnings per share:			
Basic	92,008,877	81,758,825	77,159,461
Diluted	92,691,033	81,758,825	77,159,461

</TABLE>

See accompanying notes to consolidated financial statements.

PARKER DRILLING COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(Dollars in Thousands)

<TABLE>
<CAPTION>

	December 31,	
ASSETS	2001	2000
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents	$ 60,400	$ 62,480
Other short-term investments	12	811
Accounts and notes receivable, net of allowance for bad debts of $2,988 in 2001 and $3,755 in 2000	99,874	123,474
Rig materials and supplies	22,200	16,500
Other current assets	8,966	4,600
Total current assets	191,452	207,865
Property, plant and equipment, at cost:		
Drilling equipment	1,063,454	940,381
Rental tools	74,085	55,237
Buildings, land and improvements	26,887	22,455
Other	25,606	26,066
Construction in progress	26,142	68,120

	2001	2000
	1,216,174	1,112,259
Less accumulated depreciation and amortization	520,645	448,734
Property, plant and equipment, net	695,529	663,525
Deferred charges and other assets:		
Goodwill, net of accumulated amortization of $35,268 in 2001 and $27,786 in 2000	189,127	196,609
Rig materials and supplies	9,201	12,414
Assets held for disposition	1,800	6,860
Debt issuance costs	8,247	10,311
Other	10,421	9,835
Total deferred charges and other assets	218,796	236,029
Total assets	$1,105,777	$1,107,419

</TABLE>

See accompanying notes to consolidated financial statements.

PARKER DRILLING COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(Continued)
(Dollars in Thousands)

<TABLE>
<CAPTION>

LIABILITIES AND STOCKHOLDERS' EQUITY	December 31, 2001	December 31, 2000
<S>	<C>	<C>
Current liabilities:		
Current portion of long-term debt	$ 5,007	$ 5,043
Accounts payable	33,521	44,445
Accrued liabilities	38,152	32,756
Accrued income taxes	7,054	9,422
Total current liabilities	83,734	91,666
Long-term debt (Note 3)	587,165	592,584
Deferred income taxes	16,152	18,467
Other long-term liabilities	6,583	5,539
Commitments and contingencies (Note 10)	--	--
Stockholders' equity:		
Preferred stock, $1 par value, 1,942,000 shares authorized, no shares outstanding	--	--
Common stock, $0.16 2/3 par value, authorized 140,000,000 shares, issued 92,053,796 shares (91,723,933 shares in 2000)	15,342	15,287
Capital in excess of par value	432,845	431,043
Accumulated other comprehensive income-net unrealized gain on investments available for sale (net of taxes of $227 in 2001 and $190 in 2000)	403	339
Retained earnings (accumulated deficit)	(36,447)	(47,506)
Total stockholders' equity	412,143	399,163

Total liabilities and stockholders' equity	$ 1,105,777	$ 1,107,419

</TABLE>

See accompanying notes to consolidated financial statements.

PARKER DRILLING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(Dollars in Thousands)

<TABLE>
<CAPTION>

	Year Ended December 31,		
	2001	2000	1999
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ 11,059	$(19,045)	$(37,897)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	97,259	85,060	82,170
Gain on disposition of assets	(2,316)	(17,920)	(39,070)
Gain on early retirement of debt, net of deferred tax expense	--	(3,936)	--
Provision for reduction in carrying value of certain assets	--	8,300	10,607
Deferred tax expense (benefit)	(1,899)	(11,302)	(13,888)
Other	4,625	5,320	3,503
Change in assets and liabilities:			
Accounts and notes receivable	24,158	(47,954)	28,554
Rig materials and supplies	(3,807)	(1,981)	(721)
Other current assets	(4,366)	11,150	(3,263)
Accounts payable and accrued liabilities	(4,484)	18,356	(21,569)
Accrued income taxes	(2,784)	1,098	747
Other assets	(1,440)	125	5,312
Net cash provided by operating activities	116,005	27,271	14,485
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from the sale of assets	7,628	31,912	63,868
Capital expenditures (net of reimbursements)	(122,033)	(98,525)	(49,146)
Proceeds from sale of short-term investments	799	16,925	--
Other, net	--	--	(127)
Net cash provided by (used in) investing activities	(113,606)	(49,688)	14,595

</TABLE>

See accompanying notes to consolidated financial statements.

PARKER DRILLING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(Continued)
(Dollars in Thousands)

<TABLE>
<CAPTION>

	Year Ended December 31,		
	2001	2000	1999

<S> <C> <C> <C>

CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of debt	$ --	$ --	$ 35,186
Proceeds from common stock offering, net	--	87,313	--
Payments for early retirement of debt	--	(43,477)	--
Principal payments under debt obligations	(5,034)	(4,854)	(43,017)
Other	555	414	(62)
	--------	--------	--------
Net cash provided by (used in) financing activities	(4,479)	39,396	(7,893)
	--------	--------	--------
Net increase (decrease) in cash and cash equivalents	(2,080)	16,979	21,187
Cash and cash equivalents at beginning of year	62,480	45,501	24,314
	--------	--------	--------
Cash and cash equivalents at end of year	$ 60,400	$ 62,480	$ 45,501
	========	========	========
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	$ 53,257	$ 56,608	$ 56,806
Income taxes	$ 14,956	$ 14,527	$ 10,461
Supplemental noncash investing and financing activity:			
1.0 million shares of Unit Corporation stock received on sale of U.S. lower-48 land rigs	$ --	$ --	$ 7,562
Net unrealized gain (loss) on investments available for sale (net of taxes of $37 in 2001, $717 in 2000 and $908 in 1999)	$ 64	$ (1,274)	$ 1,613
Note receivable for sale of platform rig	$ --	$ --	$ 1,645

</TABLE>

See accompanying notes to consolidated financial statements.

PARKER DRILLING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(Dollars and Shares in Thousands)

<TABLE>
<CAPTION>

<S> <C> <C> <C> <C> <C>

	Shares	Common Stock	Capital in Excess of Par Value	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income
Balances, December 31, 1998	76,887	$ 12,815	$ 341,699	$ 9,436	$ --
Activity in employees' stock plan	500	83	1,738	--	--
Acquisition of stock from certain employees	(15)	(3)	(63)	--	--
Other comprehensive income-net unrealized gain on investments (net of taxes of $908)	--	--	--	--	1,613
Net loss (total comprehensive loss of $36,284)	--	--	--	(37,897)	--
	-------	--------	---------	--------	-------
Balances, December 31, 1999	77,372	12,895	343,374	(28,461)	1,613
Activity in employees' stock plan	552	92	2,656	--	--
Issuance of 13,800,000 common shares	13,800	2,300	85,013	--	--
Other comprehensive income-net unrealized loss on investments					

(net of taxes of $717)	--	--	--	--	(1,274)
Net loss (total comprehensive loss of $20,319)	--	--	--	(19,045)	--
Balances, December 31, 2000	91,724	15,287	431,043	(47,506)	339
Activity in employees' stock plan	330	55	1,802	--	--
Other comprehensive income-net unrealized gain on investments (net of taxes of $37)	--	--	--	--	64
Net loss (total comprehensive loss of $11,123)	--	--	--	11,059	--
Balances, December 31, 2001	92,054	$ 15,342	$ 432,845	$(36,447)	$ 403

</TABLE>

See accompanying notes to consolidated financial statements.

PARKER DRILLING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

Consolidation - The consolidated financial statements include the accounts of Parker Drilling Company ("Parker Drilling") and all of its majority-owned subsidiaries (collectively, the "Company").

Operations - The Company provides land and offshore contract drilling services and rental tools on a worldwide basis to major, independent and foreign-owned oil and gas companies. At December 31, 2001, the Company's rig fleet consists of 27 barge drilling and workover rigs, seven offshore jackup rigs, four offshore platform rigs and 41 land rigs. The Company specializes in the drilling of deep and difficult wells, drilling in remote and harsh environments, drilling in transition zones and offshore waters, and in providing specialized rental tools. The Company also provides a range of services that are ancillary to its principal drilling services, including engineering, and logistics, as well as various types of project management.

Drilling Contracts and Rental Revenues - The Company recognizes revenues and expenses on dayrate contracts as the drilling progresses (percentage-of-completion method) because the Company does not bear the risk of completion of the well. For meterage contracts, the Company recognizes the revenues and expenses upon completion of the well (completed-contract method). Revenues from rental activities are recognized ratably over the rental term which is generally less than six months.

Cash and Cash Equivalents - For purposes of the balance sheet and the statement of cash flows, the Company considers cash equivalents to be all highly liquid debt instruments that have a remaining maturity of three months or less at the date of purchase.

Other Short-Term Investments - Other short-term investments include primarily certificates of deposit, U.S. government securities and commercial paper having remaining maturities of greater than three months at the date of purchase and are stated at the lower of cost or market value.

Property, Plant and Equipment - The Company provides for depreciation of property, plant and equipment primarily on the straight-line method over the estimated useful lives of the assets after provision for salvage value. The depreciable lives for land drilling equipment approximate 15 years. The depreciable lives for offshore drilling equipment generally range from 15 to 20 years. The depreciable lives for certain other equipment, including drill pipe and rental tools, range from three to seven years. Depreciable lives for buildings and improvements range from 10 to 30 years. Interest totaling approximately $1.6 million, $0.5 million and $3.0 million was capitalized during the years ended December 31, 2001, 2000 and 1999 respectively. When properties are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in operations. Management periodically evaluates the Company's assets to determine that their net carrying value is not in excess of their net realizable value. Management considers a number of factors such as estimated future cash flows, appraisals and current market value analysis in determining net realizable value. Assets are written down to their fair value if it is below its net carrying value.

Note 1 - Summary of Significant Accounting Policies (continued)

Goodwill - Goodwill is being amortized on a straight-line basis over 30 years commencing on the dates of the respective acquisitions. The Company assesses whether the excess of cost over net assets acquired is impaired based on the ability of the operation, to which it relates, to generate cash flows in amounts adequate to recover the carrying value of such assets at the measurement date. If an impairment is determined, the amount of such impairment is calculated based on the estimated fair market value of the related assets. See Note 14 regarding recent accounting pronouncements.

Rig Materials and Supplies - Since the Company's international drilling generally occurs in remote locations, making timely outside delivery of spare parts uncertain, a complement of parts and supplies is maintained either at the drilling site or in warehouses close to the operations. During periods of high rig utilization, these parts are generally consumed and replenished within a one-year period. During a period of lower rig utilization in a particular location, the parts, like the related idle rigs, are generally not transferred to other international locations until new contracts are obtained because of the significant transportation costs which would result from such transfers. The Company classifies those parts which are not expected to be utilized in the following year as long-term assets.

Other Assets - Other assets include the Company's investment in marketable equity securities. Equity securities that are classified as available for sale are stated at fair value as determined by quoted market prices. Unrealized holding gains and losses are excluded from current earnings and are included in comprehensive income, net of taxes, in a separate component of stockholders' equity until realized. At December 31, 2001 and 2000, the fair value of equity securities totaled $1.8 million and $1.7 million, respectively.

In computing realized gains and losses on the sale of equity securities, the cost of the equity securities sold is determined using the specific cost of the security when originally purchased.

Other Long-Term Obligations - Included in this account is the accrual of workers' compensation liability, which is not expected to be paid within the next year.

Income Taxes - The Company has adopted Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes". Under this pronouncement, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

Earnings (Loss) Per Share (EPS) - Basic earnings (loss) per share is computed by dividing net income (loss), by the weighted average number of common shares outstanding during the period. The effects of dilutive securities, stock options and convertible debt are included in the diluted EPS calculation, when applicable.

Concentrations of Credit Risk - Financial instruments, which potentially subject the Company to concentrations of credit risk, consist primarily of trade receivables with a variety of national and international oil and gas companies. The Company generally does not require collateral on its trade receivables.

Note 1 - Summary of Significant Accounting Policies (continued)

At December 31, 2001 and 2000, the Company had deposits in domestic banks in excess of federally insured limits of approximately $57.6 million and $65.9 million, respectively. In addition, the Company had deposits in foreign banks at December 31, 2001 and 2000 of $3.5 million and $3.3 million, respectively, which are not federally insured.

The Company's customer base consists of major, integrated, independent and foreign-owned oil and gas companies. For fiscal year 2001, ChevronTexaco was the Company's largest customer with approximately 15 percent of total revenues. Shell Petroleum Development Company of Nigeria was the Company's largest customer for the years 2000 and 1999, accounting for approximately 10 percent of total revenues in both years.

Derivative Financial Instruments. The Company adopted Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS No. 133), as amended by SFAS Nos. 137 and 138. These statements require that every derivative instrument be recorded on the balance sheet as either an asset or liability measured by its fair value. These statements also establish new accounting rules for hedge transactions, which depend on the nature of the hedge relationship.

The Company uses derivative instruments to hedge exposure to interest rate risk. For hedges which meet the SFAS No. 133 criteria, the Company formally designates and documents the instrument as a hedge of a specific underlying exposure, as well as the risk management objective and strategy for undertaking each hedge transaction.

Fair Value of Financial Instruments. The carrying amount of the Company's cash and short-term investments and short-term and long-term debt had fair values that approximated their carrying amounts, except for the Company's 5.5% Notes which had a carrying value of $124.5 million and a fair market value of $110.7 million at December 31, 2001.

Accounting Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Disposition of Assets

On November 20, 2000, the Company sold its last remaining U.S. land rig, Rig 245 in Alaska, for $20.0 million. The Company recognized a pre-tax gain of $14.9 million during the fourth quarter of 2000.

On September 30, 1999, the Company completed the sale of its U.S. lower-48 land rigs to Unit Corporation for $40.0 million cash plus 1.0 million shares of Unit common stock. The value of such common stock, based on the closing price for Unit's common stock on September 30, 1999 approximated $7.6 million. The Company recognized a pre-tax gain of $36.1 million during September 1999. During September 2000,

Note 2 - Disposition of Assets (continued)

the Company sold the 1.0 million shares of Unit common stock for $15.0 million. The Company recognized a pre-tax gain of approximately $7.4 million during the third quarter of 2000.

During October 1999, the Company sold its Argentina drilling rigs and inventories (previously classified as assets held for sale) plus one operating drilling rig, Rig 9 in Bolivia, for total consideration of approximately $9.3 million. The Company recognized a pre-tax gain of approximately $0.8 million during October 1999 related primarily to the Bolivia rig.

In the third quarter of 1999, it was decided that barge Rig 80, the Gulf Explorer, would be actively marketed for disposition and therefore was reclassified to assets held for disposition. The Company reduced the carrying value by $2.5 million to record the rig at its estimated net realizable value of $9.0 million. During the fourth quarter of 2000, due to the continued sluggish drilling market in Southeast Asia, the Company reduced the carrying value of the Gulf Explorer by an additional $8.3 million. During March 2001, the Company sold the Gulf Explorer for total consideration of $1.0 million. The Company recognized a pre-tax gain of approximately $0.5 million.

Note 3 - Long-term Debt

<TABLE>
<CAPTION>

<S>	December 31, 2001 <C>	December 31, 2000 <C>
	(Dollars in Thousands)	
Senior Notes payable in November 2006 with interest of 9.75% payable semi-annually in May and November, net of unamortized discount of $1,145 and $1,381 at December 31, 2001 and 2000, respectively (effective interest rate of 9.88%)	$298,855	$298,619
Senior Notes payable in November 2006 with interest of 9.75% payable semi-annually in May and November, net of unamortized premium of $3,230 and $3,888 at December 31, 2001 and 2000, respectively (effective interest rate of 8.97%)	153,210	153,868
Convertible Subordinated Notes payable in July 2004 with interest of 5.5% payable semi-annually in February and August	124,509	124,509
Secured promissory note to Boeing Capital Corporation with interest at 10.1278%, principal and interest payable monthly over a 60-month term	15,589	20,110
Other	9	521
Total debt	592,172	597,627
Less current portion	5,007	5,043
Total long-term debt	$587,165	$592,584

</TABLE>

Note 3 - Long-Term Debt (continued)

The aggregate maturities of long-term debt for the five years ending December 31, 2006 are as follows (000's): 2002 - $5,007; 2003 - $5,532; 2004 - $129,565; 2005 - $0; 2006 - $449,980.

The Senior Notes, which mature in 2006, were initially issued in November 1996 and in March 1998 in amounts of $300 million (Series B) and $150 million (Series C), respectively. The $300 million issue was sold at a $2.4 million discount while the $150 million issue was sold at a premium of $5.7 million. In

May 1998, a registration statement was filed by the Company which offered to exchange the Series B and C Notes for new Series D Notes. The form and terms of the Series D Notes are identical in all material respects to the form and terms of the Series B and C Notes, except for certain transfer restrictions and registration rights relating to the Series C Notes. All of the Series B Notes except $189 thousand and all of the Series C Notes were exchanged for new Series D Notes per this offering. The Notes have an interest rate of 9.75 percent and are guaranteed by substantially all subsidiaries of Parker Drilling, all of which are wholly owned. The guarantees are joint and several, full, complete and unconditional. There are currently no restrictions on the ability of the subsidiaries to transfer funds to Parker Drilling in the form of cash dividends, loans or advances. Parker Drilling is a holding company with no operations, other than through its subsidiaries. The non-guarantors are inconsequential, individually and in the aggregate, to the consolidated financial statements and separate financial statements of the guarantors are not presented because management has determined that they would not be material to investors. As discussed in Note 4, the Company has entered into various interest rate swap agreements to modify the interest characteristics of the Senior Notes so that interest associated with the Senior Notes partially becomes variable.

In anticipation of funding the Hercules acquisition, in July 1997, the Company issued $175 million of Convertible Subordinated Notes due 2004. The Notes bear interest at 5.5% payable semi-annually in February and August. The Notes are convertible at the option of the holder into shares of common stock of Parker Drilling at $15.39 per share at any time prior to maturity. The Notes are currently redeemable at the option of the Company at certain stipulated prices. During the fourth quarter of 2000, the Company repurchased on the open market $50.5 million principal amount of the 5.5% Notes at an average price of 86.11 percent of face value, recognizing an extraordinary gain of $3.9 million, net of $2.2 million of tax. The Note repurchases were funded with proceeds from an equity offering in September 2000, whereby the Company sold 13.8 million shares of common stock for net proceeds of approximately $87.3 million. The amount of outstanding Notes at the end of 2001 was $124.5 million.

On October 22, 1999, the Company entered into a $50.0 million revolving loan facility with a group of banks led by Bank of America. The new facility is available for working capital requirements, general corporate purposes and to support letters of credit and bears interest at prime plus 0.50% or LIBOR plus 2.50%. At December 31, 2001, no amounts have been drawn down against the facility but $15.1 million of availability has been used to support letters of credit that have been issued. The revolver is collateralized by accounts receivable, inventory and certain barge rigs located in the Gulf of Mexico. The facility will terminate on October 22, 2003.

On October 7, 1999, a wholly-owned subsidiary of the Company entered into a loan agreement with Boeing Capital Corporation for the refinancing of a portion of the capital cost of barge Rig 75. The loan principal of approximately $24.8 million plus interest is being repaid in 60 monthly payments of approximately $0.5 million. The loan is collateralized by barge Rig 75 and is guaranteed by Parker Drilling. The amount of principal outstanding at the end of 2001 was $15.6 million.

Note 3 - Long-Term Debt (continued)

Each of the 9.75% Senior Notes, 5.5% Convertible Subordinated Notes and the revolving loan facility contains customary affirmative and negative covenants, including restrictions on incurrence of debt and sales of assets. The revolving loan facility contains covenants which require minimum adjusted tangible net worth, fixed charge coverage ratio and limits annual capital expenditures. The revolving loan facility prohibits payment of dividends and the indenture for the 9.75% Senior Notes restricts the payment of dividends.

Note 4 - Derivative Financial Instruments

The Company is exposed to interest rate risk from its fixed-rate debt. The Company has hedged against the risk of changes in fair value associated with its $450.0 million 9.75% Senior Notes by entering into a fixed-to-variable interest rate swap agreement with a notional amount of $50.0 million as of December 31,

2001. Subsequent to December 31, 2001, the Company entered into two additional fixed-to-variable interest rate swap agreements with a total notional amount of $100.0 million. The Company assumes no ineffectiveness as each interest rate swap meets the short-cut method requirements under SFAS No. 133 for fair value hedges of debt instruments. As a result, changes in the fair value of the interest rate swaps are offset by changes in the fair value of the debt and no net gain or loss is recognized in earnings. The estimated fair value of the swap agreement at December 31, 2001 was not material.

Note 5 - Income Taxes

Income (loss) before income taxes and extraordinary gain is summarized as follows (dollars in thousands):

<TABLE>
<CAPTION>

	Year Ended December 31,		
	2001	2000	1999
United States	$ 8,751	$(29,253)	$(47,526)
Foreign	14,896	10,595	6,949
	$ 23,647	$(18,658)	$(40,577)

</TABLE>

Income tax expense (benefit) is summarized as follows (dollars in thousands):

<TABLE>
<CAPTION>

	Year Ended December 31,		
	2001	2000	1999
Current:			
United States:			
Federal	$ 530	$ --	$ --
State	--	--	838
Foreign	13,957	15,625	10,370
Deferred:			
United States:			
Federal	(1,846)	(10,988)	(13,552)
State	(53)	(314)	(336)
	$ 12,588	$ 4,323	$ (2,680)

</TABLE>

Note 5 - Income Taxes (continued)

Total income tax expense (benefit) differs from the amount computed by multiplying income (loss) before income taxes by the U.S. federal income tax statutory rate. The reasons for this difference are as follows (dollars in thousands):

<TABLE>
<CAPTION>

	Year Ended December 31,					
	2001		2000		1999	
	Amount	% of Pre-Tax Income	Amount	% of Pre-Tax Income	Amount	% of Pre-Tax Income
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Computed expected tax expense (benefit)	$ 8,276	35%	$ (6,530)	(35%)	$(14,202)	(35%)
Foreign taxes, net of federal benefit	9,072	38%	10,156	54%	6,741	17%
Change in valuation allowance	(9,593)	(41%)	(6,097)	(33%)	--	--
Foreign corporation losses	3,689	16%	4,253	23%	2,438	6%
Goodwill amortization	1,488	6%	1,488	8%	1,488	4%
Other	(344)	(1%)	1,053	6%	855	1%
Actual tax expense (benefit)	$ 12,588	53%	$ 4,323	23%	$ (2,680)	(7%)

</TABLE>

Note 5 - Income Taxes (continued)

The components of the Company's tax assets and (liabilities) as of December 31, 2001 and 2000 are shown below (dollars in thousands):

<TABLE>
<CAPTION>

	December 31,	
	2001	2000
<S>	<C>	<C>
Deferred tax assets:		
Net operating loss carryforwards	$ 56,025	$ 61,796
Alternative minimum tax carryforwards	983	--
Reserves established against realization of certain assets	1,874	2,304
Accruals not currently deductible for tax purposes	6,388	6,476
	65,270	70,576
Deferred tax liabilities:		
Property, plant and equipment	(65,079)	(59,090)
Goodwill	(6,180)	(4,824)
Unrealized gain on investments held for sale	(227)	(190)
Net deferred tax (liability) asset	(6,216)	6,472
Valuation allowance	(9,936)	(24,939)
Deferred income tax liability	$(16,152)	$(18,467)

</TABLE>

The change in the valuation allowance in 2001 is the result of expired net operating loss carryforwards and higher utilization of net operating loss carryforwards previously reserved because they were expected to expire unused. The Company has a remaining valuation allowance of $9,936,000 with respect to its deferred tax asset for the amount of net operating loss carryforwards expected to expire unused for the tax year ending August 31, 2002. However, the amount of the asset considered realizable could be different in the near term if estimates of future taxable income change.

At December 31, 2001, the Company had $155,623,000 of net operating loss carryforwards. For tax purposes the net operating loss carryforwards expire over a 20-year period ending August 31 as follows: 2002-$27,599,000; 2003-$0; 2004-$5,128,000; 2005-$0; thereafter-$122,896,000.

Note 6 - Common Stock and Stockholders' Equity

In September 2000, the Company sold 13.8 million common shares in a public offering, resulting in net proceeds (after deducting issuance costs) of $87.3 million. The proceeds were used to acquire, upgrade and refurbish certain offshore and land drilling rigs and for general corporate purposes, including the repayment of debt (see Note 3).

Stock Plans

The Company's employee and non-employee director stock plans are summarized as follows:

The 1994 Non-Employee Director Stock Option Plan ("Director Plan") provides for the issuance of options to purchase up to 200,000 shares of Parker Drilling's common stock. The option price per share is equal to the fair market value of a Parker Drilling share on the date of grant. The term of each option is 10 years, and an option first becomes exercisable six months after the date of grant. All shares available for issuance under this plan have been granted.

The 1994 Executive Stock Option Plan provides that the directors may grant a maximum of 2,400,000 shares to key employees of the Company and its subsidiaries through the granting of stock options, stock appreciation rights and restricted and deferred stock awards. The option price per share may not be less than 50 percent of the fair market value of a share on the date the option is granted, and the maximum term of a non-qualified option may not exceed 15 years and the maximum term of an incentive option is 10 years. All shares available for issuance under this plan have been granted.

The 1997 Stock Plan is a "broad-based" stock plan, based on the interim rules of the New York Stock Exchange, that provides that the directors may grant stock options and restricted stock awards up to a maximum of 4,000,000 shares to all employees of the Company who, in the opinion of the board of directors, are in a position to contribute to the growth, management and success of the Company. More than 50 percent of all awards under this plan have been awarded to employees who are non-executive officers. The option price per share may not be less than the fair market value on the date the option is granted for incentive options and not less than par value of a share of common stock for non-qualified options. The maximum term of an incentive option is 10 years and the maximum term of a non-qualified option is 15 years. In July 1999 and April 2001, 2,000,000 and 1,000,000 additional shares, respectively, were registered with the SEC for granting under the 1997 Stock Plan. As of December 31, 2001, there were 622,000 shares available for granting.

Note 6 - Common Stock and Stockholders' Equity (continued)

Information regarding the Company's stock option plans is summarized below:

<TABLE>
<CAPTION>

	1994 Director Plan	
	Shares	Weighted Average Exercise Price
Shares under option:		
Outstanding at December 31, 1998	190,000	$ 8.702
Granted	10,000	3.281
Exercised	--	--
Cancelled	--	--
Outstanding at December 31, 1999	200,000	8.431
Granted	--	--
Exercised	--	--
Cancelled	--	--
Outstanding at December 31, 2000	200,000	8.431
Granted	--	--
Exercised	--	--
Cancelled	--	--
Outstanding at December 31, 2001	200,000	$ 8.431

</TABLE>

Note 6 - Common Stock and Stockholders' Equity (continued)

<TABLE>
<CAPTION>

	1994 Option Plan			
	Incentive Options		Non-Qualified Options	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Shares under option:				
Outstanding at December 31, 1998	622,564	$ 7.227	1,586,936	$ 6.975
Granted	--	--	--	--
Exercised	--	--	--	--
Cancelled	--	--	--	--
Outstanding at December 31, 1999	622,564	7.227	1,586,936	6.975
Granted	--	--	--	--
Exercised	--	--	(18,750)	2.250
Cancelled	--	--	--	--
Outstanding at December 31, 2000	622,564	7.227	1,568,186	7.032
Granted	--	--	--	--
Exercised	(17,000)	4.500	(1,250)	2.250
Cancelled	--	--	--	--
Outstanding at December 31, 2001	605,564	$ 7.303	1,566,936	$ 7.036

</TABLE>

Note 6 - Common Stock and Stockholders' Equity (continued)

<TABLE>
<CAPTION>

	1997 Stock Plan			
	Incentive Options		Non-Qualified Options	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
<S>	<C>	<C>	<C>	<C>
Shares under option:				
Outstanding at December 31, 1998	1,873,905	$ 10.750	1,321,595	$ 9.258
Granted	1,003,021	3.189	897,979	3.232
Exercised	(1,011)	3.188	(239)	3.188
Cancelled	(81,740)	11.410	(153,760)	10.813
Outstanding at December 31, 1999	2,794,175	8.038	2,065,575	6.523
Granted	50,000	5.938	15,000	5.062
Exercised	(92,094)	3.188	(24,370)	3.188
Cancelled	(30,130)	8.564	(2,870)	3.188
Outstanding at December 31, 2000	2,721,951	8.158	2,053,335	6.556
Granted	--	--	1,485,000	5.167
Exercised	(137,061)	3.193	(31,915)	3.188
Cancelled	--	--	--	--
Outstanding at December 31, 2001	2,584,890	$ 8.421	3,506,420	$ 6.000

</TABLE>

Note 6 - Common Stock and Stockholders' Equity (continued)

<TABLE>
<CAPTION>

		Outstanding Options		
Plan	Exercise Prices	Number of Shares	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
<S>	<C>	<C>	<C>	<C>
1994 Director Plan	$ 3.281 - $ 6.125	40,000	4.4 years	$ 4.827
	$ 8.875 - $ 12.094	160,000	5.5 years	$ 9.332
1994 Executive Option Plan				
Incentive option	$ 4.500	217,554	3.0 years	$ 4.500
Incentive option	$ 8.875	388,010	5.4 years	$ 8.875
Non-qualified	$ 2.250	434,946	3.0 years	$ 2.250
Non-qualified	$ 8.875	1,131,990	5.4 years	$ 8.875
1997 Stock Plan				
Incentive option	$ 3.188 - $ 5.938	810,725	4.4 years	$ 3.358
Incentive option	$ 8.875 - $ 12.188	1,774,165	5.2 years	$ 10.735

Non-qualified	$ 2.820 - $ 6.070	2,338,585	5.3 years	$ 4.473
Non-qualified	$ 8.875 - $ 10.813	1,167,835	5.6 years	$ 9.053

</TABLE>

<TABLE>
<CAPTION>

		Exercisable Options	
Plan	Exercise Prices	Number of Shares	Weighted Average Remaining Contractual Life
1994 Director Plan	$ 3.281 - $ 6.125	40,000	$ 4.827
	$ 8.875 - $ 12.094	160,000	$ 9.332
1994 Executive Option Plan			
Incentive option	$ 4.500	217,554	$ 4.500
Incentive option	$ 8.875	388,010	$ 8.875
Non-qualified	$ 2.250	434,946	$ 2.250
Non-qualified	$ 8.875	1,131,990	$ 8.875
1997 Stock Plan			
Incentive option	$ 3.188 - $ 5.938	230,747	$ 3.487
Incentive option	$ 8.875 - $ 12.188	1,755,669	$ 10.734
Non-qualified	$ 2.820 - $ 6.070	914,313	$ 4.086
Non-qualified	$ 8.875 - $ 10.813	1,146,331	$ 9.020

</TABLE>

Note 6 - Common Stock and Stockholders' Equity (continued)

The Company has three additional stock plans which provide for the issuance of stock for no cash consideration to officers and key non-officer employees. Under two of the plans, each employee receiving a grant of shares may dispose of 15 percent of his/her grant on each annual anniversary date from the date of grant for the first four years and the remaining 40 percent on the fifth year anniversary. These two plans have a total of 11,375 shares reserved and available for granting. Shares granted under the third plan are fully vested no earlier than 24 months from the effective date of the grant and not later than 36 months. The third plan has a total of 1,562,195 shares reserved and available for granting. No shares were granted under these plans in 2001, 2000 and 1999.

In prior years the Company purchased shares from certain of its employees, who received stock through its stock purchase plan, at fair market value. At December 2000, 497,323 shares were held in Treasury. The 604,870 shares held in Treasury at December 31, 2001 include 98,293 shares purchased by the Company at the fair market value of $289,479 for the Stock Bonus Plan contribution. The Plan was funded in January 2002.

The Company has elected the disclosure-only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation." Accordingly, no compensation cost has been recognized for the Company's stock option plans when the option price is equal to or greater than the fair market value of a share of the Company's common stock on the date of grant. Pro forma net income and earnings per share are reflected below as if compensation cost had been determined based on the fair value of the options at their applicable grant date, according to the provisions of SFAS No. 123.

Note 6 - Common Stock and Stockholders' Equity (continued)

<TABLE>

<CAPTION>

	Year Ended December 31,		
	2001	2000	1999
	(Dollars in Thousands)		
<S>	<C>	<C>	<C>
Income (loss) before extraordinary gain:			
As reported	$ 11,059	$ (22,981)	$ (37,897)
Pro forma	$ 7,698	$ (25,941)	$ (45,925)
Diluted earnings (loss) per share before extraordinary gain:			
As reported	$ 0.12	$ (0.28)	$ (0.49)
Pro forma	$ 0.08	$ (0.32)	$ (0.59)

</TABLE>

The fair value of each option grant is estimated using the Black-Scholes option pricing model with the following assumptions:

<TABLE>

<S>	<C>
Expected dividend yield	0.0%
Expected stock volatility	49.0% in 1999
	51.6% in 2000
	56.3% in 2001
Risk-free interest rate	3.9% - 6.7%
Expected life of options	5 - 7 years

</TABLE>

The estimated fair values of options granted during the year ended December 31, 1999, under the Director Plan was $16,500. Options granted in 2001, 2000 and 1999 under the 1997 Stock Plan had an estimated fair value of $4,326,000, $203,000 and $3,263,000 respectively.

Note 6 - Common Stock and Stockholders' Equity (continued)

Stock Reserved For Issuance

The following is a summary of common stock reserved for issuance:

<TABLE>
<CAPTION>

	December 31,	
	2001	2000
<S>	<C>	<C>
Stock plans	10,659,380	9,969,570
Stock bonus plan	81,715	106,375
Convertible notes	8,090,254	8,090,254
Total shares reserved for issuance	18,831,349	18,166,199

</TABLE>

Stockholder Rights Plan

The Company adopted a stockholder rights plan on June 25, 1998, to assure that the Company's stockholders receive fair and equal treatment in the event of any proposed takeover of the Company and to guard against partial tender offers and other abusive takeover tactics to gain control of the Company without paying all stockholders a fair price. The rights plan was not adopted in response to any specific takeover proposal. Under the rights plan, the Company's board of directors declared a dividend of one right to purchase one one-thousandth of a share of a new series of junior participating preferred stock for each outstanding share of common stock.

The rights may only be exercised 10 days following a public announcement that a third party has acquired 15 percent or more of the outstanding common shares of the Company or 10 days following the commencement of, or announcement of an intention to make a tender offer or exchange offer, the consummation of which would result in the beneficial ownership by a third party of 15 percent or more of the common shares. When exercisable, each right will entitle the holder to purchase one one-thousandth share of the new series of junior participating preferred stock at an exercise price of $30, subject to adjustment. If a person or group acquires 15 percent or more of the outstanding common shares of the Company, each right, in the absence of timely redemption of the rights by the Company, will entitle the holder, other than the acquiring party, to purchase for $30, common shares of the Company having a market value of twice that amount.

The rights, which do not have voting privileges, expire June 30, 2008, and at the Company's option, may be redeemed by the Company in whole, but not in part, prior to expiration for $0.01 per right. Until the rights become exercisable, they have no dilutive effect on earnings per share.

Note 7 - Reconciliation of Income and Number of Shares Used to Calculate Basic and Diluted Earnings Per Share (EPS)

<TABLE>
<CAPTION>

	For the Twelve Months Ended December 31, 2001		
	Income (Numerator)	Shares (Denominator)	Per-Share Amount
<S>	<C>	<C>	<C>
Basic EPS:			
Net income	$ 11,059,000	92,008,877	$ 0.12
Effect of dilutive securities:			
Stock options	--	682,156	--
Diluted EPS:			
Net income plus assumed conversions	$ 11,059,000	92,691,033	$ 0.12

</TABLE>

<TABLE>
<CAPTION>

	For the Twelve Months Ended December 31, 2000		
	Income (Loss) (Numerator)	Shares (Denominator)	Per-Share Amount
<S>	<C>	<C>	<C>
Basic EPS:			
Loss before extraordinary gain	$(22,981,000)	81,758,825	$ (0.28)
Extraordinary gain	3,936,000	81,758,825	0.05
Net loss	(19,045,000)	81,758,825	(0.23)
Effect of dilutive securities:			
Stock options	--	--	--
Diluted EPS:			
Loss before extraordinary gain	(22,981,000)	81,758,825	(0.28)
Extraordinary gain	3,936,000	81,758,825	0.05
Net loss	$(19,045,000)	81,758,825	$ (0.23)

</TABLE>

Note 7 - Reconciliation of Income and Number of Shares Used to Calculate Basic and Diluted Earnings Per Share (EPS) (continued)

<TABLE>
<CAPTION>

	For the Twelve Months Ended December 31, 1999		
	Loss (Numerator)	Shares (Denominator)	Per-Share Amount
Basic EPS:			
Net loss	$(37,897,000)	77,159,461	$ (0.49)
Effect of dilutive securities:			
Stock options	--	--	--
Diluted EPS:			
Net loss	$(37,897,000)	77,159,461	$ (0.49)

</TABLE>

The Company has outstanding $124,509,000 of 5.5% Convertible Subordinated Notes, which are convertible into 8,090,254 shares of common stock at $15.39 per share. The Notes have been outstanding since their issuance in July 1997, but were not included in the computation of diluted EPS because the assumed conversion of the Notes would have had an anti-dilutive effect on EPS. For the fiscal year ended December 31, 2001, options to purchase 6,049,000 shares of common stock at prices ranging from $5.00 to $12.1875, which were outstanding during part of the period, were not included in the computation of diluted EPS because the options' exercise price was greater than the average market price of the common shares during the period. For the years ended December 31, 2000 and 1999, options to purchase 7,166,036 and 7,269,250 shares of common stock, respectively, at prices ranging from $2.2500 to $12.1875, were outstanding but not included in the computation of diluted EPS because the assumed exercise of the options would have had an anti-dilutive effect on EPS due to the net loss during those periods.

Note 8 - Employee Benefit Plans

The Parker Drilling Company Stock Bonus Plan ("Plan") was adopted effective September 1980 for employees of Parker Drilling and its subsidiaries who are U.S. citizens and who have completed three months of service with the Company. It was amended in 1983 to qualify as a 401(k) plan under the Internal Revenue Code which permits a specified percentage of an employee's salary to be voluntarily contributed on a before-tax basis and to provide for a Company matching feature. Participants may contribute from one percent to 15 percent of eligible earnings and direct contributions to one or more of 10 investment funds. The Plan was amended and restated, effective January 1, 1999, to provide for dollar-for-dollar matching contributions by the Company up to three percent of a participant's compensation and $0.50 for every dollar contributed from three percent to five percent. The Company's matching contribution is made in Parker Drilling common stock and vests immediately. Each Plan year, additional Company contributions can be made, at the discretion of the board of directors, in amounts not exceeding the permissible deductions under the Internal Revenue Code. The Company issued 343,289, 361,855 and 498,654 shares to the Plan in 2001, 2000 and 1999 with the Company recognizing expense of $1,927,100, $1,742,193 and $1,492,099 in each of the periods, respectively.

Note 9 - Business Segments

The Company is organized into three primary business units: U.S. drilling operations, international drilling operations, and rental tools. This is the basis management uses for making operating decisions and assessing performance.

<TABLE>
<CAPTION>

Operations by Industry Segment	Year Ended December 31, 2001	2000	1999
	(Dollars in Thousands)		
Revenues:			
U.S. drilling	$ 190,809	$ 148,416	$ 113,989
International drilling	231,527	185,100	182,908
Rental tools	65,629	42,833	27,656
Total revenues	487,965	376,349	324,553
Operating income (loss):			
U.S. drilling	33,138	6,766	(31,478)
International drilling	37,583	19,553	26,737
Rental tools	30,016	16,897	7,890
Total operating income by segment (1)	100,737	43,216	3,149
General and administrative	(21,721)	(20,392)	(16,312)
Reorganization	(7,500)	--	(3,000)
Provision for reduction in carrying value of certain assets	--	(8,300)	(10,607)
Total operating income (loss)	71,516	14,524	(26,770)
Interest expense	(53,015)	(57,036)	(55,928)
Other income, net	5,146	23,854	42,121
Income (loss) before income taxes	$ 23,647	$ (18,658)	$ (40,577)
Identifiable assets:			
U.S. drilling	$ 343,357	$ 356,090	$ 386,385
International drilling	424,022	412,839	357,906
Rental tools	70,365	57,550	43,356
Total identifiable assets	837,744	826,479	787,647
Corporate assets	268,033	280,940	295,096
Total assets	$ 1,105,777	$ 1,107,419	$ 1,082,743

</TABLE>

(1) Operating income by segment is calculated by excluding general and administrative expense, reorganization expense and provision for reduction in carrying value of certain assets from operating income, as reported in the consolidated statements of operations.

Note 9 - Business Segments (continued)

<TABLE>
<CAPTION>

Operations by Industry Segment	Year Ended December 31, 2001	2000	1999
	(Dollars in Thousands)		
Capital expenditures:			

	2001	2000	1999
U.S. drilling	$ 41,366	$ 22,221	$ 8,093
International drilling	53,732	55,215	29,937
Rental tools	24,210	16,168	7,221
Corporate	2,725	4,921	3,895
Total capital expenditures	$ 122,033	$ 98,525	$ 49,146
Depreciation and amortization:			
U.S. drilling	$ 44,300	$ 42,458	$ 39,787
International drilling	38,379	30,730	34,046
Rental tools	12,302	11,147	8,261
Corporate	2,278	725	76
Total depreciation and amortization	$ 97,259	$ 85,060	$ 82,170

</TABLE>

Note 9 - Business Segments (continued)

<TABLE>
<CAPTION>

Operations by Geographic Area	Year Ended December 31, 2001	2000	1999
	(Dollars in Thousands)		
<S>	<C>	<C>	<C>
Revenues:			
United States	$ 256,438	$ 191,249	$ 141,645
Latin America	54,063	58,467	85,112
Asia Pacific	32,246	15,373	25,193
Africa and Middle East	58,988	55,671	36,852
Former Soviet Union	86,230	55,589	35,751
Total revenues	487,965	376,349	324,553
Operating income (loss):			
United States	63,154	23,663	(23,587)
Latin America	2,385	6,554	14,661
Asia Pacific	11,304	(1,905)	(1,964)
Africa and Middle East	11,933	8,562	8,503
Former Soviet Union	11,961	6,342	5,536
Total operating income by segment (1)	100,737	43,216	3,149
General and administrative	(21,721)	(20,392)	(16,312)
Reorganization	(7,500)	--	(3,000)
Provision for reduction in carrying value of certain assets	--	(8,300)	(10,607)
Total operating income (loss)	71,516	14,524	(26,770)
Interest expense	(53,015)	(57,036)	(55,928)
Other income, net	5,146	23,854	42,121
Income (loss) before income taxes	$ 23,647	$ (18,658)	$ (40,577)
Identifiable assets:			
United States	$ 681,756	$ 702,639	$ 724,837

Latin America	93,722	93,896	102,348
Asia Pacific	39,963	41,602	60,458
Africa and Middle East	94,986	119,607	105,354
Former Soviet Union	195,350	149,675	89,746
	-----------	-----------	-----------
Total identifiable assets	$ 1,105,777	$ 1,107,419	$ 1,082,743
	===========	===========	===========

</TABLE>

(1) Operating income by segment is calculated by excluding general and administrative expense, reorganization expense and provision for reduction in carrying value of certain assets from operating income, as reported in the consolidated statements of operations

Note 10 - Commitments and Contingencies

At December 31, 2001, the Company had a $50.0 million revolving credit facility available for general corporate purposes and to support letters of credit. As of December 31, 2001, $15.1 million of availability has been reserved to support letters of credit that have been issued. At December 31, 2001, no amounts had been drawn under the revolving credit facility.

The Company has various lease agreements for office space, equipment, vehicles and personal property. These obligations extend through 2008 and are typically non-cancelable. Most leases contain renewal options and certain of the leases contain escalation clauses. Future minimum lease payments at December 31, 2001, under operating leases with non-cancelable terms in excess of one year, are as follows:

<TABLE>

<S>	<C>
2002	$ 3,141
2003	2,870
2004	2,793
2005	2,616
2006	2,384
Therafter	4,773

Total	$ 18,577
	========

</TABLE>

Total rent expense for all operating leases amounted to $5.5 million for 2001, $3.7 million for 2000, and $4.0 million for 1999.

Certain officers of the Company entered into Severance Compensation and Consulting Agreements with the Company (the "Agreements"). A total of nine officers are currently signatories. The Agreements provide for an initial six-year term and the payment of certain benefits upon a change of control (as defined in the Agreements). A change of control includes certain mergers or reorganizations, changes in the board of directors, sale or liquidation of the Company or acquisition of more than 15 percent of the outstanding common stock of the Company by a third party; provided that the board of directors has the right to preclude triggering of a change of control when a third party acquired 15 percent of the outstanding voting securities if the board of directors determines within five days that the circumstances of the acquisition did not warrant implementation of the Agreements. After a change of control occurs, if an officer is terminated within four years without good cause or resigns within two years for good reason (as each are defined in the Agreements) the officer shall receive a payment of three times his annual cash compensation, plus additional compensation for a one-year consulting agreement at the officer's annual cash compensation, plus extended life, health and other miscellaneous benefits for four years.

The drilling of oil and gas wells is subject to various federal, state, local and foreign laws, rules and regulations. The Company, as an owner or operator of both onshore and offshore facilities operating in or near waters of the United States, may be liable for the costs of removal and damages arising out of a pollution incident to the extent set forth in the Federal Water Pollution Control Act, as amended by the Oil Pollution Act of 1990 ("OPA") and the Outer Continental Shelf Lands Act. In addition, the Company may also be

subject to applicable state law and other civil claims arising out of any such incident. Certain of the Company's facilities are also subject to regulations of the Environmental Protection Agency ("EPA") that require the preparation and implementation of spill prevention, control and countermeasure plans relating to possible discharge of oil into navigable waters. Other regulations of the EPA may require certain precautions in storing, handling and transporting hazardous wastes. State statutory provisions relating to oil and natural gas generally include requirements as to well spacing, waste prevention, production limitations, pollution prevention and cleanup, obtaining drilling and dredging permits and similar matters.

Verdin Lawsuit. Two subsidiaries of Parker Drilling Company ("Subsidiaries") are currently named defendants in the lawsuit, Verdin vs. R & B Falcon Drilling USA, Inc., et. al., Civil Action No. G-00-488, currently pending in the U.S. District Court for the Southern District of Texas, Houston Division. The plaintiff is a former employee of a drilling contractor engaged in offshore drilling operations in the Gulf of Mexico. The defendants are various drilling contractors, including the Subsidiaries, who conduct drilling operations in the Gulf of Mexico. Plaintiff alleges that the defendants have violated federal and state antitrust laws by agreeing with each other to depress wages and benefits paid to employees working for said defendants.

Plaintiff sought to bring this case as a "class action", i.e., on behalf of himself and a proposed class of other similarly situated employees of the defendants that have allegedly suffered similar damages from the alleged actions of defendants. Originally, the case was pending in U.S. District Court for the Southern District of Texas, Galveston Division. Recently, the case was transferred to the Houston Division. The Subsidiaries and certain of the other defendants recently entered into a stipulation of settlement with the plaintiff, pursuant to which the Subsidiaries will pay $625,000 for a full and complete release of all claims brought in the case. The settlement was preliminarily approved by the Court on November 8, 2001, and the Court will conduct a fairness hearing on April 18, 2002, to determine whether the proposed settlement should receive final approval. The settlement amount and related fees were accrued during the third quarter 2001.

Kazakhstan Tax Issue. On July 6, 2001, the Ministry of State Revenues of Kazakhstan ("MSR") issued an Act of Audit to the Kazakhstan branch ("PKD Kazakhstan") of Parker Drilling Company International Limited, a wholly owned subsidiary of the Company ("PDCIL"), assessing additional taxes in the amount of approximately $29,000,000 for the years 1998-2000. The assessment consists primarily of adjustments in corporate income tax based on a determination by the Kazakhstan tax authorities that payments by Offshore Kazakhstan International Operating Company, ("OKIOC"), to PDCIL of $99,050,000, in reimbursement of costs for modifications to Rig 257, performed by PDCIL prior to the importation of the drilling rig into Kazakhstan, where it is currently working under contract to OKIOC, are income to PKD Kazakhstan, and therefore, taxable to PKD Kazakhstan. PKD Kazakhstan filed an Act of Non-Agreement stating its position that such payment should not be taxable and requesting the Act of Audit be revised accordingly. In November, the MSR rejected PKD Kazakhstan's Act of Non-Agreement, prompting PKD Kazakhstan to seek judicial review of the assessment. On December 28, 2001, the Astana City Court issued a judgment in favor of PKD Kazakhstan, finding that the reimbursements to PDCIL were not income to PKD Kazakhstan and not otherwise subject to tax based on the U.S.-Kazakhstan Tax Treaty. The MSR has appealed the Astana City Court decision to the Supreme Court, but has requested and received a postponement in the hearing until March 21, 2002. Management believes that it is still not possible to make a reasonable determination as to the probable outcome of this matter.

Note 10 - Commitments and Contingencies (continued)

The Company is a party to various other lawsuits and claims arising out of the ordinary course of business. Management, after review and consultation with legal counsel, considers that any liability resulting from these matters would not materially affect the results of operations, the financial position or the net cash flows of the Company.

Note 11 - Related Party Transactions

Since 1975 when the stockholders approved a Stock Purchase Agreement, the Company and Robert L. Parker have entered into various life insurance arrangements on the life of Robert L. Parker. To insure the lives of Mr. and Mrs. Parker for $15.2 million and Mr. Robert L. Parker for $8.0 million the Company is currently paying $0.6 million in annual premiums. Annual premiums funded by the Company will be reimbursed from the proceeds of the policies, plus accrued interest beginning March 2003 at a one-year treasury bill rate. The Company may use, at its option, up to $7.0 million of such proceeds to purchase Parker Drilling stock from the Robert L. Parker Sr. Family Limited Partnership at a discounted price. Robert L. Parker Jr., chief executive officer of the Company and son of Robert L. Parker, will receive one-third of the net proceeds of these policies as a beneficiary.

Note 12 - Supplementary Information

At December 31, 2001, accrued liabilities included $8.2 million of accrued interest expense, $5.3 million of workers' compensation and health plan liabilities and $10.4 million of accrued payroll and payroll taxes. At December 31, 2000, accrued liabilities included $8.4 million of accrued interest expense, $6.0 million of workers' compensation and health plan liabilities and $9.9 million of accrued payroll and payroll taxes. Other long-term obligations included $3.8 million and $3.2 million of workers' compensation liabilities as of December 31, 2001 and 2000, respectively.

Note 13 - Selected Quarterly Financial Data (Unaudited)

<TABLE>
<CAPTION>

Year 2001	Quarter First	Second	Third	Fourth	Total
	(Dollars in Thousands Except Per Share Amounts)				
<S>	<C>	<C>	<C>	<C>	<C>
Revenues	$ 114,874	$ 132,915	$ 128,927	$111,249	$ 487,965
Gross profit (1)	$ 22,480	$ 33,333	$ 29,606	$ 15,318	$ 100,737
Operating income	$ 17,609	$ 23,130	$ 22,375	$ 8,402	$ 71,516
Net income (3)	$ 1,524	$ 2,692	$ 3,025	$ 3,818	$ 11,059
Basic earnings per share: (2)					
Net income	$ 0.02	$ 0.03	$ 0.03	$ 0.04	$ 0.12
Diluted earnings per share: (2)					
Net income	$ 0.02	$ 0.03	$ 0.03	$ 0.04	$ 0.12

</TABLE>

(1) Gross profit is calculated by excluding general and administrative expense, reorganization expense and provision for reduction in carrying value of certain assets from operating income, as reported in the consolidated statement of operations.

(2) As a result of shares issued during the year, earnings per share for the year's four quarters, which are based on weighted average shares

outstanding during each quarter, do not equal the annual earnings per share, which is based on the weighted average shares outstanding during the year.

(3) The fourth quarter includes a $9.6 million deferred tax benefit resulting from a reversal of a valuation allowance. See Note 5.

Note 13 - Selected Quarterly Financial Data (continued) (Unaudited)

<TABLE>
<CAPTION>

Year 2000	First	Second	Third	Fourth	Total
	Quarter				
	(Dollars in Thousands Except Per Share Amounts)				
<S>	<C>	<C>	<C>	<C>	<C>
Revenues	$ 73,953	$ 86,960	$ 101,849	$113,587	$ 376,349
Gross profit (1)	$ (3,931)	$ 6,409	$ 15,445	$ 25,293	$ 43,216
Operating income (loss)	$ (8,934)	$ 1,965	$ 9,953	$ 11,540	$ 14,524
Net income (loss) before extraordinary gain	$ (14,876)	$ (9,482)	$ (1,034)	$ 2,411	$ (22,981)
Extraordinary gain	$ --	$ --	$ --	$ 3,936	$ 3,936
Net income (loss)	$ (14,876)	$ (9,482)	$ (1,034)	$ 6,347	$ (19,045)
Basic earnings (loss) per share: (2)					
Income (loss) before extraordinary gain	$ (0.19)	$ (0.12)	$ (0.01)	$ 0.03	$ (0.28)
Extraordinary gain	$ --	$ --	$ --	$ 0.04	$ 0.05
Net income (loss)	$ (0.19)	$ (0.12)	$ (0.01)	$ 0.07	$ (0.23)
Diluted earnings (loss) per share: (2)					
Income (loss) before extraordinary gain	$ (0.19)	$ (0.12)	$ (0.01)	$ 0.03	$ (0.28)
Extraordinary gain	$ --	$ --	$ --	$ 0.04	$ 0.05
Net income (loss)	$ (0.19)	$ (0.12)	$ (0.01)	$ 0.07	$ (0.23)

</TABLE>

(1) Gross profit is calculated by excluding general and administrative expense, reorganization expense and provision for reduction in carrying value of certain assets from operating income, as reported in the Consolidated Statement of Operations.

(2) As a result of shares issued during the year, earnings per share for the year's four quarters, which are based on weighted average shares outstanding during each quarter, do not equal the annual earnings per share, which is based on the weighted average shares outstanding during the year.

Note 14 - Recent Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141, 142 and 143. SFAS No. 141, "Business Combinations", requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. SFAS No. 142, "Goodwill and Other Intangible Assets", changes the accounting for goodwill from an amortization method to an impairment-only approach and will be effective January 2002. SFAS No. 143, "Accounting for Asset Retirement Obligations", requires the capitalization and accrual of the fair value of a liability for an asset retirement obligation in the period in which it is incurred if a reasonable estimate of fair value can be made. SFAS No. 143 will be effective January 2003. In August 2001 the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS No. 144 supersedes SFAS No. 121 and amends Accounting Principles Board Opinion No. 30 for the accounting and reporting for discontinued operations as it relates to long-lived assets. SFAS No. 144 will be effective January 2002.

The Company is presently evaluating the effect of these new pronouncements on its financial position and results of operations and believes that only SFAS No. 142 will impact the Company because it has recorded a significant amount of goodwill related to prior acquisitions and recorded annual amortization during each of the last three years of $7.4 million. The Company is reviewing its operations to identify the reporting units, including identification of the related operating assets, goodwill, and liabilities. The Company will estimate the fair value of the reporting units, deduct the estimated fair value of the tangible net assets and compare the residual to the recorded goodwill attributable to the reporting unit to determine if the recorded goodwill has been impaired. The Company expects to complete the initial review during the second quarter of 2002.

Note 15 - Subsequent Event

As discussed in Note 14, SFAS 142 is effective January 1, 2002. Under SFAS 142, goodwill is no longer amortized but will be reviewed annually for impairment. For comparative purpose, the following table summarizes reported results for the years ended December 2001, 2000, and 1999 as adjusted to remove the amortization of goodwill (dollars in thousands, except per share amounts).

<TABLE>
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<S>	2001 <C>	2000(2) <C>	1999 <C>
Net Income - as reported	$11,059	$(19,045)	$(37,897)
Goodwill amortization	7,482	7,482	7,531
Income tax impact (1)	(1,131)	(1,131)	(1,148)
Net income - as adjusted	$17,410	$(12,694)	$(31,514)
Basic and Diluted earnings per share:			
Net Income - as reported	$ 0.12	$ (0.23)	$ (0.49)
Goodwill amortization	0.08	0.09	0.10
Income tax impact (1)	(0.01)	(0.02)	(0.02)
Net income - as adjusted	$ 0.19	$ (0.16)	$ (0.41)

</TABLE>

(1) Certain goodwill amounts are non-deductible for tax purposes; therefore, the income tax impact reflects only the deductible goodwill amortization.

(2) As reported - loss before extraordinary gain - $(22,981)
As adjusted - loss before extraordinary gain - $(16,630)