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

FORM 10-K

(MARK ONE)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO_____

COMMISSION FILE NUMBER 1-7573

PARKER DRILLING COMPANY

(Exact name of registrant as specified in its charter)

Delaware	73-0618660
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1401 Enclave Parkway, Suite 600, Houston, Texas 77077
(Address of principal executive offices) (zip code)

Registrant's telephone number, including area code (281) 406-2000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered:
Common Stock, par value $.16 2/3 per share	New York Stock Exchange
9.75% Senior Notes due 2006	New York Stock Exchange
10.125% Senior Notes due 2009	New York Stock Exchange
5.5% Convertible Subordinated Notes due 2004	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Indicate by check mark whether the agreement is an accelerated filer (as defined in Exchange Act Rule 12b2). Yes [X] No [ ]

The aggregate market value of our common stock held by non-affiliates on June 30, 2002 was $287.6 million. At January 31, 2003, there were 92,793,349 shares of common stock issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE
PORTIONS OF OUR DEFINITIVE PROXY STATEMENT FOR THE 2003 ANNUAL MEETING OF SHAREHOLDERS ARE INCORPORATED BY REFERENCE IN PART III

PARKER DRILLING COMPANY

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DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Form 10-K contains certain statements that are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934. These statements may be made directly in this document, or may be "incorporated by reference," which means the statements are contained in other documents filed by the Company with the Securities and Exchange Commission. All statements included in this document, other than statements of historical facts, that address activities, events or developments that the Company expects, projects, believes or anticipates will or may occur in the future are "forward-looking statements," including without limitation:

*future operating results,
*future rig utilization and rental tool activity,
*future capital expenditures and investments in the acquisition and refurbishment of rigs and equipment,
*future sales of assets,
*repayment of debt,

*maintenance of the Company's revolver borrowing base, and
*expansion and growth of operations.

Forward-looking statements are based on certain assumptions and analyses made by management of the Company in light of its experience and perception of historical trends, current conditions, expected future developments and other factors it believes are relevant. Although management of the Company believes that its assumptions are reasonable based on current information available, they are subject to certain risks and uncertainties, many of which are outside the control of the Company. These risks and uncertainties include:

*worldwide economic and business conditions that adversely affect market conditions and/or the cost of doing business,
*the pace of recovery in the U.S. economy and the demand for natural gas,
*fluctuations in the market prices of oil and gas,
*imposition of unanticipated trade restrictions,
*political instability,
*governmental regulations that adversely affect the cost of doing business,
*adverse environmental events,
*adverse weather conditions,
*changes in concentration of customer and supplier relationships,
*unexpected cost increases for upgrade and refurbishment projects,
*unanticipated cancellation of contracts by operators without cause,
*changes in competition, and
*other similar factors (some of which are discussed in this Form 10-K and in documents referred to in this Form 10-K).

Because the forward-looking statements are subject to risks and uncertainties, the actual results of operations and actions taken by the Company may differ materially from those expressed or implied by such forward-looking statements. These risks and uncertainties are referenced in connection with forward-looking statements that are included from time to time in this document. Each forward-looking statement speaks only as of the date of this Form 10-K, and the Company undertakes no obligation to publicly update or revise any forward-looking statement.

PART I

Item 1. BUSINESS

GENERAL DEVELOPMENT

Parker Drilling Company was incorporated in the state of Oklahoma in 1954 after having been established in 1934 by its founder, Gifford C. Parker. The founder was the father of Robert L. Parker, chairman and a principal stockholder, and the grandfather of Robert L. Parker Jr., president and chief executive officer. In March 1976, the state of incorporation of the Company was changed to Delaware through the merger of the Oklahoma Corporation into its wholly owned subsidiary Parker Drilling Company, a Delaware corporation. Unless otherwise indicated, the term "Company" refers to Parker Drilling Company together with its subsidiaries and "Parker Drilling" refers solely to the parent, Parker Drilling Company. We make available free of charge on our website at www.parkerdrilling.com, or on the Securities and Exchange Commission website at www.sec.gov, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports as soon as reasonably practicable after we electronically file such material with, or furnish to, the Securities and Exchange Commission.

The Company is a leading worldwide provider of contract drilling and drilling related services. Our primary operating areas include the transition zones of the Gulf of Mexico, Nigeria and the Caspian Sea; the offshore waters of the Gulf of Mexico and on land in international oil and gas producing regions. In addition to operating in the Gulf of Mexico, the Company's rental tool business operates in the U.S. land markets of Texas and the Rocky Mountain region.

The Company's current marketed rig fleet of 79 rigs, consisting of 27 barge drilling and workover rigs, seven offshore jackup rigs, four offshore platform rigs and 41 land rigs, enables the Company to provide a variety of drilling services to oil and gas operators in numerous locations around the world. The Company's barge drilling and workover rig fleet is dedicated to transition zone

waters, which are generally defined as coastal waters having depths from five to 25 feet. The Company's offshore jackup rigs currently operate in the Gulf of Mexico market and are capable of drilling in water depths from nine to 215 feet. The Company's land rig fleet generally consists of premium and specialized deep drilling rigs, with 35 of its 41 marketed land rigs capable of drilling to depths of 10,000 feet or greater.

DRILLING OPERATIONS

General

The Company provides contract drilling services in the transition zones, which are coastal waters including lakes, bays, rivers and marshes, of the Gulf of Mexico, the Caspian Sea and Nigeria, where barge rigs are the primary source of drilling and workover services. Barge rigs are utilized because of their ability to carry drilling equipment on board and navigate in shallow waters up to 25 feet where conventional jackup rigs are unable to operate. Barge rigs are towed to a drilling location at which time the hull is submerged to the bottom to provide stability before operations begin.

The Company's land drilling operations specialize in the drilling of difficult wells, often in remote locations and/or harsh environments. Since beginning operations in 1934, the Company has operated in 53 foreign countries and throughout the United States, making it one of the most geographically diverse land drilling contractors in the world. All of the company's land rigs operate in international locations.

The Company's international land drilling operations have focused primarily in the Latin America region, the Asia Pacific region and the Commonwealth of Independent States (the former Soviet Union, referred to hereinafter as the "CIS"). The Company's reputation and operational expertise has led operators to look to the Company as a pioneer for the exploration of oil and gas in new "frontiers" around the world. The Company was the first to enter China in 1980 and has continued to provide drilling services to this market. The Company was also the first western drilling contractor to enter Russia in 1991 followed by Kazakhstan in 1993, now one of the Company's most active markets.

International markets differ from the U.S. market in terms of competition, nature of customers, equipment and experience requirements. The majority of international drilling markets have one or more of the following characteristics: (i) a small number of competitors; (ii) customers who typically are major, large independent or foreign national oil companies; (iii) drilling programs in remote locations with little infrastructure and/or harsh environments requiring drilling equipment with a large inventory of spare parts and other ancillary equipment; and (iv) difficult i.e. high pressure, deep or geologically challenging wells requiring considerable experience to drill.

The Company has been one of the pioneers in arctic drilling services and has considerable experience with the technology required to drill in these ecologically sensitive areas. Although originally developed for the North Slope of Alaska, this technological expertise in arctic drilling is an asset to the Company in marketing its services to operators in international markets with similar environmental considerations, such as the Caspian Sea, Western Siberia and Sakhalin Island.

The Company has been active in managing drilling rigs owned by third parties, generally oil companies that prefer to own the rig equipment but do not have the technical expertise or labor resources to operate the rig. During 2002, the Company operated project management contracts in five countries.

U.S. Barge Drilling and Workover

The Company's U.S. market for its barge drilling rigs is the transition zones of the Gulf of Mexico, primarily in Louisiana and, to a lesser extent, Alabama and Texas. This area historically has been the world's largest market for shallow water barge drilling. The Company, with 22 drilling and workover barges, is one of two companies with a significant presence in this market.

International Barge Drilling

The Company's international barge drilling operations are focused in the transition zones of Nigeria and the Caspian Sea. Although commodity prices also affect demand for international drilling, international markets typically are more attractive than U.S. markets because the increased capital and equipment requirements usually allow contractors to secure long-term contracts and higher dayrates when compared with domestic drilling operations.

The Company is the leading provider of barge rigs in Nigeria, with four of the eight rigs in this market. The Company has operated in Nigeria since 1996. In addition, the Company owns and operates the world's largest Arctic barge rig in the Caspian Sea.

Jackup Drilling

The Company has seven shallow water jackup rigs in the Gulf of Mexico. While overall jackup utilization was slightly higher in 2002 than in 2001, dayrates were significantly lower throughout the year.

Platform Drilling

The Company's fleet of platform rigs consists of four modular self-erecting rigs. These platform rigs consist of drilling equipment and machinery arranged in modular packages that are transported to and self-erected on fixed offshore platforms owned by oil companies.

Latin America

The Company has 17 land rigs located in Colombia, Peru and Bolivia, plus one rig that is stacked in Houston awaiting deployment. One of the Company's major customers reduced its drilling program in Colombia during the second quarter of 2002 and released three of the four Company rigs working for the customer. In addition, the market in Bolivia was depressed throughout the year as the Company had only one rig working during the early part of 2002. The declining market in Bolivia was due in part to reduced demand for Bolivian natural gas in Brazil. The Company had one rig working in Peru the last six months of 2002.

Asia Pacific/Middle East/Africa

The Company has 14 land rigs located in the Asia Pacific, Middle East and Africa drilling markets. Included are seven helicopter transportable rigs located in this region which facilitate exploration in areas of difficult access, like the mountainside and jungle terrain of Indonesia and Papua New Guinea. This market had flat activity throughout the year.

CIS

Ten of the Company's rigs are currently located in the oil and gas producing regions of the CIS. The Company was the first Western drilling contractor to enter this market, in 1991, and it continued to be a major area of operations in 2002. Two of the three rigs the Company leased to Saipar B.V., the Company's joint venture with Saipem, a drilling subsidiary of Eni S.p.A., in Kazakhstan's Karachaganak field, were released from contract in 2002. In the Tengiz field in Kazakhstan, the Company operates through AralParker, a joint venture with a local Kazakhstan company. In November 2002, the Company received a notification from its customer that operations would be suspended after completion of wells currently being drilled pending resolution of funding issues among its partners. The suspension was lifted in early 2003, resulting in minimal financial impact and negligible disruptions to the Company's drilling operations. In Russia, the Company had one rig under contract throughout 2002, and mobilized a new rig to Sakhalin Island. This rig was designed and built by the Company and sold to the customer. Drilling operations under an operations and maintenance contract with this customer are expected to commence in mid-2003.

RENTAL TOOLS

Quail Tools, based in New Iberia, Louisiana, is a provider of premium rental tools used for land and offshore oil and gas drilling and workover activities. Approximately 65 percent of Quail's equipment is utilized in offshore and coastal water operations. Since its inception in 1978, Quail's principal customers have been major and independent oil and gas exploration and production companies. Quail has facilities in New Iberia, Louisiana; Victoria, Texas; Odessa, Texas and Evanston, Wyoming.

COMPETITION

The contract drilling industry is a competitive and cyclical business characterized by high capital requirements and difficulty in finding and retaining qualified field personnel.

In the Gulf of Mexico barge drilling and workover markets, the Company competes with one major contractor. In the jackup and platform markets, there are numerous U.S. offshore contractors. In international land markets, the Company competes with a number of international drilling contractors but also with smaller local contractors in certain markets. However, due to the high capital costs of operating in international land markets as compared to the U.S. land market, the high cost of mobilizing land rigs from one country to another, and the technical expertise required, there are usually fewer competitors in international land markets. In international land and offshore markets, experience in operating in challenging environments and customer alliances have been factors in the selection of the Company in certain cases, as well as the Company's patented drilling equipment for remote drilling projects. The Company believes that the market for drilling contracts, both land and offshore, will continue to be highly competitive for the foreseeable future. Certain competitors have greater financial resources than the Company, which may enable them to better withstand industry downturns, compete more effectively on the basis of price, build new rigs or acquire existing rigs.

Management believes that Quail Tools is one of the leading rental tool companies in the offshore Gulf of Mexico and the Gulf Coast land markets. Some of Quail's competitors are substantially larger and have greater financial resources than Quail Tools.

CUSTOMERS

The Company believes it has developed a reputation for providing efficient, safe, environmentally conscious and innovative drilling services. An increasing trend indicates that a number of the Company's customers have been seeking to establish exploration or development drilling programs based on partnering relationships or alliances with a limited number of preferred drilling contractors. Such relationships or alliances can result in longer-term work and higher efficiencies that increase profitability for drilling contractors at a lower overall well cost for oil and gas operators. The Company is currently a preferred contractor for operators in certain United States and international locations, which management believes is a result of the Company's quality of equipment, personnel, safety records, service and experience.

The Company's drilling and rental tool customer base consists of major, independent and foreign-owned oil and gas companies. For fiscal year 2002 and 2001 respectively, ChevronTexaco was the Company's largest customer with approximately 17 percent of total revenues in 2002 and 15 percent in 2001. In 2002, Tengizchevroil ("TCO"), a joint venture with four oil companies, was the second largest customer with 13 percent of total revenues. Shell Petroleum Development Company of Nigeria was the Company's largest customer for 2000 with approximately 10 percent of total revenues.

CONTRACTS

The Company generally obtains contracts through competitive bidding. Under most contracts the Company is paid a daily fee, or dayrate. The dayrate received

is based on several factors, including, type of equipment, services and personnel furnished, investment required to perform the contract, location of the well, term of the contract, and competition.

The Company generally receives a lump sum fee to move its equipment to the drilling site, which in most cases approximates the cost incurred by the Company. U.S. contracts are generally for one to three wells with options to drill additional wells, while international contracts are more likely to be for multi-well long-term programs.

Rental tool contracts are typically on a dayrate basis with rates based on type of equipment, investment and competition.

EMPLOYEES

At December 31, 2002, the Company employed 2,898 people, a decrease of 21 percent from the 3,654 employed at December 31, 2001. The following table sets forth the composition of the Company's employees.

<TABLE>
<CAPTION>

	December 31,	
	2002	2001
<S>	<C>	<C>
International drilling operations	1,748	2,444
U.S. drilling operations	834	878
Rental tool operations	135	140
Corporate and other	181	192
Total employees	2,898	3,654

</TABLE>

RISKS AND ENVIRONMENTAL CONSIDERATIONS

The operations of the Company are subject to numerous federal, state and local laws and regulations governing the discharge of materials into the environment or otherwise relating to environmental protection. Numerous governmental agencies, such as the U.S. Environmental Protection Agency ("EPA"), issue regulations to implement and enforce such laws, which often require difficult and costly compliance measures that carry substantial administrative, civil and criminal penalties or may result in injunctive relief for failure to comply. These laws and regulations may require the acquisition of a permit before drilling commences, restrict the types, quantities and concentrations of various substances that can be released into the environment in connection with drilling and production activities, limit or prohibit construction or drilling activities on certain lands lying within wilderness, wetlands, ecologically sensitive and other protected areas, require remedial action to prevent pollution from former operations, and impose substantial liabilities for pollution resulting from the Company's operations. Changes in environmental laws and regulations occur frequently, and any changes that result in more stringent and costly compliance could adversely affect the Company's operations and financial position, as well as those of similarly situated entities operating in the Gulf Coast market. While management believes that the Company is in substantial compliance with current applicable environmental laws and regulations, there is no assurance that compliance can be maintained in the future.

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 including mobile offshore drilling rigs 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"), the Outer Continental Shelf Lands Act ("OCSLA"), the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), and the Resource Conservation and Recovery Act ("RCRA"), each as amended from time to time. In addition, the Company may also be subject to applicable state law and other civil claims arising out of any such incident.

The OPA and regulations promulgated pursuant thereto impose a variety of regulations on "responsible parties" related to the prevention of oil spills and liability for damages resulting from such spills. A "responsible party" includes the owner or operator of a vessel, pipeline or onshore facility, or the lessee or permittee of the area in which an offshore facility is located. The OPA assigns liability of oil removal costs and a variety of public and private damages to each responsible party.

The liability for a mobile offshore drilling rig is determined by whether the unit is functioning as a vessel or is in place and functioning as an offshore facility. If operating as a vessel, liability limits of $600 per gross ton or $500,000, whichever is greater, apply. If functioning as an offshore facility, the mobile offshore drilling rig is considered a "tank vessel" for spills of oil on or above the water surface, with liability limits of $1,200 per gross ton or $10.0 million. To the extent damages and removal costs exceed this amount, the mobile offshore drilling rig will be treated as an offshore facility and the offshore lessee will be responsible up to higher liability limits for all removal costs plus $75.0 million. A party cannot take advantage of liability limits if the spill was caused by gross negligence or willful misconduct or resulted from violation of a federal safety, construction or operating regulation. If the party fails to report a spill or to cooperate fully in the cleanup, liability limits likewise do not apply. Few defenses exist to the liability imposed by the OPA. The OPA also imposes ongoing requirements on a responsible party, including proof of financial responsibility (to cover at least some costs in a potential spill) and preparation of an oil spill contingency plan for offshore facilities and vessels in excess of 300 gross tons. Amendments to the OPA adopted in 1996 require owners and operators of offshore facilities that have a worst case oil spill potential of more than 1,000 barrels to demonstrate financial responsibility in amounts ranging from $10.0 million in specified state waters to $35.0 million in federal Outer Continental Shelf waters, with higher amounts, up to $150.0 million, in certain limited circumstances where the U.S. Minerals Management Service ("MMS") believes such a level is justified by the risks posed by the quantity or quality of oil that is handled by the facility. However, such OPA amendments did not reduce the amount of financial responsibility required for "tank vessels." Since the Company's offshore drilling rigs are typically classified as tank vessels, the recent amendments to the OPA are not expected to have a significant effect on the Company's operations. A failure to comply with ongoing requirements or inadequate cooperation in a spill may even subject a responsible party to civil or criminal enforcement actions.

In addition, the OCSLA authorizes regulations relating to safety and environmental protection applicable to lessees and permittees operating on the Outer Continental Shelf. Specific design and operational standards may apply to Outer Continental Shelf vessels, rigs, platforms, vehicles and structures. Violations of environmentally related lease conditions or regulations issued pursuant to the OCSLA can result in substantial civil and criminal penalties as well as potential court injunctions curtailing operations and the cancellation of leases. Such enforcement liabilities can result from either governmental or citizen prosecution.

All of the Company's operating U.S. barge drilling rigs have zero-discharge capabilities as required by law. In addition, in recognition of environmental concerns regarding dredging of inland waters and permitting requirements, the Company conducts negligible dredging operations, with approximately two-thirds of the Company's offshore drilling contracts involving directional drilling, which minimizes the need for dredging. However, the existence of such laws and regulations has had and will continue to have a restrictive effect on the Company and its customers.

CERCLA, also known as "Superfund," and comparable state laws impose liability without regard to fault or the legality of the original conduct, on certain classes of persons who are considered to be responsible for the release of a "hazardous substance" into the environment. While CERCLA exempts crude oil from the definition of hazardous substances for purposes of the statute, the Company's operations may involve the use or handling of other materials that may be classified as hazardous substances. CERCLA assigns strict liability to each responsible party for all response and remediation costs, as well as natural resource damages. Few defenses exist to the liability imposed by CERCLA. The Company believes that it is in compliance with CERCLA and currently is not aware of any events that, if brought to the attention of regulatory authorities, would lead to the imposition of CERCLA liability against the Company.

RCRA generally does not regulate most wastes generated by the exploration and production of oil and gas. RCRA specifically excludes from the definition of hazardous waste "drilling fluids, produced waters, and other wastes associated with the exploration, development, or production of crude oil, natural gas or geothermal energy." However, these wastes may be regulated by EPA or state agencies as solid waste. Moreover, ordinary industrial wastes, such as paint wastes, waste solvents, laboratory wastes, and waste oils, may be regulated as hazardous waste. Although the costs of managing solid and hazardous wastes may be significant, the Company does not expect to experience more burdensome costs than similarly situated companies involved in drilling operations in the Gulf Coast market.

The drilling industry is dependent on the demand for services from the oil and gas exploration and development industry, and accordingly, is affected by changes in laws relating to the energy business. The Company's business is affected generally by political developments and by federal, state, local and foreign regulations that may relate directly to the oil and gas industry. The adoption of laws and regulations, both U.S. and foreign, that curtail exploration and development drilling for oil and gas for economic, environmental and other policy reasons may adversely affect the Company's operations by limiting available drilling opportunities.

FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS

The Company operates in three segments, U.S. drilling operations, international drilling operations and rental tools. Information about the Company's business segments and operations by geographic areas for the years ended December 31, 2002, 2001 and 2000 is set forth in Note 11 in the notes to the consolidated financial statements.

Item 2. PROPERTIES

The Company leases office space in Houston for its corporate headquarters. Additionally, the Company owns and leases office space and operating facilities in various locations, but only to the extent necessary for administrative and operational support functions. The Company owns a ten-story building in Tulsa, Oklahoma, the previous corporate headquarters which is vacant and held for sale.

Land Rigs - The following table shows, as of December 31, 2002, the locations and drilling depth ratings of the Company's 41 actively marketed land rigs:

<TABLE>
<CAPTION>

	Drilling Depth Rating in Feet			
International	10,000 or less	10,000 to 25,000	Over 25,000	Total
<S>	<C>	<C>	<C>	<C>

Actively marketed land rigs:				
Latin America	-	13	5	18
Asia Pacific/Middle East/Africa	4	10	-	14
CIS	2	4	3	9
Total	6	27	8	41

</TABLE>

In addition, the Company has seven land rigs classified as cold stacked which would need to be refurbished at a significant cost before being placed back into service, with locations and drilling depth ratings as follows:

<TABLE>
<CAPTION>

	Drilling Depth Rating in Feet			
International	10,000 or less	10,000 to 25,000	Over 25,000	Total
<S>	<C>	<C>	<C>	<C>
Cold stacked land rigs:				
Latin America	-	1	-	1
Asia Pacific/Middle East/Africa	3	3	-	6
CIS	-	-	-	-
Total	3	4	-	7

</TABLE>

Barge Rigs - A schedule of the Company's deep, intermediate, and workover and shallow drilling barge rigs located in the Gulf of Mexico, as of December 31, 2002, is set forth below:

<TABLE>
<CAPTION>

Gulf of Mexico	Horsepower	Year Built or Last Refurbished	Maximum Drilling Depth (Feet)	Status (1)
<S>	<C>	<C>	<C>	
Deep drilling:				
Rig No. 15	1,000	1998	15,000	Active
Rig No. 50	2,000	2001	25,000	Active
Rig No. 51	2,000	1993	25,000	Active
Rig No. 53	1,600	1995	20,000	Active
Rig No. 54	2,000	1995	25,000	Active
Rig No. 55	2,000	2001	25,000	Active
Rig No. 56	2,000	1992	25,000	Active
Rig No. 57	1,500	1997	20,000	Active
Rig No. 76	3,000	1997	30,000	Active
Intermediate drilling:				
Rig No. 8	1,000	1995	14,000	Active

Rig No. 17	1,000	1993	13,000	Active
Rig No. 20	1,000	2001	12,500	Active
Rig No. 21	1,200	2001	13,000	Active
Rig No. 23	1,000	1993	11,500	Active
Workover and shallow drilling:				
Rig No. 6 (2)	700	1995	-	Active
Rig No. 9 (2)	650	1996	-	Active
Rig No. 12	1,100	1990	14,000	Active
Rig No. 16	800	1994	8,500	Active
Rig No. 18	800	1993	8,500	Active
Rig No. 24	1,000	1992	11,500	Active
Rig No. 25	1,000	1993	11,500	Active
Rig No. 26 (2)	650	1996	-	Active

(1) "Active" denotes that the rig is currently under contract or available for contract.

(2) Workover rig.

A schedule of the Company's international drilling barges, as of December 31, 2002, is set forth below:

International	Horsepower	Year Built or Last Refurbished	Maximum Drilling Depth (Feet)	Status (1)
Deep drilling:				
Rig No. 72	3,000	2002	30,000	Active
Rig No. 73	3,000	2002	30,000	Active
Rig No. 74	3,000	1997	30,000	Active
Rig No. 75	3,000	1999	30,000	Active
Rig No. 257	3,000	1999	30,000	Active

(1) "Active" denotes that the rig is currently under contract or available for contract.

Platform Rigs - The following table sets forth certain information, as of December 31, 2002, with respect to the Company's platform rigs:

Gulf of Mexico	Horsepower	Year Built or Last Refurbished	Maximum Drilling Depth (Feet)	Status (1)

Platform rigs:				
Rig No. 2	1,000	1981	12,000	Active
Rig No. 3	1,000	1995	12,000	Active
Rig No. 10 (2)	650	1982	-	Active
Rig No. 41	1,000	1997	12,500	Active

(1) "Active" denotes that the rig is currently under contract or available for contract.

(2) Workover rig.

Jackup Rigs - The following table sets forth certain information as of December 31, 2002, with respect to the Company's jackup rigs:

Gulf of Mexico	Design (1)	Maximum Water Depth (Feet)	Maximum Drilling Depth (Feet)	Status (2)
Jackup rigs:				
Rig No. 11 (3)	Bethlehem JU-200 (MC)	200	-	Active
Rig No. 14	Baker Marine Big Foot (IS)	85	20,000	Active
Rig No. 15	Baker Marine Big Foot III (IS)	100	20,000	Active
Rig No. 20	Bethlehem JU-100 (MC)	110	25,000	Active
Rig No. 21	Baker Marine BMC-125 (MC)	120	20,000	Active
Rig No. 22	Le Tourneau Class 51 (MC)	173	15,000	Active
Rig No. 25	Le Tourneau Class 150-44 (IC)	215	20,000	Active

(1) IC--independent leg, cantilevered; IS--independent leg, slot; MC--mat-supported, cantilevered.

(2) "Active" denotes that the rig is currently under contract or available for contract.

(3) Workover rig.

The following table presents the Company's utilization rates, rigs available for service and cold stacked rigs.

	Year Ended December 31,	
Transition Zone Rig Data	2002	2001
U.S. barge deep drilling:		
Rigs available for service (1)	9.0	9.0
Utilization rate of rigs available for service (2)	78%	93%

U.S. barge intermediate drilling:				
Rigs available for service (1)	5.0		5.0	
Utilization rate of rigs available for service (2)		38%		80%
U.S. barge workover and shallow drilling:				
Rigs available for service (1)	8.0		8.0	
Utilization rate of rigs available for service (2)		32%		53%
International barge drilling:				
Rigs available for service (1)	5.0		5.0	
Utilization rate of rigs available for service (2)		85%		97%
Offshore Rig Data				
Jackup rigs:				
Rigs available for service (1)	7.0		7.0	
Utilization rate of rigs available for service (2)		80%		78%
Platform rigs:				
Rigs available for service (1)	4.0		4.0	
Utilization rate of rigs available for service (2)		9%		47%
Land Rig Data				
International rigs:				
Rigs available for service (1)	41.0		41.0	
Utilization rate of rigs available for service (2)		42%		49%
Cold stacked rigs (1)	7.0		7.0	

</TABLE>

(1) The number of rigs is determined by calculating the number of days each rig was in the fleet, e.g., a rig under contract or available for contract for an entire year is 1.0 "rigs available for service" and a rig cold stacked for one quarter is 0.25 "cold stacked rigs." "Rigs available for service" includes rigs currently under contract or available for contract. "Cold stacked rigs" includes all rigs that are stacked and would require significant refurbishment cost before being placed back into service.

(2) Rig utilization rates are based on a weighted average basis assuming 365 days availability for all rigs available for service. Rigs acquired or disposed of have been treated as added to or removed from the rig fleet as of the date of acquisition or disposal. Rigs that are in operation or fully or partially staffed and on a revenue-producing standby status are considered to be utilized. Rigs under contract that generate revenues during moves between locations or during mobilization/demobilization are also considered to be utilized.

Item 3. LEGAL PROCEEDINGS

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 ("PDCIL"), a wholly owned subsidiary of the Company, assessing additional taxes of approximately $29.0 million for the years 1998-2000. The assessment consisted 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 $99.0 million, in reimbursement of costs for modifications to Rig 257, performed by PDCIL prior to the importation of the drilling rig into Kazakhstan,

are income to PKD Kazakhstan, and therefore, taxable to PKD Kazakhstan. PKD Kazakhstan filed an Act of Non-Agreement that such reimbursements should not be taxable and requested that the Act of Audit be revised accordingly. In November 2001, 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 appealed the decision of the Astana City Court to the Civil Panel of the Supreme Court, which confirmed the decision of the Astana City Court that the reimbursements were not income to PKD Kazakhstan in March 2002. Although the court agreed with the MSR's position on certain minor issues, no additional taxes will be payable as a result of this assessment. The MSR has until the end of March 2003 to appeal the decision of the Civil Panel to the Supervisory Panel of the Supreme Court of Kazakhstan. It may also reopen the case thereafter if material new evidence is discovered. In addition, the Company has filed a petition with the U.S. Treasury Department for competent authority review, which is a tax treaty procedure to resolve disputes as to which country may tax income covered under the treaty. The U.S. Treasury Department has granted our petition and has initiated proceedings with the MSR which is ongoing.

The Company is a party to certain legal proceedings that have resulted from the ordinary conduct of its business. In the opinion of the Company's management, none of these proceedings is expected to have a material adverse effect on the Company.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to Parker Drilling Company security holders during the fourth quarter of 2002.

Item 4A. EXECUTIVE OFFICERS

Officers are elected each year by the board of directors following the annual meeting for a term of one year and until the election and qualification of their successors. The current executive officers of the Company and their ages, positions with the Company and business experience are presented below:

(1) Robert L. Parker, 79, chairman, joined the Company in 1948 and was elected vice president in 1950. He was elected president in 1954 and chief executive officer and chairman in 1969. Since 1991, he has held only the position of chairman.

(2) Robert L. Parker Jr., 54, president and chief executive officer, joined the Company in 1973 as a contract representative and was named manager of U.S. operations later in 1973. He was elected a vice president in 1973, executive vice president in 1976 and was named president and chief operating officer in October 1977. In December 1991, he was elected chief executive officer.

(3) Robert F. Nash, 59, senior vice president and chief operating officer, joined the Company in November 2001. Mr. Nash joined the Company following a 26-year career with Halliburton, during which time he held numerous senior management positions with responsibility for operations, technical development, manufacturing, procurement, inventory management and sales and marketing. He also has considerable experience with mergers, acquisitions, divestitures and reorganizations.

(4) James W. Whalen, 61, senior vice president and chief financial officer, joined the Company in October 2002. Mr. Whalen served as chief commercial officer for Coral Energy from February 1998 through

January 2000. From August 1992 until February 1998, he served as chief financial officer for Tejas Gas Corporation. From August 1981 until August 1992, he held several executive positions at Coastal Corporation including senior vice president, finance.

(5) Thomas L. Wingerter, 50, vice president of operations, joined the Company in 1979. In 1983 he was named contract manager for the Rocky Mountain division. He was promoted to Rocky Mountain division manager in 1984, a position he held until September 1991 when he was elected vice president, North American region. In March 1999 he was appointed vice president and general manager - North American operations. In January 2001, he was appointed to his current position.

(6) W. Kirk Brassfield, 47, vice president and corporate controller, joined the Company in March 1998 as corporate controller and chief accounting officer. From 1991 through March 1998, Mr. Brassfield served in various positions, including subsidiary controller and director of financial planning of MAPCO Inc., a diversified energy company. From 1979 through 1991, Mr. Brassfield served at the public accounting firm, KPMG.

OTHER PARKER DRILLING COMPANY OFFICERS

(7) John R. Gass, 51, vice president of sales and contracts, joined the Company in 1977 and has served in various management positions in the Company's international divisions. In 1985, he became the division manager of Africa and the Middle East. In 1987, he directed the Company's core drilling operations in South Africa. In 1989, he was promoted to international contract manager. In January 1996, he was elected vice president, frontier areas and assumed his current position in March 1999.

(8) Denis Graham, 53, vice president of engineering, joined the Company in 2000. Mr. Graham was the senior vice president of technical services for Diamond Offshore Inc., an international offshore drilling contractor. His experience with Diamond Offshore ranged from 1978 through 1999 in the areas of offshore drilling rig design, new construction, conversions, marine operations, maintenance and regulatory compliance.

(9) David W. Tucker, 47, treasurer and director of investor relations, joined the Company in 1978 as a financial analyst and served in various financial and accounting positions before being named chief financial officer of the Company's wholly owned subsidiary, Hercules Offshore Corporation, in February 1998. Mr. Tucker was elected treasurer in 1999 and assumed the responsibilities of director of investor relations in 2002.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

Parker Drilling Company common stock is listed for trading on the New York Stock Exchange under the symbol "PKD". At the close of business on December 31, 2002, there were 2,790 holders of record of Parker Drilling common stock. Prices on Parker Drilling's common stock for the years ended December 31, 2002 and 2001, were as follows:

<TABLE>
<CAPTION>

	2002		2001	
Quarter	High	Low	High	Low
<S>	<C>	<C>	<C>	<C>
First	$ 4.82	$ 3.10	$ 7.53	$ 4.75
Second	4.74	2.95	7.40	5.21
Third	3.50	1.40	6.29	2.25
Fourth	2.65	1.73	4.07	2.56

</TABLE>

No dividends have been paid on common stock since February 1987. Restrictions contained in Parker Drilling's existing bank revolving loan facility prohibit the payment of dividends and the indenture for the Senior Notes restricts the payment of dividends. The Company has no present intention to pay dividends on its common stock in the foreseeable future because of the restrictions noted.

Item 6. SELECTED FINANCIAL DATA (Dollars in Thousands Except Per Share Data)

<TABLE>
<CAPTION>

	Year Ended December 31,			
	2002	2001	2000	1999
<S>	<C>	<C>	<C>	<C>
Revenues	$ 389,946	$ 487,965	$ 376,349	$ 324,553
Net income (loss)	$(114,054)(2)	$ 11,059	$ (19,045)(1)	$ (37,897)
Diluted earnings (loss) per share	$ (1.23)(2)	$ 0.12	$ (0.23)(1)	$ (0.49)
Total assets	$ 953,325	$ 1,105,777	$ 1,107,419	$1,082,743
Long-term debt	$ 583,444	$ 587,165	$ 592,584	$ 648,577

</TABLE>

<TABLE>
<CAPTION>

	Four Months Ended December 31,	Year Ended August 31,

	1998	1998
<S>	<C>	<C>
Revenues	$ 136,723	$ 481,223
Net income (loss)	$ (14,633)	$ 28,092
Diluted earnings (loss) per share	$ (0.19)	$ 0.36
Total assets	$ 1,159,326	$ 1,200,544
Long-term debt	$ 630,479	$ 630,090

</TABLE>

(1) Loss before extraordinary gain was $(22,981) or $(0.28) per share.

(2) Loss before the cumulative effect of change in accounting principle related to the impairment of goodwill was $(40,910) or $(0.44) per share.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS
Outlook and Overview

The year 2002 was marked by an overall decline in rig activity and cash flow for the Company. The Company incurred a net loss of $40.9 million before the cumulative effect of the change in accounting principle, compared to net income of $11.1 million in 2001. Rig utilization, dayrates and rental activity decreased substantially in the Company's Gulf of Mexico drilling markets, continuing a trend that started in the fourth quarter of 2001. The Company's international markets began to improve late in 2001, experiencing significantly higher utilization in the fourth quarter, most notably in the Asia Pacific region and Kazakhstan; however, these gains were partially offset in 2002 by reduced drilling activity in Latin America, primarily Colombia and Bolivia, and downtime due to barge rig inspections and refurbishments in Nigeria.

After reaching, during 2001, the highest levels of dayrates and utilization since the fall of 1998, the Gulf of Mexico drilling market began to soften during the fourth quarter of 2001. The reduction in drilling activity by operators was in response to declining demand and prices for natural gas, due in part to the economic recession in the United States. This reduced level of activity continued through 2002 even as the price for crude oil and natural gas increased, due to the lack of acceptable well prospects and funding issues. Due to the reduction in drilling activity in 2002, barge rig utilization decreased from 76 percent in 2001 to 49 percent in 2002. Utilization for the jackup rigs increased during the second half of 2002 to 80 percent, slightly higher than the 78 percent in 2001. Negating the increase in utilization was a 44 percent decline in average dayrates for 2002 as compared to 2001. The Company's rental tool business experienced a similar reduction in activity beginning in late 2001 that continued throughout 2002. Rental tool revenues declined in 2002 by $18.1 million and profit margins decreased from 65 percent in 2001 to 54 percent in 2002.

Our drilling operations in the CIS, which includes Kazakhstan and Russia, are a significant part of our current international operations and the Company believes the region has potential for additional growth in the future. Since 1993, our operations in Kazakhstan have grown from providing labor to our principal customer to owning or managing 11 drilling rigs for several operators. In the last few years, the government of Kazakhstan has requested that vendors incorporate local content into their operations to stimulate the development of

a local oil and gas service industry and the Kazakhstan economy. In order to take advantage of the growth potential and remain a preferred vendor in Kazakhstan, it was advantageous for us to partner with a local company. In June 2002, PDCIL entered into an agreement to sell two of its rigs in Kazakhstan, and assign the contract associated with said rigs, to AralParker, a Kazakhstan joint venture company owned 50 percent by PDCIL and 50 percent by a Kazakhstan company, Aralnedra CJSC. The sales price for the rigs was $42.7 million, which represented the fair market value according to an appraisal by an independent third party appraiser. The purchase of the rigs by AralParker was financed by Parker Drilling over a five-year period and is collateralized by a lien on the rigs and a security interest in the five-year drilling contract and its proceeds. The transaction closed on August 15, 2002. In addition, PDCIL will lease a third rig to AralParker, and will operate the joint venture company pursuant to a management and technical services contract. In light of the Company's significant influence over the business affairs of AralParker, its financial statements are consolidated with the Company's financial statements in accordance with generally accepted accounting principles. Although Aralnedra effectively owns 50 percent of the two rigs, PDCIL will receive approximately 90 percent of the cash flow generated by the current five-year drilling contract, effective February 2002, through the proceeds of repayment of the loan and the management and technical services contract.

In November, 2002, the Company and AralParker received notification from TCO to suspend drilling operations upon completion of wells being drilled in Kazakhstan's Tengiz field pending agreement on funding issues facing the TCO partners. On January 27, 2003, the Company and AralParker received notification to resume normal drilling operations in the Tengiz field, except for a labor contract on a TCO-owned rig. While we received notification of the suspension in mid-November, the rigs and crews were instructed to continue drilling wells in progress as of the date of the suspension notice. As a result, operations continued at near normal operating rates throughout most of the suspension period, resulting in a minimal financial impact to the Company and AralParker.

During 2002, cash flow from operations declined $82.8 million to $33.2 million due primarily to the reduced drilling and rental tool activity. In response to the decrease in cash flow from operations, the Company significantly reduced capital expenditures for 2002 to $45.2 million as compared to $122.0 million in 2001. As a result, the Company's cash position remained substantially the same from 2001 to 2002. Management anticipates that working capital needs and funds required for capital spending in 2003 will be met with cash provided by operations. Based on anticipated cash requirements for capital spending of approximately $50.0 million in 2003, it is management's current intention to hold capital expenditures at this reduced level and to apply available free cash flow to repay long-term debt. The amount of debt that can be repaid is dependent on the results of operations and the proceeds from the sale of assets in 2003. Should new opportunities requiring additional capital arise, that are not contemplated in management's current capital expenditure budget, the Company will utilize existing cash and short-term investments and, if necessary, borrowings under its revolving credit facility. In addition, the Company may seek project financing or equity participation from outside alliance partners or customers. The Company cannot predict whether such financing or equity participation would be available on terms acceptable to the Company.

During the Company's fourth quarter conference call with investors, management confirmed its previously announced guidance for 2003 of a net loss range of $0.14 to $0.18 per share. This estimate is based on management's belief that both dayrates and utilization will increase modestly during the last three quarters of the year on the basis that current prices and expected demand for oil and gas will stimulate an increase in drilling activity. Also, during the conference call the Company announced a plan to sell assets by mid-year. Though the exact assets targeted for sale were not identified, management believes that these assets targeted for sale will generate $200 million in net proceeds after transaction fees and taxes, which will be used to reduce long-term debt. The

Company has retained an investment banker to assist with the sale of assets, but has not entered into any sales agreements at this time. The guidance for 2003 does not reflect the impact of any asset sales.

RESULTS OF OPERATIONS (continued)

Year Ended December 31, 2002 Compared to Year Ended December 31, 2001

The Company recorded a net loss of $40.9 million, for the year ended December 31, 2002 before the cumulative effect of a change in accounting principle, compared to net income of $11.1 million for the year ended December 31, 2001. The change in accounting principle related to the Company's adoption of Statement of Financial Accounting Standards ("SFAS") No. 142 "Goodwill and Other Intangible Assets" resulted in recording the impairment of goodwill, effective the first quarter of 2002 in the amount of $73.1 million.

<TABLE>
<CAPTION>

	Year Ended December 31,			
	2002		2001	
Drilling and rental revenues:	(Dollars in Thousands)			
<S>	<C>	<C>	<C>	<C>
U.S. drilling	$113,478	29%	$190,809	39%
International drilling	228,958	59%	231,527	48%
Rental tools	47,510	12%	65,629	13%
Total drilling and rental revenues	$389,946	100%	$487,965	100%

</TABLE>

The Company's revenues decreased $98.0 million from $488.0 million in 2001 to $389.9 million for the year ended December 31, 2002. This reduction in revenues was attributed to reduced drilling activity world-wide, most notably in the Gulf of Mexico, due to the economic downturn in the United States and increased inventories of oil and natural gas.

U.S drilling revenues decreased $77.3 million in 2002 to $113.5 million due primarily to decreased dayrates for all U.S. offshore drilling rigs and reduced utilization for the barge drilling rigs. The Gulf of Mexico market declined significantly during the fourth quarter of 2001 and continued throughout 2002 due primarily to a reduction in drilling activity by operators. This reduction in drilling activity was in response to declining demand and prices for natural gas and the economic recession in the United States that began during mid-2001. Although prices for natural gas have risen, uncertainty regarding the economy and international issues has caused operators to be hesitant to significantly increase drilling at this time. Revenues for the barge rigs and jackup rigs decreased $40.1 million and $27.8 million, respectively, during the current year as compared to 2001. Utilization for the barge rigs decreased from 76 percent in 2001 to 49 percent in 2002 with a 10 percent decrease in dayrates. The seven jackup rigs experienced a 44 percent decrease in average dayrates during 2002 as compared to 2001; utilization for the jackups remained relatively constant in year-to-year comparisons. Revenues for the platform rigs decreased $9.4 million to $1.6 million, as all four platform rigs were stacked the last three quarters of 2002.

International drilling revenues decreased $2.6 million to $229.0 million in the current year as compared to December 31, 2001. International land drilling

revenues increased $4.1 million to $155.6 million during 2002 as compared to 2001. The CIS and Asia Pacific region both increased revenues during 2002.

Revenues in the CIS region increased $10.3 million in 2002. Revenues increased $7.4 million in the Company's Tengiz operations in 2002 as compared to 2001 primarily due to increased utilization. Revenues from the Company's interest in Saipar, B.V., the Company's joint venture with Saipem, a drilling subsidiary of Eni S.p.A., operating in the Karachaganak field of Kazakhstan, increased $6.2 million due to increased rig lease rates in 2002 and from early termination fees for rigs released by the operator in July and December. The early termination fees totaled $3.7 million. Currently the Company has one rig working in the Karachaganak field. Revenues increased in the Asia Pacific region by $7.4 million related primarily to increased utilization and dayrates in Papua New Guinea. Additionally, the Company increased the number of labor contracts in Kuwait from two rigs in 2001 to six rigs in 2002.

Latin America revenues decreased by $13.6 million in 2002 as compared to 2001. The decreases are primarily related to low utilization in Colombia and Bolivia. During the fourth quarter of 2001, Colombia and Bolivia had six rigs and one rig working, respectively. At December 31, 2002, Colombia had three rigs working and Bolivia had no rig activity. In Colombia, we had four drilling rigs working for a customer when the operator terminated all drilling activity in May of 2002. Since then one rig has gone back to work for this particular customer. We are currently marketing the rigs in Colombia and elsewhere in the world to replace the terminated contracts. The drilling market in Bolivia, which diminished significantly in mid-2001, showed no signs of recovery throughout 2002, primarily due to reduced demand for natural gas from Brazil. Contributing to the reduced demand in 2002 are delays in receiving the Bolivian government's commitment to a new gas pipeline to the west coast of South America to enable the exporting of natural gas to Mexico and the United States. Revenues in Bolivia decreased $9.7 million to $1.0 million in 2002.

International offshore drilling revenues decreased $6.7 million to $73.4 million when compared to 2001, primarily attributable to Nigeria. During the second and third quarters, two of the Company's four barge rigs operating in Nigeria incurred downtime for required American Bureau of Shipping ("ABS") inspections and repairs that resulted in a combined total of five months with no revenues. Shortly after returning to work the drilling contracts for these two barge rigs concluded and only one contract has subsequently been renewed. At December 31, 2002, three of the four barge rigs were drilling.

Rental tool revenues decreased $18.1 million due to the decline in drilling activity in the Gulf of Mexico and decreased land drilling in West Texas, which reduced the demand for rental tools. Revenues decreased $9.1 million in the New Iberia operations, $6.6 million in the Victoria, Texas, operations and $3.2 million from the Odessa, Texas, operations. Quail Tools opened a new operation in Evanston, Wyoming, in July, 2002 which contributed $0.8 million in revenues in 2002.

<TABLE>
<CAPTION>

	Year Ended December 31,			
	2002		2001	
Drilling and rental profit margins:	(Dollars in Thousands)			
<S>	<C>	<C>	<C>	<C>
U.S. drilling	$ 27,654	24%	$ 78,329	41%
International drilling	84,322	37%	77,043	33%
Rental tools	25,700	54%	42,624	65%
Total drilling and rental profit margins	137,676	35%	197,996	41%
Depreciation and amortization	(98,503)		(97,259)	
Net construction contract operating income	2,462		-	
General and administration expense	(24,728)		(21,721)	
Provision for reduction in carrying value of certain assets	(1,500)		-	
Reorganization expense	-		(7,500)	
Total operating income	$ 15,407		$ 71,516	

</TABLE>

(Drilling and rental profit margin - drilling and rental revenues less direct drilling and rental operating expenses; drilling and rental profit margin percentages - drilling and rental profit margin as a percent of drilling and rental revenues.)

Profit margin of $137.7 million in the current period reflects a decrease of $60.3 million from the $198.0 million recognized during the year ended December 31, 2001. The U.S. and international drilling segments recorded profit margin percentages of 24 percent and 37 percent, respectively, in 2002 as compared to 41 percent and 33 percent in 2001. U.S. profit margins decreased $50.7 million to $27.7 million for the year ended December 31, 2002 due to declining revenues as discussed above. In response to declining revenues, U.S. operations instituted cost controls for labor, materials and supplies. As a result, the profit margin percentage increased during the fourth quarter to 34 percent from 28 percent during the third quarter on comparable revenues.

International drilling profit margin increased $7.3 million to $84.3 million during the current year ended December 31, 2002 as compared to 2001. International land drilling profit margin increased $11.2 million to $58.8 million. Profit margin in the CIS region increased $11.3 million with Kazakhstan and Russia operations each increasing profit margin by approximately $5.7 million. The Kazakhstan increase is primarily attributable to increased utilization in the Tengiz field and the early termination fees received for the two rigs released that were previously operating in the Karachaganak field. The profit margin increase in Russia is due to higher than anticipated mobilization and start up costs incurred in 2001 that resulted in a significant loss. Asia Pacific region's profit margin increased $2.6 million to $17.5 million during the current year. Improvement in Asia Pacific is primarily related to increased revenues in Papua New Guinea that resulted in increased profit margin of $2.3 million. Latin America's profit margin declined $2.7 million primarily due to decreased drilling activity in Colombia and Bolivia. As noted previously, revenues in Colombia and Bolivia decreased $14.0 million and $9.7 million, respectively, for the year ended December 31, 2002 as compared to 2001. The decreased profit margins in Colombia and Bolivia were partially offset by increased profit margins in Ecuador and Peru. The contract in Ecuador was completed in the third quarter of 2002 and the rig is currently stacked in

Houston. The contract in Peru will continue through 2003.

International offshore drilling profit margins decreased $4.0 million to $25.5 million during the current year. This decrease in profit margin is primarily attributed to Nigeria where two of the four barge rigs incurred a combined total of five months downtime during the second and third quarters due to ABS inspections and repairs. In addition, these two rigs both completed their respective contracts toward the end of the third quarter and only one contract was renewed in the fourth quarter. Currently the Company is operating three of four barge rigs in Nigeria.

Rental tool profit margin decreased $16.9 million to $25.7 million during 2002 as compared to the year ended December 31, 2001. Profit margin decreased primarily due to the $18.1 million decline in revenues during the current year. The profit margin percentage decreased during the current year to 54 percent from 65 percent for 2001 due to the significant fixed costs related to the rental tool operation.

During the first quarter of 2002, the Company announced a new contract to build and operate a rig to drill extended reach wells to offshore targets from a land-based location on Sakhalin Island, Russia for an international consortium. The revenue and expense for the project are recognized as construction contract revenue and expense. The estimated profit from the engineering, construction, mobilization and rig-up fees is calculated on a percentage of completion basis, of which $2.5 million was recognized during the year ended December 31, 2002.

General and administrative expense increased $3.0 million to $24.7 million for the year ended December 31, 2002. The increase is primarily due to severance costs related to reductions in corporate personnel, significant increase in the vacation accrual, professional fees and required maintenance on the former corporate headquarters in Tulsa currently held for sale. With regards to the vacation accrual the Company adopted a paid time off policy in 2002, significantly increasing the required vacation accrual.

The $1.5 million provision for reduction in carrying value of certain assets is to increase the allowance for doubtful accounts for a U.S. customer who filed for bankruptcy protection during the second quarter of 2002. The $7.5 million of reorganization costs recorded in 2001 includes employee moving expenses and severance costs related to the consolidation and relocation of the Company's corporate and international drilling management to Houston, Texas, from Tulsa, Oklahoma. The reorganization of certain senior management positions and management of drilling operations accompanied the relocation.

Interest expense decreased $0.6 million in 2002 compared to 2001. Savings of $2.9 million associated with the three $50.0 million interest rate swap agreements including $0.3 million from the amortization of gain on the termination of the interest rate swap agreements were offset by $1.5 million less interest capitalized and $0.6 million higher interest due to the higher interest rate on the exchange notes. Other expense of $4.2 million for the year ended December 31, 2002 includes $3.6 million related to the exchange offer (see Note 6 of the notes to the consolidated financial statements) and $0.4 million of costs incurred for the attempted purchase of Australia Oil and Gas.

Income tax expense for the year ended December 31, 2002 consists of foreign tax expense of $21.3 million and a deferred tax benefit of $17.0 million. Foreign taxes increased $7.4 million due primarily to $3.1 million paid during the first quarter in Colombia related to a change in allowable depreciation in the 2001 tax return and increased taxes in the Kazakhstan and the Asia Pacific regions. The deferred tax benefit was recognized due to the loss generated during the current year.

Year Ended December 31, 2001 Compared to Year Ended December 31, 2000
- ----------

The Company recorded net income of $11.1 million, for the year ended December 31, 2001, compared to a net loss of $23.0 million, before extraordinary gain, recorded for the year ended December 31, 2000.

<TABLE>
<CAPTION>

	Year Ended December 31,			
	2001		2000	
<S>	<C>	<C>	<C>	<C>
Drilling and rental revenues:	(Dollars in Thousands)			
U.S. drilling	$190,809	39%	$148,416	40%
International drilling	231,527	48%	185,100	49%
Rental tools	65,629	13%	42,833	11%
Total drilling and rental revenues	$487,965	100%	$376,349	100%

</TABLE>

The Company's revenues increased $111.6 million to $488.0 million in 2001 as compared to 2000. U.S. offshore drilling revenues increased $44.1 million to $190.8 million due primarily to increased dayrates for the drilling barge rigs and the jackup rigs. Dayrates increased 32 percent and 40 percent for the barge rigs and jackup rigs, respectively, as compared to the previous year. The increase in dayrates was partially offset by decreased utilization from 86 percent in 2000 to 78 percent in 2001 for the jackup rigs. The decrease in utilization was due primarily to the slowdown in the Gulf of Mexico jackup market during the fourth quarter of 2001. Jackup utilization during the fourth quarter was 52 percent as compared to approximately 87 percent during the first three quarters of 2001. U.S. land drilling revenues decreased $1.7 million due to the sale of the Company's last remaining U.S. land rig, Rig 245, in November 2000.

International drilling revenues increased $46.4 million to $231.5 million in 2001 as compared to the year ended December 31, 2000. International land drilling revenues increased $38.5 million to $151.5 million during 2001. Revenues in the CIS region, which includes Kazakhstan and Russia, increased $32.3 million to $63.1 million during 2001 as compared to the previous year. Kazakhstan increased $30.0 million in 2001 as one rig was added to the Tengiz operation and three rigs were added to the Karachaganak joint venture with Saipem. Russia increased by $2.3 million as one rig commenced operations during 2001. Revenues increased $10.7 million in the Asia Pacific region due primarily to increased rig utilization in Indonesia, Papua New Guinea and New Zealand. Offsetting these increases were decreases in revenues from Madagascar and Nigeria's land rig due to completion of drilling contracts in these countries in 2000. Revenues in the Latin America region decreased $4.4 million to $54.1 million during 2001. Revenues in Bolivia decreased $12.1 million during 2001 due primarily to an oversupply of natural gas in Bolivia due to reduced demand for Bolivian natural gas from Brazil, resulting in a significant decrease in rig utilization. Partially offsetting the decrease in Bolivia was an increase in revenues of $8.7 million in Colombia. During 2001 rig utilization increased in Colombia to 92 percent from 83 percent in 2000.

International offshore drilling revenues increased $7.9 million to $80.0 million during 2001 as compared to 2000. Revenues in the Caspian Sea (barge Rig 257) decreased by $1.6 million while revenues in Nigeria increased $9.5 million. Barge Rig 257 revenues decreased primarily due to reduced rates received during the lengthy rig move after completion of the first well. Revenues for the four barge rigs in Nigeria improved due to increased drilling operations on full dayrates. In 2000 the rigs were on reduced standby rates for approximately six months due to several episodes of community unrest.

Rental tool revenues increased $22.8 million in 2001 as compared to 2000 due to the increased level of drilling activity in the Gulf of Mexico. Contributing to this increase was the New Iberia, Louisiana, operation in the amount of $10.3 million, $6.3 million from the Victoria, Texas, operation and $6.2 million from the Odessa, Texas, operation which commenced operations in May 2000.

<Table>
<CAPTION>

	Year Ended December 31,			
	2001		2000	
	(Dollars in Thousands)			
<S>	<C>	<C>	<C>	<C>
Drilling and rental profit margins:				
U.S. drilling	$ 78,329	41%	$ 49,219	33%
International drilling	77,043	33%	52,218	28%
Rental tools	42,624	65%	26,839	63%
Total drilling and rental profit margins	197,996	41%	128,276	34%
Depreciation and amortization	(97,259)		(85,060)	
General and administration expense	(21,721)		(20,392)	
Provision for reduction in carrying value of certain assets	-		(8,300)	
Reorganization expense	(7,500)		-	
Total operating income	$ 71,516		$ 14,524	

</TABLE>

(Drilling and rental profit margin - drilling and rental revenues less direct drilling and rental operating expenses; drilling and rental profit margin percentages - drilling and rental profit margin as a percent of drilling and rental revenues.)

RESULTS OF OPERATIONS (continued)

Profit margin of $198.0 million in 2001 reflected an increase of $69.7 million from the $128.3 million recognized during the year ended December 31, 2000. The U.S. and international drilling segments recorded profit margin percentages during 2001 of 41 percent and 33 percent, respectively, as compared to 33 percent and 28 percent in 2000. U.S. profit margins increased $29.1 million. U.S. drilling profit margin was positively impacted during 2001 by increasing dayrates in the Gulf of Mexico from the barge and jackup rigs. Average dayrates for the barge rigs and jackup rigs increased approximately 31 percent and 42 percent, respectively, in 2001 as compared to the prior year. Jackup rig utilization decreased from 86 percent in 2000 to 78 percent in 2001 due primarily to a slowdown in the Gulf of Mexico jackup market during the fourth quarter, which resulted in jackup rig utilization of 52 percent. This slowdown negatively impacted jackup rig dayrates, which declined approximately 23 percent from the first three quarters of 2001.

International drilling profit margin increased $24.8 million to $77.0 million during the year ended December 31, 2001 as compared to 2000. International land drilling profit margin increased $18.1 million to $47.6 million. Profit margin for the international land drilling operations increased in Kazakhstan from 33 percent to 45 percent, Papua New Guinea from 27 percent to 48 percent, and New Zealand from 20 percent to 39 percent, primarily due to higher utilization during 2001. Profit margin in Russia decreased $5.4 million due to higher than anticipated mobilization and start up costs. The international offshore drilling profit margin increased $6.7 million to $29.5 million, with profit margin increasing from 32 percent to 37 percent during 2001 as compared to 2000.

Rental tool profit margin increased $15.8 million to $42.6 million during

2001 as compared to the year ended December 31, 2000. Profit margin increased primarily due to the $22.8 million increase in revenues during 2001. The profit margin percentage increased during 2001 to 65 percent from 63 percent for the previous year due principally to higher revenues without a corresponding increase in fixed cost.

Depreciation and amortization expense increased $12.2 million to $97.3 million in 2001. Depreciation expense recorded in connection with capital additions for the years 1999, 2000 and 2001, was the primary reason for the increase. General and administrative expenses increased $1.3 million in 2001 as compared to 2000. This increase was primarily attributed to increased travel costs, professional fees, information technology projects and higher occupancy costs associated with the new corporate office in Houston.

The Company recognized $7.5 million in reorganization costs, which includes employee-moving expenses and severance costs, during 2001. In September 2001, the Company opened its new corporate office in Houston. The reorganization included the consolidation of its corporate and international drilling activities from Tulsa, Oklahoma, with its U.S. offshore drilling operations already domiciled in Houston. The reorganization of certain senior management positions and the management of drilling operations accompanied the relocation.

Interest expense decreased $4.0 million due to the $50.5 million repayment of convertible notes during the fourth quarter of 2000 and $1.6 million of interest being capitalized to construction projects during the year ended December 31, 2001, as compared to $0.5 million capitalized during 2000. Gain on disposition of assets decreased $15.6 million to $2.3 million for the year ended December 31, 2001. During the year 2000, the Company sold its one million shares of Unit Corporation common stock and recognized a pre-tax gain of $7.4 million and the Company sold Rig 245 in Alaska for $20.0 million and recognized a pre-tax gain of $14.9 million.

Income tax expense for 2001 consists of foreign tax expense of $14.0 million and deferred tax benefit of $1.4 million. The deferred tax benefit is due to the reduction in the valuation allowance of $9.6 million offsetting deferred tax expense of $8.2 million. The reduction was the result of a change in estimate relating to the realization of net operating loss carryforwards (NOL's). At December 31, 2000, the Company carried a valuation account reserving part of the NOL's set to expire during the tax year ended August 31, 2001. Due to higher than projected taxable income for the 2001 tax year, the Company utilized more NOL's than originally anticipated resulting in the deferred tax benefit. As of December 31, 2001, the remaining valuation allowance is $9.9 million. For additional information, see Note 7 in the notes to the consolidated financial statements.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2002, the Company had cash and cash equivalents of $52.0 million, a decrease of $8.4 million from December 31, 2001. The net cash provided by operating activities as reflected on the Consolidated Statement of Cash Flows was $33.2 million for 2002. Due to reduced revenues during 2002, accounts and notes receivable decreased $8.9 million. Lower utilization and reduced capital spending resulted in a decrease of $19.8 million to accounts payable and accrued liabilities.

Net cash used in investing activities was $38.7 million. This included $45.2 million for capital expenditures net of proceeds from the sale of assets of $6.5 million. Net cash used in financing activities was $2.9 million. This included $5.5 million repayment of debt net of $2.6 million proceeds from the settlement of three interest rate swap agreements.

As of December 31, 2001, the Company had cash and cash equivalents of $60.4 million, a decrease of $2.9 million from December 31, 2000. The primary sources

of cash in 2001, as reflected on the Consolidated Statement of Cash Flows, were $116.0 million provided by operating activities and $7.6 million from the disposition of assets. Proceeds from the disposition of assets included the sale of various non-marketable rigs and components and reimbursements from customers for equipment lost in the hole.

The primary uses of cash in 2001 were $122.0 million for capital expenditures and $5.0 million for repayment of debt. Major projects during the year included modifications to jackup Rig 22 as a result of its scheduled five-year Coast Guard inspection, completion of Rig 216 to work in the Karachaganak field in Kazakhstan, and purchase of drill pipe and other rental tools for Quail. Repayment of debt included $4.5 million on a five-year note with Boeing Capital Corporation for barge Rig 75 in Nigeria.

The Company has total long-term debt, including the current portion, of $589.9 million at December 31, 2002. The Company has a $50.0 million revolving credit facility with a group of banks led by Bank of America. This facility is available for working capital requirements, general corporate purposes and to support letters of credit. The revolver is collateralized by accounts receivable, inventory and certain barge rigs located in the Gulf of Mexico. The facility contains customary affirmative and negative covenants. Availability under the revolving credit facility is subject to certain borrowing base limitations based on 80 percent of eligible receivables plus 50 percent of supplies in inventory, less the amount utilized in support of letters of credit. Currently, the borrowing base of $41.2 million is reduced by $15.7 million in outstanding letters of credit, resulting in available revolving credit of $25.5 million. As of December 31, 2002 no amounts have been drawn down against the revolving credit facility. The revolver terminates on October 22, 2003. The Company expects to renew or replace the revolving loan facility by the end of the third quarter of 2003.

LIQUIDITY AND CAPITAL RESOURCES (continued)

The Company anticipates that funds required for capital spending in 2003 will be met from existing cash and cash provided by operations. It is management's present intention to limit capital spending, net of reimbursements from customers, to approximately $50 million in 2003. Should new drilling projects or other opportunities requiring additional capital arise, or should revenues not meet management's expectations, the Company may utilize the revolving credit facility. In addition, the Company may seek project financing or equity participation from outside alliance partners or customers to fund certain capital projects. The Company cannot predict whether such financing or equity participation would be available on terms acceptable to the Company.

The Company is exposed to interest rate risk from its fixed-rate debt. The Company had hedged against the risk of changes in the fair value associated with its 9.75% Senior Notes by entering into three fixed-to-variable interest rate swap agreements with a total notional amount of $150.0 million. For the year ended December 31, 2002, the interest rate swap agreements reduced interest expense by $2.9 million.

On July 24, 2002, the Company terminated all the interest rate swap agreements and received $3.5 million. A gain totaling $2.6 million will be recognized as a reduction to interest expense over the remaining term (ending November 2006) of the debt instrument, of which $0.3 million was recognized during 2002.

See Note 4 of the notes to the consolidated financial statements for information regarding the Company's exchange offer which was completed May 2, 2002.

LIQUIDITY AND CAPITAL RESOURCES (continued)

The following tables summarize the Company's future contractual obligations and other commercial commitments as of December 31, 2002.

<TABLE>
<CAPTION>

	1 Year	2 - 3 Years	4 - 5 Years	After 5 Years	Total
		(Dollars in Thousands)			
<S>	<C>	<C>	<C>	<C>	<C>
Contractual cash obligations:					
Long-term debt (1)	$ 6,486	$129,565	$214,192	$235,612	$585,855
Operating leases (2)	3,317	4,301	3,643	2,145	13,406
Total contractual cash obligations	$ 9,803	$133,866	$217,835	$237,757	$599,261
Commercial commitments:					
Revolving credit facility (3)	$ -	$ -	$ -	$ -	$ -
Standby letters of credit (3)	15,667	-	-	-	15,667
Total commercial commitments	$ 15,667	$ -	$ -	$ -	$ 15,667

</TABLE>

(1) Long-term debt includes the 9.75% Senior Notes, the 10.125% Senior Notes, the 5.5% Convertible Subordinated Notes, the secured 10.1278% promissory note and the capital lease. For additional information, see Note 4 in the notes to the consolidated financial statements.

(2) Operating leases consist of lease agreements in excess of one year for office space, equipment, vehicles and personal property. For additional information, see Note 12 in the notes to the consolidated financial statements.

(3) The Company has available a $50.0 million revolving credit facility. As of December 31, 2002, none has been drawn down, but $15.7 million of availability has been used to support letters of credit that have been issued. The revolving credit facility expires in October 2003.

The Company does not have any unconsolidated special-purpose entities, off-balance-sheet financing arrangements or guarantees of third-party financial obligations. The Company has no energy or commodity contracts.

OTHER MATTERS

Business Risks

Internationally, the Company specializes in drilling geologically challenging wells in locations that are difficult to access and/or involve harsh environmental conditions. The Company's international services are primarily utilized by major and national oil companies in the exploration and development of reserves of oil. In the United States, the Company primarily drills offshore in the Gulf of Mexico with barge, jackup and platform rigs for major and

independent oil and gas companies. Business activity is dependent on the exploration and development activities of the major, independent and national oil and gas companies that make up the Company's customer base. Generally, temporary fluctuations in oil and gas prices do not materially affect these companies' exploration and development activities, and consequently do not materially affect the operations of the Company, except for the Gulf of Mexico, where drilling contracts are generally for a shorter term, and oil and gas companies tend to respond more quickly to upward or downward changes in prices. Many international contracts are of longer duration and oil and gas companies have committed to longer-term projects to develop reserves and thus our international operations are not as susceptible to short term fluctuations in prices. However, sustained increases or decreases in oil and natural gas prices could have an impact on customers' long-term exploration and development activities, which in turn could materially affect the Company's operations. Generally, a sustained change in the price of oil would have a greater impact on the Company's international operations while a sustained change in the price of natural gas would have a greater effect on U.S. operations. Due to the locations in which the Company drills, the Company's operations are subject to interruption, prolonged suspension and possible expropriation due to political instability and local community unrest. Further, the Company is exposed to liability issues from pollution arising out of its operations and to loss of revenues in the event of a blowout. The majority of the political and environmental risks are transferred to the operator by contract or otherwise insured.

Critical Accounting Policies

The Company considers certain accounting policies related to impairment of property, plant and equipment, impairment of goodwill, the valuation of deferred tax assets and revenue recognition to be critical accounting policies due to the estimation processes involved in each. Other significant accounting policies are summarized in Note 1 in the notes to the consolidated financial statements.

Impairment of property, plant and equipment - Management periodically evaluates the Company's property, plant and equipment to determine that their net carrying value is not in excess of their net realizable value. These evaluations are performed when the Company has realized sustained significant declines in utilization and dayrates and recovery is not contemplated in the near future. 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.

Impairment of goodwill - Management periodically assesses whether the excess of cost over net assets acquired is impaired based on the estimated fair value of the operation to which it relates, which value is generally determined based on estimated future cash flows of that operation. If the estimated fair value is in excess of the carrying value of the operation, no further analysis is performed. If the fair value of each operation, to which goodwill has been assigned, is less than the carrying value, we will deduct the fair value of the tangible and intangible assets and compare the residual amount to the carrying value of the goodwill to determine if an impairment should be recorded.

In 2002, SFAS No. 142, "Goodwill and Other Intangible Assets," became effective and as a result, the Company discontinued the amortization of $189.1 million of goodwill. The Company recorded $7.5 million of goodwill amortization in 2001 and 2000 and would have recorded $7.5 million of goodwill amortization during 2002. In lieu of amortization, the Company performed an initial impairment review of goodwill and as a result impaired goodwill by $73.1 million. The Company will perform an annual impairment review, in December, hereafter. The impairment was recognized as a cumulative effect of a change in accounting principle. See Note 3 of the notes to the consolidated financial statements for additional information.

Accounting for income taxes - As part of the process of preparing the consolidated financial statements, the Company is required to estimate the income taxes in each of the jurisdictions in which the Company operates. This process involves estimating the actual current tax exposure together with assessing temporary differences resulting from differing treatment of items, such as depreciation, amortization and certain accrued liabilities for tax and accounting purposes. These differences and the net operating loss carryforwards result in deferred tax assets and liabilities, which are included within the Company's consolidated balance sheet. The Company must then assess the likelihood that the deferred tax assets will be recovered from future taxable income, and to the extent the Company believes that recovery is not likely, the Company must establish a valuation allowance. To the extent the Company establishes a valuation allowance or increases or decreases this allowance in a period, the Company must include an expense or reduction of expense within the tax provision in the statement of operations.

Revenue recognition - 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.

Recent Accounting Pronouncements

In June 2001, the Financial Accounting Standard Board ("FASB") issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 is effective for fiscal years beginning after June 15, 2002 and establishes an accounting standard requiring the recording of the fair value of liabilities associated with the retirement of long-term assets in the period in which the liability is incurred. Accordingly, we adopted this standard in the first quarter of 2003. We do not expect this standard to have a material impact on our financial position or results of operations.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 was effective January 1, 2002. This statement supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," and amends Accounting Principles Board Opinion ("APB") No. 30 for the accounting and reporting of discontinued operations, as it relates to long-lived assets. Our adoption of SFAS No. 144 did not affect our financial position or results of operations.

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, No. 44, and No. 64, Amendment of FASB Statement No. 13, and Technical Corrections." SFAS No. 145 is effective for fiscal years beginning after May 15, 2002. We will adopt this standard in 2003 and do not expect it to have a significant effect on our results of operations or our financial position.

In July 2002, the FASB issued SFAS No. 146, "Accounting For Costs Associated with Exit or Disposal Activities." SFAS No. 146 is effective for exit or disposal activities initiated after December 31, 2002. We do not expect the adoption of this standard to have any impact on our financial position or results of operations.

OTHER MATTERS (continued)

On December 31, 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure-An Amendment of SFAS No. 123." The standard provides additional transition guidance for companies that elect to voluntarily adopt the accounting provisions of SFAS No. 123, "Accounting for Stock-Based Compensation." SFAS No. 148 does not change the provisions of SFAS No. 123 that permit entities to continue to apply the intrinsic value method of APB No. 25, "Accounting for Stock Issued to Employees." As we continue to follow APB No. 25, our accounting for stock-based compensation will not change as a result of SFAS No. 148. SFAS No. 148 does require certain new disclosures in both annual and interim financial statements.

The required annual disclosures are effective immediately and have been included in Note 1 of the notes to the consolidated financial statements included in Item 8. The new interim disclosure provisions will be effective in the first quarter of 2003.

In November 2002, the FASB issued FASB Interpretation ("FIN") 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantee of Indebtedness of Others." FIN 45 requires that upon issuance of a guarantee, the guarantor must recognize a liability for the fair value of the obligation it assumes under that guarantee. FIN 45's provisions for initial recognition and measurement should be applied on a prospective basis to guarantees issued or modified after December 31, 2002. The guarantor's previous accounting for guarantees that were issued before the date of FIN 45's initial application may not be revised or restated to reflect the effect of the recognition and measurement provisions of the interpretation. The disclosure requirements are effective for financial statements of both interim and annual periods that end after December 15, 2002. The Company is not a guarantor under any significant guarantees and thus this interpretation will not have a significant effect on the Company's financial position or results of operations.

On January 17, 2003, the FASB issued FIN 46, "Consolidation of Variable Interest Entities, An Interpretation of Accounting Research Bulletin No. 51." The primary objectives of FIN 46 are to provide guidance on how to identify entities for which control is achieved through means other than through voting rights (variable interest entities ("VIE")) and how to determine when and which business enterprise should consolidate the VIE. This new model for consolidation applies to an entity in which either (1) the equity investors do not have a controlling financial interest or (2) the equity investment at risk is insufficient to finance that entity's activities without receiving additional subordinated financial support from other parties. See Note 1 of the notes to the consolidated financial statements regarding our consolidation of AralParker, a company in which we own a 50 percent equity interest. We are consolidating this company because we exert significant influence and have a financial interest in the form of a loan, in addition to our equity interest.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

In December 2001, the Company began to utilize hedging strategies to manage fixed-rate interest exposure by entering into one interest rate swap agreement. In January 2002, the Company entered into two additional interest rate swap agreements. The terms of the interest rate swap agreements are as follows:

<TABLE>
<CAPTION>

Months	Notional Amount	Fixed Rate	Floating Rate
	(Dollars in Thousands)		
<S>	<C>	<C>	<C>
December 2001 - November 2006	$ 50,000	9.75%	Three-month LIBOR plus 446 basis points
January 2002 - November 2006	$ 50,000	9.75%	Three-month LIBOR plus 475 basis points
January 2002 - November 2006	$ 50,000	9.75%	Three-month LIBOR plus 482 basis points

</TABLE>

The Company assumed no ineffectiveness as each interest rate swap agreement met 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

swap agreements were offset by changes in the fair value of the debt and no net gain or loss was recognized in earnings. During the year ended December 31, 2002, the interest rate swap agreements reduced interest expense by $2.9 million.

On July 24, 2002, the Company terminated all the interest rate swap agreements and received $3.5 million. A gain totaling $2.6 million will be recognized as a reduction to interest expense over the remaining term (ending November 2006) of the debt instrument, of which $0.3 million was recognized during 2002.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders
Parker Drilling Company

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) of the Form 10-K, present fairly, in all material respects, the financial position of Parker Drilling Company and its subsidiaries at December 31, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2002, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) of the Form 10-K, presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and financial statement schedule 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.

As discussed in Note 3 to the financial statements, in 2002, the Company changed its method of accounting for goodwill as a result of adopting the provisions of Statement of Financial Accounting Standards No. 142 "Goodwill and Other Intangible Assets."

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

Tulsa, Oklahoma
January 29, 2003

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,		
	2002	2001	2000
<S>	<C>	<C>	<C>
Drilling and rental revenues:			
U.S. drilling	$ 113,478	$ 190,809	$ 148,416
International drilling	228,958	231,527	185,100
Rental tools	47,510	65,629	42,833
Total drilling and rental revenues	389,946	487,965	376,349
Drilling and rental operating expenses:			
U.S. drilling	85,824	112,480	99,197
International drilling	144,636	154,484	132,882
Rental tools	21,810	23,005	15,994
Depreciation and amortization	98,503	97,259	85,060
Total drilling and rental operating expenses	350,773	387,228	333,133
Drilling and rental operating income	39,173	100,737	43,216
Construction contract revenue	86,818	-	-
Construction contract expense	84,356	-	-
Net construction contract operating income	2,462	-	-
General and administration expense	24,728	21,721	20,392
Provision for reduction in carrying value of certain assets	1,500	-	8,300
Reorganization expense	-	7,500	-
Total operating income	15,407	71,516	14,524
Other income and (expense):			
Interest expense	(52,409)	(53,015)	(57,036)
Interest income	851	3,553	3,691
Gain on disposition of assets	3,432	2,316	17,920
Minority interest	278	-	-
Other	(4,169)	(723)	2,243
Total other income and (expense)	(52,017)	(47,869)	(33,182)
Income (loss) before income taxes	(36,610)	23,647	(18,658)
Income tax expense	4,300	12,588	4,323
Income (loss) before extraordinary gain and cumulative effect of change in accounting principle	(40,910)	11,059	(22,981)
Extraordinary gain on early retirement of debt, net of deferred tax expense of $2,214	-	-	3,936

Cumulative effect of change in accounting principle	(73,144)	-	-
Net income (loss)	$ (114,054)	$ 11,059	$ (19,045)
Basic earnings (loss) per share:			
Income (loss) before extraordinary gain and cumulative effect of change in accounting principle	$ (0.44)	$ 0.12	$ (0.28)
Extraordinary gain	$ -	$ -	$ 0.05
Cumulative effect of change in accounting principle	$ (0.79)	$ -	$ -
Net income (loss)	$ (1.23)	$ 0.12	$ (0.23)
Diluted earnings (loss) per share:			
Income (loss) before extraordinary gain and cumulative effect of change in accounting principle	$ (0.44)	$ 0.12	$ (0.28)
Extraordinary gain	$ -	$ -	$ 0.05
Cumulative effect of change in accounting principle	$ (0.79)	$ -	$ -
Net income (loss)	$ (1.23)	$ 0.12	$ (0.23)
Number of common shares used in computing earnings per share:			
Basic	92,444,773	92,008,877	81,758,825
Diluted	92,444,773	92,691,033	81,758,825

</TABLE>

See accompanying notes to the consolidated financial statements.

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

<TABLE>
<CAPTION>

ASSETS	December 31, 2002	2001
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents	$ 51,982	$ 60,400
Accounts and notes receivable, net of allowance for bad debts of $4,762 in 2002 and $2,988 in 2001	89,363	99,874
Rig materials and supplies	17,161	22,200
Other current assets	8,631	8,978
Total current assets	167,137	191,452
Property, plant and equipment, at cost:		
Drilling equipment	1,099,211	1,063,454
Rental tools	81,325	74,085
Buildings, land and improvements	27,905	26,887
Other	31,371	25,606
Construction in progress	6,279	26,142
	1,246,091	1,216,174
Less accumulated depreciation and amortization	604,813	520,645
Property, plant and equipment, net	641,278	695,529
Deferred charges and other assets:		
Goodwill, net of accumulated amortization of $108,412		

in 2002 and $35,268 in 2001	115,983	189,127
Rig materials and supplies	9,450	9,201
Assets held for disposition	896	1,800
Debt issuance costs	6,330	8,247
Other	12,251	10,421
Total deferred charges and other assets	144,910	218,796
Total assets	$ 953,325	$1,105,777

</TABLE>

See accompanying notes to the consolidated financial statements.

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

<TABLE>
<CAPTION>

	December 31,	
LIABILITIES AND STOCKHOLDERS' EQUITY	2002	2001
<S>	<C>	<C>
Current liabilities:		
Current portion of long-term debt	$ 6,486	$ 5,007
Accounts payable	14,377	33,521
Accrued liabilities	36,365	38,152
Accrued income taxes	4,347	7,054
Total current liabilities	61,575	83,734
Long-term debt	583,444	587,165
Deferred income taxes	-	16,152
Other long-term liabilities	7,680	6,583
Commitments and contingencies (Note 12)		
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 and outstanding 92,793,349 shares (92,053,796 shares in 2001)	15,465	15,342
Capital in excess of par value	434,998	432,845
Accumulated other comprehensive income-net unrealized gain on investments available for sale (net of taxes of $0 in 2002 and $227 in 2001)	664	403
Retained earnings (accumulated deficit)	(150,501)	(36,447)

Total stockholders' equity	300,626	412,143
Total liabilities and stockholders' equity	$ 953,325	$ 1,105,777

</TABLE>

See accompanying notes to the consolidated financial statements.

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

<TABLE>
<CAPTION>

	Year Ended December 31,		
	2002	2001	2000
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$(114,054)	$ 11,059	$(19,045)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	98,503	97,259	85,060
Gain on disposition of assets	(3,432)	(2,316)	(17,920)
Cumulative effect of change in accounting principle	73,144	-	-
Gain on early retirement of debt, net of deferred tax expense	-	-	(3,936)
Provision for reduction in carrying value of certain assets	1,500	-	8,300
Deferred tax expense (benefit)	(17,120)	(1,899)	(11,302)
Other	6,045	4,625	5,320
Change in assets and liabilities:			
Accounts and notes receivable	8,851	24,158	(47,954)
Rig materials and supplies	2,390	(3,807)	(1,981)
Other current assets	347	(4,366)	11,150
Accounts payable and accrued liabilities	(19,834)	(4,484)	18,356
Accrued income taxes	(1,843)	(2,784)	1,098
Other assets	(1,316)	(1,440)	125
Net cash provided by operating activities	33,181	116,005	27,271
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from the sale of assets	6,451	7,628	31,912
Capital expenditures (net of reimbursements)	(45,181)	(122,033)	(98,525)
Proceeds from sale of short-term investments	-	799	16,925
Net cash used in investing activities	(38,730)	(113,606)	(49,688)

</TABLE>

See accompanying notes to the consolidated financial statements.

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

<TABLE>
<CAPTION>

	Year Ended December 31,		
	2002	2001	2000
<S>	<C>	<C>	<C>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from common stock offering, net	$ -	$ -	$ 87,313
Payments for early retirement of debt	-	-	(43,477)
Principal payments under debt obligations	(5,489)	(5,034)	(4,854)
Proceeds from interest rate swap agreements	2,620	-	-
Other	-	555	414
Net cash provided by (used in) financing activities	(2,869)	(4,479)	39,396
Net increase (decrease) in cash and cash equivalents	(8,418)	(2,080)	16,979
Cash and cash equivalents at beginning of year	60,400	62,480	45,501
Cash and cash equivalents at end of year	$ 51,982	$ 60,400	$ 62,480
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	$ 52,532	$ 53,257	$ 56,608
Income taxes	$ 19,454	$ 14,956	$ 14,527
Supplemental noncash investing and financing activity:			
Net unrealized gain (loss) on investments available for sale (net of taxes of $0 in 2002, $37 in 2001 and $717 in 2000)	$ 261	$ 64	$ (1,274)
Capital lease obligation	$ 1,255	$ -	$ -

</TABLE>

See accompanying notes to the consolidated financial statements.

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

<TABLE>
<CAPTION>

	Shares	Common Stock	Capital in Excess of Par Value	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)
<S>	<C>	<C>	<C>	<C>	<C>
Balances, December 31, 1999	77,372	$12,895	$343,374	$ (28,461)	$ 1,613
Activity in employees' stock plans	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 plans	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
Activity in employees' stock plans	739	123	2,153	-	-
Other comprehensive income-net unrealized gain on investments (net of taxes of $0)	-	-	-	-	261
Net loss (total comprehensive loss of $113,793)	-	-	-	(114,054)	-
Balances, December 31, 2002	92,793	$15,465	$434,998	$(150,501)	$ 664

</TABLE>

See accompanying notes to the consolidated financial statements.

PARKER DRILLING COMPANY AND SUBSIDIARIES
NOTES TO THE 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 and a company in which a subsidiary of Parker Drilling has a 50 percent stock ownership but exerts significant influence over its operation. A subsidiary of Parker Drilling also has a 50 percent interest in another company, which is accounted for under the equity method (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, 2002, 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 project management activities.

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.

Construction Contract - The Company has historically only constructed drilling rigs for its own use. At the request of one of its significant customers, the Company entered into a contract to design, construct, mobilize and sell ("construction contract") a specialized drilling rig to drill extended reach wells to offshore targets from a land-based location on Sakhalin Island, Russia, for an international consortium of oil and gas companies. The Company also entered into a contract to subsequently operate the rig on behalf of the consortium. Generally Accepted Accounting Principles ("GAAP") requires that revenues received and costs incurred related to the construction contract be accounted for and reported on a gross basis and income for the related fees should be recognized on a percentage of completion basis. Because this construction contract is not a part of the Company's historical or normal operations, the revenues and costs related to this contract have been shown as a separate component in the statement of operations. Construction costs in excess of funds received from the customer are accumulated and reported as part of other current assets. At December 31, 2002 and 2001, a net receivable (construction costs less progress payments) of $5.3 million and $6.0 million, respectively, are included in other current assets.

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.

Note 1 - Summary of Significant Accounting Policies (continued)

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 $0.1 million, $1.6 million and $0.5 million was capitalized during the years ended December 31, 2002, 2001 and 2000, 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.

Goodwill - Effective January 1, 2002, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets." In accordance with this accounting principle, goodwill is no longer amortized but will be assessed for impairment on at least an annual basis (see Note 3 for additional details regarding goodwill).

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. Rig materials and supplies are valued at the lower of cost or market value.

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, 2002 and 2001, the fair value of equity securities totaled $1.3 million and $1.8 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 - 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.

Note 1 - Summary of Significant Accounting Policies (continued)

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.

At December 31, 2002 and 2001, the Company had deposits in domestic banks in excess of federally insured limits of approximately $51.6 million and $57.6 million, respectively. In addition, the Company had deposits in foreign banks at December 31, 2002 and 2001 of $4.8 million and $3.5 million, respectively, which

are not federally insured.

The Company's drilling customer base consists of major, independent and foreign-owned oil and gas companies. For fiscal year 2002 and 2001 respectively, ChevronTexaco was the Company's largest customer with approximately 17 percent of total revenues in 2002 and 15 percent in 2001. In 2002, Tengizchevroil, a joint venture with four oil companies, was the second largest customer with 13 percent of total revenues. Shell Petroleum Development Company of Nigeria was the Company's largest customer for 2000 with approximately 10 percent of total revenues.

Derivative Financial Instruments - The Company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," 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 cash equivalents and short-term and long-term debt had fair values that approximated their carrying amounts, except for the Company's 5.5% Convertible Subordinated Notes which had a carrying value of $124.5 million and a fair market value of $115.3 million at December 31, 2002.

Stock-Based Compensation - 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 in the following tables 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 1 - Summary of Significant Accounting Policies (continued)

<TABLE>
<CAPTION>

	Year Ended December 31,		
	2002	2001	2000
	(Dollars in Thousands)		
<S>	<C>	<C>	<C>
Income (loss) before extraordinary gain and cumulative effect of change in accounting principle:			
As reported	$ (40,910)	$ 11,059	$ (22,981)
Compensation expense, net of tax	(2,597)	(3,361)	(2,960)
Pro forma	$ (43,507)	$ 7,698	$ (25,941)
Diluted earnings (loss) per share before extraordinary gain and cumulative effect of change in accounting principle:			

As reported	$ (0.44)	$ 0.12	$ (0.28)
Compensation expense, net of tax	(0.03)	(0.04)	(0.04)
Pro forma	$ (0.47)	$ 0.08	$ (0.32)

</TABLE>

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

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

Expected dividend yield	0.0%	
Expected stock volatility	51.6%	in 2000
	56.3%	in 2001
	56.9%	in 2002
Risk-free interest rate	3.0% - 6.7%	
Expected life of options	5 - 7 years	

</TABLE>

Options granted in 2002, 2001 and 2000 under the 1997 Stock Plan had an estimated fair value of $1,759,000, $4,326,000 and $203,000 respectively.

Accounting Estimates - The preparation of financial statements in conformity with GAAP 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.

Note 3 - Goodwill

Effective January 1, 2002, the Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets." In accordance with this accounting principle, goodwill is no longer amortized but will be assessed for impairment on at least an annual basis.

As an initial step in the implementation process, the Company identified four reporting units that would be tested for impairment. The four units qualify as reporting units in that they are one level below an operating segment, or an individual operating segment and discrete financial information exists for each unit. The four reporting units identified by segment are as follows:

U.S. drilling segment: Barge rigs
Jackup and Platform rigs (1)

International drilling segment: Nigeria barge rigs

Rental tools segment: Rental tools business

(1) The jackup and platform rigs were aggregated due to the similarities in the markets served.

As required under the transitional accounting provisions of SFAS No. 142, the Company completed both steps required to identify and measure goodwill impairment at each reporting unit. The first step involved identifying all reporting units with carrying values (including goodwill) in excess of fair value, which was estimated by an independent business valuation consultant using the present value of estimated future cash flows. The reporting units for which the carrying value exceeded fair value were then measured for impairment by comparing the implied fair value of the reporting unit goodwill, determined in the same manner as in a business combination, with the carrying amount of goodwill. The jackup and platform rigs reporting unit was the only unit where impairment was identified. As a result, goodwill related to the jackup and platform rigs was impaired by $73.1 million and was recognized as a cumulative effect of a change in accounting principle retroactive to the first quarter. The Company will perform its annual impairment review during the fourth quarter of each year. The review in the fourth quarter of 2002, resulted in no additional impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 3 - Goodwill (continued)

The following is a summary of the change in goodwill by reporting unit for the years ended December 31, 2000, 2001 and 2002 (dollars in thousands):

<TABLE>
<CAPTION>

	U.S. Drilling Segment		International Drilling Segment	Rental Tools Segment	
	Barge Rigs	Jackup & Platform Rigs	Nigeria Barge Rigs	Rental Tools Business	
<S>	<C>	<C>	<C>	<C>	
Balance as of January 1, 2000	$ 63,110	$ 78,771	$ 23,198	$ 39,011	
Goodwill amortization	(2,367)	(2,797)	(864)	(1,453)	
Impairment losses	-	-	-	-	
Balance as of December 31, 2000	60,743	75,974	22,334	37,558	
Goodwill amortization	(2,334)	(2,830)	(863)	(1,454)	
Impairment losses	-	-	-	-	
Balance as of December 31, 2001	58,409	73,144	21,471	36,104	
Goodwill amortization	-	-	-	-	
Impairment losses	-	(73,144)	-	-	

Balance as of December 31, 2002	$ 58,409	$ -	$ 21,471	$ 36,104

</TABLE>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 3 - Goodwill (continued)

The following is a summary of pro forma net income (loss) and earnings (loss) per share as adjusted to remove the amortization of goodwill (dollars in thousands, except per share amounts):

<TABLE>
<CAPTION>

	Year Ended December 31,	
	2001	2000 (2)
<S>	<C>	<C>
Net income (loss) - as reported	$ 11,059	$ (19,045)
Goodwill amortization	7,482	7,482
Income tax impact (1)	(1,131)	(1,131)
Net income (loss) - as adjusted	$ 17,410	$ (12,694)
Basic earnings (loss) per share:		
Net income (loss) - as reported	$ 0.12	$ (0.23)
Goodwill amortization	0.08	0.09
Income tax impact (1)	(0.01)	(0.02)
Net income (loss) - as adjusted	$ 0.19	$ (0.16)
Diluted earnings (loss) per share:		
Net income (loss) - as reported	$ 0.12	$ (0.23)
Goodwill amortization	0.08	0.09
Income tax impact (1)	(0.01)	(0.02)
Net income (loss) - as adjusted	$ 0.19	$ (0.16)

</TABLE>

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

(2) Loss before extraordinary gain - as reported - $(22,981)
Loss before extraordinary gain - as adjusted - $(16,630)

Note 4 - Long-Term Debt

<TABLE>
<CAPTION>

	December 31,	
	2002	2001
	(Dollars in Thousands)	
<S>	<C>	<C>
Senior Notes payable in November 2006 with interest of 9.75% payable semi-annually in May and November, net of unamortized premium of $790 and $2,085 at December 31, 2002 and 2001, respectively (effective interest rate of 9.62%)	$214,982	$452,065
Market adjustment for interest rate swap agreements, net of amortization of $257	2,363	-
Senior Notes payable in November 2009 with interest of 10.125% payable semi-annually in May and November, net of unamortized premium of $922 at December 31, 2002 (effective interest rate of 10.03%)	236,534	-
Convertible Subordinated Notes payable in August 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	10,588	15,589
Capital Lease and Other	954	9
Total debt	589,930	592,172
Less current portion	6,486	5,007
Total long-term debt	$583,444	$587,165

</TABLE>

Note 4 - Long-Term Debt (continued)

The aggregate maturities of long-term debt for the five years ending December 31, 2007 are as follows (000's): 2003 - $6,486; 2004 - $129,565; 2005 - $0; 2006 - $214,192; 2007 - $0.

The Senior Notes were initially issued in November 1996 and in March 1998 in amounts of $300 million (Series B) and $150 million (Series C) at 9.75%. 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. As discussed in Note 6, the Company entered into various interest rate swap agreements to modify the interest characteristics of the Senior Notes.

On May 2, 2002, the Company announced it had successfully completed the exchange of $235.6 million in principal amount of new 10.125% Senior Notes due 2009 ("New Notes") for a like amount of its 9.75% Senior Notes due 2006 ("Outstanding Notes"), pursuant to an exchange offer described in the Offering Circular dated April 1, 2002 (the "Exchange Offer"). The consummation of the Exchange Offer was effected without registration, in reliance on the registration exemption provided by Section 4(2) of the Securities Act of 1933, as amended, which applies to offers and sales of securities that do not involve a public offering, and Regulation D promulgated under that act. On July 1, 2002, the Company filed a registration statement on Form S-4 offering to exchange the New Notes for notes of the Company having substantially identical terms in all material respects as the Outstanding Notes (the "Exchange Notes"). The offer to exchange the New Notes for Exchange Notes was consummated on September 17, 2002. The New Notes and Exchange Notes will be governed by the terms of the indenture executed by the Company, the Subsidiary Guarantors and the trustee dated May 2, 2002, the terms of which are substantially the same as the terms of the 1998 Indenture, as amended by the Fourth Supplemental Indenture, as described below.

In connection with the Exchange Offer, the Company solicited consents to certain amendments to the definitions and covenants in the indenture under which the Outstanding Notes were issued, which all participants in the Exchange Offer were deemed to have accepted. As a result of the participation in the Exchange Offer of more than 50 percent of the holders of the Outstanding Notes, the amendments to the 1998 Indenture were agreed, and which amendments have been effected by the execution of the Fourth Supplemental Indenture by the Company, the Subsidiary Guarantors and the trustee (as amended, the "1998 Indenture"). As a result of the Exchange Offer, the Company incurred and expensed fees of approximately $4.0 million.

Note 4 - Long-Term Debt (continued)

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 December 31, 2002 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 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, 2002, no amounts have been drawn down against the facility but $15.7 million of availability of $41.2 million (borrowing base at December 31, 2002) 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. The Company plans to renew or replace the revolving loan facility by the end of the third quarter of 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 2002 was $10.6 million.

Each of the 10.125% and 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 Senior Notes restricts the payment of dividends.

Note 5 - Guarantor/Non-Guarantor Consolidating Condensed Financial Statements

Set forth on the following pages are the consolidating condensed financial statements of the restricted subsidiaries and our subsidiaries which are not restricted by the Senior Notes. All of the Company's Senior Notes are guaranteed by substantially all wholly owned subsidiaries of Parker Drilling. 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. In prior years, the non-guarantors were inconsequential, individually and in the aggregate, to the consolidated financial statements and separate financial statements of the guarantors were not presented because management had determined that they would not be material to investors.

In August, 2002, Parker Drilling Company International Limited ("PDCIL") entered into an agreement to sell two of its rigs in Kazakhstan to AralParker, a Kazakhstan joint venture company owned 50 percent by PDCIL and 50 percent by a Kazakhstan company. Because PDCIL has significant influence over the business affairs of AralParker, its financial statements are consolidated with those of the Company.

AralParker, Casuarina Limited (a wholly owned captive insurance company) and Parker Drilling Investment Company are all non-guarantor subsidiaries whose aggregate financial position and results of operations are no longer deemed to be inconsequential and, accordingly the Company is providing consolidating condensed financial information of the parent, Parker Drilling, the guarantor subsidiaries, and the non-guarantor subsidiaries for the year ended December 31, 2002.

PARKER DRILLING COMPANY AND SUBSIDIARIES
CONSOLIDATING CONDENSED STATEMENT OF OPERATIONS
(Dollars in Thousands)

<TABLE>
<CAPTION>

	Year Ended December 31, 2002				
	Parent	Guarantor	Non-Guarantor	Eliminations	Consolidated

<S>	<C>	<C>	<C>	<C>	<C>
Drilling and rental revenues	$ -	$ 359,744	$ 27,772	$ 2,430	$ 389,946
Drilling and rental operating expenses	3	226,360	23,477	2,430	252,270
Depreciation and amortization	1	95,325	3,299	(122)	98,503
Drilling and rental operating income (loss)	(4)	38,059	996	122	39,173
Construction contract revenue	-	86,818	-	-	86,818
Construction contract expense	-	84,356	-	-	84,356
Net construction contract operating income	-	2,462	-	-	2,462
General and administrative expense (1)	361	24,467	-	(100)	24,728
Provision for reduction in carrying value of certain assets	-	1,500	-	-	1,500
Total operating income (loss)	(365)	14,554	996	222	15,407
Other income and (expense):					
Interest expense	(56,602)	(43,106)	(1,551)	48,850	(52,409)
Interest income	44,264	3,760	1,677	(48,850)	851
Other income (expense) - net	(4,491)	8,374	109	(4,451)	(459)
Equity in net earnings of subsidiaries	(113,980)	-	-	113,980	-
Total other income and (expense)	(130,809)	(30,972)	235	109,529	(52,017)
Income (loss) before income taxes and cumulative effect of change in accounting principle	(131,174)	(16,418)	1,231	109,751	(36,610)
Income tax expense (benefit):	(17,120)	21,420	-	-	4,300
Income (loss) before cumulative effect of change in accounting principle	(114,054)	(37,838)	1,231	109,751	(40,910)
Cumulative effect of change in accounting principle	-	(73,144)	-	-	(73,144)
Net income (loss)	$(114,054)	$(110,982)	$ 1,231	$ 109,751	$ (114,054)

</TABLE>

(1) All field operations general and administrative expenses are included in operating expenses.

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

<TABLE>
<CAPTION>

December 31, 2002

	Parent	Guarantor	Non-Guarantor	Eliminations	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>
ASSETS					
Current assets:					
Cash and cash equivalents	$ 43,254	$ 6,218	$ 2,510	$ -	$ 51,982
Accounts and notes receivable, net	81,551	100,400	19,080	(111,668)	89,363
Rig materials and supplies	-	17,161	-	-	17,161
Other current assets	-	8,567	27	37	8,631
Total current assets	124,805	132,346	21,617	(111,631)	167,137
Property, plant and equipment, net	151	614,088	40,633	(13,594)	641,278
Goodwill, net	-	115,983	-	-	115,983
Investment in subsidiaries and intercompany advances	808,784	531,959	21,521	(1,362,264)	-
Other noncurrent assets	12,556	16,336	(103)	138	28,927
Total assets	$ 946,296	$ 1,410,712	$ 83,668	$(1,487,351)	$ 953,325
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Current portion of long-term debt	$ 5,532	$ 954	$ -	$ -	$ 6,486
Accounts payable and accrued liabilities	25,106	150,455	7,218	(132,037)	50,742
Accrued income taxes	1,069	3,278	-	-	4,347
Total current liabilities	31,707	154,687	7,218	(132,037)	61,575
Long-term debt	583,444	-	-	-	583,444
Deferred income tax	(45,473)	45,473	-	-	-
Other long-term liabilities	1,409	6,271	-	-	7,680
Intercompany payables	74,583	490,099	44,557	(609,239)	-
Stockholders' equity:					
Common stock	15,465	61,748	121	(61,869)	15,465
Capital in excess of par value	434,998	1,024,953	5,330	(1,030,283)	434,998
Accumulated other comprehensive income	664	-	-	-	664
Accumulated deficit	(150,501)	(372,519)	26,442	346,077	(150,501)
Total stockholders' equity	300,626	714,182	31,893	(746,075)	300,626
Total liabilities and stockholders' equity	$ 946,296	$ 1,410,712	$ 83,668	$(1,487,351)	$ 953,325

</TABLE>

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

<TABLE>
<CAPTION>

Year Ended December 31, 2002

	Parent	Guarantor	Non-Guarantor	Eliminations	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>
Cash flows from operating activities:					
Net income (loss)	$(114,054)	$(110,982)	$ 1,231	$ 109,751	$(114,054)
Adjustments to reconcile net income (loss)					

to net cash provided by (used) in operating activities:					
Depreciation and amortization	1	95,325	3,299	(122)	98,503
Gain on disposition of assets	(15)	(8,049)	3	4,629	(3,432)
Cumulative effect of change in accounting principle	-	73,144	-	-	73,144
Provision for reduction in carrying value of certain assets	-	1,500	-	-	1,500
Deferred income taxes	(17,120)	-	-	-	(17,120)
Expenses not requiring cash	6,874	4,060	-	(4,889)	6,045
Equity in net earnings of subsidiaries	113,980	-	-	(113,980)	-
Change in operating assets and liabilities	28,477	(25,608)	(5,853)	(8,421)	(11,405)
Net cash provided by (used) in operating activities	18,143	29,390	(1,320)	(13,032)	33,181
Cash flows from investing activities:					
Proceeds from the sale of assets	144	6,307	-	-	6,451
Capital expenditures (net of reimbursements)	(81)	(45,181)	(43,932)	44,013	(45,181)
Net cash provided by (used) in investing activities	63	(38,874)	(43,932)	44,013	(38,730)
Cash flows from financing activities:					
Principal payments under debt obligations	(5,489)	-	-	-	(5,489)
Proceeds from interest rate swap agreements	2,620	-	-	-	2,620
Intercompany advances, net	(23,020)	7,630	46,371	(30,981)	-
Net cash provided by (used) in financing activities	(25,889)	7,630	46,371	(30,981)	(2,869)
Net change in cash and cash equivalents	(7,683)	(1,854)	1,119	-	(8,418)
Cash and cash equivalents at beginning of year	50,937	8,072	1,391	-	60,400
Cash and cash equivalents at end of year	$ 43,254	$ 6,218	$ 2,510	$ -	$ 51,982

</TABLE>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 6 - Derivative Financial Instruments

The Company is exposed to interest rate risk from its fixed-rate debt. The Company has hedged against a portion of the risk of changes in fair value associated with its $214.2 million 9.75% Senior Notes by entering into three fixed-to-variable interest rate swap agreements with a total notional amount of $150.0 million. The terms of the interest rate swap agreements are as follows:

<TABLE>
<CAPTION>

Months	Notional Amount	Fixed Rate	Floating Rate
	(Dollars in Thousands)		
<S>	<C>	<C>	<C>
December 2001 - November 2006	$ 50,000	9.75%	Three-month LIBOR plus 446 basis points
January 2002 - November 2006	$ 50,000	9.75%	Three-month LIBOR plus 475 basis points
January 2002 - November 2006	$ 50,000	9.75%	Three-month LIBOR

plus 482 basis points	

</TABLE>

The Company assumes no ineffectiveness as each interest rate swap agreement 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 swap agreements are offset by changes in the fair value of the debt and no net gain or loss is recognized in earnings. During the year ended December 31, 2002, the interest rate swap agreements reduced interest expense by $2.9 million.

On July 24, 2002, the Company terminated all the interest rate swap agreements and received $3.5 million. A gain totaling $2.6 million will be recognized as a reduction to interest expense over the remaining term (ending November 2006) of the debt instrument, of which $0.3 million was recognized during 2002.

Note 7 - Income Taxes

Income (loss) before income taxes, cumulative effect of change in accounting principle and extraordinary gain is summarized as follows (dollars in thousands):

<TABLE>
<CAPTION>

	Year Ended December 31,		
	2002	2001	2000
<S>	<C>	<C>	<C>
United States	$(54,068)	$ 8,751	$(29,253)
Foreign	17,458	14,896	10,595
	$(36,610)	$ 23,647	$(18,658)

</TABLE>

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

<TABLE>
<CAPTION>

	Year Ended December 31,		
	2002	2001	2000
<S>	<C>	<C>	<C>
Current:			
United States:			
Federal	$ 104	$ 530	$ -
State	-	-	-
Foreign	21,316	13,957	15,625
Deferred:			
United States:			
Federal	(17,120)	(1,846)	(10,988)
State	-	(53)	(314)
	$ 4,300	$ 12,588	$ 4,323

</TABLE>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 7 - 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,					
	2002		2001		2000	
	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)	$(12,814)	(35%)	$ 8,276	35%	$ (6,530)	(35%)
Foreign taxes, net of federal benefit	13,855	38%	9,072	38%	10,156	54%
Change in valuation allowance	(2,927)	(8%)	(9,593)	(41%)	(6,097)	(33%)
Foreign corporation losses	3,234	9%	3,689	16%	4,253	23%
Goodwill amortization	2,781	8%	1,488	6%	1,488	8%
Other	171	-	(344)	(1%)	1,053	6%
Actual tax expense	$ 4,300	12%	$ 12,588	53%	$ 4,323	23%

</TABLE>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 7 - Income Taxes (continued)

The components of the Company's tax assets and (liabilities) as of December 31, 2002 and 2001 are shown below (dollars in thousands):

<TABLE>
<CAPTION>

	December 31,	
	2002	2001
<S>	<C>	<C>

Deferred tax assets:		
Net operating loss carryforwards	$ 49,529	$ 56,025
Alternative minimum tax carryforwards	401	983
Reserves established against realization of certain assets	2,937	1,874
Accruals not currently deductible for tax purposes	5,814	6,388
	58,681	65,270
Deferred tax liabilities:		
Property, plant and equipment	(43,337)	(65,079)
Goodwill	(8,335)	(6,180)
Unrealized gain on investments held for sale	-	(227)
Net deferred tax (liability) asset	7,009	(6,216)
Valuation allowance	(7,009)	(9,936)
Deferred income tax liability	$ -	$(16,152)

</TABLE>

The change in the valuation allowance in 2002 is the result of higher utilization of net operating loss carryforwards previously reserved because they were expected to expire unused. The Company has a remaining valuation allowance of $7,009,000 with respect to its net deferred tax asset for the amount of net operating loss carryforwards expected to expire unused. 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, 2002, the Company had $141,510,000 of net operating loss carryforwards. For tax purposes the net operating loss carryforwards expire over a 20-year period ending December 31 as follows: 2007 - $10,141,000; 2008 - $11,968,000; 2009 - $6,700,000; thereafter - $112,701,000.

Note 8 - 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.

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 initially authorized 4,000,000 shares to be available for granting to officers and key employees who, in the opinion of the board of directors, were in a position to contribute to the growth, management and success of the Company. This plan was approved by the board of directors as a "broad-based" plan under the interim rules of the New York Stock Exchange and, as a result, more than 50 percent of the awards under this plan have been made to non-executive employees. 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. The plan was amended in July 1999, April 2001 and September 2002, to grant authority to the compensation committee to issue awards and to authorize 2,000,000; 1,000,000; and 1,800,000 additional shares, respectively, for issuance, which shares were registered with the SEC. As of December 31, 2002, there were 1,227,700 shares available for granting.

Note 8 - 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
<S>	<C>	<C>
Shares under option:		
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
Granted	-	-
Exercised	-	-
Cancelled	-	-
Outstanding at December 31, 2002	200,000	$ 8.431

</TABLE>

Note 8 - 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
<S>	<C>	<C>	<C>	<C>
Shares under option:				
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
Granted	-	-	-	-
Exercised	-	-	-	-
Cancelled	-	-	-	-
Outstanding at December 31, 2002	605,564	$ 7.303	1,566,936	$ 7.036

</TABLE>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 8 - 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, 1999	2,794,125	$ 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	2,721,901	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	2,584,840	8.421	3,506,420	6.000
Granted	-	-	1,385,000	2.301
Exercised	(10,196)	3.188	(8,053)	3.188
Cancelled	(84,884)	9.020	(105,817)	6.391
Outstanding at December 31, 2002	2,489,760	$ 8.422	4,777,550	$ 4.924

</TABLE>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 8 - 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	791,430	3.4 years	$ 3.362
Incentive option	$ 8.875 - $ 12.188	1,698,330	4.2 years	$ 10.780
Non-qualified	$ 2.240 - $ 6.070	3,653,380	5.2 years	$ 3.651
Non-qualified	$ 8.875 - $ 10.813	1,124,170	4.6 years	$ 9.060

</TABLE>

<TABLE>
<CAPTION>

	Exercisable Options		
Plan	Exercise Prices	Number of Shares	Weighted Average Exercise Price
<S>	<C>	<C>	<C>
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	778,930	$ 3.321
Incentive option	$ 8.875	-	$ 12.188	1,698,330	$ 10.780
Non-qualified	$ 2.240	-	$ 6.070	1,894,630	$ 3.820
Non-qualified	$ 8.875	-	$ 10.813	1,124,170	$ 9.060

</TABLE>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 8 - 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 the 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 2002, 2001 and 2000.

In prior years the Company purchased shares from certain of its employees, who received stock through its stock option plan, at fair market value. At December 31, 2001, 604,870 shares were held in Treasury which includes 98,293 shares purchased by the Company at the fair market value of $289,479. These shares were issued to the Stock Bonus Plan as the Company's matching contribution. The Plan was funded in January 2002. At December 31, 2002, 506,577 shares were held in Treasury.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 8 - 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,	
	2002	2001
<S>	<C>	<C>
Stock plans	12,441,135	10,659,380
Stock bonus plan	1,577,221	81,715
Convertible notes	8,090,254	8,090,254
Total shares reserved for issuance	22,108,610	18,831,349

</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 plan was amended on September 22, 1998, to eliminate the restriction on the board of directors' ability to redeem the shares for two years in the event the majority of the board of directors does not consist of the same directors that were in office as of June 25, 1998 ("Continuing Directors"), or directors that were recommended to succeed Continuing Directors by a majority of the Continuing Directors.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 9 - Reconciliation of Income and Number of Shares Used to Calculate Basic and Diluted Earnings Per Share (EPS)

<TABLE>
<CAPTION>

	For the Year Ended December 31, 2002		
	Loss (Numerator)	Shares (Denominator)	Per-Share Amount
<S>	<C>	<C>	<C>
Basic EPS:			
Loss before cumulative effect of change in accounting principle	$ (40,910,000)	92,444,773	$ (0.44)
Cumulative effect of change in accounting principle	(73,144,000)	92,444,773	(0.79)
Net loss	(114,054,000)	92,444,773	(1.23)
Effect of dilutive securities:			
Stock options	-	-	-
Diluted EPS:			
Loss before cumulative effect of change			

in accounting principle	(40,910,000)	92,444,773	(0.44)
Cumulative effect of change in accounting principle	(73,144,000)	92,444,773	(0.79)
Net loss	$(114,054,000)	92,444,773	$ (1.23)

</TABLE>

<TABLE>
<CAPTION>

	For the Year 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>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 9 - Reconciliation of Income and Number of Shares Used to Calculate Basic and Diluted Earnings Per Share (EPS) (continued)

<TABLE>
<CAPTION>

	For the Year 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>

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 year ended December 31, 2002, options to purchase 9,639,810 shares of common stock at prices ranging from $2.24 to $12.1875, which were outstanding during the period, were 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 incurred for 2002. 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 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 year ended December 31, 2000, options to purchase 7,166,036 shares of common stock, respectively, at prices ranging from $2.25 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 2000.

Note 10 - Employee Benefit Plans

The Parker Drilling Company Stock Bonus Plan ("Plan") was adopted effective September 1980 for eligible employees of Parker Drilling and its subsidiaries 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 pre-tax basis and to provide for a Company matching feature. The Plan was amended and restated generally effective January 1, 2001, to comply with certain tax laws. The Plan was further amended effective January 1, 2002 to reflect certain provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA"). Participants may contribute from one percent to 15 percent of eligible earnings and direct contributions to one or more of 13 investment funds. The Plan provides 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 544,844; 343,289; and 361,855 shares to the Plan in 2002, 2001, and 2000 with the Company recognizing expense of $1,472,437; $1,927,100; and $1,742,193 in each of the periods, respectively.

Note 11 - Business Segments

The Company is organized into three primary business segments: 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, 2002	2001	2000
	(Dollars in Thousands)		
<S>	<C>	<C>	<C>
Drilling and rental revenues:			
U.S. drilling	$ 113,478	$ 190,809	$ 148,416
International drilling	228,958	231,527	185,100
Rental tools	47,510	65,629	42,833

Total drilling and rental revenues	389,946	487,965	376,349
Operating income (loss):			
U.S. drilling	(13,185)	33,138	6,766
International drilling	39,301	37,583	19,553
Rental tools	13,057	30,016	16,897
Total operating income by segment (1)	39,173	100,737	43,216
Net construction contract operating income	2,462	-	-
General and administrative expense	(24,728)	(21,721)	(20,392)
Provision for reduction in carrying value of certain assets	(1,500)	-	(8,300)
Reorganization expense	-	(7,500)	-
Total operating income	15,407	71,516	14,524
Interest expense	(52,409)	(53,015)	(57,036)
Minority interest	278		
Other income, net	114	5,146	23,854
Income (loss) before income taxes	$ (36,610)	$ 23,647	$ (18,658)
Identifiable assets:			
U.S. drilling	$ 307,811	$ 343,357	$ 356,090
International drilling	418,665	424,022	412,839
Rental tools	69,998	70,365	57,550
Total identifiable assets	796,474	837,744	826,479
Corporate assets	156,851	268,033	280,940
Total assets	$ 953,325	$1,105,777	$1,107,419

</TABLE>

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

Note 11 - Business Segments (continued)

<TABLE>
<CAPTION>

Operations by Industry Segment	Year Ended December 31, 2002	2001	2000
	(Dollars in Thousands)		
<S>	<C>	<C>	<C>
Capital expenditures:			

U.S. drilling	$ 6,248	$ 41,366	$ 22,221
International drilling	22,452	53,732	55,215
Rental tools	14,864	24,210	16,168
Corporate	1,617	2,725	4,921
Total capital expenditures	$ 45,181	$ 122,033	$ 98,525
Depreciation and amortization:			
U.S. drilling	$ 40,164	$ 44,300	$ 42,458
International drilling	43,660	38,379	30,730
Rental tools	12,361	12,302	11,147
Corporate	2,318	2,278	725
Total depreciation and amortization	$ 98,503	$ 97,259	$ 85,060

</TABLE>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 11- Business Segments (continued)

<TABLE>
<CAPTION>

Operations by Geographic Area	Year Ended December 31, 2002	2001	2000
	(Dollars in Thousands)		
<S>	<C>	<C>	<C>
Drilling and rental revenues:			
United States	$ 160,988	$ 256,438	$ 191,249
Latin America	40,444	54,063	58,467
Asia Pacific	38,294	32,246	15,373
Africa and Middle East	53,916	58,988	55,671
CIS	96,304	86,230	55,589
Total drilling and rental revenues	389,946	487,965	376,349
Operating income (loss):			
United States	(128)	63,154	23,663
Latin America	(542)	2,385	6,554
Asia Pacific	14,127	11,304	(1,905)
Africa and Middle East	9,422	11,933	8,562
CIS	16,294	11,961	6,342
Total operating income by segment (1)	39,173	100,737	43,216
Net construction contract operating income	2,462	-	-
General and administrative expense	(24,728)	(21,721)	(20,392)
Provision for reduction in carrying value of certain assets	(1,500)	-	(8,300)
Reorganization expense	-	(7,500)	-
Total operating income	15,407	71,516	14,524

Interest expense	(52,409)	(53,015)	(57,036)
Minority interest	278	-	-
Other income, net	114	5,146	23,854
Income (loss) before income taxes	$ (36,610)	$ 23,647	$ (18,658)
Identifiable assets:			
United States	$ 534,660	$ 681,756	$ 702,639
Latin America	88,985	93,722	93,896
Asia Pacific	46,385	39,963	41,602
Africa and Middle East	99,496	94,986	119,607
CIS	183,799	195,350	149,675
Total identifiable assets	$ 953,325	$1,105,777	$1,107,419

</TABLE>

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

Note 12 - Commitments and Contingencies

At December 31, 2002, 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, 2002, $15.7 million of availability has been reserved to support letters of credit that have been issued. At December 31, 2002, 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 2009 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, 2002, under operating leases with non-cancelable terms in excess of one year, are as follows:

<TABLE>
<S> <C>

2003	$ 3,317
2004	2,264
2005	2,037
2006	2,328
2007	1,315
Thereafter	2,145
Total	$13,406

</TABLE>

Total rent expense for all operating leases amounted to $10.9 million for 2002, $5.5 million for 2001, and $3.7 million for 2000.

Each of the executive officers entered into an employment agreement with the Company that became effective during 2002. The term of each agreement is for three years and each provide for automatic extensions of two years, with the exception of Mr. Brassfield and Mr. Wingerter, whose agreements are for two

years, and Mr. Robert L. Parker whose agreement is for one year. The employment agreements provide for the following benefits:

*payment of current salary, which may be increased upon review by CEO (or the Board of Directors in case of CEO and Chairman) on an annual basis but cannot be reduced except with consent of the executive,
*for payment of target bonuses of up to 100 percent of salary based on meeting certain incentives (75 percent for Mr. Nash and Mr. Whalen and 50 percent for Mr. Wingerter and Mr. Brassfield), and
*to be eligible to receive stock options and to participate in other benefits, including without limitation, paid vacation, 401(k) plan, health insurance and life insurance.

If the executive's employment is terminated, including by reason of death or disability or retirement, but excluding termination for cause or termination as a result of the resignation of the executive, unless for good reason (based on definitions of cause and good reason in the agreements), the executive is entitled to receive:

*salary for remainder of month of the termination,
*bonus for the prior year if earned and yet unpaid,
*remainder of vacation pay for the year,
*a severance payment equal to two times the sum of the highest salary and bonus over the previous three years, except for Mr. Brassfield and Mr. Wingerter whose payment will be based on a 1.5 times multiplier ("Additional Benefit"), and
*continued health benefits for two years, except for Mr. Brassfield and Mr. Wingerter who will receive these benefits for 1.5 years ("Other Benefits").

In consideration for these benefits the executive agrees to perform his customary duties set forth in the employment agreement, and further covenants not to solicit business except on behalf of the Company during his employment and to refrain from hiring employees of the Company or to compete against the Company for a period of one year following his termination.

In addition to the above benefits, each employment agreement provides that in the event of a change in control, as defined in the agreement, the term of the employment agreement will be extended for three years. If the executive is terminated during this three year period for any reason except for cause or the executive resigns during the first two years after the change in control for good reason, the Additional Benefit payable shall be based on three times salary and bonus, payable in a lump sum, and the Other Benefits shall also be provided for three years. In certain circumstances, the Company has agreed to make the executive whole for excise taxes that may apply with respect to payments made after a change in control. The benefits provided under the employment agreements executed by the executive officers are in lieu of and replace the benefits under the Severance Compensation and Consulting Agreements previously executed by the executive officers, which Severance Compensation and Consulting Agreements have been terminated.

In addition to the executive officers, six other officers and key employees entered into employment agreements that were effective on November 1, 2002, with three agreements with officers providing for similar severance benefits, including change in control provisions, and the remaining agreements providing similar benefits at lower levels without change in control provisions.

Note 12 - Commitments and Contingencies (continued)

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.

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 ("PDCIL"), a wholly owned subsidiary of the Company, assessing additional taxes of approximately $29.0 million for the years 1998-2000. The assessment consisted 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 $99.0 million, in reimbursement of costs for modifications to Rig 257, performed by PDCIL prior to the importation of the drilling rig into Kazakhstan, are income to PKD Kazakhstan, and therefore, taxable to PKD Kazakhstan. PKD Kazakhstan filed an Act of Non-Agreement that such reimbursements should not be taxable and requested that the Act of Audit be revised accordingly. In November 2001, 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 appealed the decision of the Astana City Court to the Civil Panel of the Supreme Court, which confirmed the decision of the Astana City Court that the reimbursements were not income to PKD Kazakhstan in March 2002. Although the court agreed with the MSR's position on certain minor issues, no additional taxes will be payable as a result of this assessment. The MSR has until the end of March 2003 to appeal the decision of the Civil Panel to the Supervisory Panel of the Supreme Court of Kazakhstan. It may also reopen the case thereafter if material new evidence is discovered. In addition, the Company has filed a petition with the U.S. Treasury Department for competent authority review, which is a tax treaty procedure to resolve disputes as to which country may tax income covered under the treaty. The U.S. Treasury Department has granted our petition and has initiated proceedings with the MSR which is ongoing.

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 13 - Related Party Transactions

On February 27, 1995, the Company entered into a Split Dollar Life Insurance Agreement with Robert L. Parker and the Robert L. Parker and Catherine M. Parker Family Trust under Indenture dated 23rd day of July 1993 ("Trust") pursuant to which the Company agreed to provide life insurance protection for Mr. and Mrs. Robert L. Parker in the event of the death of Mr. and Mrs. Parker (the "Agreement"). The Agreement provided that the Trust would acquire and own a life insurance policy with face amount of $13.2 million and that the Company would pay the premiums subject to reimbursement by the Trust out of the proceeds of the policy, with interest to accrue on the premium payments made by the Company from and after January 1, 2000, at the one-year Treasury bill rate. The repayment of the premiums was secured by an Assignment of Life Insurance Policy as Collateral of same date as the Agreement. On October 14, 1996, the Agreement was amended to provide that interest accrual would be deferred until February 28, 2003, in consideration for the Company's termination of a separate life insurance policy on the life of Robert L. Parker.

On April 19, 2000, the Agreement was amended and restated to replace the previous policy with two policies, one for $8.0 million on the life of Robert L. Parker and one for $7.7 million on the lives of both Mr. and Mrs. Robert L. Parker. Mr. Robert L. Parker Jr., the Company's CEO and son of Robert L. Parker will receive one third of the net proceeds of the policies.

As of December 31, 2002, the accrued amount of premiums paid by the Company on the policies and to be reimbursed by the Trust to the Company was $4.7 million. Due to the adoption of the Sarbanes-Oxley Act of 2002 ("SOX"), additional loans to executive officers and directors may be prohibited, although continuance of loans in existence as of July 30, 2002, are allowed; provided there is no modification to such loans. Because the advancement of additional annual premiums by the Company may be considered a prohibited loan under SOX, the Company elected to not advance the $0.6 million premium that was due in December 2002 pending further clarification from the SEC as to how the Company's obligation to advance these premiums under the Agreement can be honored without violating SOX.

Note 14 - Supplementary Information

At December 31, 2002, accrued liabilities included $8.5 million of accrued interest expense, $4.4 million of workers' compensation and health plan liabilities and $7.0 million of accrued payroll and payroll taxes. 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. Other long-term obligations included $4.7 million and $3.8 million of workers' compensation liabilities as of December 31, 2002 and 2001, respectively.

Note 15 - Selected Quarterly Financial Data (Unaudited)

<TABLE>
<CAPTION>

	Quarter				
Year 2002	First	Second	Third	Fourth	Total
	(Dollars in Thousands Except Per Share Amounts)				
<S>	<C>	<C>	<C>	<C>	<C>
Revenues	$ 96,225	$ 97,814	$ 100,079	$ 95,828	$ 389,946
Gross profit (1)	$ 8,468	$ 6,600	$ 12,587	$ 11,518	$ 39,173
Operating income	$ 2,809	$ 1,027	$ 5,760	$ 5,811	$ 15,407
Net income (loss) before cumulative effect of change in accounting principle	$ (11,069)	$ (11,489)	$ (8,020)	$ (10,332)	$ (40,910)
Cumulative effect of change in accounting principle (3)	$ (73,144)	$ -	$ -	$ -	$ (73,144)
Net income (loss)	$ (84,213)	$ (11,489)	$ (8,020)	$ (10,332)	$ (114,054)
Basic earnings (loss) per share (2):					
Loss before cumulative effect of change in accounting principle	$ (0.12)	$ (0.12)	$ (0.09)	$ (0.11)	$ (0.44)

Cumulative effect of change in accounting principle	$ (0.79)	$ -	$ -	$ -	$ (0.79)
Net income (loss)	$ (0.12)	$ (0.91)	$ (0.09)	$ (0.11)	$ (1.23)
Diluted earnings (loss) per share (2):					
Loss before cumulative effect of change in accounting principle	$ (0.12)	$ (0.12)	$ (0.09)	$ (0.11)	$ (0.44)
Cumulative effect of change in accounting principle	$ (0.79)	$ -	$ -	$ -	$ (0.79)
Net income (loss)	$ (0.12)	$ (0.91)	$ (0.09)	$ (0.11)	$ (1.23)

(1) Gross profit is calculated by excluding net construction contract, operating income, 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 first quarter includes recognition of $73.1 million goodwill impairment related to the jackup and platform rigs resulting from the adoption of SFAS No. 142. The impairment provision was included in the second quarter Form 10-Q, retroactive to January 1, 2002.

Note 15 - Selected Quarterly Financial Data (continued) (Unaudited)

	Quarter				
Year 2001	First	Second	Third	Fourth	Total
	(Dollars in Thousands Except Per Share Amounts)				
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

(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 7.

Note 16 - Recent Accounting Pronouncements

In June 2001, the Financial Accounting Standard Board ("FASB") issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 is effective for fiscal years beginning after June 15, 2002 and establishes an accounting standard requiring the recording of the fair value of liabilities associated with the retirement of long-term assets in the period in which the liability is incurred. Accordingly, we adopted this standard in the first quarter of 2003. We do not expect this standard to have a material impact on our financial position or results of operations.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 was effective January 1, 2002. This statement supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," and amends Accounting Principles Board Opinion ("APB") No. 30 for the accounting and reporting of discontinued operations, as it relates to long-lived assets. Our adoption of SFAS No. 144 did not affect our financial position or results of operations.

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, No. 44, and No. 64, Amendment of FASB Statement No. 13, and Technical Corrections." SFAS No. 145 is effective for fiscal years beginning after May 15, 2002. We will adopt this standard in 2003 and do not expect it to have a significant effect on our results of operations or our financial position.

In July 2002, the FASB issued SFAS No. 146, "Accounting For Costs Associated with Exit or Disposal Activities." SFAS No. 146 is effective for exit or disposal activities initiated after December 31, 2002. We do not expect the adoption of this standard to have any impact on our financial position or results of operations.

On December 31, 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure-An Amendment of SFAS No. 123." The standard provides additional transition guidance for companies that elect to voluntarily adopt the accounting provisions of SFAS No. 123, "Accounting for Stock-Based Compensation." SFAS No. 148 does not change the provisions of SFAS No. 123 that permit entities to continue to apply the intrinsic value method of APB No. 25, "Accounting for Stock Issued to Employees." As we continue to follow APB No. 25, our accounting for stock-based compensation will not change as a result of SFAS No. 148. SFAS No. 148 does require certain new disclosures in both annual and interim financial statements. The required annual disclosures are effective immediately and have been included in Note 1 of the notes to the consolidated financial statements. The new interim disclosure provisions will be effective in the first quarter of 2003.

Note 16 - Recent Accounting Pronouncements (continued)

In November 2002, the FASB issued FASB Interpretation ("FIN") 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantee of Indebtedness of Others." FIN 45 requires that upon issuance of a guarantee, the guarantor must recognize a liability for the fair value of the obligation it assumes under that guarantee. FIN 45's provisions for initial recognition and measurement should be applied on a prospective basis to guarantees issued or modified after December 31, 2002. The guarantor's previous accounting for guarantees that were issued before the date of FIN 45's initial application may not be revised or restated to reflect the effect of the recognition and measurement provisions of the interpretation. The disclosure requirements are effective for financial statements of both interim and annual periods that end after December 15, 2002. The Company is not a guarantor under any significant guarantees and thus this interpretation is not expected to have a significant effect on the Company's financial position or results of operations.

On January 17, 2003, the FASB issued FIN 46, "Consolidation of Variable Interest Entities, An Interpretation of Accounting Research Bulletin No. 51." The primary objectives of FIN 46 are to provide guidance on how to identify entities for which control is achieved through means other than through voting rights (variable interest entities or ("VIE")) and how to determine when and which business enterprise should consolidate the VIE. This new model for consolidation applies to an entity in which either (1) the equity investors do not have a controlling financial interest or (2) the equity investment at risk is insufficient to finance that entity's activities without receiving additional subordinated financial support from other parties. See Note 1 of the notes to the consolidated financial statements regarding our consolidation of AralParker, a company in which we own a 50 percent equity interest. We are consolidating this company because we exert significant influence and have a financial interest in the form of a loan, in addition to our equity interest.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

This item is not applicable to the Company in that disclosure is required under Regulation S-X by the Securities and Exchange Commission only if the Company had changed independent auditors and, if it had, only under certain circumstances.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this item is shown in Item 4A "Executive Officers" and hereby incorporated by reference from the information appearing under the captions "Proposal One - Election of Directors" in the Company's definitive proxy statement for the Annual Meeting of Stockholders to be held April 30, 2003, to be filed with the Securities and Exchange Commission ("Commission") within 120 days of the end of the Company's year ended December 31, 2002.

Item 11. EXECUTIVE COMPENSATION

Notwithstanding the foregoing, in accordance with the instructions to Item 402 of Regulations S-K, the information contained in the Company's proxy

statement under the sub-heading "Compensation Committee Report on Executive Compensation" and "Performance Graph" shall not be deemed to be filed as part of or incorporated by reference into this Form 10-K.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND EQUITY COMPENSATION PLAN INFORMATION

The information required by this item is hereby incorporated by reference from the information appearing under the captions "Principal Stockholders and Security Ownership of Management" and "Equity Compensation Plan Information" in the Company's definitive proxy statement for the Annual Meeting of Stockholders to be held April 30, 2003, to be filed with the Commission within 120 days of the end of the Company's year ended December 31, 2002.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this item is hereby incorporated by reference to such information appearing under the caption "Other Information" and "Related Transactions" in the Company's definitive proxy statement for the Annual Meeting of Stockholders to be held April 30, 2003, to be filed with the Commission within 120 days of the end of the Company's year ended December 31, 2002.

Item 14. CONTROLS AND PROCEDURES

Within the 90-day period prior to the filing of this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the chief executive officer and chief financial officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-14 (c) under the Securities Exchange Act of 1934). Based upon that evaluation, the chief executive officer and chief financial officer concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information relating to the Company (including its consolidated subsidiaries) required to be included in the Company's periodic SEC filings.

There have been no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

PART IV

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULE AND REPORTS ON FORM 8-K

(a) The following documents are filed as part of this report:

(1) Financial Statements of Parker Drilling Company and subsidiaries which are included in Part II, Item 8:

PART IV
(continued)

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULE AND REPORTS ON FORM 8-K (continued)

(3) Exhibits:

Exhibit Number	Description
3(a) -	Corrected Restated Certificate of Incorporation of the Company, as amended on September 21, 1998 (incorporated by reference to Exhibit 3(c) to the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 1998).
3(b) -	Rights Agreement dated as of July 14, 1998 between the Company and Norwest Bank Minnesota, N.A., as rights agent (incorporated by reference to Form 8-A filed July 15, 1998.)
3(c) -	Amendment No. 1 to the Rights Agreement dated as of September 22, 1998 between the Company and Norwest Bank Minnesota, N.A., as rights agent.
3(d) -	By-laws of the Company, as amended January 31, 2003.

PART IV (continued)

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULE AND REPORTS ON FORM 8-K (continued)

(3) Exhibits: (continued)

Exhibit Number	Description
4(a) -	Indenture dated as of March 11, 1998 among the Company, as issuer, certain Subsidiary Guarantors (as defined therein) and Chase Bank of Texas, National Association, as Trustee (incorporated by reference to Exhibit 4.5 to the Company's S-4 Registration Statement No. 333-49089 dated April 1, 1998).
4(b) -	Indenture dated as of July 25, 1997, between the Company and Chase B Bank of Texas, National Association, f/k/a Texas Commerce Bank National Association, as Trustee, respecting 5 1/2%

Convertible Subordinated Notes due 2004 (incorporated by reference to Exhibit 4.7 to the Company's S-3 Registration Statement No. 333-30711).

4(c) - Loan and Security Agreement dated as of October 22, 1999, between the Company and Bank of America, National Association, as agent for the lenders, regarding the $50.0 million revolving line of credit for loans and letters of credit due October 22, 2003 (incorporated by reference to Exhibit 4(c) to the Annual Report on Form 10-K for the year ended December 31, 2000).

4(d) - Indenture dated as of May 2, 2002 between the Company and JPMorgan Chase Bank, as Trustee, respecting the 10.125% Senior Notes due 2009 (incorporated by reference to Exhibit 4.1 to the Company's S-4 Registration Statement No. 333-91708).

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULE AND REPORTS ON FORM 8-K (continued)

(3) Exhibits: (continued)

Exhibit Number	Description

10(a) - Amended and Restated Parker Drilling Company Stock Bonus Plan, effective as of January 1, 1999 (incorporated herein by reference to Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the three months ended March 31, 1999).*

10(b) - 1994 Parker Drilling Company Deferred Compensation Plan (incorporated herein by reference to Exhibit 10(h) to Annual Report on Form 10-K for the year ended August 31, 1995).*

10(c) - 1994 Non-Employee Director Stock Option Plan (incorporated herein by reference to Exhibit 10(i) to Annual Report on Form 10-K for the year ended August 31, 1995).*

10(d) - 1994 Executive Stock Option Plan (incorporated herein by reference to Exhibit 10(j) to Annual Report on Form 10-K for the year ended August 31, 1995).*

10(e) - Third amended and restated 1997 Stock Plan effective July 24, 2002.*

10(f) - Waiver, Release and Confidentiality Agreement entered into between James W. Linn and Parker Drilling Company dated July 17, 2001 (incorporated by reference to Exhibit 10(f) to Annual Report on Form 10-K for the year ended December 31, 2001).*

10(g) - Form of Indemnification Agreement entered into between Parker Drilling Company and each director and executive officer of Parker Drilling Company, dated on or about October 15, 2002.*

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULE AND REPORTS ON FORM 8-K (continued)

(3) Exhibits: (continued)

10(h) - Form of Employment Agreement entered into between Parker Drilling Company and each executive officer of Parker Drilling Company, effective as of November 2, 2002.*

10(i) - Separation Agreement and Release entered into between James Davis and Parker Drilling Company effective September 26, 2002.*

21 - Subsidiaries of the Registrant.

23 - Consent of Independent Accountants.

99.1 - Section 906 Certification

99.2 - Section 906 Certification

* Management Contract, Compensatory Plan or Agreement

(b) Reports on Form 8-K: None.

PARKER DRILLING COMPANY AND SUBSIDIARIES
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
(Dollars in Thousands)

<TABLE>
<CAPTION>

Column A Classifications	Column B Balance at beginning of period	Column C Charged to cost and expenses	Column D Deductions	Column E Balance at end of period
<S>	<C>	<C>	<C>	
Year ended December 31, 2002:				
Allowance for doubtful accounts and notes	$ 2,988	$ 1,904	$ 129	$ 4,763
Reduction in carrying value of rig materials and supplies	$ 2,406	$ 2,400	$ 1,363	$ 3,443
Deferred tax valuation allowance	$ 9,936	$ (2,927)	$ -	$ 7,009
Year ended December 31, 2001:				
Allowance for doubtful accounts and notes	$ 3,755	$ 360	$ 1,127	$ 2,988
Reduction in carrying value of rig materials and supplies	$ 2,491	$ 1,455	$ 1,540	$ 2,406
Deferred tax valuation allowance	$ 24,939	$ (9,593)	$ 5,410	$ 9,936
Year ended December 31, 2000:				
Allowance for doubtful accounts and notes	$ 5,677	$ 860	$ 2,782	$ 3,755
Reduction in carrying value of rig materials and supplies	$ 1,539	$ 780	$ (172)	$ 2,491
Deferred tax valuation				

allowance	$ 39,109	$ (6,097)	$ 8,073	$ 24,939

</TABLE>

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PARKER DRILLING COMPANY

By /s/ Robert L. Parker Jr. Date: March 17, 2003

Robert L. Parker Jr.
President and Chief Executive Officer and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<TABLE>
<CAPTION>

Signature	Title	Date
<S>	<C>	<C>
By: /s/ Robert L. Parker Robert L. Parker	Chairman of the Board and Director	March 17, 2003
By: /s/ Robert L. Parker Jr. Robert L. Parker Jr.	President and Chief Executive Officer and Director (Principal Executive Officer)	March 17, 2003
By: /s/ James W. Whalen James W. Whalen	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	March 17, 2003
By: /s/ Robert F. Nash Robert F. Nash	Senior Vice President and Chief Operating Officer	March 17, 2003
By: /s/ W. Kirk Brassfield W. Kirk Brassfield	Vice President and Corporate Controller (Principal Accounting Officer)	March 17, 2003
By: /s/ James E. Barnes James E. Barnes	Director	March 17, 2003
By: /s/ Bernard J. Duroc-Danner Bernard J. Duroc-Danner	Director	March 17, 2003
By: /s/ David L. Fist David L. Fist	Director	March 17, 2003
By: /s/ Dr. Robert M. Gates Dr. Robert M. Gates	Director	March 17, 2003
By: /s/ John W. Gibson John W. Gibson	Director	March 17, 2003
By: /s/ Simon G. Kukes	Director	March 17, 2003

	Simon G. Kukes		
By: /s/ James W. Linn		Director	March 17, 2003
	James W. Linn		
By: /s/ R. Rudolph Reinfrank		Director	March 17, 2003
	R. Rudolph Reinfrank		

</TABLE>

PARKER DRILLING COMPANY
OFFICER CERTIFICATION

I, Robert L. Parker Jr., certify that:

1. I have reviewed this annual report on Form 10-K of Parker Drilling Company ("the Company");

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this annual report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Company and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the Company's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation, to the Company's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The Company's other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 10, 2003

/s/ Robert L. Parker Jr.

Robert L. Parker Jr.
President and Chief Executive Officer and Director

PARKER DRILLING COMPANY
OFFICER CERTIFICATION

I, James W. Whalen, certify that:

1. I have reviewed this annual report on Form 10-K of Parker Drilling Company ("the Company");

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this annual report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Company and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the Company's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation, to the Company's auditors and the audit committee of Company's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls; and

6. The Company's other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 10, 2003

/s/ James W. Whalen

James W. Whalen
Senior Vice President and
Chief Financial Officer

INDEX TO EXHIBITS

<Table>
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EXHIBIT NUMBER	DESCRIPTION
<S>	<C>
3(c) -	Amendment No. 1 to the Rights Agreement dated as of September 22, 1998 between the Company and Norwest Bank Minnesota, N.A., as rights agent.
3(d) -	By-laws of the Company, as amended January 31, 2003.
10(e) -	Third amended and restated 1997 Stock Plan effective as of July 24, 2002.
10(g) -	Form of Indemnification Agreement entered into between Parker Drilling Company and each director and executive officer of Parker Drilling Company, dated on or about October 15, 2002.
10(h) -	Form of Employment Agreement entered into between Parker Drilling Company and each executive officer of Parker Drilling Company, effective as of November 2, 2002.
10(i) -	Separation Agreement and Release entered into between James Davis and Parker Drilling Company effective September 26, 2002.
21 -	Subsidiaries of the Registrant.
23 -	Consent of Independent Accountants.
99.1 -	Section 906 Certification
99.2 -	Section 906 Certification

</Table>

EXHIBIT 3(c)

AMENDMENT NO. 1
TO RIGHTS AGREEMENT

This Amendment No. 1 (the "Amendment") to the Rights Agreement (the "Rights Agreement") dated as of July 14, 1998 between Parker Drilling Company, a Delaware corporation (the "Company"), and Norwest Bank Minnesota, N.A. (the "Rights Agent") is effective as of September 22, 1998.

RECITALS

The Company desires to amend the Rights Agreement to revise the redemption provisions of Section 24(b) and remove the restrictions on redeeming the Rights Agreement if the Board of Directors is not comprised of Continuing Directors, and certifies that the Amendment complies with the terms of Section 29 of the Rights Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, the parties hereto agree as follows:

1. Section 24(b) of the Rights Agreement is hereby amended to read as follows:

> "(b) The Board of Directors of the Company may, at its option, at any time prior to the Shares Acquisition Date redeem all but not less than all the then outstanding Rights at a redemption price of one cent ($.01) per Right then outstanding, appropriately adjusted to reflect any adjustment in the number of Rights outstanding pursuant to Section 12(i) herein (such redemption price being hereinafter referred to as the "Redemption Price"). Any such redemption of the Rights by the Board of Directors may be made effective at such time, on such basis and with such conditions as the Board of Directors in its sole discretion may establish."

2. Section 1, Certain Definitions, is hereby amended to delete the definitions of "Transaction" and "Transaction Person."

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 1 to the Rights Agreement to be duly executed, effective as of the day and year first above written.

PARKER DRILLING COMPANY

By /s/ JAMES J. DAVIS

James J. Davis
Senior Vice President -- Finance

NORWEST BANK MINNESOTA, N.A.,
As Rights Agent

By /s/ BARBARA M. NOVAK

Name: Barbara M. Novak
Title: Vice President

EXHIBIT 3(d)

PARKER DRILLING COMPANY

BY-LAWS

AS AMENDED JANUARY 31, 2003

ARTICLE I

Name and Location

Section 1.1 The name of this corporation shall be

PARKER DRILLING COMPANY

Section 1.2 Its registered office shall be located in the City of Wilmington, New Castle County, Delaware.

Section 1.3 Other offices for the transaction of business shall be located at such places as the Board of Directors may from time to time determine.

ARTICLE II

Meetings of Stockholders

Section 2.1 Annual Meetings. The annual meeting of the stockholders for the election of directors and for the transaction of such other business as properly may come before such meeting shall be held on such date, and at such time and place within or without the State of Delaware as may be designated by the Board of Directors.

Section 2.2 Special Meetings. Special meetings of the stockholders for any proper purpose or purposes may be called at any time by the Board of Directors, the Chairman, the President or any Vice President, to be held on such date, and at such time and place within or without the State of Delaware as the Board of Directors, the Chairman, the President or a Vice President, whichever has called the meeting, shall direct. A special meeting of the stockholders shall be called by the Chairman, the President or any Vice President whenever stockholders owning 75% of the shares of the Corporation then issued and outstanding and entitled to vote on matters to be submitted to stockholders of the Corporation shall make application therefor in writing. Any such written request shall state a proper purpose or purposes of the meeting and shall be delivered to the Chairman, the President or any Vice President. The Board of Directors may, at its discretion, delay the date of any special meeting called pursuant to a request by stockholders for a period of up to ninety (90) days in order to adequately prepare for the meeting. The matters that may be addressed at the special meeting shall be limited to those matters that are contained in the notice of the meeting.

Section 2.3 Notice of Meeting. Written notice, signed by the Chairman, the President, any Vice President, the Secretary or an Assistant Secretary of every meeting of stockholders stating the purpose or purposes for which the meeting is called, and the date and time when, and the place where, it is to be held shall be delivered either personally or by mail to each stockholder entitled to vote at such meeting not less than ten nor more than fifty days before the meeting, except as otherwise provided by statute. If mailed, such notice shall be directed to a stockholder at his address as it shall appear on the stock books of the Corporation, unless he shall have filed with the Secretary a written request that notices intended for him be mailed to some other address, in which case it shall be mailed to the address designated in such request. Notice of any meeting of stockholders shall not be required to be given to any stockholder who shall attend such meeting in person or by proxy and shall not, at the beginning of such meeting, object to the transaction of any business because the meeting is not lawfully called or convened, or who shall, either before or after the meeting, submit a signed waiver of notice, in person or by proxy. Unless the Board of Directors shall fix, after the adjournment, a new record date for an adjourned meeting, notice of such adjourned meeting need not be given if the

time and place to which the meeting shall be adjourned were announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 2.4 Quorum. The presence at any meeting, in person or by proxy, of the holders of record of a majority of the shares then issued and outstanding and entitled to vote shall be necessary and sufficient to constitute a quorum for the transaction of business except where otherwise provided by statute.

Section 2.5 Adjournments. In the absence of a quorum, a majority in interest of the stockholders entitled to vote, present in person or by proxy, or, if no stockholder entitled to vote is present in person or by proxy, any officer entitled to preside at or act as secretary of such meeting, may adjourn the meeting from time to time until a quorum shall be present. At any such adjourned meeting at which a quorum may be present, any business may be transacted which might have been transacted at the meeting as originally called.

Section 2.6 Voting. Directors shall be chosen by a plurality of the votes cast at the election, and, except where otherwise provided by statute, all other questions shall be determined by a majority of the votes cast on such question.

Section 2.7 Proxies. Any stockholders entitled to vote may vote by proxy, provided that the instrument authorizing such proxy to act shall have been executed in writing (which shall include telegraphing or cabling) by the stockholder himself or by his duly authorized attorney.

Section 2.8. Inspectors. The Board of Directors may, in advance of any meeting of stockholders, appoint one or more inspectors to act at such meeting or any adjournment thereof. If the inspectors shall not be so appointed or if any of them fail to appear or act, the chairman of the meeting may, and on the request of any stockholder entitled to vote thereat shall appoint inspectors. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability. The inspectors shall determine, in number of shares represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all stockholders. On request of the chairman of the meeting of any stockholder entitled to vote thereat, the inspectors shall make a report in writing of any challenge, request or matter determined by them and shall execute a certificate of any fact found by them. No director or candidate for the office of director shall act as inspector of an election of directors. Inspectors need not be stockholders.

Section 2.9. Organization. At each meeting of the stockholders, the Chairman, or in his absence or inability to act, the President, or in his absence or inability to act, any person chosen by the Board of Directors, shall act as chairman of the meeting. The Secretary, or in his absence or inability to act, any person appointed by the chairman of the meeting, shall act as secretary of the meeting and keep the minutes thereof. The order of business at all meetings of the stockholders shall be as determined by the chairman of the meeting.

Section 2.10. List of Stockholders. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or at the place where the meeting is to be held. The list shall also be

produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 2.11. Action by Written Consent.

(a) Written Consent. Subject to the terms of this Section 2.11, any action which is required to be or may be taken at any annual or special meeting of stockholders of the Corporation may be taken without a meeting, without prior notice to stockholders and without a vote if consents in writing, setting forth the action so taken, shall have been signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or to take such action at a meeting at which all shares entitled to vote thereon were present and voted. The Corporation shall give prompt notice to the stockholders of the results of any consent solicitation or the taking of the corporate action without a meeting and by less than unanimous written consent.

(b) Duration and Revocation of Consents. In order that the Corporation's stockholders shall have an opportunity to receive and consider the information germane to an informed judgment as to whether to give a written consent and in accordance with the procedures contained in the New York Stock Exchange policies and rules, any corporate action to be taken by written consent shall not be effective until, and the stockholders of the Corporation shall be able to give or revoke written consents for, at least twenty (20) days from the date of the commencement of a solicitation (as such term is defined in Rule 14a-1(k) promulgated under the Securities Exchange Act of 1934, as amended) of consents, other than corporate action by written consent taken pursuant to solicitations of not more than ten (10) persons. For purposes of this Section, a consent solicitation shall be deemed to have commenced when a proxy statement or information statement containing the information required by law is first furnished to the Corporation's stockholders.

Consents to corporate action shall be valid for a maximum of sixty (60) days after the date of the earliest dated consent delivered to the Corporation in the manner provided in Section 228(c) of the Delaware General Corporation Law. Consents may be revoked by written notice (i) to the Corporation, (ii) to the stockholder or stockholders soliciting consents or soliciting revocations in opposition to action by consent proposed by the Corporation (the "Soliciting Stockholders"), or (iii) to a proxy solicitor or other agent designated by the Corporation or the Soliciting Stockholders.

(c) Inspectors of Election; Procedures for Counting Consents. Within three (3) business days after receipt of the earliest dated consent delivered to the Corporation in the manner provided in Section 228(c) of the Delaware General Corporation Law or the determination by the Board of Directors of the Corporation that the Corporation should seek corporate action by written consent, as the case may be, the Secretary shall engage nationally recognized independent inspectors of elections for the purpose of performing a ministerial review of the validity of the consents and revocations. The cost of retaining inspectors of election shall be borne by the Corporation.

Consents and revocations shall be delivered to the inspectors upon receipt by the Corporation, the Soliciting Stockholders or their proxy solicitors or other designated agents. As soon as consents and revocations are received, the inspectors shall review the consents and revocations and shall maintain a count of the number of valid and unrevoked consents. The inspectors shall keep such count confidential and shall not reveal the count to the Corporation, the Soliciting Stockholders or their representatives or any other entity. As soon as practicable after the earlier of (i) sixty (60) days after the date of the earliest dated consent delivered to the Corporation in the manner provided in Section 228(c) of the Delaware General Corporation Law or (ii) a written request therefor by the Corporation or the Soliciting Stockholders (whichever is soliciting consents) (which request may be made no earlier than twenty (20) days after the commencement of the applicable solicitation of consents, except in the case of corporate action by written consent taken pursuant to solicitations of not more than ten (10) persons),

notice of which request shall be given to the party opposing the solicitation of consents, if any, which request shall state that the Corporation or the Soliciting Stockholders, as the case may be, have a good faith belief that the requisite number of valid and unrevoked consents to authorize or take the action specified in the consents has been received in accordance with these By-laws, the inspectors shall issue a preliminary report to the Corporation and the Soliciting Stockholders stating: (i) the number of valid consents; (ii) the number of valid revocations; (iii) the number of valid and unrevoked consents; (iv) the number of invalid consents; (v) the number of invalid revocations; and (vi) whether, based on their preliminary count, the requisite number of valid and unrevoked consents has been obtained to authorize or take the action specified in the consents.

Unless the Corporation and the Soliciting Stockholders shall agree to a shorter or longer period, the Corporation and the Soliciting Stockholders shall have 48 hours to review the consents and revocations and to advise the inspectors and the opposing party in writing as to whether they intend to challenge the preliminary report of the inspectors. If no written notice of an intention to challenge the preliminary report is received within 48 hours after the inspectors' issuance of the preliminary report, the inspectors shall issue to the Corporation and the Soliciting Stockholders their final report containing the information from the inspectors' determination with respect to whether the requisite number of valid and unrevoked consents was obtained to authorize and take the action specified in the consents. If the Corporation or the Soliciting Stockholders issue written notice of an intention to challenge the inspectors' preliminary report within 48 hours after the issuance of that report, a challenge session shall be scheduled by the inspectors as promptly as practicable. A transcript of the challenge session shall be recorded by a certified court reporter. Following completion of the challenge session, the inspectors shall as promptly as practicable issue their final report to the Soliciting Stockholders and the Corporation, which report shall contain the information included in the preliminary report, plus all changes in the vote totals as a result of the challenge and a certification of whether the requisite number of valid and unrevoked consents was obtained to authorize or take the action specified in the consents. A copy of the final report of the inspectors shall be included in the book in which the proceedings of meetings of stockholders are recorded.

Section 2.12. Advance Notice of Stockholder Proposals. Nominations by stockholders of persons for election to the Board of Directors of the Corporation may be made at an annual meeting in compliance with Section 3.2 hereof. At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (b) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (c) otherwise properly brought before the meeting by a stockholder. For business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation not less than ninety (90) nor more than one hundred twenty (120) days prior to the meeting; provided, however, that in the event that less than one hundred (100) days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the 10th day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure was made. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting (a) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (b) the name and address, as they appear on the Corporation's books, of the stockholder proposing such business, (c) the class and number of shares of the Corporation which are beneficially owned by the stockholder, and (d) any material interest of the stockholder in such business. Notwithstanding anything in the By-laws to the contrary, no business shall be conducted at any annual meeting except in accordance with the procedures set forth in this Section 2.12. The chairman of the annual meeting shall, if the facts warrant, determine and declare to the

meeting that business was not properly brought before the meeting and in accordance with the provisions of this Section 2.12, and if he should so determine, he shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

ARTICLE III

Board of Directors

Section 3.1 Number. Subject to the Company's Certificate of Incorporation, the number of directors which shall constitute the whole Board of Directors shall be fixed from time to time by resolution of the Board of Directors.

Section 3.2 Election and Term of Office. (a) The Board of Directors shall be divided into three (3) classes and each class shall be elected at the annual meeting of the stockholders held at the expiration of their classified term. Each director (whether elected at an annual meeting or to fill a vacancy or otherwise) shall continue in office until his successor shall have been elected or until his earlier death, resignation or removal in the manner hereinafter provided.

(b) Notice of Stockholder Nominees. Only persons who are nominated in accordance with the procedures set forth in this Section 3.2(b) shall be eligible for election as Directors. Nominations of persons for election to the Board of Directors of the Corporation may be made at a meeting of stockholders by or at the direction of the Board of Directors or by any stockholder of the Corporation entitled to vote for the election of Directors at the meeting who complies with the notice procedures set forth in this Section 3.2(b). Such nominations, other than those made by or at the direction of the Board of Directors, shall be made pursuant to timely notice in writing to the Secretary of the Corporation. To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the Corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the meeting; provided, however, that in the event that less than one hundred (100) days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the 10th day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made. Such stockholder's notice shall set forth (a) as to each person whom the stockholder proposes to nominate for election or reelection as a Director, (i) the name, age, business address and residence address of such person, (ii) the principal occupation or employment of such person, (iii) the class and number of shares of the Corporation which are beneficially owned by such person and (iv) any other information relating to such person that is required to be disclosed in solicitations of proxies for election of Directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including, without limitation, such persons' written consent to being named in the proxy statement as a nominee and to serving as a Director if elected); and (b) as to the stockholder giving the notice, (i) the name and address, as they appear on the Corporation's books, if such stockholder and (ii) the class and number of shares of the Corporation which are beneficially owned by such stockholder. At the request of the Board of Directors, any person nominated by the Board of Directors for election as a Director shall furnish to the Secretary of the Corporation that information required to be set forth in a stockholder's notice of nomination which pertains to the nominee. No person shall be eligible for election as a Director of the Corporation unless nominated in accordance with the procedures set forth in this Section 3.2(b). The Chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the procedures prescribed by the By-laws, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

Section 3.3 Vacancies and Additional Directorships. If any vacancy shall occur among the directors by reason of death, resignation, or removal, or as the result of an increase in the number of directorships, the directors then in office shall continue to act and shall have sole power to fill any such vacancy by a vote of the directors then in office, though less than a quorum.

Section 3.4 Meetings. The Board of Directors by resolution may provide for the holding of regular meetings and may fix the times and places at which such meetings shall be held. Notice of

regular meetings shall not be required to be given, provided that whenever the time or place of regular meetings shall be fixed or changed, notice of such action shall be mailed promptly to each director who shall not have been present at the meeting at which such action was taken, addressed to him at his residence or usual place of business.

Special meetings of the Board of Directors may be called by the Chairman, the President, any Vice President or any three directors. Except as otherwise required by statute, notice of each special meeting shall be mailed to each director, addressed to him at his residence or usual place of business, or shall be sent to him at such place by fax, telegram, radio or cable, or telephoned or delivered to him personally not later than two days before the day on which the meeting is to be held. Such notice shall state the time and place of such meeting, but need not state the purposes thereof, unless otherwise required by statute, the Certificate of Incorporation of the Corporation or these By-laws.

Notice of any meeting need not be given to any director who shall attend such meeting in person or who shall waive notice thereof before or after such meeting, in writing or by electronic transmission, radio or cable.

Section 3.5 Quorum. A majority of the total number of members of the Board of Directors as constituted from time to time, but not less than two, shall be necessary and sufficient to constitute a quorum for the transaction of business, except that when the Board consists of one director pursuant to Section 3.1, then the one director shall constitute a quorum. In the absence of a quorum, a majority of those present at the time and place of any meeting may adjourn the meeting from time to time until a quorum shall be present and the meeting may be held as adjourned without further notice or waiver. A majority of those present at any meeting at which a quorum is present may decide any question brought before such meeting, except as otherwise provided by law, the Certificate of Incorporation or these By-laws. In the event a deadlock occurs in any vote being taken by the Board, the Chairman of the Board shall be empowered with a second vote to settle the deadlock.

Section 3.6 Resignation of Directors. Any director may resign at any time by giving notice in writing or by electronic transmission of such resignation to the Board of Directors, the Chairman, the President, any Vice President or the Secretary. Any such resignation shall take effect at the time specified therein or, if no time be specified, upon receipt thereof by the Board of Directors or one of the above named officers; and, unless specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 3.7 Compensation of Directors. Directors shall receive such reasonable compensation for their services as such, whether in the form of salary or a fixed fee for attendance at meetings, with expenses, if any, as the Board of Directors may from time to time determine. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 3.8. Action Without Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all members of the Board of Directors or committee, as the case may be, consent thereto in writing or by electronic transmission and the writings or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

ARTICLE IV

Committees of the Board

Section 4.1 Designation, Power, Alternate Members and Term of Office. The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of two or more of the directors of the Corporation. Any such committee, to the extent provided in such resolution, shall have and may exercise the power of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it. The Board may designate one or more directors as alternate members of any committee who, in the order specified by the Board, may replace any absent or disqualified member at any meeting of the committee. If at a meeting of any committee one or more of the members thereof should be absent or disqualified, and if either the Board of Directors has not so designated any alternate member or members, or the number of absent or disqualified members exceeds the number of alternate members who are present at such meeting, then the member or members of such committee (including alternates) present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another director to act at the meeting in the place of any such absent or disqualified member. The term of office of the members of each committee shall be as fixed from time to time by the Board, subject to these By-laws; provided, however, that any committee member who ceases to be a member of the Board shall ipso facto cease to be a committee member. Each committee shall appoint a secretary, who may be the Secretary of the Corporation or an Assistant Secretary thereof.

Section 4.2 Meetings Notices and Records. Each committee may provide for the holding of regular meetings, with or without notice, and may fix the time and place at which such meetings shall be held. Special meetings of each committee shall be held upon call by or at the direction of its chairman, or, if there be no chairman, by or at the direction of any two of its members, at the time and place specified in the respective notices or waivers of notice thereof. Notice of each special meeting of a committee shall be mailed to each member of such committee, addressed to him at his residence or usual place of business, at least two days before the day on which the meeting is to be held, or shall be sent by telegram, radio or cable, addressed to him at such place, or

telephoned or delivered to him personally, not later than the day before the day on which the meeting is to be held. Notice of any meeting of a committee need not be given to any member thereof, who shall attend the meeting in person or who shall waive notice thereof by writing or electronic transmission. Notice of any adjourned meeting need not be given. Each committee shall keep a record of its proceedings.

Section 4.3 Quorum and Manner of Acting. At each meeting of any committee the presence of a majority but not less than two of its members then in office shall be necessary and sufficient to constitute a quorum for the transaction of business, and the act of a majority of the members present at any meeting at which a quorum is present shall be the act of such committee; in the absence of a quorum a majority of the members present at the time and place of any meeting may adjourn the meeting from time to time until a quorum shall be present. Subject to the foregoing and other provisions of these By-laws and except as otherwise determined by the Board of Directors, each committee may make rules for the conduct of its business. Any determination made in writing and signed by all the members of such committee shall be as effective as if made by such committee at a meeting.

Section 4.4 Resignations. Any member of a committee may resign at any time by giving written notice of such resignation to the Board of Directors, the Chairman, the President or the Secretary of the Corporation. Unless otherwise specified in such notice, such resignation shall take effect upon receipt thereof by the Board or any such officer.

Section 4.5 Removal. Any member of any committee may be removed at anytime by the Board of Directors with or without cause.

Section 4.6 Vacancies. If any vacancy shall occur in any committee by reason of death, resignation, disqualification, removal, or otherwise, the remaining members of such committee, though less than a quorum, shall continue

to act until such vacancy is filled by the Board of Directors.

Section 4.7 Compensation. Committee members shall receive such reasonable compensation for their services as such, whether in the form of salary or a fixed fee for attendance at meetings, with expenses, if any, as the Board of Directors may from time to time determine. Nothing herein contained shall be construed to preclude any committee member from serving the Corporation in any other capacity and receiving compensation therefor.

ARTICLE V

Officers

Section 5.1 Officers. The officers of the Corporation shall be a Chairman, a President, one or

more Vice Presidents including therein an Executive Vice President, a Secretary, a Treasurer, and such other officers as may be appointed in accordance with the provisions of Section 5.3.

Section 5.2 Election, Term of Office and Qualifications. Each officer (except such officers as may be appointed in accordance with the provisions of Section 5.3) shall be elected by the Board of Directors. Each such officer (whether elected at the first meeting of the Board of Directors after the annual meeting of stockholders or to fill a vacancy or otherwise) shall hold his office until the first meeting of the Board of Directors after the next annual meeting of stockholders and until his successor shall have been elected, or until his death, or until he shall have resigned in the manner provided in Section 5.4 or shall have been removed in the manner provided in Section 5.5.

Section 5.3 Subordinate Officers and Agents. The Board of Directors from time to time may appoint other officers or agents including one or more Assistant Vice Presidents, one or more Assistant Secretaries and one or more Assistant Treasurers, to hold office for such period, have such authority and perform such duties as are provided in these By-laws or as may be provided in the resolutions appointing them. The Board of Directors may delegate to any officer or agent the power to appoint any such subordinate officers or agents and to prescribe their respective terms of office, authorities and duties.

Section 5.4 Resignations. Any officer may resign at any time by giving written notice of such resignation to the Board of Directors, the Chairman, the President, a Vice President or the Secretary. Unless otherwise specified in such written notice, such resignation shall take effect upon receipt thereof by the Board of Directors or any such officer.

Section 5.5 Removal. Any officer specifically designated in Section 5.1 may be removed at any time, either with or without cause, at any meeting of the Board of Directors by the vote of a majority of all the directors then in office. Any officer or agent appointed in accordance with the provisions of Section 5.3 may be removed, either with or without cause, by the Board of Directors at any meeting, by the vote of a majority of the directors present at such meeting, or by any superior officer or agent upon whom such power of removal shall have been conferred by the Board of Directors.

Section 5.6 Vacancies. A vacancy in any office by reason of death, resignation, removal, disqualification or any other cause shall be filled for the unexpired portion of the term in the manner prescribed by these By-laws for regular election or appointment to such office.

Section 5.7 The Chairman. The Chairman or the President shall be the chief executive officer of the Corporation. The Chairman shall preside at all meetings of the stockholders and the directors, shall be ex officio a member of all standing committees, and shall see that all orders and resolutions of the Board of Directors are carried into effect.

Section 5.8 The President.

(a) The President or an Executive Vice President shall be the chief operating officer of the Corporation, as designated by the Board of Directors. Subject to the direction of the Board of Directors, the Chief Operating Officer shall have general charge of the business affairs of the Corporation.

(b) Subject to the direction of the Board of Directors, the President shall have general and active management of the Corporation and general supervision over the Corporation's officers and agents. In the absence of the Chairman, if present, he shall preside at all meetings of stockholders and he shall see that all orders and resolutions of the Board of Directors are carried into effect. He may sign, with any other officer thereunto duly authorized, certificates of stock of the Corporation the issuance of which shall have been duly authorized (the signature to which may be a facsimile signature), and may sign and execute in the name of the Corporation, deeds, mortgages, bonds, contracts, agreements or other instruments duly authorized by the Board of Directors except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent. From time to time he shall report to the Board of Directors all matters within his knowledge which the interests of the Corporation may require to be brought to their attention. He shall also perform such other duties as are given to him by these By-laws or as from time to time may be assigned to him by the Board of Directors.

Section 5.9 The Vice Presidents. At the request of the President or in his absence or disability, the Executive Vice President or in his absence or disability the Vice President designated by the President (or in the absence of such designation, the Vice President designated by the Board of Directors) shall perform all the duties of the President and, when so acting, shall have all the powers of and be subject to all restrictions upon the President. Any vice President may also sign, with any other officer thereunto duly authorized, certificates of stock of the Corporation the issuance of which shall have been duly authorized (the signature to which may be a facsimile signature), and may sign and execute in the name of the Corporation deeds, mortgages, bonds and other instruments duly authorized by the Board of Directors, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent. Each Vice President shall perform such other duties as are given to him by these By-laws or as from time to time may be assigned to him by the Board of Directors, the Chairman or the President.

Section 5.10 The Secretary. The Secretary shall

(a) record all the proceedings of the meetings of the stockholders, the Board of Directors, and any committees in a book or books to be kept for that purpose;

(b) cause all notices to be duly given in accordance with the provisions of these By-laws and as required by statute;

(c) whenever any committee shall be appointed in pursuance of a resolution of the Board of Directors, furnish the Chairman of such committee with a copy of such resolution;

(d) be custodian of the records and of the seal of the Corporation, and cause such seal to be affixed to all certificates representing stock of the Corporation prior to the issuance thereof and to all instruments the execution of which on behalf of the Corporation under its seal shall have been duly authorized;

(e) see that the lists, books, reports, statements, certificates and other documents and records required by statute are properly kept and filed;

(f) subject to the rights and duties of the duly appointed transfer agents and registrars for securities of the Corporation have charge of the stock and transfer books of the Corporation, and exhibit such stock book at all reasonable times to such persons as are entitled by statute

to have access thereto;

(g) sign (unless the Treasurer or an Assistant Secretary or an Assistant Treasurer shall sign) certificates representing stock of the Corporation the issuance of which shall have been duly authorized (the signature to which may be a facsimile signature) and

(h) in general, perform all duties incident to the office of Secretary and such other duties as are given to him by these By-laws or as from time to time may be assigned to him by the Board of Directors, the Chairman or the President.

Section 5.11 Assistant Secretaries. At the request of the Secretary or in his absence or disability, the Assistant Secretary designated by him (or in the absence of such designation, the Assistant Secretary designated by the Board of Directors, the Chairman or the President) shall perform all the duties of the Secretary, and, when so acting, shall have all the powers of and be subject to all restrictions upon the Secretary. The Assistant Secretaries shall perform such other duties as from time to time may be assigned to them by the Board of Directors, the Chairman, the President or the Secretary.

Section 5.12 The Treasurer. The Treasurer shall

(a) have charge of and supervision over and be responsible for the funds, securities, receipts and disbursements of the Corporation;

(b) cause the moneys and other valuable effects of the Corporation to be deposited in the name and to the credit of the Corporation in such banks or trust companies or with such bankers or other depositaries as shall be selected in accordance with Section 6.3 of these

By-laws or to be otherwise dealt with in such manner as the Board of Directors may direct;

(c) cause the funds of the Corporation to be disbursed by checks or drafts upon the authorized depositories of the Corporation, and cause to be taken and preserved proper vouchers for all moneys disbursed;

(d) render to the Board of Directors, the Chairman or the President, whenever requested, a statement of the financial condition of the Corporation and of all his transactions as Treasurer;

(e) cause to be kept at the Corporation's principal office correct books of account of all its business and transactions and such duplicate books of account as he shall determine and upon application cause such books or duplicates thereof to be exhibited to any director;

(f) be empowered, from time to time, to require from the officers or agents of the Corporation reports or statements giving such information as he may desire with respect to any and all financial transactions of the Corporation;

(g) sign (unless the Secretary or an Assistant Secretary or an Assistant Treasurer shall sign) certificates representing stock of the Corporation the issuance of which shall have been duly authorized (the signature to which may be a facsimile signature) and

(h) in general, perform all duties incident to the office of Treasurer and such other duties as are given to him by these By-laws or as from time to time may be assigned to him by the Board of Directors, the Chairman or the President.

Section 5.13 Assistant Treasurers. At the request of the Treasurer or in his absence or disability, the Assistant Treasurer designated by him (or in the absence of such designation, the Assistant Treasurer designated by the Board of Directors, the Chairman or the President) shall perform all the duties of the Treasurer, and, when so acting, shall have all the powers of and be subject to all restrictions upon the Treasurer. The Assistant Treasurers shall perform such other duties as from time to time may be assigned to them by the Board of Directors, the Chairman, the President or the Treasurer.

Section 5.14 Salaries. The salaries of the officers of the Corporation shall be fixed from time to time by the Board of Directors except that the Board of Directors may delegate to any person the power to fix the salaries or other compensation of any officers or agents appointed in accordance with the provisions of Section 5.3. No officer shall be prevented from receiving such salary by reason of the fact that he is also a director of the Corporation.

ARTICLE VI

Execution of Instruments and Deposit of Corporate Funds

Section 6.1 Execution of Instruments Generally. The Chairman, President, any Vice President, the Secretary or the Treasurer, subject to the approval of the Board of Directors, may enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation. The Board of Directors may authorize any officer or officers, or agent or agents, to enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation, and such authorization may be general or confined to specific instances.

Section 6.2 Borrowing. No loans or advances shall be obtained or contracted for, by or on behalf of the Corporation and no negotiable paper shall be issued in its name, unless and except as authorized or ratified and confirmed by the Board of Directors. Such authorization or ratification and confirmation may be general or confined to specific instances. Any officer or agent of the Corporation thereunto so authorized may obtain loans and advances for the Corporation, and for such loans and advances may make, execute and deliver promissory notes, bonds, or other evidences of indebtedness of the Corporation. Any officer or agent of the Corporation thereunto so authorized may pledge, hypothecate or transfer as security for the payment of any and all loans, advances, indebtedness and liabilities of the Corporation, any and all stocks, bonds, other securities and other personal property at any time held by the Corporation, and to that end may endorse, assign and deliver the same and do every act and thing necessary or proper in connection therewith.

Section 6.3 Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to its credit in such banks or trust companies or with such bankers or other depositories as the Board of Directors may select, or as may be selected by any officer or officers or agent or agents authorized so to do by the Board of Directors. Endorsements for deposit to the credit of the Corporation in any of its duly authorized depositories shall be made in such manner as the Board of Directors from time to time may determine.

Section 6.4 Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, and all notes or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such officer or officers or agent or agents of the Corporation, and in such manner, as from time to time shall be determined by the Board of Directors.

Section 6.5 Proxies. Proxies to vote with respect to shares of stock of other corporations owned by or standing in the name of the Corporation may be executed and delivered from time to time on behalf of the Corporation by the Chairman, the President or a Vice President or by any other person or persons thereunto authorized by the Board of Directors.

ARTICLE VII

Section 7.1. Stockholder Matters.

(a) Meetings of Stockholders. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and

which record date shall not be more than sixty (60) nor less than (10) days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting unless the Board of Directors fixes a new record date for the adjourned meeting.

(b) Consent of Stockholders. In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent shall, by written notice to the Secretary, request the Board of Directors to fix a record date. The Board of Directors shall promptly, but in all events within ten (10) days after the date on which such a request is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board of Directors within ten (10) days of the date on which such a request is received, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or any officer or agent of the Corporation having custody of the book in which proceedings of stockholders' meetings are recorded, to the attention of the Secretary of the Corporation. Delivery shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by applicable law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the date on which the Board of Directors adopts the resolution taking such prior action.

(c) Dividends. In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights of the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date,

which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopted the resolution relating thereto.

ARTICLE VIII

Corporate Seal

Section 8.1 The corporate seal shall be circular in form and shall bear the name of the Corporation and words denoting its organization under the laws of the State of Delaware and otherwise shall be in such form as shall be approved from time to time by the Board of Directors.

ARTICLE IX

Fiscal Year

Section 9.1 The fiscal year of the Corporation shall begin on the first day of January in each year and end on the thirty-first day of December in each year.

ARTICLE X

Dividends and Finance

Section 10.1 Dividends are to be paid in cash or in stock and are to be paid out of the surplus earnings of the Corporation, evidenced by cash or assets on hand, but no dividends shall be paid that will impair the capital of the Corporation.

Section 10.2 The funds of the Corporation shall be deposited in such bank or trust company as the directors shall designate, and shall be withdrawn only upon such authorization as is provided for by the Board of Directors.

ARTICLE XI

Indemnification

To the fullest extent permitted by law, the Corporation shall indemnify any director or officer of the Corporation (including former officers and directors) who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director, officer, agent or employee of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees), liability, loss, judgment, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, upon a plea of nolo contendere or equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Such indemnity shall inure to the benefit of the heirs, executors and administrators of any director or officer so indemnified pursuant to this Article. The right to indemnification under this Article shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its disposition; provided, however, that if the Delaware General Corporation Law requires, the payment of such expenses incurred in advance of the final disposition of a proceeding shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this Article or otherwise. Such indemnification and advancement of expenses shall be in addition to any other rights to which those directors and officers seeking indemnification and advancement of expenses may be entitled under any law, agreement, vote of stockholders or otherwise.

Any repeal or amendment of this Article by the stockholders of the Corporation or by changes in applicable law shall, to the extent permitted by applicable law, be prospective only, and shall not adversely affect any right to indemnification or advancement of expenses of a director or officer of the Corporation existing at the time of such repeal or amendment. In addition to the foregoing, the right to indemnification and advancement of expenses shall be to the fullest extent permitted by the General Corporation Law of the State of Delaware or any other applicable law and all amendments to such laws as hereafter enacted from time to time.

ARTICLE XII

Amendments; Enforceability

These By-laws may be amended or repealed, or new By-laws may be adopted, (1) by action of the Board of Directors; or (2) at any annual or special meeting of the stockholders, by the affirmative vote of 80% of the outstanding stock entitled to vote on such action.

Notwithstanding any other provision contained in these by-laws, if independent counsel to the Corporation delivers to the Corporation a written opinion stating, or a court of competent jurisdiction determines, that any section of these by-laws, or any portion thereof, is invalid, enforceable or void with respect to any corporate action to be taken then such section, or such portion thereof, as the case may be, shall after the date of such delivery of such opinion or such determination shall be replaced and amended by the Board with provisions that are enforceable and achieve substantially the same intent, or come as nearly as permissible to the same intent, as the previous provisions. If such invalid, unenforceable or void provision cannot be replaced in accordance with this provision, such provision shall be null and void and of no effect, but the invalidity, unenforceability or voiding of such provision shall not in any way affect or impair the validity or enforceability of any other provision of these by-laws.

EXHIBIT 10(e)

PARKER DRILLING COMPANY
THIRD AMENDED AND RESTATED 1997 STOCK PLAN

1. Preamble.

Parker Drilling Company, a Delaware corporation (the "Company"), hereby establishes the Parker Drilling Company 1997 Stock Plan (the "Plan") as a means whereby the Company may, through awards of stock options and restricted stock:

(a) provide employees, directors or consultants who are in a position to contribute to the growth, management and success of the business of the Company and its Subsidiaries with additional incentive to promote the success of the Company and its Subsidiaries; and

(b) enable the Company to attract and retain the services of employees, directors and consultants upon whose judgment and effort the successful conduct of its operations is largely dependent.

Except as specifically provided herein, the provisions of the Plan do not apply to or affect any option, stock appreciation right, or stock heretofore or hereafter granted under any other stock or stock option plan of the Company or any Subsidiary, and all such options, stock appreciation rights or stock continue to be governed by and subject to the applicable provisions of the plan or agreement under which they were granted.

2. Definitions.

2.01 "Administrator" shall mean that person designated by the Board from time to time to administer the Awards made under the Plan, which designation shall be communicated to the Participants in writing.

2.02 "Award" shall mean a grant of an Option or the award of Restricted Stock under the Plan.

2.03 "Award Agreement" shall mean an agreement between the Company and a Participant which evidences the grant of an Option and/or the award of Restricted Stock to a Participant and sets forth the terms and conditions of such Option and/or Restricted Stock.

2.04 "Board" or "Board of Directors" means the board of directors of the Company.

2.05 "Change in Control" means the occurrence of any one of the following events:

(a) Any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(7) of the Exchange Act, except the Participant, his affiliates and associates, the Company, or any corporation, partnership, trust or other entity controlled by the Company (a "Subsidiary"), or any employee benefit plan of the Company or of any Subsidiary (each such individual, entity or group shall hereinafter be referred to as a "Person")) becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 15% or more of either (i) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Company Voting Securities"), in either case, unless the Board in office immediately prior to such entity becoming the beneficial owner of such amount of shares or voting power determines in writing within five business days of the receipt of actual notice of the foregoing change in beneficial ownership that the circumstances do not warrant the implementation of the provisions of this Agreement; or

(b) Individuals who, as of the beginning of any twenty-four month period, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any individual becoming a director subsequent to the beginning of such period whose election or nomination for election by the Company's stockholders was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding for this purpose any such individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of the Company (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act); or

(c) Consummation by the Company of a reorganization, merger or consolidation (a "Business Combination"), in each case, with respect to which all or substantially all of the individuals and entities who were the respective beneficial owners of the outstanding Company Common Stock and Company voting securities immediately prior to such Business Combination do not, immediately following such Business Combination, beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination in substantially the same proportion as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and Company Voting Securities, as the case may be; or

(d) (i) Consummation of a complete liquidation or dissolution of the Company or (ii) sale or other disposition of all or substantially all of the assets of the Company other than to a corporation with respect to which, following such sale or disposition, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of

directors of such corporation is then owned beneficially, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Company Voting Securities, as the case may be, immediately prior to such sale or disposition.

2.06 "Change of Control Price" means, with respect to the Common Stock, the higher of (a) the arithmetic average of the high and the low selling prices of the Common Stock on the new York Stock Exchange during the 30 calendar days preceding a Change of Control, or (b) the highest price paid or offered in a transaction which either (i) results in a Change of Control, or (ii) would be consummated but for another transaction which results in a Change of Control and, if it were consummated, would result in a Change of Control. With respect to clause (b) in the preceding sentence, the "price paid or offered" will be equal to the sum of (a) the face amount of any portion of the consideration consisting of cash or cash equivalents, and (b) the fair market value of any portion of the consideration consisting of real or personal property other than cash or cash equivalents, as established by an independent appraiser selected by the Compensation Committee.

2.07 "Code" means the Internal Revenue Code of 1986, as it exists now and as it may be amended from time to time.

2.08 "Compensation Committee" means the Compensation Committee of the Board, composed of two or more non-employee directors as determined by the Board.

2.09 "Common Stock" means the common stock of the Company, 16 2/3 cents par value per share.

2.08 "Company" means Parker Drilling Company, a Delaware corporation, and any successor thereto.

2.09 "Director(s)" means a member or members of the Board.

2.10 "Disability" means being unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.

2.11 "Exchange Act" means the Securities Exchange Act of 1934, as it exists now or from time to time may hereafter be amended.

2.12 "Fair Market Value" means for the relevant day:

(a) If shares of Common Stock are listed or admitted to unlisted trading privileges on any national or regional securities exchange, the last reported sale price, regular way, on the composite tape of that exchange on the day Fair Market Value is to be determined;

(b) If the Common Stock is not listed or admitted to unlisted trading privileges as provided in paragraph (a), and if sales prices for shares of Common Stock are reported by the National Market System of the National Association of Securities Dealers Automated Quotation System ("NASDAQ System"), then the last sale price for Common Stock reported as of the close of business on the day Fair Market Value is to be determined, or if no such sale takes place on that day, the average of the high bid and low asked prices so reported; if Common Stock is not traded on that day, the next preceding day on which such stock was traded; or

(c) If trading of the Common Stock is not reported by the NASDAQ System or on a stock exchange, Fair Market Value will be determined by the Board in its discretion based upon the best available data.

2.13 "Incentive Stock Option" or "ISO" means an Option that complies with the terms and conditions set forth in Section 422 of the Code and is designated as an ISO at the time of its grant.

2.14 "Officer" means a corporate officer of the Company or any Subsidiary or Affiliate of the Company.

2.15 "Option" means the right of a Participant to purchase a specified number of shares of Common Stock, subject to the terms and conditions of the Plan.

2.16 "Option Date" means the date upon which an Option is granted, or Restricted Stock is awarded, to a Participant under the Plan.

2.17 "Option Price" means the price per share at which an Option may be exercised.

2.18 "Participant" means an individual, or to the extent permitted as contemplated at Section 5 hereof, the account of an individual, to whom an Option or Restricted Stock has been granted under the Plan.

2.19 "Plan" means the Parker Drilling Company 1997 Stock Plan herein as from time to time amended.

2.20 "Restricted Stock" means Common Stock awarded to a Participant pursuant to the Plan and subject to the restrictions contained or authorized in Section 7 hereof.

2.21 "Securities Act" means the Securities Act of 1933, as it

exists now or from time to time may hereinafter be amended.

2.22 "Subsidiary" means any corporation or other entity of which the majority voting power or equity interest is owned directly or indirectly by the Company.

2.23 "Termination of Employment" means:

(a) with respect to an employee, when the employee's employment relationship with the Company and all of its Subsidiaries is terminated, regardless of any severance arrangements. A transfer from the Company to a Subsidiary or affiliate of the Company or a Subsidiary, or vice versa is not a termination of employment for purposes of the Plan; or

(b) with respect to a consultant, when the consultant's consulting relationship with the Company is terminated either due to the termination of any consulting agreement, or otherwise, regardless of the fact that no employment relationship exists.

2.24 Rules of Construction.

(a) Governing Law. The construction and operation of the Plan are governed by the laws of the State of Oklahoma.

(b) Undefined Terms. Unless the context requires another meaning, any term not specifically defined in the Plan has the meaning given to it by the Code.

(c) Headings. All headings in the Plan are for reference only and are not to be utilized in construing the Plan.

(d) Gender. Unless clearly appropriate, all nouns of either gender refer indifferently to persons of either gender.

(e) Singular and Plural. Unless clearly inappropriate, singular terms refer also to the plural and vice versa.

(f) Severability. If any provision of the Plan is determined to be illegal or invalid for any reason, the remaining provisions shall continue in full force and effect and shall be construed and enforced as if the illegal or invalid provision did not exist, unless the continuance of the Plan in such circumstances is not consistent with its purposes.

3. Stock Subject to the Plan.

Except as otherwise provided in Section 11, the total number of shares of Common Stock reserved and available for distribution pursuant to Awards under the Plan shall be 8,800,000

shares. Such number of shares may be increased as contemplated in the last sentence of this Section 3 or by amendment by the Board. Such shares may consist, in whole or in part, of authorized and unissued shares or treasury shares. Awards under the Plan may be of shares of Restricted Stock and/or Options. Options granted hereunder may be: (a) Incentive Stock Options or (b) non-qualified options. Only employees of the Company or any Subsidiary thereof shall be eligible to receive Incentive Stock Options under the Plan. Reserved shares may be either authorized but unissued shares or treasury shares, in the Board's discretion. If any Awards hereunder shall terminate or expire, as to any number of shares, or Options are exercised (and any related withholding tax paid) by the delivery (actual, constructive or by attestation) of shares of Common Stock, new Options and Restricted Stock may thereafter be awarded hereunder with respect to such delivered shares or expired or terminated Awards.

4. Administration.

The Plan shall be administered by the Board, or by such Person(s) as authorized by the Board. In addition to any other powers set forth in the Plan, the Board or the Compensation Committee has the authority:

(a) to construe and interpret the Plan, and to remedy any ambiguities or inconsistencies therein;

(b) to establish, amend and rescind appropriate rules and regulations relating to the Plan;

(c) subject to the express provisions of the Plan, to determine the individuals who will receive Awards of Options and/or Restricted Stock, the times when they will receive them, the number of shares to be subject to each Award and the Option Price, payment terms, payment method, and expiration date applicable to each Award;

(d) to contest on behalf of the Company or Participants, at the expense of the Company, any ruling or decision on any matter relating to the Plan or to any Awards of Options and/or Restricted Stock;

(e) generally, to administer the Plan, and to take all such steps and make all such determinations in connection with the Plan and the Awards of Options and/or Restricted Stock as it may deem necessary or advisable;

(f) to determine the form in which tax withholding under Section 14 of the Plan will be made; and

(g) to amend the Plan or any Option or Restricted Stock granted or awarded hereunder as may be necessary in order for any business combination involving the Company to qualify for pooling-of-interest treatment under APB No. 16.

5. Eligible Participants.

Subject to the provisions of the Plan, the persons who shall be eligible to participate in the Plan and be granted Awards shall be those persons who are employees or directors of the Company or any Subsidiary or consultants under contract to the Company, who shall be in a position, in the opinion of the Board or Compensation Committee, to make contributions to the growth, management and success of the Company or its Subsidiaries. Of those persons described in the preceding sentence, the Board or Compensation Committee may, from time to time, select persons to be granted Awards and shall determine the terms and conditions with respect thereto. In making any such selection and in determining the form of the Award, the Board or the Compensation Committee may give consideration to the functions and responsibilities of the person, to the person's contributions to the Company or its Subsidiaries, the value of the individual's service to the Company or its Subsidiaries and such other factors deemed relevant by the Board. In the event and to the extent authorized by the United States Departments of Treasury and Labor, the Parker Drilling Company Stock Bonus Plan account of an employee of the Company or a Subsidiary may also be a Participant, the Board may grant Options to such account and, to the extent such account is a Participant, the Options in such an account shall be subject to all of the terms and provisions of the Plan as if the Options had been granted to the individual for whom the account is maintained.

6. Terms and Conditions of Options.

The Board (or the Compensation Committee, which shall have the same authority throughout this section) may, in its discretion, grant Options to any Participant under the Plan. Each Option shall be evidenced by an agreement between the Company and the Participant. Unless the Board at the time of grant specifically designates Options granted under the Plan as Incentive Stock Options ("ISO's"), all Options granted under the Plan shall be Non-Qualified Stock Options ("NQSO's). Each Option agreement, in such form as is approved by the Board, shall be subject to the following express terms and conditions and to such other terms and condition, not inconsistent with the Plan as the Board may deem appropriate:

(a) Option Period. Each Option granted under the Plan shall be for such period as is established by the Board, except that each ISO shall expire no later than ten years after the Option Date.

Where Options are exercisable in installments, the right to purchase any shares shall be cumulative, so that when the right to purchase any shares has matured, such shares may be purchased thereafter until the expiration of the Option. The Board shall have the power to accelerate the exercisability of installments for any Option granted under the Plan.

(b) Option Price. At the time when the Option is granted, the Board will fix the Option Price. In the case of ISO's, the Option Price shall be no less than the Fair Market Value on the Option Date and in the case of all other Options granted under the Plan, the Option Price shall be as determined in the sole discretion of the Board, but in no event may the Option

Price be less than the par value for a share of Common Stock.

(c) Other Option Provisions. The form of Option authorized by the Plan may contain such other provisions as the Board may from time to time determine, including:

(i) "Discounted Options" which may be granted to any Participant. A "Discounted Option" is an Option having an Option Price per share less than the Fair Market Value at the Option Date provided such Option Price shall not be less than 50% of the Fair Market Value at the Option Date.

(ii) "Reload Options" which may be granted only to employees of the Company or a Subsidiary. A "Reload Option" is an Option automatically granted to a Participant pursuant to the terms of an Award Agreement upon the delivery of shares of Common Stock to pay any required withholding tax in respect of the exercise of an Option (the "delivered shares"). Such Reload Option entitles the Participant to purchase (at an option price equal to the Fair Market Value at the time of such delivery) a number of shares of Common Stock equal to the number of delivered shares. Reload Options shall be subject to all of the terms of the Plan and the Award Agreement in respect to which they are granted, including the Option Period for the Option exercised by delivery of the delivered shares, and shall not be exercisable before the earlier of one year after their grant or the day before the expiration of such Option Period. In the discretion of the Board, Reload Options granted on the exercise of ISO's may be ISO's or non-qualified options.

(d) Incentive Stock Options. ISO's may only be granted to employees of the Company or of a Subsidiary. The aggregate Fair Market Value (determined as of the Option Date of the ISO) of the Common Stock with respect to which ISO's are first exercisable by a Company or Subsidiary employee during any calendar year under all Option plans of the Company shall not exceed $100,000. An ISO granted to an employee who, at the time the ISO is granted, owns Common Stock possessing more than ten percent (10%) of the total combined voting power of all classes of capital stock of the Company or a Subsidiary thereof shall have an exercise price equal to not less than 110 percent (110%) of the Fair Market Value on the Option Date. In addition, no more than 4,000,000 shares of Common Stock may be issued as ISO's granted under the Plan and no ISO may be granted under the Plan after the tenth anniversary of the date the Plan is approved by the stockholders of the Company. Any Participant who disposes of shares acquired upon the exercise of an ISO either (i) within two years after the Option Date of the Option under which the shares were acquired or (ii) within one year after the acquisition of such shares shall notify the Company of such disposition and of the amount realized. Failure by a Participant to so notify the Company of such a disposition of shares shall entitle the Company to treat the shares of

Common Stock issued to such Participant as void ab initio or to recover from the Participant the greater of the value of the shares disposed of as of the date of disposition or the value of the shares disposed of as of the date the Company learns

of such disposition from either (i) any amounts due to such Participant from the Company or a Subsidiary, or (ii) otherwise. The Company may, at its discretion, place a legend noting the possible consequences of a Participant's failure to provide such disposition notice on shares of Common Stock delivered upon the exercise of an ISO.

(e) No person shall have any rights of a stockholder with respect to any shares to be delivered upon the exercise of an Option until such time as such Option is validly exercised.

7. Terms and Conditions of Restricted Stock Awards.

The Board (or the Compensation Committee which shall have similar authority throughout this section), in its discretion, may grant Restricted Stock to any Participant under the Plan, the purchase price of which shall be established by the Board. Each grant of Restricted Stock shall be evidenced by an Award Agreement between the Company and the Participant. All shares of Common Stock awarded to Participants under the Plan as Restricted Stock shall be subject to the following express terms and conditions and to such other terms and conditions, not inconsistent with the Plan, as the Board shall deem appropriate:

(a) Restrictions on Transfer. Shares of Restricted Stock awarded to Participants shall contain such restrictions on transfer as the Board may determine in its sole discretion. Except as permitted under Section 12 of the Plan, shares of Restricted Stock awarded to Participants may not be sold or transferred before such restrictions on transfer lapse, and may only be pledged to the Company or any Subsidiary to satisfy any obligations that the Participant may have to the Company or the Subsidiary with respect to the acquisition of such shares of Restricted Stock. Subject to the provisions of subparagraphs (b) and (c) below and any other restrictions imposed by law, the certificates for any shares of Restricted Stock the restrictions on which have lapsed will be transferred to the Participant or, in the event of his death, to the beneficiary or beneficiaries designated by writing filed by the Participant with the Board for such purpose or, if none, to his estate. Delivery of shares in accordance with the preceding sentence shall be made within the 30-day period after such restrictions shall lapse.

(b) Certificates Deposited With Company. Each certificate issued in respect of shares of Restricted Stock awarded under the Plan shall be registered in the name of the Participant and deposited with the Company. Each such certificate shall bear the following (or a similar) legend:

> "The transferability of this certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) relating to Restricted Stock contained in the Parker Drilling Company 1997 Stock Plan, as amended (the "Plan"), and an agreement entered into between the registered owner and Parker Drilling Company. Copies of such Plan and agreement are on file at the principal office of Parker Drilling Company."

(c) Stockholder Rights. Subject to the foregoing restrictions, each Participant shall have all the rights of a stockholder with respect to his shares of Restricted Stock including, but not limited to, the right to vote such shares.

(d) Dividends. On each Common Stock dividend payment

date, each Participant shall receive an amount equal to the dividend paid on that date on a share of Common Stock, multiplied by his number of shares of Restricted Stock.

8. Manner of Exercise of Options

To exercise an Option in whole or in part, a Participant (or, after his death, his executor or administrator) or his assignee (as contemplated at Section 12 hereof) must give written notice to the Administrator, stating the number of shares with respect to which he intends to exercise the Option. The Company will issue the shares with respect to which the Option is exercised upon payment in full of the Option Price. The Option Price may be paid (i) in cash, (ii) in shares of Common Stock held by the Participant, his executor, administrator, or assignee, and having an aggregate Fair Market Value, as determined as of the close of business on the day prior to the day on which such Option is exercised, equal to the Option Price, (iii) if permitted by the Board or Compensation Committee, a promissory note in the amount of the Option Price, which note shall provide for full personal liability of the maker and shall contain such other terms and provisions as the Board or Compensation Committee may determine, including without limitation the right to repay the note partially or wholly with Common Stock, (iv) if authorized in the Award Agreement for the Option being exercised, by delivery of irrevocable instructions to a broker to promptly deliver to the Company the amount of sale or loan proceeds necessary to pay for all Common Stock acquired through such exercise and any tax withholding obligations resulting from such exercise, (v) if authorized in the Award Agreement for the Option being exercised, by the withholding by the Company, pursuant to a written election delivered by the Participant, his executor, administrator, or assignee, to the Administrator on or prior to the date of exercise, from the shares of Common Stock issuable upon any exercise of the Option that number of shares having a Fair Market Value as of the close of business on the day prior to the day on which such Option is exercised equal to such Option Price, (vi) by constructive delivery ("attestation") of shares of Common Stock held by the Participant, his executor, administrator, or assignee, and having an aggregate Fair Market Value, as determined as of the close of business on the day of exercise, equal to the Option Price effected through providing the Company with a notarized statement on or before the day of exercise attesting to the number of shares owned by the Participant, his executor, administrator, or assignee, that will serve as the Option Price payment shares, or (vii) as authorized in the Award Agreement for the Option being exercised, by a combination of such methods. The Option Price may also be paid in shares of Common Stock which were received by the Participant, his executor, administrator, or assignee, upon the exercise of one or more Options or as an award of Restricted Stock under the Plan and upon which all restrictions have lapsed.

9. Vesting.

A Participant may not exercise an Option until it has become vested. The portion of an

Option Award that is vested depends upon the vesting restrictions, if any, established by the Board or Compensation Committee for such Option at the time of its grant and the period that has elapsed since the Option Date.

10. Change of Control.

Notwithstanding the provisions of Sections 6 and 7 or anything contained in a Participant's agreement to the contrary, upon a Change in Control, all Options and/or Restricted Stock shall be subject to the following:

(a) The restrictions and limitations applicable to any Options shall lapse, and such Options shall become free of all restrictions and become fully vested to the full extent of the original grant.

(b) The Company shall have the right to acquire from Participants their vested Options for which the value, as established in the Change of Control Price, of the Common Stock issuable upon exercise thereof is greater than the Option Price, by payment of the amount by which the price per share of Common Stock, as established in

the Change of Control Price, exceeds the Option Price; and

(c) All Restricted Stock shall become free of all restrictions and be fully vested and transferable.

11. Adjustments to Reflect Changes in Capital Structure.

If there is any change in the corporate structure or shares of the Company, the Board of Directors may, in its discretion, make any adjustments necessary to prevent accretion, or to protect against dilution, in the number and kind of shares authorized by the Plan and, with respect to outstanding Options and/or Restricted Stock, in the number and kind of shares covered thereby and in the applicable Option Price. For the purpose of this Section 11, a change in the corporate structure or shares of the Company includes, without limitation, any change resulting from a re-capitalization, stock split, stock dividend, consolidation, rights offering, spin-off, reorganization, or liquidation and any transaction in which shares of Common Stock are changed into or exchanged for a different number or kind of shares of stock or other securities of the Company or another corporation.

12. Non-Transferability of Options and Restricted Stock; Limited Exception to Transfer Restrictions.

(a) Unless otherwise expressly provided in this Section 12, by applicable law or by any Award Agreement, as the same may be amended, evidencing the grant or award of Restricted Stock or Options: Awards are non-transferable and shall not be subject in any manner to sale, transfer, anticipation, alienation, assignment, pledge, encumbrance or charge; Awards shall be exercised only by the person to whom such Awards were granted or awarded (a "Recipient"); and amounts payable or shares issuable pursuant to Awards

shall be delivered only to or for the account of a Recipient.

(b) Except as precluded by any applicable law, the Board may permit Awards to be transferred to and exercised by and paid to certain persons or entities related to the Recipient, including, but not limited to members of the Recipient's immediate family (parents, grandparents, children, grandchildren, spouse, siblings), charitable institutions, or trusts or other entities whose beneficiaries or beneficial owners are members of the Recipient's immediate family and/or charitable institutions, or to such other persons or entities as may be approved by the Board, pursuant to such conditions and procedures as the Board may establish. Any permitted transfer shall be subject to the condition that the Board receive evidence satisfactory to it that the transfer is being made for estate and/or tax planning purposes on a gratuitous or donative basis and without consideration other than nominal consideration.

(c) The exercise and transfer restrictions in this Section 12 shall not apply to:

(i) transfers to the Company;

(ii) the designation of a beneficiary to receive benefits in the event of the Recipient's death or, if the Recipient has died, transfers to or exercise by the Recipient's beneficiary, or, in the absence of a validly designated beneficiary, transfers by will or the laws of descent and distribution;

(iii) transfers pursuant to a domestic relations order;

(iv) if the Recipient has suffered a disability, permitted transfers or exercises on behalf of the Recipient by his or her legal representative; or

(v) the authorization by the Board of "cashless

exercise" procedures with third parties who provide financing for the purpose of (or who otherwise facilitate) the exercise of Awards consistent with applicable laws and the express authorization of the Board.

(d) In the event of a transfer of an Award pursuant to Subsection (b) or (c) of this Section 12, the Recipient will remain liable for any taxes (including withholding and social security taxes) due upon or as a consequence of the exercise of or lapse of any restrictions in respect of an Award and neither the Company nor the Board shall have any obligation to provide notice to a transferee of any event or information that has, will or could in any way affect an Award or its exercise.

13. Rights as Stockholder.

No person shall have any rights of a stockholder as to shares of Common Stock subject to an Award under the Plan until, after proper exercise of the Award or other action required, such shares shall have been recorded on the Company's official stockholder records as having been

issued or transferred. Upon exercise of the Award or any portion thereof, the Company will have thirty (30) days in which to issue the shares, and the Participant will not be treated as a stockholder for any purpose whatsoever prior to such issuance. No adjustment shall be made for cash dividends or other rights for which the record date is prior to the date such shares are recorded as issued or transferred in the Company's official stockholder records, except as provided herein or in an Agreement.

14. Withholding Tax.

No later than the date as of which an amount first becomes includible in the gross income of the Participant for federal income tax purposes with respect to any Award under the Plan, the Participant shall pay to the Company, or make arrangements satisfactory to the Company regarding the payment of, any federal, state, local or foreign taxes of any kind required by law to be withheld with respect to such amount. Unless otherwise determined by the Administrator, withholding obligations may be settled with shares of Common Stock, including Common Stock that is part of the Award that gives rise to the withholding requirement. The obligations of the Company under the Plan shall be conditional on such payment or arrangements, and the Company and Subsidiaries shall, to the extent permitted by law, have the right to deduct any such taxes from any payment otherwise due to the Participant. The Administrator may establish such procedures as it deems appropriate, including the making of irrevocable elections, for the settlement of withholding obligations with shares of Common Stock.

15. Termination of Employment.

(a) In the event of a Participant's Termination of Employment for any reason other than death or disability any Option or Restricted Stock shall expire forthwith; provided, however, that with the approval of the Board evidenced by a writing signed by an executive officer of the Company other than the Participant, unvested Options may be: (i) allowed to remain in effect and to vest and be exerciseable in accordance with the terms of the Award Agreement evidencing such options, or (ii) accelerated to vest immediately. Any Options exercisable at the time of such termination, or which become exerciseable in accordance with this paragraph may be exercised up to a date after such termination that is determined by the Board, but not exceeding five years from the date of such termination and not beyond the date the Option otherwise would have expired in accordance with the Award Agreement evidencing such Option. The restrictions on Restricted Stock may be eliminated so that such Restricted Stock is free of such restrictions at the time of Termination of Employment and not forfeited upon such Termination of Employment.

(b) Upon the death of a Participant, all unvested Options shall vest immediately and all restrictions on Restricted Stock shall lapse. A Participant's estate or beneficiaries shall have a period up to the later of one year after the Participant's death or

the expiration date specified in the Award Agreement within which to exercise the Option; provided, however, in the case of ISO's, the Participant's estate or beneficiaries may exercise an

Option only until the expiration date specified in the Award Agreement. Any Option may be immediately exercised in full by the Participant's estate or beneficiaries. In the event the Participant's estate is closed with exercisable Options then unexercised, the rights under this paragraph shall pass by will or the laws of descent and distribution. In the case of Restricted Stock, the restrictions on such Restricted Stock shall be deemed to have lapsed immediately before such Participant's death.

(c) Upon the disability of a Participant, all unvested Options shall vest immediately and all restrictions on Restricted Stock shall lapse. In the event of a Participant's disability during employment, the Participant, or his or her guardian or legal representative shall have a period up to the expiration date specified in the Award Agreement within which to exercise the Option. In the case of Restricted Stock, the restrictions on such Restricted Stock shall be deemed to have lapsed immediately before the disability of such Participant.

16. Cancellation of Option Grants and Restricted Stock.

(a) After Termination of Employment. If there is a Termination of Employment with respect to a Participant for any reason other than death, and, pursuant to paragraph (a) or (c) of Section 15, one or more Options have not yet expired or the restrictions pertaining to Restricted Stock have not lapsed, the Board, in its sole discretion, which may be delegated to the Chief Executive Officer of the Company or to the Chairman of the Board, may cancel any such Options at any time prior to the exercise thereof or declare forfeited any such Restricted Stock before the related restrictions lapse unless the following conditions are met:

(i) The Participant shall not render services for any organization or engage directly or indirectly in any business which, in the judgment of the Chief Executive Officer of the Company, is or becomes competitive with the Company, or which is or becomes otherwise prejudicial to or in conflict with the interests of the Company. The judgment of the Chief Executive Officer shall be based on the Participant's positions and responsibilities while employed by the Company, the Participant's post-employment responsibilities and position with the other organization or business, the extent of past, current and potential competition or conflict between the Company and the other organization or business, the effect on the Company's customers, suppliers and competitors of the Participant's assuming the post-employment position, and such other considerations as are deemed relevant given the applicable facts and circumstances. The Participant shall be free, however, to purchase as an investment or otherwise, stock or other securities of such organization or business so long as such stock or securities are listed upon a recognized securities exchange or traded over-the-counter, and such investment does not represent a substantial investment to the Participant or a greater than five percent (5%) equity interest in the organization or business.

(ii) The Participant shall not, without prior written authorization from

the Company, disclose to anyone outside the Company, or use in other than the Company's business, any confidential information or material relating to the business of the

Company, acquired by the Participant either prior to or after such Participant's Termination of Employment.

(b) Before Termination of Employment. The Board, in its sole discretion, which may be delegated to the Chief Executive Officer of the Company or to the Chairman of the Board, may cancel any Options held by a person or reduce the number thereof at any time prior to the exercise thereof or declare forfeited a part or all of any shares of Restricted Stock awarded to a Participant under the following circumstances:

(i) The Participant's conduct either in connection with his or her employment by the Company or otherwise is deemed inimical to the interests of the Company.

(ii) The Participant's employment responsibilities with the Company are reduced or altered and the Board determines that the Participant would not have been granted the Options or awarded the shares of Restricted Stock, or such number of Options or shares of Restricted Stock, had the Participant's employment responsibilities been at the reduced or altered level at the time of the grant or award of such Options or shares of Restricted Stock.

17. No Right To Employment.

Participation in the Plan will not give any Participant a right to be retained as an employee of the Company or any Subsidiary, or any right or claim to any benefit under the Plan, unless the right or claim has specifically accrued under the Plan.

18. Amendment of the Plan.

The Board may from time to time amend or revise the terms of the Plan in whole or in part and may without limitation, adopt any amendment deemed necessary.

19. Notice.

Any written notice to the Company required by any of the provisions of the Plan shall be addressed to the Administrator, if so required under the Plan, and otherwise to the Chairman of the Board or to the Chief Executive Officer of the Company, and shall become effective when it is received by the office of such Administrator, Chairman or the Chief Executive Officer.

20. Company Benefit and Compensation Plans.

Nothing contained in the Plan shall prevent any Participant prior to death, or the Participant's dependents or beneficiaries after the Participant's death, from receiving, in addition to any Options or Restricted Stock provided for under the Plan, any salary, incentive or performance

plan Awards, payments under a Company retirement plan or other benefits that may be otherwise payable or distributable to such Participant, or to the Participant's dependents or beneficiaries under any other plan or policy of the Company or otherwise. To the extent permitted by law, grants of Options or awards of Restricted Stock under the Plan may be made in combination with, or as alternatives to, grants, awards or payments under other Company plans.

21. Representations and Warranties.

No person shall at any time have a right to be selected as a Participant in the Plan, nor having been selected as a Participant for one Award to be selected as a Participant for any other Award, and no person shall have any authority to enter into any agreement assuring such selection or making any warranty or representation with respect thereto. A Participant shall have no rights to or interest in any Option or Restricted Stock except as set forth herein.

22. Unfunded Plan.

Insofar as it provides for grants of Options and awards of Restricted Stock, the Plan shall be unfunded. Although bookkeeping accounts may be established with respect to Participants who are or may become entitled to Common Stock under the Plan, any such accounts shall be used merely as a bookkeeping convenience. The Company shall not be required to segregate any assets that may at any time be represented by Common Stock, nor shall the Plan be construed as providing for such segregation, nor shall the Company nor the Board be deemed to be a trustee of any Common Stock issuable or deliverable under the Plan. Any liability of the Company to an Participant with respect to a grant of Options or award of Restricted Stock under the Plan shall be based solely upon any contractual obligations that may be created by the Plan or an Award Agreement; no such obligation of the Company shall be deemed to be secured by any pledge or other encumbrance on any property of the Company. Neither the Company nor the Board shall be required to give any security or bond for the performance of any obligation that may be created by the Plan.

23. Conditions Upon Issuance of Shares.

An Option shall not be exercisable, a share of Common Stock shall not be issued pursuant to the exercise of an Option, and restrictions on Restricted Stock awarded shall not lapse until such time as the issuance and delivery of such share pursuant thereto shall comply with all relevant provisions of law, including, without limitation, the Securities Act, the Exchange Act, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares of Common Stock may then be listed (including the listing requirements for such Common Stock on the Exchange), and shall be further subject to the approval of counsel for the Company with respect to such compliance. As a condition to the exercise of an Option, the Company may require the person exercising such Option to represent and warrant at the time of any such exercise that the Common Stock is being purchased only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned relevant provisions of law.

24. Effective Date and Termination of Plan.

24.1 Effective Date. The Plan is effective as of the of the date of its adoption by the Board of Directors.

24.2 Termination of the Plan. The Board may terminate the Plan at any time with respect to any shares that are not then subject to Options or Restricted Stock. Termination of the Plan will not affect the rights and obligations of any Participant with respect to Options or Restricted Stock awarded before termination.

* * * * *

The undersigned, being the duly elected Secretary of Parker Drilling Company, does hereby certify that the foregoing Parker Drilling Company Second Amended and Restated 1997 Stock Plan was approved and adopted by the Board of Directors effective as of July 24, 2002.

/s/ Ronald C. Potter

Ronald C. Potter
Corporate Secretary

EXHIBIT 10(g)

Schedule of Identical Documents

Attached as Exhibit 10(g) is a copy of the Indemnification Agreement between the Company and Robert L. Parker Jr. dated October 24, 2002. Each of the directors and Named Executive Officers executed an identical indemnification agreement during 2002.

EXHIBIT 10(g)

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (this "Agreement") is made and entered into as of the 24 day of October, 2002, by and between Parker Drilling Company, a Delaware corporation (the "Company"), and Robert L. Parker, Jr., an individual ("Indemnitee").

WITNESSETH:

WHEREAS, it is essential to the Company to retain and attract as directors and officers the most capable persons available;

WHEREAS, Indemnitee is an officer and/or director of the Company or of an entity in which the Company directly or indirectly owns an interest;

WHEREAS, both the Company and Indemnitee recognize the increased risk of litigation and other claims being asserted against directors and officers of companies in today's environment;

WHEREAS, the Certificate of Incorporation and/or By-laws of the Company (the "Charter Documents") require the Company to indemnify its officers and directors, and persons who serve at its request as officers or directors of other companies, and Indemnitee has agreed to serve in such capacity, in part in reliance on the Charter Documents; and

WHEREAS, in recognition of Indemnitee's need for substantial protection against personal liability in order to enhance Indemnitee's service to the Company in an effective manner, and Indemnitee's reliance on the Charter Documents, and in part to provide Indemnitee with specific contractual assurance that the protection promised by the Charter Documents will be available to Indemnitee (regardless of, among other things, any amendment to or revocation of the Charter Documents or any change in the composition of the Company's Board of Directors or acquisition transaction relating to the Company), the Company wishes to provide in this Agreement for the indemnification of and the advancing of expenses to Indemnitee to the fullest extent (whether partial or complete) permitted by law and as set forth in this Agreement, and, if insurance is obtained, for the coverage of Indemnitee under the Company's directors' and officers' liability insurance policies;

NOW, THEREFORE, in consideration of the premises and of Indemnitee's agreeing to serve the Company directly, or at its request another enterprise, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Certain Definitions.

(a) Change in Control: shall be deemed to have occurred if (i) any "person" (as defined in Section 1(e) below) becomes, after the date hereof, the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "1934 Act")), directly or indirectly, of securities of the Company representing 50% or more of the total voting power represented by the Company's then outstanding Voting Securities, or (ii) during any period of two

consecutive years, individuals who at the beginning of such period constitute the Board of Directors of the Company and any new director whose election by the Company's Board of Directors or nomination for election by the Company's

stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, or (iii) a merger or consolidation of the Company with any other corporation is approved, other than a merger or consolidation which would result in the Voting Securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) at least 80% of the total voting power represented by the Voting Securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or (iv) a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets is approved.

(b) Claim: any threatened, pending or completed action, suit, proceeding, arbitration or alternative dispute resolution mechanism, or any inquiry or investigation, whether conducted by the Company or any other party, that Indemnitee in good faith believes might lead to the institution of any such action, suit or proceeding, whether civil, criminal, administrative, investigative or other.

(c) Expenses: include attorneys' fees and all other costs, expenses and obligations paid or incurred in connection with investigating, defending, being a witness in, participating in (including on appeal), or preparing to defend, be a witness in or participate in any Claim relating to any Indemnifiable Event.

(d) Indemnifiable Event: any event or occurrence related to the fact that Indemnitee is or was a director, officer, employee, agent or fiduciary of the Company, or is or was serving at the request (express or implied) of the Company as a director, officer, employee, trustee, agent or fiduciary of another corporation, partnership, joint venture, employee benefit plan, trust or other enterprise, or by reason of anything done or not done by Indemnitee in any such capacity.

(e) Person: any person, as such term is used in Sections 13(d) and 14(d) of the 1934 Act, but excluding therefrom a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(f) Potential Change in Control: shall be deemed to have occurred if (i) the Company enters into an agreement the consummation of which would result in the occurrence of a Change in Control, (ii) any person (including the Company) publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control, or (iii) the Board of Directors of the Company adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

(g) Reviewing Party: any appropriate person or body consisting of a member or members of the Company's Board of Directors or any other person or body appointed by the Company's Board of Directors (including the special, independent counsel referred to in Section 3 below) who is not a party to the particular Claim for which Indemnitee is seeking indemnification.

(h) Voting Securities: any securities of the Company which vote generally in the election of directors.

2. Basic Indemnification Arrangement.

(a) In the event Indemnitee was, is or becomes a party to or witness or other participant in, or is threatened to be made a party to or witness or other participant in, a Claim by reason of (or arising in part out of) an Indemnifiable Event, the Company shall indemnify Indemnitee to the fullest extent permitted by law, as the same exists or hereafter may be amended, promptly upon the receipt of written demand, against any and all Expenses, judgments, fines, penalties and amounts paid in settlement (if such settlement is approved in advance by the Company, which approval shall not be unreasonably

withheld) (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines, penalties or amounts paid in settlement) of such Claim. If so requested by Indemnitee, the Company shall advance (within two business days after the Company's receipt of such request) any and all such Expenses to Indemnitee (an "Expense Advance"). Notwithstanding anything in this Agreement to the contrary, prior to a Change in Control, Indemnitee shall not be entitled to indemnification pursuant to this Agreement in connection with any Claim initiated by Indemnitee against the Company or any director or officer of the Company unless the Company has joined in or consented to the initiation of such Claim.

(b) Notwithstanding the foregoing, (i) the obligations of the Company under Section 2(a) above shall be subject to the condition that the Reviewing Party shall not have determined (in a written legal opinion if the special, independent counsel referred to in Section 3 below is involved) that indemnification of Indemnitee would not be permitted under applicable law, provided, that to be effective any such denial of indemnity must be in writing, delivered to Indemnitee, stating with particularity the reason for such denial; and (ii) the obligation of the Company to make an Expense Advance pursuant to Section 2(a) above shall be subject to the condition that if, when and to the extent that the Reviewing Party determines that indemnification of Indemnitee would not be permitted under applicable law, the Company shall be entitled to be reimbursed by Indemnitee (who hereby agrees to reimburse the Company) for all such amounts theretofore paid; provided, however, that if Indemnitee has commenced legal proceedings in a court of competent jurisdiction to secure a determination that Indemnitee should be indemnified under applicable law, any determination made by the Reviewing Party that indemnification of Indemnitee would not be permitted under applicable law shall not be binding and Indemnitee shall not be required to reimburse the Company for any Expense Advance until a final judicial determination is made with respect thereto (as to which all rights of appeal therefrom have been exhausted or lapsed).

(c) If there has not been a Change in Control, the Reviewing Party shall be selected by the Board of Directors of the Company, and if there has been such a Change in Control, the Reviewing Party shall be the special, independent counsel referred to in Section 3 below. If there has been no determination by the Reviewing Party or if the Reviewing Party determines that indemnification of Indemnitee would not be permitted in whole or in part under applicable law, Indemnitee shall have the right to commence litigation, in any court in the state of Texas or Delaware having subject matter jurisdiction thereof and in which venue is proper, seeking an initial determination by the court or challenging any such determination by the Reviewing Party or any aspect thereof, and the Company hereby consents to service of process and to appear in any such proceeding. Any determination by the Reviewing Party otherwise shall be conclusive and binding on the Company and Indemnitee.

(d) Indemnitee shall, as a condition precedent to Indemnitee's right to be indemnified under this Agreement, give the Company notice in writing as soon as practicable of any Claim made against Indemnitee for which indemnification will or could be sought under this Agreement. Notice to the Company shall be directed to the Chief Executive Officer of the Company, with a copy to the Company's Secretary, at the address shown on the signature page of this Agreement (or such other address as the Company shall designate in writing to Indemnitee). In addition, Indemnitee shall give the Company such information and cooperation as it may reasonably require and as shall be within Indemnitee's power. Promptly after receipt by Indemnitee, or the Company, of any notice or document respecting the commencement of a Claim naming or involving Indemnitee and relating to an Indemnifiable Event with respect to which Indemnitee may be entitled to indemnification or an Expense Advance pursuant to this Agreement, the party receiving the same shall notify the other party promptly of such receipt.

3. Change in Control. The Company agrees that if there is a Change in Control, then, with respect to all matters thereafter arising concerning the rights of Indemnitee to indemnity payments and Expense Advances under this Agreement or any other agreement or the Charter Documents now or hereafter in effect relating to Claims for Indemnifiable Events, the Company shall seek legal advice only from special, independent counsel selected by Indemnitee and approved by the Company (which approval shall not be unreasonably withheld),

which counsel has not otherwise performed services for the Company or Indemnitee within the last five (5) years (other than in connection with such matters). Such counsel, among other things, shall render its written opinion to the Company and Indemnitee as to whether and to what extent Indemnitee would be permitted to be indemnified under applicable law. The Company agrees to pay the reasonable fees of the special, independent counsel referred to above and to fully indemnify such counsel against any and all expenses (including attorneys' fees), claims, liabilities and damages arising out of or relating to this Agreement or such counsel's engagement pursuant hereto.

4. Establishment of Trust. In the event of a Potential Change in Control, the Company shall promptly, upon written request by Indemnitee, create a trust for the benefit of Indemnitee (the "Trust") and, from time to time upon written request by Indemnitee, shall fund the Trust in an amount sufficient to satisfy (a) any and all Expenses reasonably anticipated at the time of each such

request to be incurred in connection with investigating, preparing for and defending any Claim relating to an Indemnifiable Event, and (b) any and all judgments, fines, penalties and settlement amounts (if such settlement is approved in advance by the Company, which approval shall not be unreasonably withheld) of any and all Claims relating to an Indemnifiable Event from time to time actually paid or claimed, reasonably anticipated or proposed to be paid. The terms of the Trust shall provide that, upon a Change in Control, (v) the Trust shall not be revoked or the principal thereof invaded, without the written consent of Indemnitee, (w) the trustee of the Trust (the "Trustee") shall advance to Indemnitee, within two business days of a request by Indemnitee, any and all Expenses (and Indemnitee hereby agrees to reimburse the Trust under the circumstances under which Indemnitee would be required to reimburse the Company under Section 2(b) above), (x) the Trust shall continue to be funded by the Company in accordance with the funding obligation set forth above, (y) the Trustee shall promptly pay to Indemnitee all amounts for which Indemnitee shall be entitled to indemnification pursuant to this Agreement or otherwise, and (z) all unexpended funds in the Trust shall revert to the Company upon a final determination by the Reviewing Party or a court of competent jurisdiction, as the case may be, that Indemnitee has been fully indemnified under the terms of this Agreement. The Trustee shall be chosen by Indemnitee, with the approval of the Company (which approval shall not be unreasonably withheld), and all reasonable expenses, fees and other disbursements of the Trustee in connection with the establishment and administration of the Trust shall be paid by the Company. Nothing in this Section 4 shall relieve the Company of any of its obligations under this Agreement or any provision of the Charter Documents or other agreement now or hereafter in effect.

5. Indemnification for Additional Expenses. The Company shall indemnify Indemnitee against any and all expenses (including attorneys' fees) and, if requested by Indemnitee, shall (within two business days after receipt of such request) advance such expenses to Indemnitee, which are incurred by Indemnitee in connection with any claim asserted against or action brought by Indemnitee for (a) indemnification or advance payment of Expenses by the Company under this Agreement or any other agreement or any provision of the Charter Documents now or hereafter in effect relating to Claims for Indemnifiable Events, and/or (b) recovery under any directors' and officers' liability insurance policies maintained by the Company, provided that, in either case, Indemnitee ultimately is determined to be entitled, in whole or in part, to such indemnification, advance expense payment or insurance recovery, as the case may be. The Company shall be entitled to be reimbursed by Indemnitee (who hereby agrees to reimburse the Company) for all such amounts theretofore paid Indemnitee under this Section 5 if Indemnitee ultimately is determined not to be entitled to such indemnification, advance expense payment or insurance recovery, as the case may be.

6. Partial Indemnity, etc. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for a portion, but not all, of the Expenses, judgments, fines, penalties and amounts paid in settlement of a Claim, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled. Moreover, notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits or otherwise in defense of any or all Claims relating in whole or in part to an Indemnifiable Event or in

defense of any issue or matter therein, including without limitation dismissal without prejudice, Indemnitee shall be indemnified against all Expenses incurred in connection therewith.

7. Burden of Proof. In connection with any determination by the Reviewing Party or otherwise as to whether Indemnitee is entitled to be indemnified hereunder the burden of proof shall be on the Company to establish that Indemnitee is not so entitled.

8. No Presumption. For purposes of this Agreement, the termination of any claim, action, suit or proceeding, by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law.

9. Non-exclusivity, etc. The rights of Indemnitee hereunder shall be in addition to any other rights Indemnitee may have under the Charter Documents or the corporate law of the State of Delaware or otherwise. To the extent that a change in the corporate law of the State of Delaware (whether by statute or judicial decision) permits greater indemnification by agreement than would be afforded currently under the Charter Documents and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change.

10. Liability Insurance. To the extent the Company maintains an insurance policy or policies providing directors' and officers' liability insurance, Indemnitee shall be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any Company director or officer. If, at the time of the receipt by the Company of a notice of a Claim pursuant to Section 2(d) hereof, the Company, or any affiliate of the Company, has liability insurance in effect which may cover such Claim, the Company shall give prompt notice of the commencement of such Claim to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such action, suit, proceeding, inquiry or investigation in accordance with the terms of such policies.

11. Amendments, etc. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

12. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including without limitation the execution of such documents as may be necessary to enable the Company effectively to bring suit to enforce such rights.

13. No Duplication of Payment. The Company shall not be liable under this Agreement to make any payment in connection with any claim made against Indemnitee to the extent Indemnitee has otherwise actually received payment (under any insurance policy, the Charter Documents or otherwise) of the amounts otherwise indemnifiable hereunder.

14. Binding Effect, etc. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors, assigns (including without limitation any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company), spouse, heirs,

and personal and legal representatives. This Agreement shall continue in effect regardless of whether Indemnitee continues to serve as an officer or director of the Company or of any other enterprise at the Company's request.

15. Severability. The provisions of this Agreement shall be severable in the event that any of the provisions hereof (including any provision within a single section, paragraph or sentence) are held by a court of competent jurisdiction to be invalid, void or otherwise unenforceable, and the remaining provisions shall remain enforceable to the fullest extent permitted by law.

16. Notice. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed duly given (i) if delivered by hand and signed for by the addressee, on the date of such receipt, or (ii) if mailed by domestic certified or registered mail with postage prepaid, on the third business day after the date postmarked. Addresses for notice to either party are as shown on the signature page of this Agreement, or as subsequently modified by written notice.

17. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware applicable to contracts made and to be performed in such state without giving effect to the principles of conflicts of laws.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by Indemnitee and a duly authorized representative of the Company as of the date first above written.

PARKER DRILLING COMPANY

By:

Name: Robert L. Parker, Sr.
Title: Director and Chairman
Address: 1401 Enclave Parkway
Houston, TX 77077

INDEMNITEE:

- ---
Robert L. Parker, Jr.
1401 Enclave Parkway, Suite 600
Houston, TX 77077

EXHIBIT 10(h)

Schedule of Substantially Identical
Documents Omitted

Attached as Exhibit 10(h) is a copy of the Employment Agreement between the Company and Robert L. Parker Jr., that was effective as of November 2, 2002 ("Agreement"). Each of the other Named Executive Officers entered into employment agreements with the Company effective November 2, 2002, which employment agreements have identical benefits in the event of a change in control and are otherwise substantially identical to the attached Agreement, differing materially only in the following respects:

<TABLE>
<CAPTION>

NEO	Term	Target Bonus	Benefit Period/Non-Renewal Severance
<S>	<C>	<C>	<C>
Robert L. Parker Sr.	1 year	Board discretion	Identical
Robert Nash	Identical	75% of salary	Identical
James W. Whalen	Identical	75% of salary	Identical
Thomas L. Wingerter	2 years	50% of salary	1.5 years
W. Kirk Brassfield	2 years	50% of salary	1.5 years

</TABLE>

* See Summary Compensation Table in 2002 Proxy Statement

EXHIBIT 10(h)

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") is made and entered into as of November 1, 2002 (the "EFFECTIVE DATE"), by and between PARKER DRILLING COMPANY, a Delaware corporation (hereafter "COMPANY"), and Robert Parker, Jr. (hereafter "EXECUTIVE"), an individual. The Company and Executive may sometimes hereafter be referred to singularly as a "PARTY" or collectively as the "PARTIES."

WITNESSETH:

WHEREAS, the Parties previously entered into an employment agreement effective as of November 1, 2002 (the "Prior Employment Agreement");

WHEREAS, prior to November 1, 2002, the Parties entered into a Severance Compensation and Consulting Agreement (as the same may have been amended from time to time, the "Severance Compensation and Consulting Agreement") that provides certain benefits in the event of a change in control;

WHEREAS, the Parties now desire to amend and restate the Prior Employment Agreement in order to integrate the provisions of the Employment Agreement and the Severance Compensation and Consulting Agreement into a single agreement, and to eliminate the Company's obligation to engage Executive as a consultant following a change in control;

WHEREAS, the Company desires to continue to secure the services of Executive subject to the terms and conditions hereafter set forth; and

WHEREAS, Executive is willing to enter into this Agreement upon the terms and conditions hereafter set forth,

NOW, THEREFORE, in consideration of Executive's employment with the Company, and the mutual promises and agreements contained herein, the Parties hereto agree as follows:

1. EMPLOYMENT. During the Term of Agreement (as defined in Section 4), the Company shall employ Executive, and Executive shall serve as President and Chief Executive of the Company. Executive's principal place of employment shall be at the corporate offices of the Company in Houston, Texas. Executive understands and agrees that he may be required to travel from time to time for purposes of the Company's business.

2. COMPENSATION. Compensation shall be paid or provided to Executive during the Term of Agreement as follows:

(a) BASE SALARY. The Company shall pay to Executive a base salary of $522,500.00 per year, payable in accordance with the Company's normal payroll

schedule and procedures for its executives. Executive's base salary shall be subject to at least annual review and may be increased (but not decreased without Executive's express written consent) by the Board of Directors of the Company (hereafter "Board"). Nothing contained herein shall preclude the payment of any other compensation to Executive at any time.

(b) BONUS. The annual incentive bonus target shall be 100% of Executive's annual base salary. The annual incentive target shall be subject to review and may be increased (but not decreased without Executive's express written consent) by the Board.

(c) STOCK AWARDS. Executive shall be eligible from time to time to receive grants of stock options, stock appreciation rights, restricted stock or grants thereof, or rights to acquire stock or other securities of the Company, all as commensurate with his executive position, and to the extent permitted by and in accordance with the terms of the Company's stock option plan or plans, as in effect from time to time.

3. DUTIES AND RESPONSIBILITIES OF EXECUTIVE. During the Term of Agreement, Executive shall devote his full business time and attention to the Company's business and shall use his best efforts to promote its success and shall perform the duties and responsibilities assigned to him by the Board to the best of his ability and with reasonable diligence. This Section 3 shall not be construed as preventing Executive from (a) engaging in reasonable volunteer services for charitable, educational or civic organizations, or (b) investing his assets in such a manner that will not require a material amount of his time or services in the operations of the businesses in which such investments are made; provided, however, no such other activity shall conflict with Executive's loyalties and duties to the Company. Executive shall at all times use his best efforts to in good faith comply with United States laws applicable to Executive's actions on behalf of the Company and its Affiliates (as defined in Section 6(d)).

4. TERM OF AGREEMENT. Executive's initial term of employment with the Company under this Agreement shall be for the period from the Effective Date through October 31, 2005 (the "Initial Term of Agreement"). Thereafter, the term of the Agreement hereunder shall be automatically extended repetitively for an additional two (2) year period on November 1, 2005, and each two (2) year anniversary thereof, unless notice is given by either the Company or Executive to the other Party at least sixty (60) days prior to the end of the Initial Term of Agreement, or any two-year extension thereof, as applicable, that the Agreement will not be renewed for a successive two-year period. The term of the Agreement shall also be extended upon a Change in Control as provided in Section 7. The Initial Term of Agreement and any extension of the term of Agreement hereunder shall each be referred to herein as a "Term of Agreement." The Company and Executive shall each have the right to give Notice of Termination (pursuant to Section 10) at will, with or without cause, at any time subject, however, to the terms and conditions of this Agreement regarding the rights and duties of the Parties upon termination of employment. The period from the Effective Date through the date of

Executive's termination of employment for whatever reason shall be referred to herein as the "Employment Period."

5. BENEFITS. Subject to the terms and conditions of this Agreement, during the Employment Period, Executive shall be entitled to the following:

(a) REIMBURSEMENT OF EXPENSES. The Company shall pay or reimburse Executive for all reasonable travel, entertainment and other expenses paid or incurred by Executive in the performance of his duties hereunder. The Company shall also provide Executive with suitable office space, including staff support, and paid parking. In addition, subject to prior approval of the Board, the Company shall pay the membership fees and dues for Executive to be a member of a luncheon club and/or country club as may be applicable to the position.

(b) OTHER EMPLOYEE BENEFITS. Executive shall be entitled to participate and shall be included in any pension, retirement, 401(k), and profit-sharing, non-qualified deferred compensation and other group retirement plans or programs of the Company, to the same extent as available to other officers of the Company under the terms of such plans or programs. Executive shall also be entitled to participate in any hospitalization, medical, dental, health, life, accident, disability and other group insurance plans or programs of the Company, to the same extent as available to other officers of the Company under the terms of such plans or programs.

(c) PAID VACATION. Executive shall be entitled to the number of days of paid vacation each year that is accorded under the Company's vacation policy for senior officers of the Company, but not less than twenty (20) days annually of paid vacation.

6. RIGHTS AND PAYMENTS UPON TERMINATION PRIOR TO A CHANGE IN CONTROL. Except in the event of a termination of employment after a Change in Control, as hereafter defined, under the circumstances and within the time limits provided in Section 7, Executive's right to compensation and benefits for periods after the date on which his employment with the Company terminates for whatever reason (the "Termination Date"), shall be determined in accordance with this Section 6, as follows:

(a) MINIMUM PAYMENTS. Executive shall be entitled to the following minimum payments, in addition to any other payments or benefits he is entitled to receive under the terms of any employee benefit plan or any other provision of this Section 6:

(1) his unpaid salary for the full month in which his Termination Date occurred; provided, however, if Executive is terminated for Cause (as defined in Section 6(d)), he shall only be entitled to receive his accrued but unpaid salary through his Termination Date;

(2) if his Termination Date occurs after the end of the Company's fiscal year and prior to the payment of his annual incentive bonus for such year, the same annual incentive bonus to which he would

have been entitled had his employment continued through the normal bonus payment date;

(3) his unpaid vacation pay for that year which has accrued through his Termination Date.

Any such salary and accrued vacation pay shall be paid to Executive in a cash lump sum within five (5) business days following the Termination Date and any such annual incentive bonus shall be paid in a cash lump sum on the normal bonus payment date for other Company executives whose employment has continued.

(b) OTHER SEVERANCE PAYMENTS. In the event that during the Term of Employment (i) Executive's employment is terminated by the Company for any reason, including due to his death, "Disability" or "Retirement" (as such terms are defined in Section 6(d), other than a "No Severance Benefits Event" (as defined in Section 6(d)) or (ii) Executive terminates his own employment hereunder for "Good Reason" (as defined in Section 6(d)), then in either such event under clause (i) or (ii), the following severance benefits shall be provided:

(1) The Company shall pay to Executive as additional

compensation (the "ADDITIONAL PAYMENT"), an amount which is equal to "Total Cash" (defined below) multiplied by two (2) (the "SEVERANCE MULTIPLIER"). "Total Cash" means the greater of (x) or (y), where (x) equals Executive's annual base salary as in effect immediately prior to his Termination Date plus Executive's current annual incentive target bonus, and (y) equals the highest base salary plus bonus that was paid to Executive by the Company during any of the three calendar years immediately preceding the year containing the Termination Date. The Company, in its discretion, shall make the Additional Payment to Executive either (i) in a cash lump sum not later than sixty (60) calendar days following the Termination Date or (ii) in substantially equal monthly installment payments over a period of twenty four (24) months beginning within 30 days of the Termination Date.

(2) The Company shall maintain Executive's group health plan and group dental plan coverage for a period of twenty four (24) months following the Termination Date, at substantially the same level of coverages as existed on the Termination Date; provided, however, Executive and his covered dependents, if any, shall not be required to pay any portion of the premium cost to retain such coverages but in all other respects shall be treated the same as other participants under the terms of such plans. Thereafter, Executive shall be entitled to elect continuation coverage under such plans pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA") and the Company's procedures for COBRA administration. In the event that COBRA coverage is elected, (i) the COBRA time period shall not be reduced by

the post-termination continuation coverage provided pursuant to the foregoing provisions of this paragraph and (ii) Executive (and his covered dependents, if any) must pay the full COBRA premium rates as effective during the COBRA coverage period. In the event of any change to the group health plan or group dental plan following the Termination Date, Executive and his spouse and dependents, as applicable, shall be treated consistently with the then-current senior officers of the Company (or its successor) with respect to the terms and conditions of coverage and other substantive provisions of the plan; provided, however, no participant contributions shall be required from them unless COBRA coverage is in effect. Executive and his spouse hereby agree to acquire and maintain any and all coverage that either or both of them are entitled to at any time during their lives under the Medicare program or any similar program of the United States Government or any agency thereof (hereinafter referred to as "Medicare"). The coverage described in the immediately preceding sentence includes, without limitation, parts A and B of Medicare and any additional parts of Medicare. Executive and his spouse further agree to pay any required premiums for Medicare coverage from their personal funds. Notwithstanding the foregoing provisions of this Section 6(b)(2), the coverage of Executive (and his dependents, if any) under such medical and/or dental plans maintained by the Company shall terminate in the event that Executive becomes employed by another for-profit employer which maintains a group health plan or plans for its employees providing group medical coverage or group dental coverage, as applicable; provided, however, any COBRA coverage shall not be terminated unless and until permitted under COBRA.

In the event that (i) Executive voluntarily resigns or otherwise voluntarily terminates his own employment at any time without Good Reason (other than as a result of death, Disability or Retirement), or (ii) his employment is terminated due to a "No Severance Benefits Event" (as defined in Section 6(d)), then the Company shall have no obligation to provide any severance benefits under paragraphs (1) and (2) above of this Section 6(b), or under Section

6(a)(2). Executive shall still be entitled to the severance benefits provided under Section 6(a)(1) and (3). The severance payments provided under this Agreement shall supersede and replace any severance payments under any severance pay plan that the Company or any Affiliate maintains for employees generally.

(c) Notwithstanding any provision of this Agreement to the contrary, in order to receive the severance benefits payable under either Section 6(b), Section 7 or Section 8, as applicable, Executive must first execute an appropriate release agreement (on a form provided by the Company) whereby Executive agrees to release and waive, in return for such severance benefits, any claims that he may have against the Company including, without limitation for unlawful discrimination (including, without limitation, under Title VII of the Civil Rights Act); provided, however, unless specifically and expressly consented to by Executive, such release agreement shall not release any claim by Executive for any payment or benefit that is due under either this Agreement or any employee benefit plan or program of the Company until fully paid.

(d) DEFINITIONS. For purposes of this Agreement:

(1) "AFFILIATE" means any entity which owns or controls, is owned or controlled by, or is under common control with, the Company.

(2) "CAUSE" means any of the following:

(A) Executive's conviction by a court of competent jurisdiction as to which no further appeal can be taken of a crime involving moral turpitude or a felony or entering the plea of nolo contendere to such crime by Executive;

(B) the commission by Executive of a material act of fraud upon the Company or any Affiliate;

(C) the material misappropriation of funds or property of the Company or any Affiliate by Executive;

(D) the knowing engagement by Executive without the written approval of the Board, in any material activity which directly competes with the business of the Company or any Affiliate, or which would directly result in a material injury to the business or reputation of the Company or any Affiliate; or

(E) (i) material breach by Executive during the Employment Period of any of Sections 12 through 16, Sections 17 and 18, or Section 22 of this Agreement, or (ii) the willful, material and repeated nonperformance of Executive's duties to the Company or any Affiliate (other than by reason of Executive's illness or incapacity), but Cause shall not exist under this clause (E)(i) or (E)(ii) until after written notice from the Board has been given to Executive of such material breach or nonperformance (which notice specifically identifies the manner and sets forth specific facts, circumstances and examples in which the Board believes that Executive has breached the Agreement or not substantially performed his duties) and Executive has failed to cure such alleged breach or nonperformance within

the time period set by the Board, but in no event less than thirty (30) business days after his receipt of such notice; and, for purposes of this clause (E), no act or failure to act on Executive's part shall be deemed "willful" unless it is done or omitted by Executive not in good faith and without his reasonable belief that such action or omission was in the best interest of the Company (assuming disclosure of the pertinent facts, any action or

omission by Executive after consultation with, and in accordance with the advice of, legal counsel reasonably acceptable to the Company shall be deemed to have been taken in good faith and to not be willful under this Agreement).

(3) "CODE" means the Internal Revenue Code of 1986, as amended, or its successor. References herein to any Section of the Code shall include any successor provisions of the Code.

(4) "DISABILITY" means a "permanent and total disability" as defined in Section 22(e)(3) of the Code and Treasury regulations thereunder. Evidence of such Disability shall be certified by a physician acceptable to both the Company and Executive. In the event that the Parties are not able to agree on the choice of a physician, each shall select one physician who, in turn, shall select a third physician to render such certification. All costs relating to the determination of whether Executive has incurred a Disability shall be paid by the Company. Executive agrees to submit to any examinations that are reasonably required by the attending physician.

(5) "GOOD REASON" means the occurrence of any of the following events without Executive's express written consent:

(A) a reduction in Executive's Base Salary, as defined below, as in effect from time to time, or annual target incentive bonus opportunity; provided, however, that Base Salary for purposes of this Agreement shall mean Executive's annual base cash compensation, and shall not include any other items such as bonuses, premiums, distributions, contributions to Company employee benefit plans, the value of employee benefits or executive benefits, stock options or stock grants, or any other component or item that may be included on Executive's W-2 form from the Company.

(B) a relocation of Executive's principal place of employment with the Company or its successor by more than 30 miles;

(C) a substantial and adverse change in Executive's duties, control, authority, status or position, or the assignment to Executive of duties or responsibilities which are materially inconsistent with such status or position, or a material reduction in the duties and responsibilities previously exercised by Executive, or a loss of title, loss of office, or any removal of Executive from, or any failure to

reappoint or reelect him to, such positions, except in connection with the termination of his employment due to a No Severance Benefits Event (as defined in Section 6(d));

(D) the Company or its successor fails to continue in effect any pension plan, life insurance plan, health-and-accident plan, retirement plan, disability plan, stock option or other similar plan, deferred compensation plan or executive incentive compensation plan under which Executive was receiving material benefits (unless the Company substitutes and continues other plans providing Executive with substantially similar benefits), or the taking of any action by the Company or its successor that, in any such case or cases, would materially and adversely affect Executive's participation in or materially reduce his benefits under any such plan, unless any such adverse change to any such plan applies on the same terms to all of the then-current senior officers of the Company; or

(E) any failure of any successor to the Company to have expressly assumed the Company's obligations under this Agreement as contemplated by Section 36 hereof, unless such assumption occurs by operation of law, or any other material breach by the Company or its successor of any other material provision of this Agreement.

Notwithstanding the definition of "Good Reason" for purposes of this Agreement, Executive may not terminate his employment hereunder for Good Reason unless he (i) first notifies the Board in writing of the event (or events) which Executive believes constitutes a Good Reason event and the specific paragraph of this Agreement under which such event has occurred, within 90 days from the date of such event, and (ii) provides the Company with at least 30 days to cure the Good Reason event so that it either (1) does not constitute a Good Reason event hereunder or (2) Executive reasonably agrees, in writing, that after any such modification or accommodation made by the Company that such event shall not constitute a Good Reason event hereunder.

(6) "NO SEVERANCE BENEFITS EVENT" means a termination of Executive's employment for Cause (as defined above).

(7) "RETIREMENT" means the termination of Executive's employment for normal retirement at or after attaining age 65 provided that, on the date of his retirement, Executive has completed at least five years of active employment with the Company.

7. RIGHTS AND PAYMENTS UPON CERTAIN TERMINATIONS FOLLOWING A CHANGE IN CONTROL. The provisions of this Section 7 shall not apply unless (a) there shall have been a Change in Control during the Term of Agreement and prior to the end of the Employment Period, and (b) Executive's employment with the Company shall have been terminated without Cause by the Company within three (3) years after the date of such Change in Control, or Executive shall have terminated his employment from the Company for Good Reason within two (2) years after the date

of such Change in Control. Upon the occurrence of a Change in Control, the Term of Agreement shall automatically be extended so that, unless it is further extended by affirmative action of the parties, it expires on the third anniversary of the Change in Control.

(a) SEVERANCE BENEFITS DUE FOLLOWING A TERMINATION BY THE COMPANY WITHOUT CAUSE OR BY EXECUTIVE FOR GOOD REASON. If the Company terminates Executive's employment with the Company for a reason other than retirement, death, Disability or Cause, prior to the third anniversary of a Change in Control, or if Executive terminates his employment with the Company for Good Reason prior to the second anniversary of a Change in Control, then Executive's severance benefits shall be determined in accordance with the provisions of Section 6, after taking into account the modifications in this Section 7, as follows:

(1) the Severance Multiplier for purposes of determining the amount of the Additional Payments under Section 6 shall be three (3);

(2) such Additional Payment shall be paid to Executive in a lump sum cash payment not later than the 10th day following the Termination Date;

(3) on the same date that the Additional Payment is made to Executive, the Company shall pay Executive an additional amount equal to the annual incentive bonus target as provided in Section 2(b) multiplied by a fraction, the numerator of which equals the number of days from the commencement of the year in which such termination occurs through the Termination Date, and the denominator of which equals 365;

(4) group health and group dental benefits under Section 6 shall be provided for thirty six (36) months instead of twenty four (24) months from the Termination Date, provided Executive and, if applicable, his spouse comply with the otherwise applicable requirements of Section 6(b)(2), and the Company shall arrange to provide Executive for a period of 36 months from the Termination Date, or until his earlier death, disability and accident insurance benefits and executive benefits, constituting automobile allowance and the value of monthly dues associated with certain club memberships, substantially similar to those which Executive was receiving immediately prior to the Notice of Termination, or if greater, prior to the Change in Control;

(5) Executive shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to Executive a copy of a resolution duly adopted by the affirmative vote of not less than two-thirds of the entire membership of the Board, at a meeting of the Board called and held for the purpose, finding that in the good faith opinion of the Board Executive was guilty of conduct set forth in Section 6(d)(2) and specifying the particulars thereof in detail;

(6) In determining whether Executive has Good Reason to terminate his employment with the Company, there shall also be treated as events of Good Reason (subject to compliance with the Executive's notification obligations under the last paragraph of Section 6(d)(5)):

(A) the Company's failure to increase (within 12 months after a Change in Control) Executive's Base Salary by an amount which is substantially similar, on a percentage basis, to the average percentage increase in Base Salary for all officers of the Company effected for such officers for the last

complete fiscal year of the Company that ended prior to the date of the Change in Control;

(B) the events described in Section 6(d)(5)(D), without regard to whether such changes apply to other then current senior officers of the Company on the same basis;

(C) the taking of any action by the Company which would adversely affect Executive's participation in or materially reduce his benefits under or deprive Executive of any material fringe benefit enjoyed by him at the time of a Change in Control, or the failure by the Company to provide Executive with the number of paid vacation days to which he was entitled in accordance with the vacation policies in effect at the time of a Change in Control;

(D) any loss of significant authority, power or control over that exercised by Executive immediately prior to the Change in Control (including a change in superior to whom Executive reports);

(E) any failure by the Company to continue in effect any plan or arrangement to receive securities of the Company (including any plan or arrangement to receive and exercise stock options, stock appreciation rights, restricted stock or grants thereof or to acquire stock or other securities of the Company) in which Executive is participating at the time of a Change in Control (unless

substitute plans or arrangements are implemented and continued providing Executive with substantially similar benefits with respect to the Company's successor after a Change in Control) (hereinafter referred to as "Securities Plans") or the taking of any action by the Company which would adversely affect Executive's participation in or materially reduce his benefits under any such Securities Plan; and

(F) a substantial increase in Executive's business travel obligations over such obligations as they existed at the time of a Change in Control.

(b) DEFINITION OF CHANGE IN CONTROL. For purposes of this Agreement, a "Change in Control" shall be deemed to have occurred as of any date if, after the Effective Date:

(1) Any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(7) of the Securities Exchange Act of 1934, as amended (the '34 Act"), except Executive, his affiliates and associates, the Company, or any corporation, partnership, trust or other entity controlled by the Company (a "Subsidiary"), or any employee benefit plan of the Company or of any Subsidiary (each individual, entity or group shall hereinafter be referred to as a "Person") becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the '34 Act) of 15% or more of either (i) the then outstanding shares of common stock of the Company

(the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Company Voting Securities"), in either case unless the Board in office immediately prior to such acquisition determines in writing within five business days of the receipt of actual notice of such acquisition that the circumstances do not warrant the implementation of the provisions of this Agreement; or

(2) Individuals who, as of the beginning of any twenty-four month period, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any individual becoming a director subsequent to the beginning of such period whose election or nomination for election by the Company's stockholders was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding for this purpose any such individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of the Company (as such terms are used in Rule 14a11 of Regulation 14A promulgated under the '34 Act); or

(3) There is a consummation by the Company of a reorganization, merger or consolidation (a "Business Combination"), in each case, with respect to which all or substantially all of the individuals and entities who were the respective beneficial owners of the Outstanding Company Common Stock and Company Voting Securities immediately prior to such Business Combination do not, immediately following such Business Combination, beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination in substantially the same proportion as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and Company Voting Securities, as the case may be; or

(4) There is a (i) consummation of a complete liquidation or dissolution of the Company or (ii) sale or other disposition of all or substantially all of the assets of the Company other than to a corporation with respect to which, following such sale or disposition, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors is then owned beneficially, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Company Voting Securities, as the case may be, immediately prior to such sale or disposition.

(5) Notwithstanding any other provision of this Agreement, unless otherwise agreed to by the parties in an amendment to this Agreement, if more than one event occurs after the Effective Date that constitutes a Change in Control for purposes of this Agreement, the Term of this Agreement shall not be extended as provided in the first paragraph of this Section 7 beyond the date which is three (3) years from the date of the first such event that constitutes a Change in Control.

(c) EXPENSES. The Company shall pay to Executive all legal

fees and expenses incurred by him as a result of the termination of his employment other than for Cause or by reason of death incurred in contesting or disputing any such termination or in seeking to obtain or enforce any right or benefit provided by this Agreement, provided Executive establishes that his termination was covered by the provisions of this Section 7.

8. MAKE-WHOLE PAYMENTS. If any payment or benefit to which Executive (or any person on account of Executive) is entitled, whether under this Agreement or otherwise, in connection with a Change in Control or in connection with any termination of Executive's employment (a "Payment") constitutes a "parachute payment" within the meaning of section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), and as a result thereof Executive is subject to a tax under section 4999 of the

Code, or any successor thereto, (an "Excise Tax"), the Company shall pay to Executive, or to the applicable tax authorities to which tax or related withholding payments are required to be made, an additional amount (the "Make-Whole Amount") which is intended to make Executive whole for such Excise Tax.

(a) The Make-Whole Amount shall be equal to (i) the aggregate amount of the Excise Tax imposed on the Payments, plus (ii) the aggregate amount of all interest, penalties, fines and additions to any tax which are imposed in connection with the imposition of such Excise Tax, to the extent not attributable to delay in payment by Executive or, or failure by Executive to timely apply the Make-Whole Amount to the payment of tax, plus (iii) all income, excise, employment and other applicable taxes imposed on Executive under the laws of any Federal, state or local government or taxing authority by reason of the payments required under clauses (i) and (ii) and this clause (iii).

(b) For purposes of determining the Make-Whole Amount, Executive shall be deemed to be taxed at the highest marginal rate under all applicable Federal, state local, and foreign income tax laws for the year in which the Make-Whole Amount is paid. The Make-Whole Amount payable with respect to an Excise Tax shall be paid by the Company within thirty (30) days after the Payment with respect to which such Excise Tax relates.

(c) All calculations under this Section 8 shall be made initially by the Company and the Company shall provide prompt written notice thereof to Executive to enable Executive to timely file all applicable tax returns. Upon request of Executive, the Company shall provide Executive with sufficient tax and compensation data to enable Executive or Executive's tax advisor to independently make the calculations described in subparagraph (a) above and the Company shall reimburse Executive for reasonable fees and expenses incurred for any such verification.

(d) If Executive gives written notice to the Company of any objection to the results of the Company's calculations within 60 days of Executive's receipt of written notice thereof, the dispute shall be referred for determination to independent tax counsel selected by the Company and reasonably acceptable to Executive ("Tax Counsel"). The Company shall pay all fees and expenses of such Tax Counsel. Pending such determination by Tax Counsel, the Company shall pay Executive the Make-Whole Amount as determined by it in good faith. The Company shall pay Executive any additional amount determined by Tax Counsel to be due under this Section 8 (together with interest thereon at a rate equal to 120% of the Federal short-term rate determined under section 1274(d) of the Code) promptly after such determination.

(e) The determination by Tax Counsel shall be conclusive and binding upon all parties unless the Internal Revenue Service, a court of competent jurisdiction, or such other duly empowered governmental body or agency (a "Tax Authority") determines that Executive owes a greater or lesser amount of Excise Tax with respect to any Payment than the amount determined by Tax Counsel.

(f) If a Taxing Authority makes a claim against Executive which, if successful, would require the Company to make an additional payment under this Section 8, beyond the payments already made (the "Additional Make-Whole Amount"), Executive agrees to contest the claim with counsel reasonably satisfactory to the Company, on request of the Company subject to the following conditions:

(1) Executive shall notify the Company of any such claim within 10 days of becoming aware thereof. In the event that the Company desires the claim to be contested, it shall promptly (but in no event more than 30 days after the notice from Executive or such shorter time as the Taxing Authority may specify for responding to such claim) request Executive to contest the claim. Executive shall not make any payment of any tax which is the subject of the claim before Executive has given the notice or during the applicable period thereafter unless Executive receives written instructions from the Company to make such payment together with an advance of the Additional Make-Whole Amount, such amount to be determined as if it were an Excise Tax, in which case Executive will act promptly in accordance with such instructions.

(2) If the Company so requests, Executive will contest the claim by either paying the tax claimed and suing for a refund in the appropriate court or contesting the claim in the United States Tax Court or other appropriate court, as directed by the Company; provided, however, that any request by the Company for Executive to pay the tax shall be accompanied by an advance from the Company to Executive of the Additional Make-Whole Amount, such amount to be determined as if it were an Excise Tax. If directed by the Company in writing Executive will take all action necessary to compromise or settle the claim, but in no event will Executive compromise or settle the claim or cease to contest the claim without the written consent of the Company; provided, however, that Executive may take any such action if Executive waives in writing Executive's right to a payment under this Section 8 for any amounts payable in connection with such claim. Executive agrees to cooperate in good faith with the Company in contesting the claim and to comply with any reasonable request from the Company concerning the contest of the claim, including the pursuit of administrative remedies, the appropriate forum for any judicial proceedings, and the legal basis for contesting the claim. Upon request of the Company, Executive shall take appropriate appeals of any judgment or decision that would require the Company to make a payment under this Section 8. Provided that Executive is in compliance with the provisions of this section, the Company shall be liable for and indemnify Executive against any loss in connection with, and all costs and expenses, including attorneys' fees, which may be incurred as a result of, contesting the claim, and shall provide to Executive within 30 days after each written request therefore by Executive cash advances or reimbursement for all such costs and expenses actually

incurred or reasonably expected to be incurred by Executive as a result of contesting the claim.

(g) If the Company declines to require Executive to contest the claim within the applicable time period, or should a Tax Authority finally determine that an additional Excise Tax is owed, then the Company shall pay the Additional Make-Whole Amount to Executive in a manner consistent with this Section 8 with respect to any additional Excise Tax and any assessed interest, fines, or penalties. If any Excise Tax as calculated by the Company or Tax Counsel, as the case may be, is finally determined by a Tax Authority to exceed the amount required to be paid under applicable law, then Executive shall repay such excess to the Company within 30 days of such determination; provided that such repayment shall be reduced by the amount of any taxes paid by Executive on such excess which is not offset by the tax benefit attributable to the

repayment.

9. SEVERANCE BENEFITS FOLLOWING NONRENEWAL OF AGREEMENT. In the event that (i) the Term of Agreement is not renewed by the Company for any reason other than a "No Severance Benefits Event" (as defined in Section 6(d)), whether before or after a Change in Control, and (ii) the employment of Executive is subsequently terminated by the Company for any reason other than a No Severance Benefits Event within two (2) year period following the expiration of the Term of Agreement due to nonrenewal by the Company, then Executive shall still be entitled to the severance benefits provided below (hereafter, the "Nonrenewal Severance Benefits"), provided that he first enters into a release agreement pursuant to Section 6(c). The Nonrenewal Severance Benefits shall be computed in the same manner as severance benefits are computed under Section 6(b); provided, however, the total benefits under that subsection shall be reduced by the number of months that have elapsed between the last day of the Term of Agreement due to nonrenewal and Executive's last day of the Employment Period. For example, if Executive's employment is terminated (other than due to a No Severance Benefits Event) nine months after the end of the Term of Employment due to the Company's nonrenewal, he shall be entitled to an Additional Payment pursuant to Section 6(b) that is computed based on fifteen (15) months (twenty four (24) months - nine (9) months = fifteen (15) months) instead of twenty four (24) months. Likewise, the group health and dental benefits shall continue pursuant to Section 6(b) for fifteen (15) months rather than twenty four (24) months.

10. NOTICE OF TERMINATION. Any termination by the Company or Executive of his employment from the Company shall be communicated by Notice of Termination to the other Party hereto. For purposes of this Agreement, the term "Notice of Termination" means a written notice which indicates the specific termination provision of this Agreement relied upon and sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated

11. MITIGATION. Subject to Section 6(b)(2), Executive shall not be required to mitigate the amount of any payment provided for under this Agreement by seeking other employment or in any other manner.

12. SECRET AND CONFIDENTIAL INFORMATION.

(a) ACCESS TO SECRET AND CONFIDENTIAL INFORMATION. On an ongoing basis, the Company agrees to give Executive access to Secret and Confidential Information (including, without limitation, Secret and Confidential Information of the Company's Affiliates and subsidiaries) (collectively, "SECRET AND CONFIDENTIAL INFORMATION"), which Executive did not have access to or knowledge of before the execution of this Agreement. Secret and Confidential Information includes, without limitation, all of the Company's technical and business information, whether patentable or not, which is of a confidential, trade secret or proprietary character, and which is either developed by Executive alone, with others or by others; lists of customers; identity of customers; identity of prospective customers; contract terms; bidding information and strategies; pricing methods or information; computer software; computer software methods and documentation; hardware; the Company or its Affiliates or subsidiaries' methods of operation; the procedures, forms and techniques used in servicing accounts; and other information or documents that the Company requires to be maintained in confidence for the Company's continued business success.

(b) ACCESS TO SPECIALIZED TRAINING. At the time this Agreement is made, the Company agrees to provide Executive with initial and ongoing Specialized Training, which Executive does not have access to or knowledge of before the execution of this Agreement. "Specialized Training" includes the training the Company provides to its Executives that is unique to its business and enhances Executive's ability to perform Executive's job duties effectively. The Specialized Training includes, without limitation, orientation training; sales methods/techniques training; operation methods training; and computer and systems training.

(c) AGREEMENT NOT TO USE OR DISCLOSE SECRET AND CONFIDENTIAL INFORMATION/SPECIALIZED TRAINING. In exchange for the Company's promises to provide Executive with Specialized Training and Secret and Confidential

information, Executive shall not during the period of Executive's employment with the Company or at any time thereafter, disclose to anyone, including, without limitation, any person, firm, corporation, or other entity, or publish, or use for any purpose, any Specialized Training and Secret and Confidential Information, except in the ordinary course of the Company's business or as directed and authorized by the Company.

(d) AGREEMENT TO REFRAIN FROM DEFAMATORY STATEMENTS. Executive shall refrain, both during the employment relationship and after the employment relationship terminates, from publishing any oral or written statements about the Company or any of its Affiliates' directors, officers, employees, agents, investors or representatives that are slanderous, libelous, or defamatory; or that disclose private or confidential information about the Company or any of its Affiliates' business affairs, directors, officers, employees, agents, investors or representatives; or that constitute an intrusion into the seclusion or private lives of the Company or any of its Affiliates' directors, officers, employees, agents, investors or representatives; or that give rise to unreasonable publicity about the private lives of such directors, officers, employees, agents, investors or representatives; or that place such directors, officers, employees,

agents, investors or representatives in a false light before the public; or that constitute a misappropriation of the name or likeness of such directors, officers, employees, agents, investors or representatives. A violation or threatened violation of this prohibition may be enjoined.

13. DUTY TO RETURN COMPANY DOCUMENTS AND PROPERTY. Upon the termination of Executive's employment with the Company, for any reason whatsoever, Executive shall immediately return and deliver to the Company any and all papers, books, records, documents, memoranda and manuals, e-mail, electronic or magnetic recordings or data, including all copies thereof, belonging to the Company or relating to its business, in Executive's possession, whether prepared by Executive or others. If at any time after the Employment Period, Executive determines that he has any Secret and Confidential Information in his possession or control, Executive shall immediately return to the Company all such Secret and Confidential Information in his possession or control, including all copies and portions thereof.

14. FURTHER DISCLOSURE. Executive shall promptly disclose to the Company all ideas, inventions, computer programs, and discoveries, whether or not patentable or copyrightable, which he may conceive or make, alone or with others, during the Employment Period, whether or not during working hours, and which directly or indirectly:

(a) relate to matters within the scope, field, duties or responsibility of Executive's employment with the Company; or

(b) are based on any knowledge of the actual or anticipated business or interest of the Company; or

(c) are aided by the use of time, materials, facilities or information of the Company.

Executive assigns to the Company, without further compensation, all rights, titles and interest in all such ideas, inventions, computer programs and discoveries in all countries of the world. Executive recognizes that all ideas, inventions, computer programs and discoveries of the type described above, conceived or made by Executive alone or with others within one (1) year after termination of employment (voluntary or otherwise), are likely to have been conceived in significant part either while employed by the Company or as a direct result of knowledge Executive had of proprietary information. Accordingly, Executive agrees that such ideas, inventions or discoveries shall be presumed to have been conceived during his employment with the Company, unless and until the contrary is clearly established by Executive.

15. INVENTIONS. Any and all writings, computer software, inventions, improvements, processes, procedures and/or techniques which Executive may make, conceive, discover, or develop, either solely or jointly with any other person or persons, at any time during the Employment Period, whether at the request or

upon the suggestion of the Company or otherwise, which relate to or are useful in connection with any

business now or hereafter carried on or contemplated by the Company, including developments or expansions of its present fields of operations, shall be the sole and exclusive property of the Company. Executive shall take all actions necessary so that the Company can prepare and present applications for copyright or Letters Patent therefor, and can secure such copyright or Letters Patent wherever possible, as well as reissue renewals, and extensions thereof, and can obtain the record title to such copyright or patents. Executive shall not be entitled to any additional or special compensation or reimbursement regarding any such writings, computer software, inventions, improvements, processes, procedures and techniques. Executive acknowledges that the Company from time to time may have agreements with other persons or entities which impose obligations or restrictions on the Company regarding inventions made during the course of work thereunder or regarding the confidential nature of such work. Executive agrees to be bound by all such obligations and restrictions and to take all action necessary to discharge the obligations of the Company.

16. NON-SOLICITATION RESTRICTION. To protect the Company's Secret and Confidential Information, and in the event of Executive's termination of employment for any reason whatsoever, whether by Executive or the Company, it is necessary to enter into the following restrictive covenants, which are ancillary to the enforceable promises between the Company and Executive in Sections 12 through 15 of this Agreement. Executive hereby covenants and agrees that he will not, directly or indirectly, either individually or as a principal, partner, agent, consultant, contractor, employee, or as a director or officer of any corporation or association, or in any other manner or capacity whatsoever, except on behalf of the Company, solicit business, or attempt to solicit business, in products or services competitive with any products or services sold (or offered for sale) by the Company or any Affiliate, from the Company's or Affiliate's customers or prospective customer, or those individuals or entities with whom the Company or Affiliate did business during the Employment Period, including, without limitation, the Company's or Affiliate's prospective or potential customers. Subject to Section 19, the prohibition set forth in this Section 16 shall remain in effect for a period of one (1) year from the Termination Date for whatever reason.

17. NON-COMPETITION RESTRICTION. In consideration for the Company's Agreement to pay to Executive such part of the Additional Payments as is equal to one (1) times Total Cash upon a termination of Executive's employment from the Company for any reason other than a No Severance Benefit Event or due to Executive's death, Disability or Retirement, and for other good and valuable consideration, and in recognition of the Company's legitimate business interests in protecting itself against the losses it would experience if Executive were to become employed by a competitor of the Company following his termination of employment from the Company, Executive agrees to the following restrictive covenant, which is ancillary to the enforceable promises between the Company and Executive in Sections 12 through 16 of this Agreement. Executive hereby covenants and agrees that during the Employment Period, and for a period of one (1) year following the Termination Date for whatever reason, Executive will not within the entire United States of America, without the prior written consent of the Board become interested in any capacity in which Executive would perform any similar duties to those performed while at the Company, directly or indirectly (whether as

proprietor, stockholder, director, partner, employee, agent, independent contractor, consultant, trustee, beneficiary, or in any other capacity), for any customer of the Company or any Affiliate, or in any business entity that sells, provides or develops products or services competitive with any products or services sold, provided or developed by the Company or any Affiliate.

18. NO-RECRUITMENT RESTRICTION. Executive agrees that during the Employment Period, and for a period of one (1) year from the Termination Date for whatever reason, Executive will not, either directly or indirectly, or by

acting in concert with others, solicit or influence any employee of the Company or any Affiliate to terminate or reduce his or her employment with the Company or any Affiliate.

19. TOLLING. If Executive violates any of the restrictions contained in Sections 12 through 18 of this Agreement, the restrictive period will be suspended and will not run in favor of Executive from the time of the commencement of any violation until the time when Executive cures the violation to the Company's reasonable satisfaction.

20. REFORMATION. If a court or arbitrator concludes that any time period or the geographic area specified in any restrictive covenant in Sections 12 through 18 of this Agreement is unenforceable, then the time period will be reduced by the number of months, or the geographic area will be reduced by the elimination of the overbroad portion, or both, so that the restrictions may be enforced in the geographic area and for the time to the full extent permitted by law.

21. NO PREVIOUS RESTRICTIVE AGREEMENTS. Executive represents that, except as disclosed in writing to the Company, he is not bound by the terms of any agreement with any previous employer or other party to (a) refrain from using or disclosing any trade secret or confidential or proprietary information in the course of Executive's employment by the Company or (b) refrain from competing, directly or indirectly, with the business of such previous employer or any other party. Executive further represents that his performance of all the terms of this Agreement and his work duties for the Company does not and will not breach any agreement to keep in confidence proprietary information, knowledge or data acquired by Executive in confidence or in trust prior to Executive's employment with the Company, and Executive will not disclose to the Company or induce the Company to use any confidential or proprietary information or material belonging to any previous employer or others.

22. CONFLICTS OF INTEREST. In keeping with his fiduciary duties to Company, Executive hereby agrees that he shall not become involved in a conflict of interest, or upon discovery thereof, allow such a conflict to continue at any time during the Employment Period. Moreover, Executive agrees that he shall immediately disclose to the Board any known facts which might involve a conflict of interest of which the Board is not aware.

Executive and Company recognize and acknowledge that it is not possible to provide an exhaustive list of actions or interests which may constitute a "conflict of interest." Moreover, Company and Executive recognize there are many borderline

situations. In some instances, full disclosure of facts by Executive to the Board may be all that is necessary to enable Company to protect its interests. In others, if no improper motivation appears to exist and Company's interests have not demonstrably suffered, prompt elimination of the outside interest may suffice. In egregious and material instances it may be necessary for Company to terminate Executive's employment for Cause (as defined in Section 6(d)); provided, however, Executive cannot be terminated for Cause hereunder unless the Company first provides Executive with notice and an opportunity to cure such conflict of interest pursuant to the same procedures as set forth in clause (E) of the definition of "Cause" in Section 6(d)(2).

Executive hereby agrees that any interest in, connection with, or benefit from any outside activities, particularly commercial activities, which interest could adversely affect the Company or any Affiliate, involves a possible conflict of interest. Circumstances in which a conflict of interest on the part of Executive would or might arise, and which should be reported to the Board, include, but are not limited to, any of the following:

(a) Ownership of more than a de minimis interest in any lender, supplier, contractor, customer or other entity with which Company or any Affiliate does business;

(b) Intentional misuse of information, property or facilities to which Executive has access in a manner which is demonstrably and materially injurious to the interests of the Company or

any Affiliate, including its business, reputation or goodwill; or

(c) Materially trading in products or services connected with products or services designed or marketed by or for the Company or any Affiliate.

23. REMEDIES. Executive acknowledges that the restrictions contained in Sections 12 through 22 of this Agreement, in view of the nature of the Company's business, are reasonable and necessary to protect the Company's legitimate business interests, and that any violation of this Agreement would result in irreparable injury to the Company. In the event of a breach or a threatened breach by Executive of any provision of Section 12 through 22 of this Agreement, the Company shall be entitled to a temporary restraining order and injunctive relief restraining Executive from the commission of any breach, and to recover the Company's attorneys' fees, costs and expenses related to the breach or threatened breach. Nothing contained in this Agreement shall be construed as prohibiting the Company from pursuing any other remedies available to it for any such breach or threatened breach, including, without limitation, the recovery of money damages, attorneys' fees, and costs. These covenants and disclosures shall each be construed as independent of any other provisions in this Agreement, and the existence of any claim or cause of action by Executive against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of such covenants and agreements.

24. WITHHOLDINGS: RIGHT OF OFFSET. The Company may withhold and deduct from any benefits and payments made or to be made pursuant to this Agreement (a) all

federal, state, local and other taxes as may be required pursuant to any law or governmental regulation or ruling, (b) all other normal employee deductions made with respect to Company's employees generally, and (c) any advances made to Executive and owed to Company.

25. NONALIENATION. The right to receive payments under this Agreement shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge or encumbrance by Executive, his dependents or beneficiaries, or to any other person who is or may become entitled to receive such payments hereunder. The right to receive payments hereunder shall not be subject to or liable for the debts, contracts, liabilities, engagements or torts of any person who is or may become entitled to receive such payments, nor may the same be subject to attachment or seizure by any creditor of such person under any circumstances, and any such attempted attachment or seizure shall be void and of no force and effect.

26. INCOMPETENT OR MINOR PAYEES. Should the Board determine, in its discretion, that any person to whom any payment is payable under this Agreement has been determined to be legally incompetent or is a minor, any payment due hereunder, notwithstanding any other provision of this Agreement to the contrary, may be made in any one or more of the following ways: (a) directly to such minor or person; (b) to the legal guardian or other duly appointed personal representative of the person or estate of such minor or person; or (c) to such adult or adults as have, in the good faith knowledge of the Board, assumed custody and support of such minor or person; and any payment so made shall constitute full and complete discharge of any liability under this Agreement in respect to the amount paid.

27. INDEMNIFICATION. The Company shall, to the full extent permitted by law, indemnify and hold harmless Executive from and against any and all liability, costs and damages arising from his service as an employee, officer or director of the Company or its Affiliates, specifically including liability, costs and damages that arise in whole or in part from any negligence or alleged negligence of executive, except, however, to the extent that any such liability, cost or damage resulted from an act or omission by executive that constitutes gross negligence or willful misconduct on his part. To the full extent permitted by Delaware law, the Company shall retain counsel to defend Executive, or shall advance legal fees and expenses to Executive for counsel selected by Executive, in connection with any litigation or proceeding related to his service as an employee, officer and director of the Company or any Affiliate within twenty

(20) days after receipt by the Company of a written request for such advance. Such request shall include an itemized list of the costs and expenses and an undertaking by Executive to repay the amount of such advance if it shall ultimately be determined that he is not entitled to be indemnified against such costs and expenses. This Section 27 shall be in addition to, and shall not limit in any way, the rights of Executive to any other indemnification from the Company, as a matter of law, contract or otherwise.

28. SEVERABILITY. It is the desire of the parties hereto that this Agreement be enforced to the maximum extent permitted by law, and should any provision contained herein be held unenforceable by a court of competent jurisdiction or arbitrator (pursuant

to Section 31), the parties hereby agree and consent that such provision shall be reformed to create a valid and enforceable provision to the maximum extent permitted by law; provided, however, if such provision cannot be reformed, it shall be deemed ineffective and deleted herefrom without affecting any other provision of this Agreement. This Agreement should be construed by limiting and reducing it only to the minimum extent necessary to be enforceable under then applicable law.

29. TITLE AND HEADINGS; CONSTRUCTION. Titles and headings to Sections hereof are for the purpose of reference only and shall in no way limit, define or otherwise affect the provisions hereof. The words "herein", "hereof", "hereunder" and other compounds of the word "here" shall refer to the entire Agreement and not to any particular provision hereof.

30. CHOICE OF LAW. EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED HEREIN, THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REGARD TO THE PRINCIPLES OF CONFLICTS OF LAW.

31. ARBITRATION. Subject to Section 23, any dispute or other controversy (hereafter a "Dispute") arising under or in connection with this Agreement, whether in contract, in tort, statutory or otherwise, shall be finally and solely resolved by binding arbitration in Harris County, Texas, administered by the American Arbitration Association (the "AAA") in accordance with the Employment Dispute Resolution Rules of the AAA, this Section 29 and, to the maximum extent applicable, the Federal Arbitration Act. Such arbitration shall be conducted by a single arbitrator (the "Arbitrator"). If the parties cannot agree on the choice of an Arbitrator within 30 days after the Dispute has been filed with the AAA, then the Arbitrator shall be selected pursuant to the Employment Dispute Resolution Rules of the AAA. The Arbitrator may proceed to an award notwithstanding the failure of any party to participate in such proceedings. The prevailing party in the arbitration proceeding may be entitled to an award of reasonable attorneys' fees incurred in connection with the arbitration in such amount, if any, as determined by the Arbitrator in his discretion. The costs of the arbitration shall be borne equally by the parties unless otherwise determined by the Arbitrator in his discretion.

To the maximum extent practicable, an arbitration proceeding hereunder shall be concluded within 180 days of the filing of the Dispute with the AAA. The Arbitrator shall be empowered to impose sanctions and to take such other actions as the Arbitrator deems necessary to the same extent a judge could impose sanctions or take such other actions pursuant to the Federal Rules of Civil Procedure and applicable law. Each party agrees to keep all Disputes and arbitration proceedings strictly confidential except for disclosure of information required by applicable law which cannot be waived.

The award of the Arbitrator shall be (a) the sole and exclusive remedy of the parties, and (b) final and binding on the parties hereto except for any appeals provided by the Federal Arbitration Act. Only the district courts of Texas shall have jurisdiction to enter a judgment upon any award rendered by the Arbitrator, and the parties hereby

consent to the personal jurisdiction of such courts and waive any objection that

such forum is inconvenient. This Section 31 shall not preclude (i) the parties at any time from agreeing to pursue non-binding mediation of the Dispute prior to arbitration hereunder or (ii) the Company from pursuing the remedies available under Section 23 in any court of competent jurisdiction.

32. BINDING EFFECT: THIRD PARTY BENEFICIARIES. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and to their respective heirs, executors, beneficiaries, personal representatives, successors and permitted assigns hereunder, but otherwise this Agreement shall not be for the benefit of any third parties.

33. ENTIRE AGREEMENT; AMENDMENT AND TERMINATION. This Agreement contains the entire agreement of the parties with respect to Executive's employment and the other matters covered herein; moreover, this Agreement supersedes all prior and contemporaneous agreements and understandings, oral or written, between the Parties hereto concerning the subject matter hereof including, without limitation, the Severance Compensation and Consulting Agreement. This Agreement may be amended, waived or terminated only by a written instrument that is identified as an amendment or termination hereto and that is executed on behalf of both Parties.

34. SURVIVAL OF CERTAIN PROVISIONS. Wherever appropriate to the intention of the Parties, the respective rights and obligations of the Parties hereunder shall survive any termination or expiration of this Agreement.

35. WAIVER OF BREACH. No waiver by either Party hereto of a breach of any provision of this Agreement by any other Party, or of compliance with any condition or provision of this Agreement to be performed by such other Party, will operate or be construed as a waiver of any subsequent breach by such other Party or any similar or dissimilar provision or condition at the same or any subsequent time. The failure of either Party hereto to take any action by reason of any breach will not deprive such Party of the right to take action at any time while such breach continues.

36. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and inure to the benefit of the Company and its Affiliates, and its and their successors, and upon any person or entity acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of the business and/or assets of the Company or its successor. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place; provided, however, no such assumption shall relieve the Company of its obligations hereunder.

This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representative, executors, administrators, successors, and heirs. In the event of the death of Executive while any amount is payable hereunder including, without limitation, pursuant to Sections 2, 5, 6, 7 and 8, all such amounts, unless otherwise

specifically provided herein, shall be paid in accordance with the terms of this Agreement to Executive's surviving spouse if any, or if not, then to Executive's estate.

37. NOTICES. Notices provided for in this Agreement shall be in writing and shall be deemed to have been duly received (a) when delivered in person, (b) on the first business day after it is sent by air express overnight courier service, or (c) on the third business day following deposit in the United States mail, registered or certified mail, return receipt requested, postage prepaid and addressed, to the following address, as applicable:

(1) If to Company, addressed to:

Parker Drilling Company
Attn: Secretary
1401 Enclave Parkway
Suite 600

Houston, TX 77077

(2) If to Executive, addressed to the address set forth below his name on the execution page hereof;

or to such other address as either party may have furnished to the other party in writing in accordance with this Section 37.

38. EXECUTIVE ACKNOWLEDGMENT. Executive acknowledges that (a) he is knowledgeable and sophisticated as to business matters, including the subject matter of this Agreement, (b) he has read this Agreement and understands its terms and conditions, (c) he has had ample opportunity to discuss this Agreement with his legal counsel prior to execution, and (d) no strict rules of construction shall apply for or against the drafter or any other Party. Executive represents that he is free to enter into this Agreement including, without limitation, that he is not subject to any covenant not to compete that would conflict with his duties under this Agreement.

39. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. Each counterpart may consist of a copy hereof containing multiple signature pages, each signed by one party hereto, but together signed by both parties.

[SIGNATURE PAGE FOLLOWS.]

IN WITNESS WHEREOF, Executive has hereunto set his hand and Company has caused this Agreement to be executed in its name and on its behalf by its duly authorized officer, to be effective as of the Effective Date.

WITNESS: EXECUTIVE:

Signature: ---------- Signature: ----------

Name: ---------- Name: ----------

Date: ---------- Date: ----------

Address for Notices:

Robert Parker, Jr.
3025 Avalon Place
Houston, Texas 77019

ATTEST: COMPANY:

By: ---------- By: ----------

Title: ---------- Its: ----------

Name: ---------- Name: ----------

Date: ---------- Date: ----------

EXHIBIT 10(i)

SEPARATION AGREEMENT AND RELEASE

THIS SEPARATION AGREEMENT AND RELEASE (this "Agreement") is made by and between Parker Drilling Company ("Company") and James Davis ("Employee").

PURPOSE

Company and Employee have reached a mutual agreement that Employee's employment will terminate on September 26, 2002 ("the Termination Date") as a result of Employee's desire to pursue outside interests. To achieve a final and amicable resolution of the employment relationship in all its aspects and in consideration of the mutual covenants and promises herein contained and other good and valuable consideration, the receipt and sufficiently of which is hereby acknowledged, the parties hereto agree as follows:

COVENANTS AND OBLIGATIONS OF COMPANY

Payment of Separation Benefits: In recognition of Employee's past service to the Company and in consideration of the release and the conditions contained herein, the Company shall provide the Employee with the following:

- A severance payment in a lump sum amount of Seven Hundred Forty-three Thousand One Hundred Eighty-seven dollars ($743,187.00).

- Continued use of the Company's country club membership at Pine Forest Country Club until September 30, 2003. The Company will only reimburse the normal monthly dues.

- Continued coverage under that certain split dollar life insurance policy until the earlier of the date Employee becomes employed with another company or September 30, 2003. Notwithstanding the above, in the event provisions of the policy precludes the Company from continuing such coverage or in the event regulatory, legal or tax requirements, changes or actions causes the continuation of such coverage to be detrimental to the Company as solely determined by the Company, such continued coverage will be terminated as soon as reasonably practical. Employee agrees that at such time that coverage terminates, he will

  expeditiously provide the Company any required documentation, including but not limited to the assignment of the policy if so required.

- Continued health care coverage for Employee and his spouse under the Company's group health plan (at no monthly contribution cost to Employee) until the earlier of the date Employee becomes eligible for group health care coverage with another employer or September 30, 2003. In the event Employee has not become eligible for group health care coverage by September 30, 2003, he and his spouse will be eligible for coverage under the COBRA provisions of the Company's group health plan and be responsible for remitting the applicable COBRA contributions that may be in effect from time to time.

- Certain executive outplacement benefits from the firm Drake, Beam and Morin, the scope and extent of which shall be at Company's discretion.

- Ownership of the laptop computer Employee is currently using in his capacity as an employee. Employee agrees and understands that the Company will delete all company files from the hard drive prior to transfer of ownership to Employee.

- Extension of Employee's stock options through September 30, 2004. Any stock options which are not presently vested will continue to vest in accordance with their respective vesting schedules. In any event, all of Employee's stock options will terminate the earlier of the respective option grant or on September 30, 2004.

- Continuation of the Mortgage Buydown Assistance Allowance payable in accordance with the terms and conditions of the 2001 Parker Drilling Company Relocation policy.

Employee's eligibility for the consideration described above is subject to the conditions described herein and to the execution of the release. The lump sum severance payment is subject to normal payroll taxes and shall be mailed to Employee within thirty (30) days after this Agreement becomes effective.

Other Benefits: Neither this Agreement nor the release contained herein shall waive Employee's right to any vested, accrued benefit under a Company stock option plan, deferred compensation plan or benefit plan in which Employee is a qualified participant, including, but not limited to, any benefits under a pension or retirement plan. Nothing in this agreement shall affect any

of Employee's rights or obligations with respect to indemnification or director and officer liability coverage to which Employee is entitled or subject in his capacity as a former director and officer of the Company.

COVENANTS AND OBLIGATIONS OF EMPLOYEE

In consideration of the promises and covenants of Company contained in this Agreement, Employee agrees to the following:

Waiver of Reinstatement and Future Employment: Employee forever waives and relinquishes any right or claim to reinstatement to active employment with Company, its affiliates, subsidiaries, divisions, successors and parent companies. Employee further acknowledges that Company has no obligation to rehire or return Employee to active duty at any time in the future.

RELEASE: EXCEPT AS OTHERWISE SET FORTH IN THIS AGREEMENT, EMPLOYEE FULLY AND FOREVER RELIEVES, RELEASES AND DISCHARGES COMPANY, ITS PREDECESSORS, SUCCESSORS, SUBSIDIARIES, OPERATING UNITS, AFFILIATES, DIVISIONS, AND PARENT COMPANIES AND THE AGENTS, REPRESENTATIVES, OFFICERS, DIRECTORS, SHAREHOLDERS, EMPLOYEES AND ATTORNEYS OF EACH OF THE FOREGOING, FROM ALL CLAIMS, DEBTS, LIABILITIES, DEMANDS, OBLIGATIONS, PROMISES, ACTS, AGREEMENTS, COSTS, EXPENSES, DAMAGES, ACTIONS AND CAUSES OF ACTION WHETHER IN LAW OR IN EQUITY, WHETHER KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING FROM EMPLOYEE'S EMPLOYMENT WITH AND TERMINATION BY COMPANY, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS PURSUANT TO TITLE VII OF THE CIVIL RIGHTS ACT OF 1964, 42 U.S.C. SECTION 2000E, ET SEQ., AS AMENDED BY THE CIVIL RIGHTS ACT OF 1991, WHICH PROHIBITS DISCRIMINATION IN EMPLOYMENT BASED ON RACE, COLOR, NATIONAL ORIGIN, RELIGION OR SEX; THE CIVIL RIGHTS ACT OF 1866, 42 U.S.C. SECTION 1981, 1983 AND 1985, WHICH PROHIBITS VIOLATIONS OF CIVIL RIGHTS; THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, AS AMENDED, AND AS FURTHER AMENDED BY THE OLDER WORKERS BENEFIT PROTECTION ACT, 29 U.S.C. SECTION 621, ET SEQ., WHICH PROHIBITS AGE DISCRIMINATION IN EMPLOYMENT; THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED, 29 U.S.C. SECTION 1001, ET SEQ., WHICH PROTECTS CERTAIN EMPLOYEE BENEFITS; THE AMERICANS WITH DISABILITIES ACT OF 1990, AS AMENDED, 42 U.S.C. SECTION 12101, ET SEQ., WHICH PROHIBITS DISCRIMINATION AGAINST THE DISABLED; THE FAMILY AND MEDICAL LEAVE ACT OF 1993, 29 U.S.C. SECTION 2601, ET SEQ., WHICH PROVIDES MEDICAL AND FAMILY LEAVE; THE FAIR LABOR STANDARDS ACT, 29 U.S.C. SECTION 201, ET SEQ., INCLUDING THE WAGE AND HOUR LAWS RELATING TO PAYMENT OF WAGES; STATE STATUTES WHICH PROHIBIT DISCHARGE IN RETALIATION FOR EXERCISING RIGHTS UNDER WORKERS COMPENSATION LAWS;

AND ALL OTHER FEDERAL, STATE OR LOCAL LAWS OR REGULATIONS PROHIBITING EMPLOYMENT

DISCRIMINATION. THIS RELEASE ALSO INCLUDES, BUT IS NOT LIMITED TO, A RELEASE BY EMPLOYEE OF ANY CLAIMS FOR BREACH OF CONTRACT, MENTAL PAIN, SUFFERING AND ANGUISH, EMOTIONAL UPSET, IMPAIRMENT OF ECONOMIC OPPORTUNITIES, UNLAWFUL INTERFERENCE WITH EMPLOYMENT RIGHTS, DEFAMATION, INTENTIONAL OR NEGLIGENT INFLICTION OF EMOTIONAL DISTRESS, FRAUD, WRONGFUL TERMINATION, WRONGFUL DISCHARGE IN VIOLATION OF PUBLIC POLICY, CONSTRUCTIVE DISCHARGE, BREACH OF ANY EXPRESS OR IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING, THAT THE COMPANY HAS DEALT WITH EMPLOYEE UNFAIRLY OR IN BAD FAITH, AND ALL OTHER COMMON LAW CONTRACT AND TORT CLAIMS. EMPLOYEE IS NOT WAIVING ANY RIGHTS OR CLAIMS THAT MAY ARISE AFTER THIS AGREEMENT IS SIGNED BY EMPLOYEE, NOR IS EMPLOYEE WAIVING ANY RIGHTS OR CLAIMS TO WORKERS' COMPENSATION MEDICAL AND DISABILITY BENEFITS ARISING FROM AN INDUSTRIAL INJURY OR OCCUPATIONAL DISEASE. EMPLOYEE REPRESENTS THAT EMPLOYEE HAS NOT GIVEN OR SOLD ANY PORTION OF ANY CLAIM DISCUSSED IN THIS AGREEMENT TO ANYONE.

EMPLOYEE AGREES THAT SHOULD EMPLOYEE ASSERT ANY CLAIM(S) ENCOMPASSED BY THE RELEASE AGAINST THE COMPANY OR ANY RELEASED PARTY AND SHOULD ANY PORTION OR ASPECT OF THE RELEASE BE HELD VOID OR UNENFORCEABLE AS TO THE CLAIM(S), THE COMPANY SHALL BE ENTITLED TO AN OFFSET AGAINST THE EMPLOYEE'S CLAIM(S) FOR THE ENTIRE AMOUNT OF THE MONETARY CONSIDERATION PAID HEREUNDER.

NOTWITHSTANDING THE ABOVE, THIS RELEASE DOES RELEASE COMPANY OF ANY OF ITS COVENANTS AND OBLIGATIONS SET FORTH IN THIS AGREEMENT.

Non-Solicitation: For a period of twelve (12) months following execution of this Agreement, Employee agrees not to offer employment to any employee of Company or induce, or attempt to induce, any employee of Company to leave the employ of Company.

Protection Of Company's Information: All records, files, data, employee information, drawings, documents, models, equipment, customer lists, stock analyst information, financial projections, and the like relating to the business of the Company, which Employee has used, prepared or come in contact with during his employment by the Company shall be and remain the sole property of the Company and shall not be removed from the premises of the Company without its written consent. Employee agrees that he will not, directly or indirectly, disclose any confidential records, trade information, employee information, financial information, plans, projects, data, formulas,

specifications or other trade secrets owned by the Company to any third person, except pursuant to court order or as a result of a valid governmental subpoena. In the case of any such court-ordered or government compelled disclosure, Employee will provide the Company with immediate written notice of the order or subpoena.

Employee shall not participate in any written or oral statement, discussion, or originate or cause to be originated, any news release or other public announcement or publication, to any third party, including the Company's employees, former employees, its vendors, its clients and or the media relating to his employment by the Company or relating to the Company, its subsidiaries, its customers, its personnel, or agents without prior written approval of the Chairman, Chief Executive Officer or General Counsel of the Company. Employee agrees that he will not publish disparaging statements regarding the Company, its subsidiaries, employees, or agents.

Confidentiality of Agreement: Employee covenants from the date of execution of this Agreement to forever refrain from disclosing to any third party (other than immediate family members, attorneys and advisors) or other entity any or all of the terms of this Agreement and covenants not disclose same to any third party except pursuant to an order issued by a court of law or other governmental authority.

Continued Cooperation: Employee will also be reasonably available to assist in any litigation or dispute currently pending or to be brought by or against the Company as to which Employee may have knowledge of the facts and circumstances. Employee agrees to immediately notify the Company and its General Counsel upon receipt of any subpoena or deposition notice compelling his testimony related to matters which he has knowledge of arising out of his employment with the Company. Company shall reimburse Employee for all reasonable

expenses, including reasonable attorney fees, in complying with this provision.

REPRESENTATIONS OF PARTIES

The parties represent and warrant to and agree as follows:

Employee acknowledges that the sum to be paid by Company hereunder is consideration to which Employee is not otherwise entitled under any Company plan, program or prior agreement.

This Agreement has been carefully read by each of the parties and the contents hereof are known and understood by each of the parties. It is signed freely by each party executing this Agreement.

Employee acknowledges that Employee has been extended a period of twenty-one (21) days within which to consider this Agreement.

For a period of seven (7) days following Employee's execution of the Agreement, Employee may revoke the Agreement by notifying Company, in writing, of Employee's desire to do so. After the seven (7) day period has elapsed, this Agreement shall become effective and enforceable.

Employee acknowledges Employee has been advised by the Company to consult with an attorney before executing this Agreement.

GENERAL PROVISIONS

No Admission of Liability: This Agreement and compliance with this Agreement shall not be construed as an admission by Company of any liability whatsoever, or as an admission by Company of any violation of the rights of Employee or any other person, or any violation of any order, law, statute, duty or contract.

Governing Law: This Agreement will be interpreted and enforced in accordance with the laws of the State of Texas.

Entirety and Integration: This Agreement constitutes the entire agreement of the parties and all prior negotiations or representations are merged herein or replaced hereby. This Agreement may only be amended by a written amendment signed by both parties to this Agreement. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors, assigns, heirs and legal representatives, but neither this Agreement nor any rights hereunder shall be assignable by Employee without the written consent of the Company. In addition, except as provided herein, it is understood that this Agreement supersedes and terminates any prior employment or compensation agreements between Employee and the Company, which prior

agreements, whether written, oral or implied in law or in fact, are hereby terminated. Further, that except as provided herein, the Company has no other legal obligation to Employee.

Authorization: Each person signing this Agreement as a party or on behalf of a party represents that he or she is duly authorized to sign this Agreement on such party's behalf, and is executing this Agreement voluntarily, knowingly, and without any duress or coercion.

Dated: ---------- ----------

EMPLOYEE

Dated: ---------- PARKER DRILLING COMPANY

By:

Its:

THIS AGREEMENT IS VOID UNLESS EXECUTED BY EMPLOYEE AND RETURNED TO PARKER DRILLING WITHIN 21 DAYS OF ITS RECEIPT

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EXHIBIT 21

SUBSIDIARIES OF THE REGISTRANT

<TABLE>
<CAPTION>

	Percentage of Voting Securities Owned By Immediate Parent as of December 31, 2002
<S>	<C>
Consolidated subsidiaries of the Registrant (Jurisdiction of incorporation):	
Parker Drilling Company of Oklahoma, Inc. (Oklahoma)	100%
Parker Technology, Inc. (Oklahoma) (1)	100%
Parker-VSE, Inc. (Nevada) (2)	100%
Parker Drilling Company International Limited (Nevada) (3)	100%
Parker Drilling Company of New Guinea, Inc. (Oklahoma)	100%
Parker Drilling Company Limited (Nevada)	100%
Parker North America Operations, Inc. (Nevada) (4)	100%
Parker Drilling Offshore Corporation (Nevada)	100%
Parker Drilling Company (Bolivia) S.A. (Bolivia)	100%

</TABLE>

Certain subsidiaries have been omitted from the list since they would not, even if considered in the aggregate, constitute a significant subsidiary. All subsidiaries are included in the consolidated financial statements.

(1) Parker Technology, Inc. owns 100% of two subsidiary corporations, namely:
Parco Masts and Substructures, Inc. (Oklahoma)
Parker Valve Company (Texas)

(2) Parker-VSE, Inc. (formerly Vance Systems Engineering, Inc.) owns 100% of Parker Drilling Company Limited (Bahamas) and 93% of Parker Drilling Company Eastern Hemisphere, Ltd. (Oklahoma). Parker Drilling Company Limited owns 7% of Parker Drilling Company Eastern Hemisphere, Ltd. (Oklahoma).

(3) Parker Drilling Company International Limited owns 100% of five subsidiary corporations, namely:
Parker Drilling International of New Zealand Limited (New Zealand)
Choctaw International Rig Corp. (Nevada) (which owns 100% of the common stock of Parker Drilling Company of Indonesia, Inc. (Oklahoma))
Creek International Rig Corp. (Nevada) (which owns 100% of Perforadora Ecuatoriana (Ecuador))
Parker Drilling of Siberia (Russia)

(4) Parker North America Operations, Inc. owns 100% of:
Parker Drilling Company North America, Inc. (Nevada).
Parker Drilling Offshore Corp. which owns:
Parker Drilling Offshore International, Inc. (Cayman Islands)-100%, which owns Parker Drilling (Nigeria) Ltd - 75%
Mallard Drilling of South America, Inc. (Cayman Islands) - 100%
Parker Drilling Offshore U.S.A., L.L.C. (Oklahoma) - 100%
Parker Technology, LLC (Louisiana) - 100%
Parker Tools, LLC (Oklahoma) - 100%, which owns Quail Tools, L.P. (Oklahoma) - 99%
Quail USA, LLC (Oklahoma) - 100%, which owns Quail Tools, L.P. (Oklahoma) - 1%
Parker USA Drilling Company (Nevada) - 100%

EXHIBIT 23

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in this registration statement of Parker Drilling Company on Form S-8 (File No. 33-57345, 333-59132, 333-70444, 333-41369, 333-84069 and 333-99187) and Form S-3 (File No. 333-36498) of our report dated January 29, 2003, on our audits of the consolidated financial statements and the financial statement schedule of Parker Drilling Company and its subsidiaries as of December 31, 2002 and 2001, and for the years ended December 31, 2002, 2001 and 2000, which report is included in this Annual Report on Form 10-K.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

Tulsa, Oklahoma
March 17, 2003

EXHIBIT 99.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Parker Drilling Company (the "Company") on Form 10-K for the year ended December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert L. Parker Jr., President and Chief Executive Officer and Director of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Robert L. Parker Jr.
- ----------
Robert L. Parker Jr.
President and Chief Executive
Officer and Director

EXHIBIT 99.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Parker Drilling Company (the "Company") on Form 10-K for the year ended December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James W. Whalen, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ James W. Whalen
- ----------
James W. Whalen
Senior Vice President
and Chief Financial Officer