

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

FORM 10-K/A

(MARK ONE)

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 (I.R.S. Employer Identification No.)
incorporation or organization)

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:

<TABLE>

<CAPTION>

TITLE OF EACH CLASS NAME OF EACH EXCHANGE ON WHICH REGISTERED:

<S>

<C>

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

</TABLE>

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 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 12-b2). 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

1

Amendment No. 1

Explanatory Note:

As described in Note 17 of notes to the consolidated financial statements Parker Drilling Company has revised certain financial and other data to give affect to discontinued operations and to reflect the adoption of Statement of Financial Accounting Standards No. 145. The reclassifications had no effect on previously reported net income (loss) or net income (loss) per share. Corresponding changes resulting from the reclassification of the discontinued operations were also made to Item 1. Business, Item 2. Properties, Item 6. Selected Financial Data, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and Item 8. Financial Statements and Supplementary Data. Additionally, we have updated certain other information in Item 1 and Item 7 to reflect recent events.

2

TABLE OF CONTENTS

<TABLE>
<CAPTION>

	PAGE NO.	
<S>	<C>	
PART I		
Item 1. Business	5	
Item 2. Properties	14	
Item 3. Legal Proceedings	19	
Item 4. Submission of Matters to a Vote of Security Holders		19
Item 4A. Executive Officers	19	
PART II		
Item 5. Market for Registrant's Common Stock and Related Stockholder Matters		20
Item 6. Selected Financial Data	21	
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	22	
Item 7A. Quantitative and Qualitative Disclosures about Market Risk		35
Item 8. Financial Statements and Supplementary Data		36
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	82	
Item 9A. Controls and Procedures		82
PART III		
Item 10. Directors and Executive Officers of the Registrant		83
Item 11. Executive Compensation	83	
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	83	
Item 13. Certain Relationships and Related Transactions		83

PART IV

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Form 10-K/A contains statements that are "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. All statements contained in this Form 10-K/A, other than statements of historical facts, are "forward-looking statements" for purposes of these provisions, including any statements regarding:

- o prices and demand for oil and natural gas;
- o levels of oil and natural gas exploration and production activities;
- o demand for contract drilling and drilling related services and demand for rental tools;
- o our future operating results, including our efforts to reduce costs and our projected net loss from continuing operations;
- o our future rig utilization, dayrates and rental tool activity;
- o our future capital expenditures and investments in the acquisition and refurbishment of rigs and equipment;
- o reducing our debt, including our liquidity and the sources and availability of funds to reduce our debt;
- o future sales of our assets;
- o the outcome of pending and future legal proceedings, including the outcome of our dispute with the Ministry of State Revenues of the Republic of Kazakhstan;
- o our recovery of insurance proceeds in respect of our damaged rigs in Nigeria and the Gulf of Mexico;
- o maintenance of the borrowing base under our credit facilities; and
- o expansion and growth of our operations.

In some cases, you can identify these statements by forward-looking words such as "anticipate," "believe," "could," "estimate," "expect," "intend," "outlook," "may," "should," "will" and "would" or similar words. Forward-looking statements are based on certain assumptions and analyses made by our management in light of their experience and perception of historical trends, current conditions, expected future developments and other factors they believe are relevant. Although our management believes that their assumptions are reasonable based on information currently available, those assumptions are subject to significant risks and uncertainties, many of which are outside of our control. The following factors, as well as any other cautionary language in this Form 10-K/A, provide examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements:

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

Each forward-looking statement speaks only as of the date of this Form

10-K/A, and we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should be aware that the occurrence of the events described above and elsewhere in this Form 10-K/A could have a material adverse effect on our business, results of operations and financial condition.

4

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 terms "Company," "we," "us," and "our," 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.

OUR COMPANY

We are a leading worldwide provider of contract drilling and drilling related services. Since beginning operations in 1934, we have operated in 55 foreign countries and the United States, making us among the most geographically diverse drilling contractors in the world. Due to our extensive experience and expertise in drilling difficult wells and operating in remote, harsh and ecologically sensitive areas, operators look to us to provide oil and gas exploration and development drilling around the world.

Our revenues are derived from three segments: international drilling, U.S. drilling and rental tools.

- o Our core international land drilling operations are focused primarily in the Commonwealth of Independent States (former Soviet Union referred to herein as "CIS") and the Asia Pacific region. Our international offshore drilling operations are focused in the transition zones, which are coastal waters that include lakes, bays, rivers and marshes, of Nigeria and the Caspian Sea.
- o Our core U.S. drilling operations are comprised of barge drilling in the transition zones of the Gulf of Mexico.
- o Through our subsidiary Quail Tools, we provide premium rental tools that are used for land and offshore oil and gas drilling and workover activities, serving major and independent oil and gas exploration and production companies operating in the Gulf of Mexico, West Texas and Rocky Mountain regions.

We also manage and provide labor resources for drilling rigs owned by third parties, which are generally oil companies that prefer to own the rig equipment but do not have the technical expertise or labor resources to operate the rig.

5

OUR RIG FLEET

The diversity of our rig fleet, both in terms of geographic location and asset class, enables us to provide a broad range of services to oil and gas operators worldwide. As of June 30, 2003, our fleet of rigs available for service consisted of:

- o seven land rigs in the CIS, which include premium and specialized deep drilling rigs capable of drilling to depths from 10,000 to 25,000 feet;
- o two land rigs in the CIS, which are owned by AralParker, a joint venture in which we own a 50 percent interest, both of which are capable of drilling to depths of over 25,000 feet;
- o 12 land rigs in the Asia Pacific region (one of which was in transit to the region) and three land rigs in Africa and the Middle East;
- o four barge drilling rigs in the transition zone waters of Nigeria;
- o the world's largest arctic-class barge rig in the Caspian Sea; and
- o 22 barge drilling and workover rigs in the transition zones of the Gulf of Mexico, consisting of nine deep drilling rigs, five intermediate drilling rigs and eight workover and shallow drilling rigs.

In addition to the fleet of rigs we own that are available for service, we also own non-core assets that are held for sale. As of June 30, 2003, our fleet of rigs held for sale consisted of seven shallow water jackup rigs and four offshore platform rigs, located in the Gulf of Mexico and 17 land rigs and related inventory and spare parts located in Latin America. We have classified these non-core assets as assets held for sale and their related operations as discontinued operations.

OUR RENTAL TOOLS BUSINESS

Quail Tools, our rental tools business based in New Iberia, Louisiana, is a provider of premium rental tools used for land and offshore oil and gas drilling and workover activities. Quail Tools offers a full line of drill pipe, drill collars, tubing, high- and low-pressure blowout preventers, choke manifolds, casing scrapers, and junk and cement mills. Approximately two-thirds of Quail Tools' equipment is utilized in offshore and coastal water operations. Founded in 1978, Quail Tools was acquired by Parker Drilling in 1996. Quail Tools' base of operations is a 55,000 square foot facility on a 15-acre complex in New Iberia. Since we acquired Quail Tools, we have expanded operations with the addition of a 44,000 square foot facility on an 11-acre complex in Victoria, Texas, and a 10,000 square foot facility on nearly 10 acres in Odessa, Texas, to serve a growing oil and gas market in that region. The newest location, in Evanston, Wyoming, opened in the summer of 2002. Quail Tools' principal customers are major and independent oil and gas exploration and production companies operating in the Gulf of Mexico, West Texas and Rocky Mountain regions.

OUR MARKET AREAS

Our core operations are subject to different industry trends depending on location. International markets differ from the U.S. market in terms of competition, nature of customers, equipment and experience requirements. Although, the contract drilling industry is a competitive and cyclical business characterized by high capital requirements and difficulty in finding and retaining qualified field personnel, we believe that participants in this industry typically generate substantial cash flows and economic returns during cyclical peaks, such as the one experienced in 2001.

International Markets

The majority of the international drilling markets in which we operate have one or more of the following characteristics: (i) a small number of competitors; (ii) customers which typically are major, large independent or foreign national oil companies; (iii) drilling programs in remote locations with little infrastructure and/or harsh environments requiring specialized drilling equipment with a large inventory of spare parts and other ancillary equipment; and (iv) difficult (i.e., high pressure, deep, hazardous or geologically challenging) wells requiring considerable experience to drill. Due to the long lead time in the development and implementation of international drilling projects, international markets are attractive to us because they usually allow us to secure long-term contracts and higher dayrates when compared with drilling operations in the U.S. Gulf of Mexico.

U.S. Gulf of Mexico

The drilling industry in the U.S. Gulf of Mexico is highly cyclical and is typically driven by general economic activity and changes in actual or anticipated oil and gas prices. Utilization and dayrates typically move in conjunction with oil and gas prices. Assuming gas prices remain above historical averages, we believe there should be increased exploration and development drilling activity in the U.S. Gulf of Mexico. In addition, the United States government has provided incentives for operators to develop deeper gas reserves. We believe that these incentives will benefit the utilization of our barge rigs that are capable of drilling deep gas wells, as well as our rental tools business.

OUR STRATEGY

Our strategy is to maintain our position as a leading worldwide provider of contract drilling and drilling related services while we seek to return to profitability. Key elements in implementing our strategy include:

Significantly Reducing Our Debt and Enhancing Our Liquidity

Our goal is to reduce our debt by approximately \$200.0 million. We intend to accomplish this goal from cash currently on hand, cash generated from operations and cash generated by the sale of non-core assets. An initial step in our debt reduction plan was accomplished by the purchase of approximately \$14.8 million of our 5.5% convertible notes due 2004 on the open market in May 2003, which reduced the outstanding aggregate principal amount to \$109.7 million as of June 30, 2003.

We continue to actively pursue the sale of our non-core assets to further enhance our debt reduction capabilities. We wrote down these assets to their estimated fair value in the second quarter of 2003. These assets had a carrying value of approximately \$145.6 million as of June 30, 2003. We may also seek to sell other assets.

We believe that our liquidity will be sufficient to repay our 5.5% convertible notes on their stated maturity in August 2004. As of June 30, 2003, after giving effect to the proposed offering of the \$175.0 million of senior notes, \$50.0 million of borrowings under our proposed new term loan facility and the application of the collective net proceeds therefrom to repurchase our outstanding 9.75% senior notes, pay the related purchase price premium and consent fees and pay the costs related to the \$175.0 million of new senior notes and the proposed new senior secured credit facility, we would have had approximately \$152.2 million of liquidity. This liquidity would have been comprised of \$62.9 million of cash on hand, \$39.3 million of undrawn availability under our new revolving credit facility (assuming the maximum possible borrowing base of \$50.0 million upon completion of the appraisal of our rental tools equipment and deducting \$10.7 million of outstanding letters of credit) and \$50.0 million of availability under our new delayed draw term loan (which may only be used to repay our 5.5% convertible notes).

Increasing the Utilization of Our Barge and Land Rigs

One of our strategic objectives is to increase the utilization of our barge and land rigs, which has been at historically low levels for the past 18 months. To achieve this objective we have restructured the management and marketing for our various operating regions, including positioning our regional managers to be more responsive to our customers by locating some of our management and marketing personnel closer to our customers' key decision makers and having each operating region accountable for its profitability. We have also revised the compensation structure for many of our managers and marketing personnel to provide them with incentives directly related to the profitability of their operating region.

Controlling Our Costs and Minimizing Our Capital Expenditures

We continue to be vigilant in our efforts to conserve cash by reducing our general and administrative expenses and limiting our capital expenditures. We anticipate that general and administrative expenses will be reduced from \$24.7 million in 2002 to less than \$20.0 million in 2003 and our capital expenditures will not exceed \$50.0 million in 2003. We reduced our general and administrative expenses in the first six months of 2003 by reducing our corporate workforce in 2002 and by limiting administrative costs and we will continue to make reductions as appropriate for the level of our operations. Our capital expenditure program calls for limiting expenditures to scheduled ongoing maintenance projects, our preventive maintenance program and capital projects that we believe have the potential to yield an attractive rate of return.

7

Pursuing Strategic Growth Opportunities

We intend to pursue selective strategic growth opportunities after we complete a significant portion of our planned debt reduction and sales of non-core assets.

OUR COMPETITIVE STRENGTHS

Our competitive strengths have historically contributed to our operating performance and we believe the following strengths should enable us to capitalize on future opportunities:

Geographically Diverse Operations and Assets

We currently operate in 15 countries and have operated in 55 foreign countries and the United States since our founding in 1934, making us among the most geographically diverse drilling contractors in the world. Our core international land drilling operations focus primarily on the CIS, where we had nine land rigs as of June 30, 2003, and the Asia Pacific region, where we had 12 land rigs (one of which was in transit to the region), including seven helicopter transportable rigs, as of June 30, 2003. Our international offshore drilling operations focus on the transition zones of Nigeria, where we have four of the eight rigs in the market, and the Caspian Sea. We own and operate the world's largest arctic-class barge rig in the Caspian Sea. We also have 22 drilling and workover barges in the transition zones of the Gulf of Mexico.

Significant Experience in Our Core International Markets

Our reputation and experience have led operators to look to us as a pioneer for the exploration of oil and gas in new frontiers around the world. We have been one of the pioneers in arctic drilling services and have 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 us in marketing our services to operators in international markets with similar environmental considerations, such as the Caspian Sea, Western Siberia and Sakhalin Island. Our expertise in drilling deep, difficult wells, in addition to our arctic experience, helped us become the first western drilling contractor to enter

Russia, in 1991, and Kazakhstan, which is now one of our most active markets, in 1993. We were the first western contract driller to enter China, in 1980, and have continued to provide drilling services to this market.

Strong Market Position in the Transition Zones of the Gulf of Mexico

We are one of only two drilling companies with a significant presence in the transition zones of the Gulf of Mexico. This area historically has been the world's largest market for shallow water barge drilling, but in recent months barge utilization and dayrates have been depressed despite relatively strong natural gas prices. We believe that with 22 drilling and workover barges devoted to this market we are well positioned to take advantage of opportunities as this market recovers.

High Margin Rental Tool Business

Quail Tools, our rental tools business based in New Iberia, Louisiana, is a provider of premium rental tools used for land and offshore oil and gas drilling and workover activities. Quail Tools' principal customers are major and independent oil and gas exploration and production companies. Quail Tools has facilities in New Iberia, Louisiana; Victoria, Texas; Odessa, Texas and Evanston, Wyoming.

Outstanding Safety Record

We believe that we have an outstanding safety record in the operation of our barge and land rigs. Our safety record, as evidenced by our low total recordable incidence rate, has been better than the industry average in each of the last six years. Our safety record has contributed to our success in obtaining drilling contracts, as well as contracts to manage and provide labor resources to drilling rigs owned by third parties.

DRILLING OPERATIONS

International Barge Drilling

Our international barge drilling operations are focused in the transition zones of Nigeria and the Caspian Sea. 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. 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 drilling operations in the U.S. Gulf of Mexico.

We are a leading provider of barge rigs in Nigeria, with four of the eight rigs in this market. We have operated in Nigeria since 1996. However, significant civil unrest in Nigeria has resulted in suspensions of drilling operations on our working rigs in 2003. We also own and operate the world's largest arctic-class barge rig in the Caspian Sea. The operator of this barge rig has given notice of termination at the end of the contract's term in September 2003. Although we anticipate that this rig will resume operating in the future, we have not yet reached an agreement for its continued operation.

CIS

Nine of our rigs are currently located in the oil and gas producing regions of the CIS. We were the first Western drilling contractor to enter this market, in 1991, and it continues to be a major area of operations. Two of the three rigs we 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, we

operate through AralParker, a joint venture with a local Kazakhstan company. In November 2002, we received a notification from our 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 our drilling operations. In Russia, we had one rig under contract throughout 2002, and we mobilized a new rig to Sakhalin Island, which we designed, constructed and sold to Exxon Neftegas Limited. Drilling operations under an operations and maintenance contract with this customer commenced in June 2003.

U.S. Barge Drilling and Workover

The U.S. market for our 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. With 22 drilling and workover barges, we are one of two companies with a significant presence in this market.

Asia Pacific/Middle East/Africa

As of June 30, 2003, we had 12 land rigs located in the Asia Pacific region (one of which was in transit to the region) two land rigs in Africa and one land rig in the Middle East. Included are seven helicopter transportable rigs which facilitate exploration in areas of difficult access, like the mountainside and jungle terrain of Indonesia and Papua New Guinea.

Project Management

We are active in managing and providing labor resources for drilling rigs owned by third parties. As of June 30, 2003, we manage drilling rigs owned by third parties in China, Kazakhstan, Kuwait, New Zealand, Papua New Guinea and Russia.

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, we compete with one major contractor. In the jackup and platform markets, there are numerous U.S. offshore contractors. In international land markets, we compete 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 us in certain cases, as well as our patented drilling equipment for remote drilling projects. We believe 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 we do, which may enable them to better withstand industry downturns, compete more effectively on the basis of price, build new rigs or acquire existing rigs.

Our 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 Tools' competitors are substantially larger and have greater financial resources than Quail Tools.

CUSTOMERS

We believe that we have developed a reputation for providing efficient,

safe, environmentally conscious and innovative drilling services. An increasing trend indicates that a number of our 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. We are currently a preferred contractor for operators in certain United States and international locations, which our management believes is a result of our quality of equipment, personnel, safety records, service and experience.

Our drilling and rental tool customer base consists of major, independent and foreign-owned oil and gas companies. In 2002, ChevronTexaco Corporation, Tengizchevroil, a consortium led by ChevronTexaco and including Exxon Mobil Corporation, and Royal Dutch Shell accounted for approximately 17 percent, 13 percent and 10 percent, respectively, of our total revenues, including discontinued operations. Our ten most significant customers collectively accounted for approximately 66 percent of our total revenues in 2002, including discontinued operations.

CONTRACTS

Most drilling contracts are awarded based on competitive bidding. The rates specified in drilling contracts are generally on a dayrate basis, and vary depending upon the rig employed, equipment and services supplied, geographic location, term of the contract, competitive conditions and other variables. Our contracts generally provide for a basic dayrate during drilling operations, with lower rates or no payment for periods of equipment breakdown, adverse weather or other conditions that may be beyond our control. When a rig mobilizes to or demobilizes from an operating area, a contract may provide for different dayrates, specified fixed payments or no payment during the mobilization or demobilization. Some of our contracts may provide the customer with an option to purchase the rig that is employed under the contract. Contracts to employ our drilling rigs have a term based on a specified period of time or the time required to drill a specified well or number of wells. The contract term in some instances may be extended by the customer exercising options for the drilling of additional wells or for an additional term, or by exercising a right of first refusal. Most drilling contracts permit the customer to terminate the contract at the customer's option without paying a termination fee. Due to various reasons, including a change in market conditions, our customers may seek renegotiation of drilling contracts to reduce their obligations or may seek to suspend or terminate their contracts. Some contracts may be terminated by the customer under various circumstances such as the loss or destruction of the drilling unit or the suspension of drilling operations for a specified period of time as a result of a breakdown of major equipment.

10

We generally receive a lump sum fee to move our equipment to the drilling site, which in most cases approximates the cost incurred by us. 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.

INSURANCE AND INDEMNIFICATION

In our drilling contracts, we generally seek to obtain indemnification from our customers for some of the risks related to our drilling services. To the extent that we are unable to transfer such risks to customers by contract or indemnification agreements, we generally seek protection through insurance. To address the hazards inherent in our business, we maintain insurance coverage that includes physical damage coverage, third party general liability insurance, employer's liability, environmental and pollution coverage and other coverage. We believe that our insurance coverage is customary for the industry and adequate for our business. However, there is no assurance that such insurance will adequately protect us against all liability from all of the consequences of

the hazards we may encounter in our drilling operations.

EMPLOYEES

The following table sets forth the composition of our employees as of December 31, 2002 and December 31, 2001.

<TABLE>

<CAPTION>

	December 31,	
	2002	2001
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>

ENVIRONMENTAL CONSIDERATIONS

Our operations are subject to numerous federal, state local and foreign 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, or 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 our operations. Changes in environmental laws and regulations occur frequently, and any changes that result in more stringent and costly compliance could adversely affect our operations and financial position, as well as those of similarly situated entities operating in the Gulf Coast market. While our management believes that we are 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. As an owner or operator of both onshore and offshore facilities including mobile offshore drilling rigs in or near waters of the United States, we 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, or OPA, the Outer Continental Shelf Lands Act, or OCSLA, the Comprehensive Environmental Response, Compensation and Liability Act, or CERCLA, and the Resource Conservation and Recovery Act, or RCRA, each as amended from time to time. In addition, we 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 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 our offshore drilling rigs are typically classified as tank vessels, the recent amendments to the OPA are not expected to have a significant effect on our 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.

12

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 our 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, we conduct negligible dredging operations, with approximately two-thirds of our 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 us and our 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, our 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. We have received an information request under CERCLA designating a potentially responsible party with respect to a Superfund site in Freeport, Texas. We are currently evaluating our relationship to the site and have not yet estimated the amount or impact on our operations or financial position of any costs related to the site.

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, we do 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. Our 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 our 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

We lease office space in Houston for our corporate headquarters. Additionally, we own and lease office space and operating facilities in various locations, but only to the extent necessary for administrative and operational support functions. We own a ten-story building in Tulsa, Oklahoma, our previous corporate headquarters, which is vacant and classified as an asset held for sale.

Land Rigs

The following table shows, as of June 30, 2003, the locations and drilling depth ratings of our land rigs available for service. Eight of these rigs were under contract and the remainder were available for contract as of June 30, 2003.

<TABLE>
<CAPTION>

Region	Drilling Depth Rating in Feet			Total
	10,000 or less	10,000 to 25000	Over 25,000	
<S>	<C>	<C>	<C>	<C>
Asia Pacific	3	9	--	12
CIS (1)	2	4	3	9
Africa	1	1	--	2
Middle East (2)	--	1	--	1
Total	6	15	3	24

</TABLE>

- (1) Two of these rigs are owned by AralParker.
- (2) This rig is being moved to Turkmenistan.

In addition, we have six land rigs in the Asia Pacific region classified as cold stacked which would need to be refurbished at a significant cost before being placed back into service.

Barge Rigs

A schedule of our deep, intermediate, and workover and shallow drilling barge rigs located in the Gulf of Mexico as of June 30, 2003, nine of which were under contract and the remainder of which were available for contract as of June 30, 2003, is set forth below:

<TABLE>

<CAPTION>

U.S.	Horsepower	Year Built or Last Refurbished	Maximum Drilling Depth (Feet)
<S>	<C>	<C>	<C>
Deep drilling:			
Rig No. 15	1,000	1998	15,000
Rig No. 50	2,000	2001	25,000
Rig No. 51	2,000	1993	25,000
Rig No. 53	1,600	1995	20,000
Rig No. 54	2,000	1995	25,000
Rig No. 55	2,000	2001	25,000
Rig No. 56	2,000	1992	25,000
Rig No. 57	1,500	1997	20,000
Rig No. 76	3,000	1997	30,000
Intermediate drilling:			
Rig No. 8	1,000	1995	14,000
Rig No. 17	1,000	1993	13,000
Rig No. 20	1,000	2001	12,500
Rig No. 21	1,200	2001	13,000
Rig No. 23	1,000	1993	11,500
Workover and shallow drilling:			
Rig No. 6 (1)	700	1995	-
Rig No. 9 (1)	650	1996	-
Rig No. 12	1,100	1990	14,000
Rig No. 16	800	1994	8,500
Rig No. 18	800	1993	8,500
Rig No. 24	1,000	1992	11,500
Rig No. 25	1,000	1993	11,500
Rig No. 26 (1)	650	1996	-

(1) Workover rig.

A schedule of our international deep drilling barges as of June 30, 2003, four of which were under contract and one of which was available for contract as of June 30, 2003, is set forth below:

<TABLE>

<CAPTION>

International	Horsepower	Year Built or Last Refurbished	Maximum Drilling Depth (Feet)
<S>	<C>	<C>	<C>
Nigeria:			
Rig No. 72	3,000	2002	30,000
Rig No. 73	3,000	2002	30,000

Rig No. 74(1)	3,000	1997	30,000
Rig No. 75	3,000	1999	30,000
Caspian Sea:			
Rig No. 257	3,000	1999	30,000

(1) This rig has been evacuated due to community unrest in Nigeria.

16

The following table presents our utilization rates and rigs available for service for the years ended December 31, 2002 and 2001.

<TABLE>
<CAPTION>

Transition Zone Rig Data	Year Ended December 31,	
	2002	2001
	-----	----
	<C>	<C>
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%

International Land Rig Data

Rigs available for service (1):	41.0	41.0
Utilization rate of rigs available for service (2):	42%	49%

(1) The number of rigs available for service is determined by calculating the number of days each rig was in our fleet and was under contract or available for contract. For example, a rig under contract or available for contract for six months of a year is 0.5 rigs available for service for such year. Rigs available for service exclude rigs classified as assets held for sale. Our method of computation of rigs available for service may or may not be comparable to other similarly titled measures of other companies.

(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 are 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 or demobilization are also considered to be utilized. Our method of computation of rig utilization may or may not be comparable to other similarly titled measures of other companies.

17

We are currently attempting to sell a number of rigs and have therefore classified them as assets held for sale. As of June 30, 2003, these rigs consisted of the following:

Land Rigs

<TABLE>
<CAPTION>

	Drilling Depth Rating in Feet			
	10,000 or less	10,000 to 25000	Over 25,000	Total
<S>	<C>	<C>	<C>	<C>
Latin America	-	12 (1)	5	17

(1) One of these rigs was sold in July 2003.

Platform Rigs

<TABLE>
<CAPTION>

U.S.	Horsepower	Year Built or Last Refurbished	Maximum Drilling Depth (Feet)
<S>	<C>	<C>	<C>
Rig No. 2	1,000	1981	12,000
Rig No. 3	1,000	1995	12,000
Rig No. 10 (1)	650	1982	-
Rig No. 41	1,000	1997	12,500

(1) Workover rig.

Jackup Rigs

<TABLE>
<CAPTION>

U.S.	Design (1)	Maximum Water Depth (Feet)	Maximum Drilling Depth (Feet)
<S>	<C>	<C>	<C>
Rig No. 11 (2)	Bethlehem JU-200 (MC)	200	-
Rig No. 14 (3)	Baker Marine Big Foot (IS)	85	20,000
Rig No. 15	Baker Marine Big Foot III (IS)	100	20,000
Rig No. 20	Bethlehem JU-100 (MC)	110	25,000
Rig No. 21	Baker Marine BMC-125 (MC)	120	20,000
Rig No. 22	Le Tourneau Class 51 (MC)	173	15,000
Rig No. 25	Le Tourneau Class 150-44 (IC)	215	20,000

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

(2) Workover rig.

(3) In September 2003, a malfunction caused this rig to become partially submerged in the water. We are currently assessing the damage to the rig.

Item 3. LEGAL PROCEEDINGS

We are a party to certain legal proceedings that have resulted from the

ordinary conduct of our business. In the opinion of our management, none of these proceedings is expected to have a material adverse effect on us.

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

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 Parker Drilling 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 Parker Drilling 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. He has been a director since 1973.
- (3) Robert F. Nash, 59, senior vice president and chief operating officer, joined Parker Drilling in November 2001. Mr. Nash joined us 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 Parker Drilling 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) W. Kirk Brassfield, 47, vice president and corporate controller, joined Parker Drilling 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.
- (6) John R. Gass, 51, vice president of operations, joined Parker Drilling in 1977 and has served in various management positions in our international divisions. In 1985, he became the division manager of Africa and the Middle East. In 1987, he directed our core drilling operations in South Africa. In 1989, he was promoted to international contract manager. He was elected vice president, frontier areas in January 1996, and vice president of sales and contracts in March 1999. He assumed his current position in September 2003.

- (7) Denis Graham, 53, vice president of engineering, joined Parker Drilling in 2000. Mr. Graham was previously 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.
- (8) Ronald C. Potter, 50, vice president and general counsel, re-joined Parker Drilling in June 2003. From 2001 through May 2003, Mr. Potter was our outside legal counsel as a shareholder of Conner & Winters, P.C. in Tulsa, Oklahoma. From 1980 to 2001, he served Parker Drilling in various positions, most recently as chief legal counsel and corporate secretary.

OTHER PARKER DRILLING COMPANY OFFICER

- (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>

Quarter	2003		2002		2001	
	High	Low	High	Low	High	Low
First	\$ 2.56	\$ 1.91	\$ 4.82	\$ 3.10	\$ 7.53	\$ 4.75
Second	3.12	1.83	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

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)

The following tables present selected historical consolidated financial data derived from the audited financial statements of Parker Drilling for the years ended December 31, 2002, 2001, 2000 and 1999, the four months ended December 31, 1998 and the fiscal year ended August 31, 1998. In June 2003, our board of directors approved a plan to sell our non-core assets, which included, as of June 30, 2003, our Latin American assets, consisting of 17 land rigs and related inventory and spare parts, and our U.S. offshore assets, consisting of seven jackup and four platform rigs. The two operations that constitute this

plan of disposition meet the requirements of discontinued operations under the provisions of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Accordingly, our consolidated financial statements for the years ended December 31, 2002, 2001, 2000 and 1999, the four months ended December 31, 1998 and the fiscal year ended August 31, 1998 have been reclassified to present our Latin America operations and our U.S. jackup and platform drilling operations as discontinued operations. The financial data for the year ended December 31, 2000 have also been reclassified to reflect the adoption of SFAS No. 145, "Rescission of FASB Statements No. 4, No. 44, and No. 64, Amendment of FASB Statement No. 13, and Technical Corrections," which resulted in the reclassification of the extraordinary gain on early extinguishment of debt to other income and the related deferred taxes to income tax expense. The following financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and related notes appearing elsewhere in this Form 10-K/A.

<TABLE>
<CAPTION>

	Year Ended December 31,			
	2002	2001	2000	1999
<S>	<C>	<C>	<C>	<C>
Drilling and rental revenues:				
U.S. drilling	\$ 74,181	\$ 114,377	\$ 85,539	\$ 74,990
International drilling	188,514	177,464	126,633	108,591
Rental tools	47,510	65,629	42,833	27,656
Total drilling and rental revenues	310,205	357,470	255,005	211,237
Total drilling and rental operating expenses	252,362	267,746	220,714	200,911
Drilling and rental operating income	57,843	89,724	34,291	10,326
Construction contract operating income	2,462	--	--	--
General and administration expense	24,728	21,721	20,392	16,312
Provision for reduction in carrying value of certain assets and reorganization expense		1,140	7,500	7,805
Total operating income	34,437	60,503	6,094	(16,991)
Other income and (expense):				
Interest expense	(52,409)	(53,015)	(57,036)	(55,928)
Other income (expense), net	(143)	4,926	34,466	41,743
Total other income and (expense)	(52,552)	(48,089)	(22,570)	(14,185)
Income (loss) before income taxes	(18,115)	12,414	(16,476)	(31,176)
Income tax expense (benefit)	(2,836)	11,429	(218)	(2,760)
Income (loss) from continuing operations	(15,279)	985	(16,258)	(28,416)
Discontinued operations, net of taxes	(25,631)	10,074	(2,787)	(9,481)
Cumulative effect of change in accounting principle	(73,144)	--	--	--
Net income (loss)	\$ (114,054)	\$ 11,059	\$ (19,045)	\$ (37,897)

</TABLE>

<TABLE>
<CAPTION>

	Four Months	Year
	Ended December 31, 1998	Ended August 31, 1998
<S>	<C>	<C>
Drilling and rental revenues:		
U.S. drilling	\$ 33,223	\$ 142,080
International drilling	40,428	135,721
Rental tools	10,245	32,723
Total drilling and rental revenues	83,896	310,524

Total drilling and rental operating expenses	76,403	249,248
Drilling and rental operating income	7,493	61,276
General and administration expense	5,904	17,273
Total operating income	1,589	44,003
Other income and (expense):		
Interest expense	(17,427)	(49,389)
Other income (expense), net	741	9,864
Total other income and (expense)	(16,686)	(39,525)
Income (loss) before income taxes	(15,097)	4,478
Income tax expense (benefit)	(1,716)	9,605
Income (loss) from continuing operations	(13,381)	(5,127)
Discontinued operations, net of taxes	(1,252)	33,219
Net income (loss)	\$ (14,633)	\$ 28,092

</TABLE>

21

Item 6. SELECTED FINANCIAL DATA (Dollars in Thousands) (continued)

<Table>

<Caption>

	Year Ended December 31,			Four Months	Fiscal Year Ended	Ended
	2002	2001	2000	1999	December 31, 1998	August 31, 1998
<S>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE SHEET DATA:						
Cash and cash equivalents	\$ 51,982	\$ 60,400	\$ 62,480	\$ 45,501	\$ 24,314	\$ 45,254
Property, plant and equipment, net	641,278	695,529	663,525	661,402	729,873	727,840
Assets held for sale	896	1,800	6,860	17,063	11,010	8,118
Total assets	953,325	1,105,777	1,107,419	1,082,743	1,159,326	1,200,544
Total long-term debt, including current portion	589,930	592,172	597,627	653,631	661,883	651,559
Stockholders' equity	\$300,626	\$ 412,143	\$ 399,163	\$ 329,421	\$ 363,950	\$ 377,962

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. We incurred a net loss from continuing operations of \$15.3 million before the cumulative effect of the change in accounting principle, compared to net income from continuing operations of \$1.0 million in 2001. Rig utilization, dayrates and rental activity decreased substantially in the our 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 by downtime due to barge rig inspections and refurbishments in Nigeria.

The financial results for the first half of 2003 continued to reflect the current depressed conditions in most drilling markets. Despite high utilization for jackup rigs in the Gulf of Mexico, the dayrates for jackups and barges in this market continue to remain at depressed levels. Utilization for international land drilling operations, while ending its downward trend that began during the second quarter of 2002, remains at depressed levels. Our rental tool business has responded favorably to the recent increase in activity in the

Gulf of Mexico.

Dayrates in the Gulf of Mexico drilling market were depressed during the first half of 2003 despite natural gas prices remaining at historically high levels during the period. We believe this can be attributed to several factors, including: operators addressing debt reduction issues, lack of acceptable well prospects for major oil companies and funding issues for independent operators. Although our jackup utilization increased from 75 percent in the first quarter of 2003 to 82 percent in the second quarter of 2003, our jackup dayrates decreased during the same period. Barge drilling activity results were more predictable for the current operating environment with barge utilization and dayrates declining during the second quarter of 2003 when compared with the first quarter of 2003, despite a brief increase in activity during May and June 2003. We anticipate that the Gulf of Mexico barge drilling market will remain flat throughout the third quarter of 2003 and most likely into the fourth quarter of 2003, but we anticipate utilization and dayrates should begin to increase during the first quarter of 2004 if natural gas prices remain at current levels.

22

Gross margins in our rental tool business in the Gulf of Mexico increased during the first half of 2003 when compared to the first half of 2002. Contributing to the increases has been the opening of Quail Tools' new Evanston, Wyoming operation that continues to establish a solid customer base. Our outlook for the rental tools business for the remainder of 2003 is positive, and we anticipate that the year over year growth for the remainder of 2003 will equal or exceed that of the first two quarters of 2003.

The Commonwealth of Independent States (former Soviet Union, referred to herein as "CIS") is our leading market of international land operations. In addition to our established operations in Kazakhstan and Russia, one of our subsidiaries, in cooperation with Calik Enerji, A.S., has recently signed a three-year, two rig contract to provide drilling services to Turkmenneft State Concern in Turkmenistan. Our remaining international land operations showed little signs of improvement during the second quarter of 2003 due primarily to our Asia Pacific operation. However, we expect this area to improve during the third and fourth quarters of 2003 as a result of a recent contract extension in Indonesia, two new contracts in New Zealand and a new contract in Bangladesh. The new contracts in New Zealand and Bangladesh are anticipated to last from nine to twelve months. As bidding activity increases in the Asia Pacific market, we are hopeful that this market will continue to grow. We are also continuing our pursuit of opportunities to increase our presence in Russia through, among other means, alliances with operators who are making long-term investments.

International barge drilling was negatively impacted during the first half of 2003 by continued community unrest in Nigeria that has resulted in the shutdown and evacuation of one barge rig since March 2003. We are unable to access, evaluate and repair any damage to the evacuated barge rig due to the ongoing community unrest. Although we believe that any damage to this rig will be covered by our insurance policy, under the terms of our insurance coverage we are responsible for the first \$250,000 of the cost of repairs plus 20 percent of the cost of repairs in excess of \$250,000. We have estimated the total cost of repairing the damage to the rig to be approximately \$7.5 million. Accordingly, we recorded a charge of approximately \$1.7 million in the three months ended June 30, 2003, to account for the portion of the estimated repair costs that will not be covered by insurance. The operator of our barge rig operation in the Caspian Sea has given notice of termination at the end of the contract's four-year term in September 2003. Although we anticipate that this rig will resume operating in the future, we do not expect any increase in our international barge drilling operations in the near term.

In June 2003, our board of directors approved a plan to sell our non-core assets to generate funds to enhance our debt reduction capabilities. As of June 30, 2003, our fleet of rigs held for sale consisted of seven shallow water jackup rigs and four offshore platform rigs located in the Gulf of Mexico and 17 land rigs and related inventory and spare parts located in Latin America. In July 2003, we sold one of our Latin American land rigs. We identified these assets for sale based on the relatively low utilization rates of the land rigs and platform rigs and the wide fluctuations in the dayrates for the jackup rigs. The operations that constitute this plan of disposition meet the requirements of

discontinued operations under the provisions of Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Accordingly, our consolidated financial statements for the six months ended June 30, 2002 and the years ended December 31, 2002, 2001 and 2000 have been reclassified to present our Latin America operations and our U.S. jackup and platform drilling operations as discontinued operations. The assets held for sale have been written down to their estimated fair value, resulting in a non-cash impairment charge of \$54.0 million recognized in the second quarter of 2003. We will continue to report separately the results of operations of these discontinued operations until the closing of the actual sales.

Our goal is to reduce our debt by approximately \$200.0 million. We intend to accomplish this goal from cash currently on hand, cash generated from operations and cash generated by the sale of our non-core assets. An initial step in our debt reduction plan was accomplished by the purchase of approximately \$14.8 million of our 5.5% convertible notes due 2004 on the open market in May 2003, which reduced the outstanding aggregate principal amount to approximately \$109.7 million as of June 30, 2003. The convertible notes mature on August 1, 2004.

23

We continue to be vigilant in our efforts to conserve cash by reducing our general and administrative expenses and limiting our capital expenditures. We anticipate that general and administrative expenses will be reduced from \$24.7 million in 2002 to less than \$20.0 million in 2003 and our capital expenditures will not exceed \$50.0 million in 2003. We reduced our general and administrative expenses in the first six months of 2003 by reducing our corporate workforce in 2002 and by limiting administrative costs and we will continue to make reductions as appropriate for the level of our operations. Our capital expenditure program calls for limiting expenditures to scheduled ongoing maintenance projects, our preventive maintenance program and capital projects that we believe have the potential to yield an attractive rate of return.

We currently project a net loss from continuing operations for the year ending December 31, 2003, of approximately \$0.38 to \$0.42 per share of common stock. This projection takes into consideration the estimated fees and expenses payable by us related to the proposed offering of the new senior notes, the proposed new senior secured credit facility, the tender offer and consent solicitation related to the 9.75% senior notes and the consent solicitation related to the 10.125% senior notes and the purchase price premium and costs related to the tender offer for our 9.75% senior notes. Certain of these estimated fees and expenses of indebtedness will be capitalized as debt issuance cost and amortized over the life of the new debt. This projection also takes into consideration the slower than anticipated market reaction to increases in commodity prices that continue to affect a number of our drilling markets.

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

We recorded a loss from continuing operations of \$15.3 million, for the year ended December 31, 2002 before discontinued operations and the cumulative effect of a change in accounting principle, compared to income from continuing operations of \$1.0 million for the year ended December 31, 2001. We recorded a loss from discontinued operations of \$25.6 million for the year ended December 31, 2002 as compared to income from discontinued operations of \$10.1 million for 2001. The change in accounting principle related to our adoption of Statement of Financial Accounting Standards, or 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	
	<C>	<C>	<C>	<C>
Drilling and rental revenues:	(Dollars in Thousands)			
U.S. drilling	\$ 74,181	24%	\$114,377	32%

International drilling	188,514	61%	177,464	50%
Rental tools	47,510	15%	65,629	18%
	-----	-----	-----	-----
Total drilling and rental revenues	\$310,205	100%	\$357,470	100%
	=====	=====	=====	=====

</TABLE>

Our revenues decreased \$47.3 million from \$357.5 million in 2001 to \$310.2 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. barge drilling revenues decreased \$40.2 million in 2002 to \$74.2 million due primarily to decreased dayrates and reduced utilization. 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 had risen, uncertainty regarding the economy and international issues had caused operators to be hesitant to significantly increase drilling in 2002. Utilization for the barge rigs decreased from 76 percent in 2001 to 49 percent in 2002 with a 10 percent decrease in dayrates.

24

International drilling revenues increased \$11.0 million to \$188.5 million in 2002 as compared to 2001. International land drilling revenues increased \$17.7 million to \$115.2 million during 2002 as compared to 2001. International land drilling revenues in the CIS region increased \$10.3 million in 2002. Revenues increased \$7.4 million in our Tengiz operations in 2002 as compared to 2001 primarily due to increased utilization. Revenues from our interest in SaiPar increased \$6.2 million due to increased rig lease rates in 2002 and from early termination fees for the two rigs released by the operator in July and December 2002. The early termination fees totaled \$3.7 million. Revenues increased in the Asia Pacific region by \$6.1 million related primarily to increased utilization and dayrates in Papua New Guinea. Additionally, we increased the number of labor contracts in Kuwait from two rigs in 2001 to six rigs in 2002 resulting in additional revenues of \$1.4 million.

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 our four barge rigs operating in Nigeria incurred downtime for required American Bureau of Shipping 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 was subsequently 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, Louisiana 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	
	-----	-----	-----	-----
	<C>	<C>	<C>	<C>
Drilling and rental operating income:				(Dollars in Thousands)
U.S. drilling (1)	\$ 25,855	35%	\$ 50,653	44%
International drilling (1)	74,242	39%	64,336	36%
Rental tools (1)	25,700	54%	42,624	65%
Depreciation and amortization		(67,954)		(67,889)
	-----	-----	-----	-----

Total drilling and rental operating income (2)	\$ 57,843	\$ 89,724
Construction contract operating income	2,462	--
General and administrative expense	(24,728)	(21,721)
Provision for reduction in carrying value of certain assets	(1,140)	--
Reorganization expense	--	(7,500)
Total operating income	\$ 34,437	\$ 60,503

</TABLE>

- (1) Drilling and rental gross margin - drilling and rental revenues less direct drilling and rental operating expenses, excluding depreciation and amortization expense; drilling and rental gross margin percentages - drilling and rental gross margin as a percent of drilling and rental revenues.
- (2) Drilling and rental operating income - drilling and rental revenues less direct drilling and rental operating expenses including depreciation and amortization expense.

Drilling and rental operating income of \$57.8 million in 2002 reflects a decrease of \$31.9 million from the \$89.7 million recognized during the year ended December 31, 2001. The U.S. and international drilling segments recorded gross margin percentages of 35 percent and 39 percent, respectively, in 2002 as compared to 44 percent and 36 percent in 2001. U.S. gross margins decreased \$24.8 million to \$25.9 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 gross margin percentage increased during the fourth quarter to 39 percent from 36 percent during the third quarter on comparable revenues.

International drilling gross margin increased \$9.9 million to \$74.2 million during the year ended December 31, 2002 as compared to 2001. International land drilling gross margin increased \$13.9 million to \$48.7 million. Gross margin in the CIS region increased \$11.4 million with Kazakhstan and Russia operations each increasing gross margin by approximately \$5.7 million. The Kazakhstan increase was 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 gross margin increase in Russia was due to higher than anticipated mobilization and start up costs incurred in 2001 that resulted in a significant loss. Asia Pacific region gross margin increased \$2.5 million to \$17.5 million during 2002. Improvement in Asia Pacific is primarily related to increased revenues in Papua New Guinea that resulted in increased gross margin of \$2.3 million. International offshore drilling gross margins decreased \$4.0 million to \$25.5 million during 2002. This decrease in gross 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.

Rental tool gross margin decreased \$16.9 million to \$25.7 million during 2002 as compared to the year ended December 31, 2001. Gross margin decreased primarily due to the \$18.1 million decline in revenues during 2002. The gross margin percentage decreased during 2002 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, we 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 our former corporate headquarters in Tulsa currently held for sale. With regards to the vacation accrual we adopted a paid time off policy in 2002, significantly increasing the required vacation accrual.

The \$1.1 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 our 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.

26

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 \$4.3 million for the year ended December 31, 2002 includes \$3.6 million related to the exchange offer and \$0.4 million of costs incurred for the attempted purchase of Australia Oil and Gas Corporation Limited.

Income tax expense for the year ended December 31, 2002 consists of foreign tax expense of \$14.2 million and a deferred tax benefit of \$17.1 million. Foreign taxes increased \$1.4 million due to increased taxes in the Kazakhstan and the Asia Pacific regions. The deferred tax benefit was recognized due to the loss generated during 2002.

ANALYSIS OF DISCONTINUED OPERATIONS

<TABLE>
<CAPTION>

	Year Ended December 31,	
	2002	2001
	<C>	<C>
	(Dollars in Thousands)	
Discontinued operations drilling revenues:		
U.S. jackup and platform drilling	\$ 39,297	\$ 76,432
Latin America drilling	40,444	54,063
Total discontinued operations drilling revenues	\$ 79,741	\$ 130,495
Discontinued operations operating income (loss):		
U.S. jackup and platform drilling (1)	\$ 1,799	\$ 27,676
Latin America drilling (1)	10,080	12,707
Depreciation and amortization	(30,549)	(29,370)
Total discontinued operations operating income (loss) (2)	(18,670)	11,013
Other income (expense) - net	535	220
Provision for impairment of assets	(360)	--
Tax expense	(7,136)	(1,159)
Income (loss) from discontinued operations	\$ (25,631)	\$ 10,074

</TABLE>

- (1) Drilling gross margin - drilling revenues less direct drilling operating expenses, excluding depreciation and amortization expense.
- (2) Drilling operating income (loss) - drilling revenues less direct drilling operating expenses, including depreciation and amortization expense.

U.S. jackup and platform drilling revenues decreased \$37.1 million in 2002 from 2001. Revenues for the jackup rigs decreased \$27.8 million during 2002 as compared to 2001. The seven jackup rigs experienced a 44 percent decrease in average dayrates during 2002 as compared to 2001, while utilization for the jackups remained relatively constant in year-to-year comparisons. Revenues for the platform rigs decreased \$9.3 million to \$1.6 million, as all four platform rigs were stacked the last three quarters of 2002. The significant decrease in gross margin relates almost entirely to the 44 percent decrease in average dayrates for the jackup rigs.

Latin America revenues decreased \$13.6 million in 2002 as compared to 2001. The decrease primarily related to reduced 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. 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 were delays in receiving the Bolivian government's commitment to a new gas pipeline to the west coast of South America to enable the

27

exporting of natural gas to Mexico and the United States. Revenues in Bolivia decreased \$9.7 million to \$1.0 million in 2002.

Latin America's discontinued operations gross margin declined \$2.6 million primarily due to decreased drilling activity in Colombia and Bolivia. The decreased gross margins in Colombia and Bolivia were partially offset by increased gross margins in Ecuador and Peru. The contract in Ecuador was completed in the third quarter of 2002. The contract in Peru will continue through 2003.

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

We recorded income from continuing operations of \$1.0 million for the year ended December 31, 2001, compared to a loss from continuing operations of \$16.3 million for the year ended December 31, 2000. Income from discontinued operations was \$10.1 million for the year ended December 31, 2001 as compared to a loss from discontinued operations of \$2.8 million for 2000.

<TABLE>
<CAPTION>

	Year Ended December 31,			
	2001		2000	
Drilling and rental revenues:	(Dollars in Thousands)			
<S>	<C>	<C>	<C>	<C>
U.S. drilling	\$114,377	32%	\$ 85,539	33%
International drilling	177,464	50%	126,633	50%
Rental tools	65,629	18%	42,833	17%
Total drilling and rental revenues	\$357,470	100%	\$255,005	100%

</TABLE>

Our revenues increased \$102.4 million to \$357.5 million in 2001 as compared to 2000. U.S. barge rig revenues increased \$30.5 million to \$114.4 million due primarily to increased dayrates for the drilling barge rigs. Dayrates increased 31 percent for the barge rigs as compared to the previous

year. U.S. land drilling revenues decreased \$1.7 million due to the sale of our last remaining U.S. land rig, Rig 245, in November 2000.

International drilling revenues increased \$50.8 million to \$177.5 million in 2001 as compared to the year ended December 31, 2000. International land drilling revenues increased \$42.9 million to \$97.4 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 2000. 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 \$16.8 million in the Asia Pacific region due primarily to increased rig utilization in Indonesia, Papua New Guinea and New Zealand. Revenues decreased \$6.2 million in the Africa/Middle East region due to completion of land drilling contracts in Madagascar and Nigeria 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 \$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.

28

<TABLE>
<CAPTION>

	Year Ended December 31,			
	2001		2000	
	<C>	<C>	<C>	<C>
	(Dollars in Thousands)			
Drilling and rental operating income:				
U.S. drilling (1)	\$ 50,653	44%	\$ 30,077	35%
International drilling (1)	64,336	36%	35,307	28%
Rental tools (1)	42,624	65%	26,839	63%
Depreciation and amortization		(67,889)		(57,932)
Total drilling and rental operating income (2)	\$ 89,724		\$ 34,291	
General and administrative expense		\$(21,721)		\$(20,392)
Provision for reduction in carrying value of certain assets		--		(7,805)
Reorganization expense		(7,500)		--
Total operating income	\$ 60,503		\$ 6,094	

</TABLE>

- (1) Drilling and rental gross margin - drilling and rental revenues less direct drilling and rental operating expenses, excluding depreciation and amortization expense; drilling and rental gross margin percentages - drilling and rental gross margin as a percent of drilling and rental revenues.
- (2) Drilling and rental operating income - drilling and rental revenues less direct drilling and rental operating expenses including depreciation and amortization expense.

Drilling and rental operating income of \$89.7 million in 2001 reflected an

increase of \$55.4 million from the \$34.3 million recognized during the year ended December 31, 2000. The U.S. and international drilling segments recorded gross margin percentages during 2001 of 44 percent and 36 percent, respectively, as compared to 35 percent and 28 percent in 2000. U.S. gross margins increased \$20.6 million. U.S. drilling gross margin was positively impacted during 2001 by increasing dayrates in the Gulf of Mexico from the barge rigs which increased approximately 31 percent in 2001 as compared to the prior year. International drilling gross margin increased \$29.0 million to \$64.3 million during the year ended December 31, 2001 as compared to 2000. International land drilling gross margin increased \$22.3 million to \$12.6 million. Gross 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. Gross margin in Russia decreased \$5.4 million due to higher than anticipated mobilization and start up costs. The international offshore drilling gross margin increased \$6.7 million to \$29.5 million, with gross margin increasing from 32 percent to 37 percent during 2001 as compared to 2000.

Rental tool gross margin increased \$15.8 million to \$42.6 million during 2001 as compared to the year ended December 31, 2000. Gross margin increased primarily due to the \$22.8 million increase in revenues during 2001. The gross 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.

29

Depreciation and amortization expense increased \$10.0 million to \$67.9 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 our new corporate office in Houston.

We recognized \$7.5 million in reorganization costs, which includes employee-moving expenses and severance costs, during 2001. In September 2001, we opened our new corporate office in Houston. The reorganization included the consolidation of its corporate and international drilling activities from Tulsa, Oklahoma, with our 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 \$20.6 million to \$1.8 million for the year ended December 31, 2001. During the year 2000, we sold our one million shares of Unit Corporation common stock and recognized a pre-tax gain of \$7.4 million and we 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 \$12.8 million and deferred tax benefit of \$1.9 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, or NOL's. At December 31, 2000, we 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, we utilized more NOL's than originally anticipated resulting in the deferred tax benefit. As of December 31, 2001, the remaining valuation allowance was \$9.9 million.

ANALYSIS OF DISCONTINUED OPERATIONS

<TABLE>
<CAPTION>

Year Ended December 31,

	2001	2000
<S>	<C>	<C>
Discontinued operations drilling revenues:		(Dollars in Thousands)
U.S. jackup and platform drilling	\$ 76,432	\$ 62,877
Latin America drilling	54,063	58,467
Total discontinued operations drilling revenues	<u>\$ 130,495</u>	<u>\$ 121,344</u>
Discontinued operations operating income (loss):		
U.S. jackup and platform drilling (1)	\$ 27,676	\$ 19,142
Latin America drilling (1)	12,707	16,911
Depreciation and amortization	(29,370)	(27,128)
Total discontinued operations operating income (loss) (2)	11,013	8,925
Other income (expense) - net	220	(4,462)
Provision for impairment of assets	--	(495)
Tax expense	(1,159)	(6,755)
Income (loss) from discontinued operations	<u>\$ 10,074</u>	<u>\$ (2,787)</u>

</TABLE>

- (1) Drilling gross margin - drilling revenues less direct drilling operating expenses, excluding depreciation and amortization expense.
- (2) Drilling operating income (loss) - drilling revenues less direct drilling operating expenses, including depreciation and amortization expense.

30

U.S. jackup and platform drilling revenues consisting of the seven jackup rigs and four platform rigs increased \$13.6 million during 2001 as compared to 2000. Dayrates increased 40 percent for the jackup rigs 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. 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 of 2001 was 52 percent as compared to approximately 87 percent during the first three quarters of 2001.

U.S. jackup and platform drilling gross margin was positively impacted during 2001 by increasing dayrates in the Gulf of Mexico. 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. This slowdown negatively impacted jackup rig dayrates, which declined approximately 23 percent from the first three quarters of 2001.

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. Latin America gross margins decreased \$4.2 million primarily due to the reduced activity in Bolivia

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 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 in 2002. 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 in 2002. 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, we had cash and cash equivalents of \$60.4 million, a decrease of \$2.1 million from December 31, 2000. The primary sources of cash in 2001 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 Tools. 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

31

October 22, 2003. The Company expects to renew or replace the revolving loan facility by the end of the third quarter of 2003.

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.

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	After 5 4 - 5 Years	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 shorter 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

We consider 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

Our management periodically evaluates our 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 we have realized sustained significant declines in utilization and dayrates and recovery is not contemplated in the near future. Our 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.

In June 2003, our board of directors approved a plan to sell our Latin America assets consisting of 17 land rigs and related inventory and spare parts and our U.S. offshore assets consisting of seven jackup rigs and four platform rigs. We are actively marketing the assets through an independent broker. At June 30, 2003, the net book value of the assets to be sold exceeded the fair value and as a result an impairment charge including estimated sales expenses was recognized in the amount of \$54.0 million. One Latin America land rig and related spare parts were sold to a third party for \$1.8 million in July, 2003.

Impairment of goodwill

Our 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 impairment should be recorded.

In 2002, SFAS No. 142, "Goodwill and Other Intangible Assets," became effective and as a result, we discontinued the amortization of \$189.1 million of goodwill. In lieu of amortization, we performed an initial impairment review of goodwill and as a result impaired goodwill by \$73.1 million. We will perform an annual impairment review, in December, hereafter. The impairment was recognized as a cumulative effect of a change in accounting principle. We performed our annual impairment review during the fourth quarter of 2002 with no additional impairment required.

Accounting for income taxes

As part of the process of preparing the consolidated financial statements, we are required to estimate the income taxes in each of the jurisdictions in which we operate. 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 our consolidated balance sheet. We must then assess the likelihood that the deferred tax assets will be recovered from future

taxable income, and to the extent we believe that recovery is not likely, we must establish a valuation allowance. To the extent we establish a valuation allowance or increase or decrease this allowance in a period, we must include an expense or reduction of expense within the tax provision in the statement of operations.

Revenue Recognition

We recognize revenues and expenses on dayrate contracts as the drilling progresses (percentage of completion method) because we do not bear the risk of completion of the well. For meterage contracts, we recognize 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 April 2002, the Financial Accounting Standards Board, referred to as 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 adopted this standard in the first quarter of 2003 and it did not have a significant effect on our results of operations or our financial position. The statements of operations and cash flows have been restated to reflect our adoption of SFAS No. 145 and, accordingly, the extraordinary gain on the extinguishment of debt has been reclassified to other income and the related taxes to income tax expense.

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. The adoption of this standard has not had any impact on our financial position or results of operations.

In November 2002, the FASB issued Interpretation No. 45, or FIN 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, including Indirect Guarantees of Indebtedness of Others." The interpretation requires disclosure about the nature and terms of obligations under certain guarantees that we have issued. The interpretation also clarifies that a guarantor is required to recognize, at inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing a guarantee. The initial recognition and initial measurement provisions are applicable on a prospective basis to guarantees issued or modified after December 31, 2002. The disclosure requirements in this interpretation are effective immediately. We do not expect to be impacted by the issuance of FIN 45.

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 Accounting Principals Board Opinion, or 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 interim disclosure provisions have been included in the notes to our consolidated financial statements.

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. We are consolidating AralParker, a company in which we own a 50 percent equity interest, 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

We are exposed to interest rate risk from our fixed-rate debt. In January 2002, we hedged against a portion of the risk of changes in fair value associated with our \$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. We assumed no ineffectiveness as each interest rate swap agreement met the short-cut method requirements under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," 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 six months ended June 30, 2002 the interest rate swap agreements reduced interest expense by \$2.3 million.

On July 24, 2002, we 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 or included in any gain or loss if the debt is extinguished prior to its stated maturity, over the remaining term (ending November 2006) of the debt instrument, of which \$0.4 million was recognized during the six months ended June 30, 2003.

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/A, 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/A, 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 consolidated 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."

As discussed in Note 17 to the consolidated financial statements, the Company has reclassified certain amounts in its consolidated statement of operations to reflect certain discontinued operations and the adoption of SFAS No. 145.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

Tulsa, Oklahoma
January 29, 2003, except for Note 17,
as to which the date is September 19, 2003.

36

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
	<C>	<C>	<C>
<S>			
Drilling and rental revenues:			
U.S. drilling	\$ 74,181	\$ 114,377	\$ 85,539
International drilling	188,514	177,464	126,633
Rental tools	47,510	65,629	42,833
Total drilling and rental revenues		310,205	357,470
			255,005
Drilling and rental operating expenses:			
U.S. drilling	48,326	63,724	55,462
International drilling	114,272	113,128	91,326
Rental tools	21,810	23,005	15,994
Depreciation and amortization		67,954	67,889
Total drilling and rental operating expenses		252,362	267,746
			220,714
Drilling and rental operating income		57,843	89,724
			34,291
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
Provision for reduction in carrying value of certain assets	1,140	--	7,805
Reorganization expense	--	7,500	--
Total operating income		34,437	60,503
			6,094
Other income and (expense):			
Interest expense	(52,409)	(53,015)	(57,036)
Interest income	851	3,553	3,691
Gain on disposition of assets	2,997	1,757	22,398
Minority interest	278	--	--
Other	(4,269)	(384)	8,377
Total other income and (expense)		(52,552)	(48,089)
			(22,570)
Income (loss) before income taxes		(18,115)	12,414
Income tax expense (benefit)		(2,836)	11,429
Income (loss) from continuing operations		(15,279)	985
Discontinued operations, net of taxes		(25,631)	10,074
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) from continuing operations	\$ (0.16)	\$ 0.01	\$ (0.20)
Discontinued operations, net of taxes	\$ (0.28)	\$ 0.11	\$ (0.03)
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) from continuing operations	\$	(0.16)	\$	0.01	\$	(0.20)
Discontinued operations, net of taxes	\$	(0.28)	\$	0.11	\$	(0.03)
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

See accompanying notes to the consolidated financial statements.

37

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,		
<S>	2002	2001	2000
<C>	<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	67,954	67,889	57,932
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	--	--	(6,150)
Provision for reduction in carrying value of certain assets	1,500	--	8,300
Deferred tax expense (benefit)	(17,120)	(1,899)	(9,088)
Discontinued operations	30,549	29,370	27,128
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
	<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.

41

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 Income (Loss)	Comprehensive Income (Loss)	
	<C>	<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.

42

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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) from continuing operations:			
As reported	\$ (15,279)	\$ 985	\$ (16,258)
Compensation expense, net of tax	(2,597)	(3,361)	(2,960)
Pro forma	\$ (17,876)	\$ (2,376)	\$ (19,218)
Diluted earnings (loss) per share from continuing operations:			
As reported	\$ (0.16)	\$ 0.01	\$ (0.20)
Compensation expense, net of tax	(0.03)	(0.04)	(0.04)
Pro forma	\$ (0.19)	\$ (0.03)	\$ (0.24)

</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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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 2002, resulted in no additional

impairment.

47

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>

48

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
<S>	<C>	<C>
Net income (loss) - as reported	\$ 11,059	\$ (19,045)
Goodwill amortization	7,481	7,481
Income tax impact (1)	(1,131)	(1,131)
Net income (loss) - as adjusted	\$ 17,409	\$ (12,695)

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.

49

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 4 - Long-Term Debt

<TABLE>

<CAPTION>

	December 31,	
	2002	2001
	-----	-----
	(Dollars in Thousands)	
	<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
Deferred gain related to 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>

50

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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	\$ --	\$ 280,003	\$ 27,772	\$ 2,430	\$ 310,205
Drilling and rental operating expenses	3	158,498	23,477	2,430	184,408
Depreciation and amortization	1	64,776	3,299	(122)	67,954
Drilling and rental operating income (loss)	(4)	56,729	996	122	57,843
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	--	1,140	--	--	1,140
Total operating income (loss)	(365)	33,584	996	222	34,437
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)	7,839	109	(4,451)	(994)
Equity in net earnings of subsidiaries	(113,980)	--	--	113,980	--
Total other income and (expense)	(130,809)	(31,507)	235	109,529	(52,552)
Income (loss) before income taxes	(131,174)	2,077	1,231	109,751	(18,115)
Income tax expense (benefit):	(17,120)	14,284	--	--	(2,836)
Income (loss) from continuing operations	(114,054)	(12,207)	1,231	109,751	(15,279)
Discontinued operations, net of taxes	--	(25,631)	--	--	(25,631)
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.

ITEM 1. FINANCIAL STATEMENTS

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>	<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
Assets held for sale		--	896	--	--	896
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	15,440	(103)	138	28,031
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	64,776	3,299	(122)	67,954	
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)	
Discontinued operations		--	30,549	--	--	30,549	
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
<S>	<C>	<C>	<C>
	(Dollars in Thousands)		

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 7 - Income Taxes

Income (loss) before income taxes, discontinued operations and cumulative effect of change in accounting principle is summarized below (dollars in thousands):

<TABLE>

<CAPTION>

	Year Ended December 31,		
	2002	2001	2000
United States	\$ (34,351)	\$ 19	\$ (19,931)
Foreign	16,236	12,395	3,455
	<u>\$ (18,115)</u>	<u>\$ 12,414</u>	<u>\$ (16,476)</u>

</TABLE>

Income tax expense (benefit) related to continuing operations is summarized as follows (dollars in thousands):

<TABLE>

<CAPTION>

	Year Ended December 31,		
	2002	2001	2000
Current:			
United States:			
Federal	\$ 104	\$ 530	\$ --
State	--	--	--
Foreign	14,180	12,798	11,084
Deferred:			
United States:			
Federal	(17,120)	(1,846)	(10,988)
State	(53)	(314)	

\$ (2,836) \$ 11,429 \$ (218)

</TABLE>

58

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)	\$(6,340)	(35%)	\$ 4,345	35%	\$(8,095)	(49%)
Foreign taxes, net of federal benefit	8,986	50%	8,319	67%	5,830	35%
Change in valuation allowance	(2,927)	(16%)	(9,593)	(77%)	(6,097)	(37%)
Foreign corporation income (loss)	(5,506)	(30%)	8,193	66%	6,582	41%
Permanent Differences	2,780	15%	509	4%	509	3%
Other	171	1%	(344)	(3%)	1,053	6%
Actual tax expense (benefit)	\$(2,836)	(15%)	\$11,429	92%	\$ (218)	(1%)

</TABLE>

59

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.

60

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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.

61

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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	
	<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>

62

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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
	<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>

63

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	
Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares
Price	Price	Price	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>

64

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 8 - Common Stock and Stockholders' Equity (continued)

<TABLE>
<CAPTION>

Plan	Exercise Prices	Outstanding Options		
		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>

Plan	Exercise Prices	Exercisable Options	
		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 from continuing operations	\$ (15,279,000)	92,444,773	\$ (0.16)
Discontinued operations, net of taxes	(25,631,000)		(0.28)
Cumulative effect of change in accounting principle	(73,144,000)		(0.79)
Net loss	<u>\$ (114,054,000)</u>		<u>\$ (1.23)</u>

Effect of dilutive securities:

Stock options -- -- --

Diluted EPS:

Loss from continuing operations	\$ (15,279,000)		\$ (0.16)
Discontinued operations, net of taxes	(25,631,000)		(0.28)
Cumulative effect of change in accounting principle	(73,144,000)		(0.79)
Net loss	<u>\$ (114,054,000)</u>		<u>\$ (1.23)</u>

</TABLE>

<TABLE>
<CAPTION>

For the Year Ended December 31, 2001

	Loss (Numerator)	Shares (Denominator)	Per-Share Amount
<S>	<C>	<C>	<C>
Basic EPS:			
Income from continuing operations	\$ 985,000	92,008,877	\$ 0.01
Discontinued operations, net of taxes	10,074,000		0.11
Net income	<u>\$ 11,059,000</u>		<u>\$ 0.12</u>

Effect of dilutive securities:

Stock options	--	682,156	--
Diluted EPS:			
Income from continuing operations	985,000	92,691,033	0.01
Discontinued operations, net of taxes	10,074,000		0.11
	-----	-----	
Net income plus assumed conversions	\$ 11,059,000		\$ 0.12
	=====		=====

</TABLE>

68

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

	Loss (Numerator)	Shares (Denominator)	Per-Share Amount
	-----	-----	-----
<S>	<C>	<C>	<C>
Basic EPS:			
Loss from continuing operations	\$ (16,258,000)	81,758,825	\$ (0.20)
Discontinued operations, net of taxes	(2,787,000)		(0.03)
	-----	-----	
Net loss	\$ (19,045,000)		\$ (0.23)
	=====		=====

Effect of dilutive securities:

Stock options	--	--	--
---------------	----	----	----

Diluted EPS:

Loss from continuing operations	(16,258,000)		(0.20)
Discontinued operations, net of taxes	(2,787,000)		(0.03)
	-----	-----	
Net loss	\$ (19,045,000)		\$ (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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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)		
	<C>	<C>	<C>
Drilling and rental revenues:			
U.S. drilling	\$ 74,181	\$ 114,377	\$ 85,539
International drilling	188,514	177,464	126,633
Rental tools	47,510	65,629	42,833
Total drilling and rental revenues	310,205	357,470	255,005
Drilling and rental operating income:			
U.S. drilling	6,272	24,928	5,015
International drilling	38,587	34,892	12,497
Rental tools	12,984	29,904	16,779

Total drilling and rental operating income	57,843	89,724	34,291
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	(1,140)	--	(7,805)
Reorganization expense	--	(7,500)	--
Total operating income	34,437	60,503	6,094
Interest expense	(52,409)	(53,015)	(57,036)
Minority interest	278	--	--
Other income (expense) - net	(421)	4,926	34,466
Income (loss) before income taxes	\$ (18,115)	\$ 12,414	\$ (16,476)
Identifiable assets:			
U.S. drilling	\$ 307,811	\$ 343,357	\$ 356,090
International drilling	418,665	424,022	412,839
Rental tools	69,998	70,36	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>

71

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 11 - Business Segments (continued)

<TABLE>
<CAPTION>

Operations by Industry Segment	Year Ended December 31,		
	2002	2001	2000
	(Dollars in Thousands)		
	<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	\$19,029	\$ 24,996	\$25,195
International drilling	34,246	28,313	20,865
Rental tools	12,361	12,302	11,147
Corporate	2,318	2,278	725
Total depreciation and amortization	\$67,954	\$ 67,889	\$57,932

</TABLE>

72

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 11- Business Segments (continued)

<TABLE>

<CAPTION>

	Year Ended December 31,		
Operations by Geographic Area	2002	2001	2000
	(Dollars in Thousands)		
<S>	<C>	<C>	<C>
Drilling and rental revenues:			
United States	\$ 121,691	\$ 180,006	\$ 128,372
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	310,205	357,470	255,005
Drilling and rental operating income (loss):			
United States	19,256	54,832	21,795
Latin America	(968)	(4)	(155)
Asia Pacific	14,069	11,250	(1,947)
Africa and Middle East	9,340	11,832	8,409
CIS	16,146	11,814	6,189
Total drilling and rental operating income (loss)	57,843	89,724	34,291
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	(1,140)	--	(7,805)
Reorganization expense	--	(7,500)	--
Total operating income	34,437	60,503	6,094
Interest expense	(52,409)	(53,015)	(57,036)
Minority interest	278	--	--
Other income (expense) - net	(421)	4,926	34,466
Income (loss) before income taxes	\$ (18,115)	\$ 12,414	\$ (16,476)
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>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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:

<S>	<C>
2003	\$ 3,317
2004	2,264
2005	2,037
2006	2,328
2007	1,315
Thereafter	2,145
Total	<u>\$ 13,406</u>

</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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 12 - Commitments and Contingencies (continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 15 - Selected Quarterly Financial Data (Unaudited)

<TABLE>
<CAPTION>

Year 2002	Quarter					Total
	First	Second	Third	Fourth		
(Dollars in Thousands Except Per Share Amounts)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues	\$ 77,228	\$ 75,333	\$ 79,759	\$ 77,885	\$ 310,205	
Drilling and rental operating income	\$ 13,758	\$ 10,932	\$ 16,961	\$ 16,192	\$ 57,843	
Operating income	\$ 8,099	\$ 5,359	\$ 10,494	\$ 10,485	\$ 34,437	
Loss from continuing operations	\$ (1,793)	\$ (7,672)	\$ (176)	\$ (5,638)	\$ (15,279)	
Discontinued operations, net of taxes	\$ (9,276)	\$ (3,817)	\$ (7,844)	\$ (4,694)	\$ (25,631)	
Cumulative effect of change in accounting principle (2)	\$ (73,144)	\$ --	\$ --	\$ --	\$ (73,144)	
Net loss	\$ (84,213)	\$ (11,489)	\$ (8,020)	\$ (10,332)	\$ (114,054)	
Basic loss per share:						
Loss from continuing operations	\$ (0.02)	\$ (0.08)	\$ (0.00)	\$ (0.06)	\$ (0.16)	
Discontinued operations, net of taxes	\$ (0.10)	\$ (0.04)	\$ (0.09)	\$ (0.05)	\$ (0.28)	
Cumulative effect of change in accounting principle (2)	\$ (0.79)	\$ --	\$ --	\$ --	\$ (0.79)	
Net loss	\$ (0.91)	\$ (0.12)	\$ (0.09)	\$ (0.11)	\$ (1.23)	
Diluted loss per share: (1)						
Loss from continuing operations	\$ (0.02)	\$ (0.08)	\$ (0.00)	\$ (0.06)	\$ (0.16)	
Discontinued operations, net of taxes	\$ (0.10)	\$ (0.04)	\$ (0.09)	\$ (0.05)	\$ (0.28)	
Cumulative effect of change in accounting principle (2)	\$ (0.79)	\$ --	\$ --	\$ --	\$ (0.79)	
Net loss	\$ (0.91)	\$ (0.12)	\$ (0.09)	\$ (0.11)	\$ (1.23)	

(1) 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.

(2) 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.

</TABLE>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

<TABLE>
<CAPTION>

Year 2001	Quarter					Total
	First	Second	Third	Fourth		
(Dollars in Thousands Except Per Share Amounts)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues	\$ 78,351	\$ 95,262	\$ 96,812	\$ 87,045	\$ 357,470	
Drilling and rental operating income	\$ 17,498	\$ 25,257	\$ 26,196	\$ 20,773	\$ 89,724	
Operating income	\$ 12,627	\$ 15,054	\$ 18,965	\$ 13,857	\$ 60,503	
Income (loss) from continuing operations	\$ (3,708)	\$ (5,769)	\$ (507)	\$ 10,969	\$ 985	
Discontinued operations, net of taxes	\$ 5,232	\$ 8,461	\$ 3,532	\$ (7,151)	\$ 10,074	
Net income (2)	\$ 1,524	\$ 2,692	\$ 3,025	\$ 3,818	\$ 11,059	
Basic earnings (loss) per share: (1)						
Income (loss) from continuing operations	\$ (0.04)	\$ (0.06)	\$ (0.01)	\$ 0.12	\$ 0.01	
Discontinued operations, net of taxes	\$ 0.06	\$ 0.09	\$ 0.04	\$ (0.08)	\$ 0.11	
Net income	\$ 0.02	\$ 0.03	\$ 0.03	\$ 0.04	\$ 0.12	
Diluted earnings (loss) per share: (1)						
Income (loss) from continuing operations	\$ (0.04)	\$ (0.06)	\$ (0.01)	\$ 0.12	\$ 0.01	
Discontinued operations, net of taxes	\$ 0.06	\$ 0.09	\$ 0.04	\$ (0.08)	\$ 0.11	
Net income	\$ 0.02	\$ 0.03	\$ 0.03	\$ 0.04	\$ 0.12	

</TABLE>

(1) 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.

(2) The fourth quarter includes a \$9.6 million deferred tax benefit resulting from a reversal of a valuation allowance. See Note 7.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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. (See Note 17)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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 ("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.

Note 17 - Subsequent Event

Discontinued Operations - In June 2003, the Company's board of directors approved a plan to sell its Latin American assets consisting of 17 land rigs and related inventory and spare parts and its Gulf of Mexico offshore assets consisting of seven jackup rigs and four platform rigs. The Company is actively marketing the assets through an independent broker and expects to complete the sales by the end of December, 2003. At June 30, 2003, the net book value of the assets to be sold exceeded the estimated fair value and as a result an impairment charge including estimated sales expenses has been recognized in the amount of \$54.0 million. One Latin America land rig and related spare parts were sold to a third party for \$1.8 million in July, 2003.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 17 - Subsequent Event (continued)

The two operations that constitute this plan of disposition meet the requirements of discontinued operations under the provisions of SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets." The consolidated financial statements have been restated to present the Latin America operations and the U.S. jackup and platform drilling operations as discontinued operations. The discontinued operations assets of \$145.6 million at June 30, 2003 are mainly comprised of the estimated fair value of drilling rigs and related spare parts and supplies. The discontinued operations liabilities of \$7.7 million at June 30, 2003 consist mainly of deferred revenue and estimated accrued costs to sell the assets. The prior periods presented have been reclassified to reflect the discontinued operations.

<TABLE>
<CAPTION>

	Year Ended December 31,		
	2002	2001	2000
	(Dollars in Thousands)		
<S>	<C>	<C>	<C>
Discontinued operations drilling revenues:			
U.S. jackup and platform drilling	\$ 39,297	\$ 76,432	\$ 62,877
Latin America drilling	40,444	54,063	58,467
Total discontinued operations drilling revenues	\$ 79,741	\$ 130,495	\$ 121,344
Discontinued operations operating income (loss):			
U.S. jackup and platform drilling	\$ 1,799	\$ 27,676	\$ 19,142
Latin America drilling	10,080	12,707	16,911
Depreciation and amortization	(30,549)	(29,370)	(27,128)
Total discontinued operations operating income (loss)	(18,670)	11,013	8,925
Other income (expense) - net	535	220	(4,462)
Provision for impairment of assets	(360)	--	(495)
Tax expense	(7,136)	(1,159)	(6,755)

Income (loss) from discontinued operations \$(25,631) \$ 10,074 \$ (2,787)

</TABLE>

During the first quarter of 2003, the Company adopted SFAS No. 145. Pursuant to the provisions of SFAS No. 145, the Company reclassified the \$6.2 million gain on early retirement of debt recognized in 2001 from an extraordinary gain to an ordinary gain (other income) and included the related deferred income taxes of \$2.2 million in income tax expense.

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.

Item 9A. 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 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 held April 30, 2003. The Company's definitive proxy was filed on March 26, 2003 with the Securities and Exchange Commission ("Commission").

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/A:

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

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 held April 30, 2003. The Company's definitive proxy was filed on March 26, 2003 with the Commission.

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 held April 30, 2003. The Company's definitive proxy was filed on March 26, 2003 with the Commission.

83

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:

<TABLE>	
<CAPTION>	
	PAGE
<S>	<C>
Report of Independent Accountants	36
Consolidated Statement of Operations for the years ended December 31, 2002, 2001 and 2000	37
Consolidated Balance Sheet as of December 31, 2002 and 2001	38
Consolidated Statement of Cash Flows for the years ended December 31, 2002, 2001 and 2000	40
Consolidated Statement of Stockholders' Equity for the years ended December 31, 2002, 2001 and 2000	42
Notes to the Consolidated Financial Statements	43
</TABLE>	

<TABLE>	
<CAPTION>	
	PAGE
<S>	<C>
(2) Financial Statement Schedule: Schedule II - Valuation and qualifying accounts	87
</TABLE>	

(3) Exhibits:

<TABLE>	
<CAPTION>	
EXHIBIT NUMBER	DESCRIPTION

<S>	<C>
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.

4(a)** - Indenture dated as of March 11, 1998 among the

</TABLE>

<TABLE>

<CAPTION>

EXHIBIT NUMBER DESCRIPTION

<S>

<C>

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).

4.1*** - First Supplemental Indenture dated as of May 3, 2000 between the Company and Chase Bank of Texas, National Association as Trustee, Respecting 9 3/4% Senior Notes Due 2006.

4.2*** - Second Supplemental Indenture dated as of June 5, 2001 between the Company and Chase Bank of Texas, National Association, as Trustee, respecting 9 3/4% Senior Notes Due 2006.

4.3*** - Fifth Supplemental Indenture dated as of February 1, 2003 between the Company and Chase Bank of Texas National Association as Trustee, respecting 9 3/4% Senior Notes Due 2006.

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.*

</TABLE>

85

<TABLE>

<CAPTION>

EXHIBIT NUMBER	DESCRIPTION
----------------	-------------

<S>

<C>

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.*

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.

31.1*** - Robert L. Parker Jr., President and Chief Executive Officer, Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2*** - James W. Whalen, Senior Vice President and Chief Financial Officer, Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1*** - Robert L. Parker Jr., President and Chief Executive Officer, Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2*** - James W. Whalen, Senior Vice President and Chief Financial Officer, Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

</TABLE>

* Management Contract, Compensatory Plan or Agreement

** Previously filed in Form 10-K.

*** Furnished with this Form 10-K/A.

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

86

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

<TABLE>

<CAPTION>

	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	BALANCE AT BEGINNING	CHARGED TO COST AND OF PERIOD	EXPENSES	BALANCE AT END OF DEDUCTIONS	PERIOD
	CLASSIFICATIONS				
<S>	<C>	<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>

87

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: September 25, 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> By: /s/ Robert L. Parker ----- Robert L. Parker	<C> Chairman of the Board and Director	September 25, 2003
<S> By: /s/ Robert L. Parker Jr. ----- Robert L. Parker Jr.	<C> President and Chief Executive Officer and Director (Principal Executive Officer)	September 25, 2003
<S> By: /s/ James W. Whalen ----- James W. Whalen	<C> Senior Vice President and Chief Financial Officer (Principal Financial Officer)	September 25, 2003
<S> By: /s/ Robert F. Nash ----- Robert F. Nash	<C> Senior Vice President and Chief Operating Officer	September 25, 2003
<S> By: /s/ W. Kirk Brassfield ----- W. Kirk Brassfield	<C> Vice President and Corporate Controller (Principal Accounting Officer)	September 25, 2003
<S> By: /s/ James E. Barnes ----- James E. Barnes	<C> Director	September 25, 2003
<S> By: /s/ Bernard J. Duroc-Danner ----- Bernard J. Duroc-Danner	<C> Director	September 25, 2003
<S> By: /s/ David L. Fist ----- David L. Fist	<C> Director	September 25, 2003
<S> By: /s/ Dr. Robert M. Gates ----- Dr. Robert M. Gates	<C> Director	September 25, 2003
<S> By: /s/ John W. Gibson ----- John W. Gibson	<C> Director	September 25, 2003
<S> By: /s/ Simon G. Kukes ----- Simon G. Kukes	<C> Director	September 25, 2003
<S> By: /s/ James W. Linn ----- James W. Linn	<C> Director	September 25, 2003
<S> By: /s/ R. Rudolph Reinfrank ----- R. Rudolph Reinfrank	<C> Director	September 25, 2003

</TABLE>

88

INDEX TO EXHIBITS

<TABLE>

<CAPTION>

EXHIBIT NUMBER	DESCRIPTION
<S> 4.1***	<C> ----- First Supplemental Indenture dated as of May 3, 2000 between the Company and Chase Bank of Texas, National Association as Trustee, Respecting 9 3/4% Senior Notes Due 2006

- 4.2*** - Second Supplemental Indenture dated as of June 5, 2001 between the Company and Chase Bank of Texas, National Association, as Trustee, respecting 9 3/4% Senior Notes Due 2006.
- 4.3*** - Fifth Supplemental Indenture dated as of February 1, 2003 between the Company and Chase Bank of Texas National Association as Trustee, respecting 9 3/4% Senior Notes Due 2006.
- 23*** - Consent of Independent Accountants.
- 31.1*** - Robert L. Parker Jr., President and Chief Executive Officer, Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2*** - James W. Whalen, Senior Vice President and Chief Financial Officer, Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1*** - Robert L. Parker Jr., President and Chief Executive Officer, Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2*** - James W. Whalen, Senior Vice President and Chief Financial Officer, Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

</TABLE>

*** - Furnished with this Form 10-K/A.

PARKER DRILLING COMPANY
and Subsidiary Guarantors

9 3/4% SENIOR NOTES DUE 2006

FIRST SUPPLEMENTAL INDENTURE

Dated as of May 3, 2000

Supplementing the Indenture dated as of March 11, 1998

CHASE BANK OF TEXAS, NATIONAL ASSOCIATION,
as Trustee

FIRST SUPPLEMENTAL INDENTURE

This First Supplemental Indenture dated and effective as of May 3, 2000 (the "First Supplemental Indenture") is made and entered into by and among Parker Drilling Company, a Delaware corporation (the "Company"), and Parker Drilling Offshore International, Inc., a Cayman Islands corporation and Parker Drilling Offshore Corporation, a Texas corporation which are wholly-owned indirectly by the Company, the "New Guarantors", and Chase Bank of Texas, National Association, a national banking association, as Trustee (the "Trustee").

RECITALS OF THE COMPANY AND THE NEW GUARANTOR

WHEREAS, the Company, the Subsidiary Guarantors and the Trustee have executed and delivered an Indenture dated as of March 11, 1998 by and among the Company, the Trustee and the Subsidiary Guarantors, (the "1998 Indenture") providing for the issuance by the Company of \$150,000,000 in aggregate principal amount of the Company's 9 3/4% Senior Notes due 2006 (the "Notes") and pursuant to which the Subsidiary Guarantors have agreed, jointly and severally, to unconditionally guarantee the due and punctual payment of the principal of, premium, if any, and interest on the Notes and all other amounts due and payable under the 1998 Indenture and the Notes by the Company (the "Indenture Obligations");

WHEREAS, Section 9.01(a)(vi) of the 1998 Indenture provides that under certain conditions the Company and the Trustee may, without the consent of any Holder of a Note, amend or supplement the 1998 Indenture to add any Restricted Subsidiary as an additional Subsidiary Guarantor as provided in Section 10.02 of the 1998 Indenture or to evidence the succession of another Person to any Subsidiary Guarantor pursuant to Section 10.04 of the 1998 Indenture and the assumption by any such successor of the covenants and agreements of such Subsidiary Guarantor contained in the 1998 Indenture and in the Subsidiary Guarantee of such Subsidiary Guarantor and to release a Subsidiary Guarantor from its obligations under this Indenture and its Subsidiary Guarantee pursuant to Section 10.05 hereof;

WHEREAS, the Company has determined that the New Guarantors are required to be added as Subsidiary Guarantors pursuant to Section 10.02 of the 1998 Indenture as a result of the transfer of certain assets from one Subsidiary Guarantor to the New Guarantors;

WHEREAS, Section 10.02 of the 1998 Indenture provides that as a result of said actions the following is required: (i) the execution and delivery by the New Guarantors of this First Supplemental Indenture whereby the New Guarantors agree to be bound by the terms of the 1998 Indenture as applicable to a Subsidiary Guarantor; and (ii) the execution of a Subsidiary Guarantee of the Notes by the New Guarantors; and

WHEREAS, the execution and delivery of this First Supplemental Indenture has been duly authorized by a Board Resolution of the respective Boards of the Company and each of the New Guarantors; and

WHEREAS, all conditions and requirements necessary to make this First Supplemental Indenture valid and binding upon the Company and the New Guarantors, and enforceable against the Company and the New Guarantors in accordance with its terms, have been performed and fulfilled;

NOW, THEREFORE, in consideration of the above premises, the parties hereto mutually covenant and agree for the equal and ratable benefit of the respective Holders of the Notes, as follows:

-1-

ARTICLE I

ADDITIONAL GUARANTOR

Section 1.1. Addition of Guarantors. The New Guarantors, by execution and delivery of this First Supplemental Indenture, hereby agree to be bound by the terms of the Indenture as a Subsidiary Guarantor.

Section 1.2. Guarantee of Each Subsidiary Guarantor. Attached as Exhibit A-1 and A-2 and incorporated here by reference, are the notations of Subsidiary Guarantees of each New Guarantor in the form prescribed in the 1998 Indenture, by which the New Guarantor agrees to guarantee the obligations of the Company, in accordance with the terms set out in such notation of Subsidiary Guarantee.

ARTICLE II

PARTICULAR REPRESENTATIONS AND COVENANTS

Section 2.1. Authority. The Company is duly authorized by a resolution of its Board of Directors to execute and deliver this First Supplemental Indenture, and all corporate action on its part required for the execution and delivery of this First Supplemental Indenture has been duly and effectively taken.

Section 2.2. Correctness of Recitals. The Company represents and warrants that all recitals and statements in this First Supplemental Indenture are true and correct.

ARTICLE III

CONCERNING THE TRUSTEE

Section 3.1 Acceptance of Trusts. The Trustee accepts the trusts hereunder and agrees to perform same, but only upon the terms and conditions set forth in the Indenture.

Section 3.2 Responsibility for Recitals. The recitals and statements contained in this First Supplemental Indenture shall be taken as recitals and statements of the Company, and the Trustee assumes no responsibility for the correctness of same. The Trustee makes no representations as to the validity or sufficiency of this First Supplemental Indenture, except that the Trustee is duly authorized to deliver it.

ARTICLE IV

MISCELLANEOUS PROVISIONS

Section 4.1 Relation to the 1998 Indenture. This First Supplemental Indenture shall become effective immediately upon execution and delivery. All terms and conditions in it shall form a part of the 1998 Indenture as fully and with the same effect as if all such terms and conditions had been set forth in the 1998 Indenture. The 1998 Indenture is hereby ratified and confirmed and shall remain and continue in full force and effect in accordance with its terms, as supplemented by this First Supplemental Indenture. The 1998 Indenture and the First Supplemental Indenture shall be read, taken and construed together as one instrument. Capitalized terms used but not defined in this First Supplemental Indenture have the meaning ascribed to such terms in the 1998 Indenture.

-2-

Section 4.2 Execution in Counterparts. This First Supplemental Indenture may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument.

Section 4.3 Governing Law. The internal laws of the State of New York shall govern and be used to construe this First Supplemental Indenture and the new notations of Subsidiary Guarantees executed and delivered pursuant to it.

IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Indenture to be duly executed, all as of the date first above written.

PARKER DRILLING COMPANY

By:

Name: James J. Davis
Title: Sr. Vice President-Finance and
Chief Financial Officer

PARKER DRILLING OFFSHORE INTERNATIONAL, INC.

By:

Name: John R. Gass
Title: President

PARKER DRILLING OFFSHORE CORPORATION

By:

Name: Thomas L. Wingerter
Title: President

CHASE BANK OF TEXAS, NATIONAL ASSOCIATION

By:

Name:
Title:

-3-

PARKER DRILLING COMPANY
and Subsidiary Guarantors

9 3/4% SENIOR NOTES DUE 2006

SECOND SUPPLEMENTAL INDENTURE

Dated as of June 5, 2001

Supplementing the Indenture dated as of March 11, 1998

CHASE BANK OF TEXAS, NATIONAL ASSOCIATION,
as Trustee

SECOND SUPPLEMENTAL INDENTURE

This Second Supplemental Indenture dated and effective as of June 5, 2001 (the "Second Supplemental Indenture") is made and entered into by and among Parker Drilling Company, a Delaware corporation (the "Company"), and Parker Drilling Company of Colombia Limited, a Nevada corporation and International Equipment Leasing Company, a Nevada corporation which are wholly-owned indirectly by the Company, the "New Guarantors", and Chase Bank of Texas, National Association, a national banking association, as Trustee (the "Trustee").

RECITALS OF THE COMPANY AND THE NEW GUARANTORS

WHEREAS, the Company, the Subsidiary Guarantors and the Trustee have executed and delivered an Indenture dated as of March 11, 1998 by and among the Company, the Trustee and the Subsidiary Guarantors, (the "1998 Indenture") providing for the issuance by the Company of \$150,000,000 in aggregate principal amount of the Company's 9 3/4% Senior Notes due 2006 (the "Notes") and pursuant to which the Subsidiary Guarantors have agreed, jointly and severally, to unconditionally guarantee the due and punctual payment of the principal of, premium, if any, and interest on the Notes and all other amounts due and payable under the 1998 Indenture and the Notes by the Company (the "Indenture Obligations");

WHEREAS, Section 9.01(a)(vi) of the 1998 Indenture provides that under certain conditions the Company and the Trustee may, without the consent of any Holder of a Note, amend or supplement the 1998 Indenture to add any Restricted Subsidiary as an additional Subsidiary Guarantor as provided in Section 10.02 of the 1998 Indenture;

WHEREAS, the Company has determined that the New Guarantors are required to be added as Subsidiary Guarantors pursuant to Section 10.02 of the 1998 Indenture as a result of the transfer of certain assets from one Subsidiary Guarantor to the New Guarantors;

WHEREAS, Section 10.02 of the 1998 Indenture provides that as a result of said actions the following is required: (i) the execution and delivery by the New Guarantors of this Second Supplemental Indenture whereby the New Guarantors agree to be bound by the terms of the 1998 Indenture as applicable to a Subsidiary Guarantor; and (ii) the execution of a Subsidiary Guarantee of the Notes by the New Guarantors; and

WHEREAS, the execution and delivery of this Second Supplemental Indenture has been duly authorized by a board resolution of the respective board of directors of the Company and each of the New Guarantors; and

WHEREAS, all conditions and requirements necessary to make this Second Supplemental Indenture valid and binding upon the Company and the New Guarantors, and enforceable against the Company and the New Guarantors in accordance with its terms, have been performed and fulfilled;

NOW, THEREFORE, in consideration of the above premises, the parties hereto mutually covenant and agree for the equal and ratable benefit of the respective Holders of the Notes, as follows:

-1-
ARTICLE I

ADDITIONAL GUARANTOR

Section 1.1. Addition of Guarantors. The New Guarantors, by execution and delivery of this Second Supplemental Indenture, hereby agree to be bound by the terms of the Indenture as a Subsidiary Guarantor.

Section 1.2. Guarantee of Each Subsidiary Guarantor. Attached as Exhibit A-1 and A-2 and incorporated here by reference, are the notations of Subsidiary Guarantees of each New Guarantor in the form prescribed in the 1998 Indenture, by which the New Guarantor agrees to guarantee the obligations of the Company, in accordance with the terms set out in such notation of Subsidiary Guarantee.

ARTICLE II

PARTICULAR REPRESENTATIONS AND COVENANTS

Section 2.1. Authority. The Company is duly authorized by a resolution of its board of directors to execute and deliver this Second Supplemental Indenture, and all corporate action on its part required for the execution and delivery of this Second Supplemental Indenture has been duly and effectively taken.

Section 2.2. Correctness of Recitals. The Company represents and warrants that all recitals and statements in this Second Supplemental Indenture are true and correct.

ARTICLE III

CONCERNING THE TRUSTEE

Section 3.1 Acceptance of Trusts. The Trustee accepts the trusts hereunder and agrees to perform same, but only upon the terms and conditions set forth in the Indenture.

Section 3.2 Responsibility for Recitals. The recitals and statements contained in this Second Supplemental Indenture shall be taken as recitals and statements of the Company, and the Trustee assumes no responsibility for the correctness of same. The Trustee makes no representations as to the validity or sufficiency of this Second Supplemental Indenture, except that the Trustee is duly authorized to deliver it.

ARTICLE IV

MISCELLANEOUS PROVISIONS

Section 4.1 Relation to the 1998 Indenture. This Second Supplemental Indenture shall become effective immediately upon execution and delivery. All

terms and conditions in it shall form a part of the 1998 Indenture as fully and with the same effect as if all such terms and conditions had been set forth in the 1998 Indenture. The 1998 Indenture is hereby ratified and confirmed and shall remain and continue in full force and effect in accordance with its terms, as supplemented by this Second Supplemental Indenture. The 1998 Indenture and all supplements thereto, including the Second Supplemental Indenture shall be read, taken and construed together as one instrument. Capitalized terms used but not

-2-

defined in this Second Supplemental Indenture have the meaning ascribed to such terms in the 1998 Indenture.

Section 4.2 Execution in Counterparts. This Second Supplemental Indenture may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument.

Section 4.3 Governing Law. The internal laws of the State of New York shall govern and be used to construe this Second Supplemental Indenture and the new notations of Subsidiary Guarantees executed and delivered pursuant to it.

IN WITNESS WHEREOF, the parties hereto have caused this Second Supplemental Indenture to be duly executed, all as of the date first above written.

PARKER DRILLING COMPANY

By:

Name: James J. Davis
Title: Sr. Vice President-Finance and
Chief Financial Officer

PARKER DRILLING COMPANY OF COLOMBIA LIMITED

By:

Name:
Title:

INTERNATIONAL EQUIPMENT LEASING COMPANY

By:

Name:
Title:

CHASE BANK OF TEXAS, NATIONAL ASSOCIATION

By:

Name:
Title:

-3-

Exhibit A-1

Each of the Subsidiary Guarantors under the Indenture (the "Indenture") referred to in the Note upon which this notation is endorsed, has unconditionally guaranteed the obligations of the Company under the Notes and the Indenture, jointly and severally (each such guarantee being "Subsidiary Guarantee"), to each Holder of a Note authenticated and delivered by the Trustee irrespective of the validity or enforceability of the Indenture, the Notes or the obligations of the Company under the Indenture or the Notes, that: (i) the

principal of, premium, if any, and interest on the Notes of every series issued hereunder shall be paid in full when due, whether at the maturity or interest payment or mandatory redemption date, by acceleration, call for redemption or otherwise, and interest on the overdue principal and interest, if any, of the Notes and all other obligations of the Company to the Holders or the Trustee under the Indenture or the Notes shall be promptly paid in full or performed, all in accordance with the terms of the Indenture and the Notes; and (ii) in case of any extension of time of payment or renewal of and Notes or any of such other obligations, they shall be paid in full when due or performed in accordance with the terms of the extension or renewal, whether at maturity, by acceleration or otherwise. Failing payment when due of any amount so guaranteed for whatever reason, each Subsidiary Guarantor shall be obligated to pay the same whether or not such failure to pay has become an Event of Default that could cause acceleration pursuant to Section 6.02 of the Indenture. Each Subsidiary Guarantor agrees that this is a guarantee of payment, not a guarantee of collection. Capitalized terms used herein have the meanings assigned to them in the Indenture unless otherwise indicated, and the obligations of the Subsidiary Guarantors pursuant to the Subsidiary Guarantees are subject to the terms of the Indenture, to which reference is hereby made for the precise terms thereof. The obligations of each subsidiary Guarantor to the Holders of Notes and to the Trustee pursuant to the Subsidiary Guarantee and the Indenture are expressly set forth, and are senior unsecured obligations of each such Subsidiary Guarantor to the extent and in the manner provided, in Article 10 of the Indenture, and may be released or limited under certain circumstances. Reference is hereby made to such Indenture for the precise terms of the Subsidiary Guarantee therein made.

The Subsidiary Guarantees shall not be valid or obligatory for any purpose until the certificate of authentication on the Note on which the Subsidiary Guarantees are noted shall have been executed by the Trustee under the Indenture by the manual signature of one of its authorized officers.

By each of the following, and any other Subsidiary Guarantor as may be added or substituted from time to time, as Subsidiary Guarantors:

Parker Drilling Company of Colombia
Limited, Subsidiary Guarantor

By: _____
Its:

-4-
Exhibit A-2

Each of the Subsidiary Guarantors under the Indenture (the "Indenture") referred to in the Note upon which this notation is endorsed, has unconditionally guaranteed the obligations of the Company under the Notes and the Indenture, jointly and severally (each such guarantee being "Subsidiary Guarantee"), to each Holder of a Note authenticated and delivered by the Trustee irrespective of the validity or enforceability of the Indenture, the Notes or the obligations of the Company under the Indenture or the Notes, that: (i) the principal of, premium, if any, and interest on the Notes of every series issued hereunder shall be paid in full when due, whether at the maturity or interest payment or mandatory redemption date, by acceleration, call for redemption or otherwise, and interest on the overdue principal and interest, if any, of the Notes and all other obligations of the Company to the Holders or the Trustee under the Indenture or the Notes shall be promptly paid in full or performed, all in accordance with the terms of the Indenture and the Notes; and (ii) in case of any extension of time of payment or renewal of and Notes or any of such other obligations, they shall be paid in full when due or performed in accordance with the terms of the extension or renewal, whether at maturity, by acceleration or otherwise. Failing payment when due of any amount so guaranteed for whatever reason, each Subsidiary Guarantor shall be obligated to pay the same whether or not such failure to pay has become an Event of Default that could cause acceleration pursuant to Section 6.02 of the Indenture. Each Subsidiary Guarantor agrees that this is a guarantee of payment, not a guarantee of collection. Capitalized terms used herein have the meanings assigned to them in the Indenture unless otherwise indicated, and the obligations of the Subsidiary Guarantors pursuant to the Subsidiary Guarantees are subject to the terms of the Indenture, to which reference is hereby made for the precise terms thereof. The obligations of each subsidiary Guarantor to the Holders of Notes and to the Trustee pursuant to the Subsidiary Guarantee and the Indenture are

expressly set forth, and are senior unsecured obligations of each such Subsidiary Guarantor to the extent and in the manner provided, in Article 10 of the Indenture, and may be released or limited under certain circumstances. Reference is hereby made to such Indenture for the precise terms of the Subsidiary Guarantee therein made.

The Subsidiary Guarantees shall not be valid or obligatory for any purpose until the certificate of authentication on the Note on which the Subsidiary Guarantees are noted shall have been executed by the Trustee under the Indenture by the manual signature of one of its authorized officers.

By each of the following, and any other Subsidiary Guarantor as may be added or substituted from time to time, as Subsidiary Guarantors:

International Equipment Leasing Company,
Subsidiary Guarantor

By: _____
Its:

FIFTH SUPPLEMENTAL INDENTURE

FIFTH SUPPLEMENTAL INDENTURE (the "Fifth Supplemental Indenture"), dated and effective as of February 1, 2003, is made and entered into by and among Parker Drilling Company, a Delaware corporation (the "Company"), the Restricted Subsidiaries executing as Subsidiary Guarantors (the "Subsidiary Guarantors"), Parker Tools, LLC, an Oklahoma limited liability company, and a wholly-owned indirectly by the Company ("Parker Tools"), Quail USA, LLC, an Oklahoma limited liability company and a wholly-owned indirectly by the Company ("Quail USA"), Parker USA Resources, LLC, an Oklahoma limited liability partnership and wholly-owned indirectly by the Company ("Parker USA Resources"), Parker Management Resources, L.P., an Oklahoma limited partnership and wholly owned indirectly by the Company ("Parker Management Resources"), Parker Offshore Resources, L.P., an Oklahoma limited partnership and wholly-owned indirectly by the Company ("Parker Offshore Resources") and Quail Tools, L.P., an Oklahoma limited partnership and wholly-owned indirectly by the Company ("Quail L.P.", together with Parker Tools, Quail USA, Parker USA Resources, Parker Management Resources, and Parker Offshore Resources", the "New Guarantors"), and JPMorgan Chase Bank, a New York banking organization, as Trustee (the "Trustee").

RECITALS OF THE COMPANY, THE SUBSIDIARY GUARANTORS
AND THE NEW GUARANTORS

WHEREAS, the Company, the Subsidiary Guarantors and the Trustee have executed and delivered an Indenture dated as of March 11, 1998, by and among the Company, the Subsidiary Guarantors and the Trustee (the "1998 Indenture") for the benefit of one another and for the ratable benefit of the Holders of the 9 3/4% Senior Notes due 2006, (the "Notes") and pursuant to which the Subsidiary Guarantors have agreed, jointly and severally, to unconditionally guarantee the due and punctual payment of the principal of, premium, if any, and interest on the Notes and all other amounts due and payable under the 1998 Indenture and the Notes by the Company ("Indenture Obligations");

WHEREAS, Section 9.01(a)(vi) of the 1998 Indenture provides that under certain conditions the Company and the Trustee may, without the consent of any Holder of a Note, amend or supplement the 1998 Indenture (x) to add any Restricted Subsidiary as an additional Subsidiary Guarantor as provided in Section 10.02 of the 1998 Indenture or (y) to evidence the succession of another Person to any Subsidiary Guarantor pursuant to Section 10.04 of the 1998 Indenture and the assumption by any such successor of the covenants and agreements of such Subsidiary Guarantor contained in the 1998 Indenture and in the Subsidiary Guarantee of such Subsidiary Guarantor;

WHEREAS, the Company and certain Restricted Subsidiaries, including the New Guarantors, have determined that considerable operating and financial efficiencies can be achieved by reorganizing the legal status of said Restricted Subsidiaries, restructuring the legal and financial relationships among said Restricted Subsidiaries and consolidating the operations of said Restricted Subsidiaries, which efficiencies will accrue to the benefit of all Restricted Subsidiaries involved in said reorganization and restructuring;

WHEREAS, the foregoing restructuring will involve (i) transferring assets or real property or equipment having a fair market value or book value in excess of \$1M to certain of the New Guarantors, (ii) making an investment in certain of the New Guarantors in excess of \$1M, (iii) providing of a guarantee under the Senior Credit Facility by the New Guarantors and (iv) merging certain Subsidiary Guarantors into another Subsidiary Guarantor (the "Proposed Actions");

WHEREAS, Section 10.02 and 10.04 of the 1998 Indenture provides that the undertaking of the Proposed Actions requires (i) the execution by the New Guarantors of this Fifth Supplemental Indenture whereby said New Guarantors agree to be bound by the terms of the 1998 Indenture as applicable to a Subsidiary Guarantor and (ii) the execution by the New Guarantors of a Subsidiary Guarantee in the form prescribed by the 1998 Indenture;

WHEREAS, the execution and delivery of this Fifth Supplemental Indenture has been duly authorized by resolution of the board of directors of

the Company and the Subsidiary Guarantors and the board of directors of each of the New Guarantors has authorized this Fifth Supplemental Indenture and the execution of a Subsidiary Guarantee; and

WHEREAS, all conditions and requirements necessary to make this Fifth Supplemental Indenture valid and binding upon the Company, the Subsidiary Guarantors and the New Guarantors and enforceable against the New Guarantors in accordance with its terms, have been performed and fulfilled;

NOW, THEREFORE, in consideration of the above premises, each of the parties hereto agrees, for the benefit of the others and for the equal and proportionate benefit of the Holders of the Notes, as follows:

SECTION 1. Certain Terms Defined in the 1998 Indenture. All capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the 1998 Indenture.

SECTION 2. Additional Guarantors; Subsidiary Guarantee.

Section 2.1. The New Guarantors, by execution and delivery of this Fifth Supplemental Indenture, hereby agree to be bound by the terms of the 1998 Indenture as a Subsidiary Guarantor.

Section 2.2 Attached hereto as Exhibit A is a Subsidiary Guaranty of the New Guarantors in the form prescribed by the 1998 Indenture, by which each New Guarantor agrees to guarantee the obligations of the Company in accordance with the terms of the Subsidiary Guaranty.

SECTION 3. Merger and Succession of Subsidiary Guarantors. In accordance with Section 10.04, Parker Drilling U.S.A., Ltd., a Nevada corporation ("PDUSA"), and Parker Drilling Company Limited, an Oklahoma corporation ("PDCL"), have merged into Parker Drilling Offshore Corporation, a Nevada corporation, the latter of which is a Subsidiary Guarantor, and Quail Tools, L.L.P. has converted into Quail Tools, L.P., the latter of which has assumed the covenants and agreements of Quail Tools, L.L.P. by executing this Second Supplemental Indenture as a New Guarantor and by executing the Subsidiary Guarantee attached hereto as Exhibit A.

SECTION 4. Effectiveness. This Fifth Supplemental Indenture shall become effective upon:

(a) the execution and delivery of this Fifth Supplemental Indenture by the Company, the Subsidiary Guarantors, the New Guarantors and the Trustee; and

2

(b) the delivery by the Company to the Trustee of the Opinion of Counsel and an Officers' Certificate as required pursuant to Sections 11.04 and 11.05 of the 1998 Indenture and addressing the matters required pursuant to such sections.

SECTION 5. Particular Representations and Covenants.

Section 5.1. Authority. The Company, the Subsidiary Guarantors and the New Guarantors are duly authorized to execute and deliver this Fifth Supplemental Indenture, and all corporate action on their part required for the execution and delivery of this Fifth Supplemental Indenture has been duly and effectively taken.

Section 5.2. Correctness of Recitals. The Company and the Subsidiary Guarantors and the New Guarantors represent and warrant that all recitals and statements in this Fifth Supplemental Indenture are true and correct.

SECTION 6. Concerning the Trustee.

Section 6.1 Acceptance of Trusts. The Trustee accepts the trusts hereunder and agrees to perform same, but only upon the terms and conditions set forth in the Indenture.

Section 6.2 Responsibility for Recitals. The recitals and statements contained in this Fifth Supplemental Indenture shall be taken as recitals and statements of the Company, the Subsidiary Guarantors and the New Guarantors and the Trustee assumes no responsibility for the correctness of same. The Trustee makes no representations as to the validity or sufficiency of this Fifth Supplemental Indenture, except that the Trustee is duly authorized to execute and deliver it.

SECTION 7. Miscellaneous Provisions.

Section 7.1 Counterparts. This Fifth Supplemental Indenture may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument.

Section 7.2 Compliance with Trust Indenture Act. This Fifth Supplemental Indenture shall be interpreted to comply in every respect with the Trust Indenture Act of 1939, as amended, (the "TIA"). If any provision of this Fifth Supplemental Indenture limits, qualifies or conflicts with the duties imposed by the TIA, the imposed duties shall control.

Section 7.3 Headings. The section headings herein are for convenience only and shall not affect the construction hereof.

Section 7.4 Binding Effect. All covenants and agreements in this Fifth Supplemental Indenture by the Company or by any of the Subsidiary Guarantors shall bind their successors and assigns, whether so expressed or not.

Section 7.5 Governing Law. The internal laws of the State of New York shall govern and be used to construe this Fifth Supplemental Indenture.

3

Section 7.6 Continuation of 1998 Indenture. Except as amended by this Fifth Supplemental Indenture, the terms and conditions of the 1998 Indenture shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Fifth Supplemental Indenture to be duly executed, all as of the date first above written.

PARKER DRILLING COMPANY

By:

Name: James W. Whalen
Title: Sr. Vice President-Finance and
Chief Financial Officer

JPMORGAN CHASE BANK, as Trustee

By:

Name:
Title:

SUBSIDIARY GUARANTORS:

Parker Drilling Company of Oklahoma, Incorporated
Parker Drilling Company Limited (Nevada)
Choctaw International Rig Corp.
Parker Drilling Company of New Guinea, Inc.
Parker Drilling Company North America, Inc.
Parker-VSE, Inc. (formerly Vance Systems)

Engineering, Inc.)
DGH, Inc.
Parker Drilling Company International Limited
Parker USA Drilling Company (formerly Parcan Limited)
Parker Technology, Inc.
Parker Drilling Offshore Corporation (formerly Hercules Offshore Corporation)
Parker Drilling Offshore International, Inc.
Anachoreta, Inc.
Pardril, Inc.
Parker Aviation, Inc.
Parker Drilling (Kazakhstan), Ltd.
Parker Drilling Company of Niger
Parker North America Operations, Inc.
Selective Drilling Corporation
Universal Rig Service Corp.

4

Creek International Rig Corp.
International Equipment Leasing Company

By: _____
Name: David W. Tucker
Its: Vice President & Treasurer

Parker Technology, L.L.C.

By: _____
Name: David W. Tucker
Its: Vice President & Manager

Parker Drilling Offshore USA, L.L.C. (formerly Mallard Bay Drilling, L.L.C.)

By: _____
Name: David W. Tucker
Its: Treasurer & Manager

Parker Drilling Management Services, Inc.

By: _____
Name: David W. Tucker
Its: President

Parker Drilling Company of Colombia Limited

By: _____
Name: Theophile Begnaud
Its: Vice President

NEW GUARANTORS:

Parker Tools, LLC

By: _____

Name: Tom Junk
Its: President and Manager

5
Quail USA, LLC

By: _____
Name: W. Kirk Brassfield
Its: President and Manager

Parker USA Resources, LLC

By: _____
Name: Tom Junk
Its: President and Manager

Parker Management Resources, L.P.

By: _____
Name: David W. Tucker
Title: President of its General Partner, Parker
Drilling Management Services, Inc.

Parker Offshore Resources, L.P.

By: _____
Name: David W. Tucker
Title: President of its General Partner, Parker
Drilling Management Services, Inc.

Quail Tools, L.P.

By: _____
Name: W. Kirk Brassfield
Title: President of its General Partner, Quail
USA, LLC

6

Exhibit "A"

SUBSIDIARY GUARANTEE

This Subsidiary Guarantee is hereby executed as of the ___ day of , 2003, by the each of the undersigned Restricted Subsidiaries. Terms not defined herein shall have the meanings as set forth in the 1998 Indenture (as described below).

RECITALS:

WHEREAS, in connection with the restructuring and reorganization of certain subsidiaries of the Company each of the undersigned Restricted Subsidiaries has received property having a value in excess of \$1 million from the Company or another Restricted Subsidiary; and

WHEREAS, pursuant to Section 10.02(a) of the Indenture dated March 11, 1998, (as heretofore amended or supplemented, the "1998 Indenture") by and between Parker Drilling Company (the "Company"), the Restricted Subsidiaries which are already

Subsidiary Guarantors, and JPMorgan Chase Bank, as Trustee, pursuant to which the Company has issued its 9 3/4% Senior Notes due 2006 (the "Notes"), it is a requirement that each of the undersigned Restricted Subsidiaries execute a supplemental indenture agreeing to be bound by the terms of the 1998 Indenture and to execute a Subsidiary Guarantee in accordance with the terms of the 1998 Indenture; and

WHEREAS, each of the undersigned Restricted Subsidiaries has executed the Fifth Supplemental Indenture to the 1998 Indenture pursuant to which it agrees to be a Subsidiary Guarantor thereof and to execute a Subsidiary Guarantee;

NOW, THEREFORE:

Each of the undersigned Restricted Subsidiaries jointly and severally and unconditionally guarantees, on a senior basis (each such guarantee being a "Subsidiary Guarantee"), to each Holder of a Note authenticated and delivered by the Trustee irrespective of the validity or enforceability of the 1998 Indenture, the Notes or the obligations of the Company under the 1998 Indenture or the Notes, that: (i) the principal of, premium, if any, and interest on the Notes of every series issued hereunder shall be paid in full when due, whether at the maturity or interest payment or mandatory redemption date, by acceleration, call for redemption or otherwise, and interest on the overdue principal and interest, if any, of the Notes and all other obligations of the Company to the Holders or the Trustee under the 1998 Indenture or the Notes shall be promptly paid in full or performed, all in accordance with the terms of the 1998 Indenture and the Notes; and (ii) in case of any extension of time of payment or renewal of and Notes or any of such other obligations, they shall be paid in full when due or performed in accordance with the terms of the extension or renewal, whether at maturity, by acceleration or otherwise. Failing payment when due of any amount so guaranteed for whatever reason, each Subsidiary Guarantor shall be obligated to pay the same whether or not such failure to pay has become an Event of Default that could cause acceleration pursuant to Section 6.02 of the 1998 Indenture. Each Subsidiary Guarantor agrees that this is a guarantee of payment, not a guarantee of collection. Capitalized terms used herein have the meanings assigned to them in the 1998 Indenture unless otherwise indicated, and the obligations of the Subsidiary Guarantors pursuant to the Subsidiary Guarantees are subject to the terms of the 1998 Indenture, to which reference is hereby made for the precise terms thereof. The obligations of each subsidiary Guarantor to the Holders of Notes and to the Trustee pursuant to the Subsidiary Guarantee and the 1998 Indenture are expressly set forth, and are senior unsecured obligations of each such Subsidiary Guarantor to the extent and in the manner provided, in Article 10 of the 1998

A-1

Indenture, and may be released or limited under certain circumstances. Reference is hereby made to such 1998 Indenture for the precise terms of the Subsidiary Guarantee therein made.

Parker Tools, LLC

By:

Name: Tom Junk
Its: President and Manager

Quail USA, LLC

By:

Name: W. Kirk Brassfield
Its: President and Manager

Parker USA Resources, LLC

By:

Name: Tom Junk
Its: President and Manager

Parker Management Resources, L.P.

By:

Name: David W. Tucker
Title: President of its General Partner,
Parker Drilling Management
Services, Inc.

Parker Offshore Resources, L.P.

By:

Name: David W. Tucker
Title: President of its General Partner,
Parker Drilling Management
Services, Inc.

Quail Tools, L.P.

By:

Name: W. Kirk Brassfield
Title: President of its General Partner,
Quail USA, LLC

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, except for Note 17, as to which the date is September 19, 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/A.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

Tulsa, Oklahoma
September 26, 2003

CERTIFICATION

I, Robert L. Parker Jr.,

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

2. Based on my knowledge, this 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 report.

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

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

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the functions):

(a) all significant deficiencies and material weakness in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 25, 2003

By: /s/ ROBERT L. PARKER JR.

Robert L. Parker Jr.

President and Chief
Executive Officer

CERTIFICATION

I, James W. Whalen, certify that:

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

2. Based on my knowledge, this 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 report.

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

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

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the functions):

(a) all significant deficiencies and material weakness in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 25, 2003

By: /s/ JAMES W. WHALEN

James W. Whalen

Senior Vice President and
Chief Executive Officer

EXHIBIT 32.1

Date: September 25, 2003

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 amended Annual Report of Parker Drilling Company (the Company) on Form 10-K/A for the period 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 of the Company, certify, pursuant to 18 U.S.C 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

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 results of operations of the Company

/s/ ROBERT L. PARKER JR.

Robert L. Parker Jr.
President and Chief Executive Officer

Date: September 25, 2003

EXHIBIT 32.2

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 amended Annual Report of Parker Drilling Company (the Company) on Form 10-K/A for the period 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. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

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 results of operations of the Company.

/s/ JAMES W. WHALEN

James W. Whalen

Senior Vice President and
Chief Financial